

# 2013 ANNUAL REPORT



MANSARD AND YOU



*...for life and living*



## Our Vision

We are a team of risk and investment managers providing our customers with effective solutions, assuring their financial security with our superior strength and capacity.



## Our Mission

We are driven to innovate and excel, consistently creating exceptional value for our stakeholders.

## Introduction

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Mansard Insurance plc's Financial Statements comply with the applicable legal requirements of the Companies and Allied Matters Act (CAMA) regarding financial statements and comprises Consolidated and Separate Financial Statements for the year ended 31 December 2013. The consolidated financial statements have been prepared in accordance with IAS 1 'Presentation of the Financial Statement' issued by the International Accounting Standards and adopted by the Financial Reporting Council of Nigeria (FRC).

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## Corporate Information

<b>Chairman</b>	Mr. Victor Gbolade Osibodu
<b>Directors</b>	Mrs. Yetunde Ilori Mr. Kunle Ahmed Mr. Hakim Khelifa Mrs. Runa Alam Mr. Idris Mohammed Mr. Jatin Muhki Mrs. Abiola Ojo-Osagie Mr. Karl Weinfurtner Mr. Olusola Adeeyo Mr. Tosin Runsewe
<b>Registered Office</b>	Santa Clara Court Plot 1412, Ahmadu Bello Way Victoria Island Lagos <a href="http://www.mansardinsurance.com">www.mansardinsurance.com</a>
<b>RC No.</b>	133276
<b>FRC Registration No.</b>	FRC/2013/0000000000552
<b>Auditors</b>	PricewaterhouseCoopers 252E Muri Okunlola Street Victoria Island, Lagos Tel: (01) 2711700 <a href="http://www.pwc.com/ng">www.pwc.com/ng</a>
<b>Company Secretary</b>	Mrs. Omowunmi Mabel Adewusi
<b>Bankers</b>	Guaranty Trust Bank First Bank of Nigeria First City Monument Bank Stanbic IBTC Bank Plc
<b>Re-insurers</b>	African Reinsurance Corporation Continental Reinsurance Plc. General Insurance Company of India Munich Reinsurance Company Limited
<b>Actuaries</b>	HR Nigeria Ltd Alexander Forbes Nigeria Ltd
<b>Registrar &amp; Transfer Office</b>	DataMax Registrars Limited

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty Second Annual General Meeting of MANSARD INSURANCE PLC will hold at the Federal Palace Hotel, No 6-8 Ahmadu Bello Way, Victoria Island, Lagos on Thursday, April 24, 2014 at 10:00 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended December 31, 2013, and the Reports of the Directors, Auditor and Audit Committee thereon;
2. To declare a dividend;
3. To re-elect a Director;
4. To authorize Directors to fix the remuneration of the Auditor;
5. To elect members of the Audit Committee.

### SPECIAL BUSINESS

- A) To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:
6. That subject to regulatory approval, the Directors be and are hereby authorized to invest in or acquire any business entity in furtherance to the objects of the Company including but not limited to a Pension Fund Administrator.
  7. That subject to regulatory approval, the Directors be and are hereby authorized to appoint such advisers, professionals and parties that they deem necessary, upon such terms and conditions that the Directors may deem appropriate with regard to the aforementioned investments and acquisitions.
  8. That the Directors be and are hereby authorized to take all steps and do all acts that they deem necessary for the successful implementation of the above stated resolutions.

### PROXY

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. For the appointment to be valid, a duly completed and stamped proxy form must be deposited at the office of the Registrar, Data-MaxRegistrars Limited, No 2C, Gbagada Expressway, Gbagada Phase 1, Lagos, not less than 48 hours before the time fixed for the meeting. A blank proxy form is attached to this Annual Report.

### BY ORDER OF THE BOARD



OMOWUNMI MABEL ADEWUSI  
Company Secretary  
FRC/2013/NBA/00000000967  
Santa Clara Court,  
Plot 1412, Ahmadu Bello Way,  
Victoria Island,  
Lagos.

April 01, 2014





## NOTES

### Dividend

If approved, dividend will be payable on April 24, 2014 to shareholders whose names are registered in the Register of Members as at the close of business on April 10, 2014. Shareholders who have completed and submitted the e-dividend Mandate Form will receive a direct credit of the dividend into the bank accounts indicated in the e-dividend Mandate Form immediately after the Annual General Meeting. The dividend warrants for shareholders who have not completed the e-dividend Mandate Form will be posted on April 24, 2014.

Shareholders are advised to complete the e-dividend Mandate Form in this Annual Report and submit to the Registrar, DataMax Registrars Limited through any Guaranty Trust Bank plc branch.

### Closure of Register of Members

The Register of Members will be closed on April 11, 2014 to enable the Registrar prepare for payment of dividend.

### Audit Committee

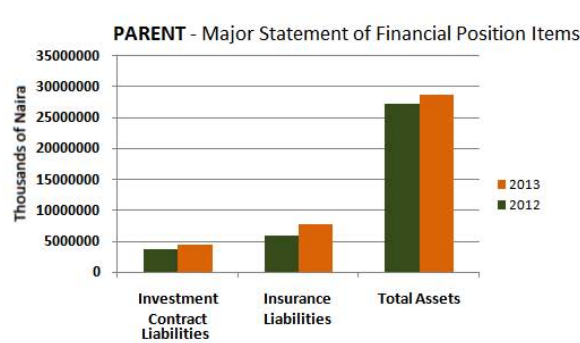
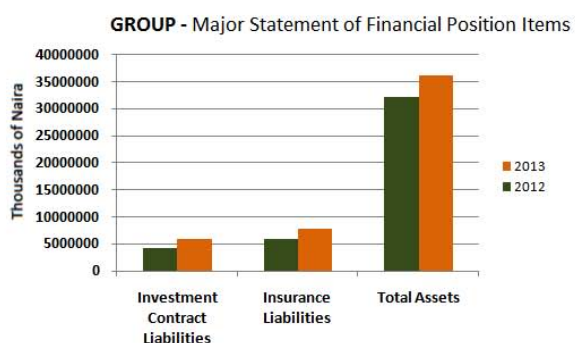
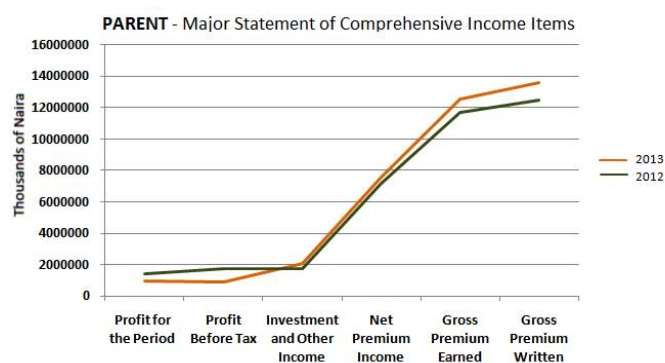
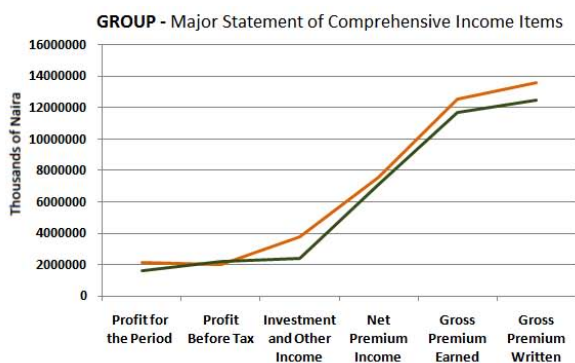
In accordance with Section 359(5) of the Companies and Allied Matters Act, 2004, any shareholder may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least twenty-one (21) days before the Annual General Meeting.



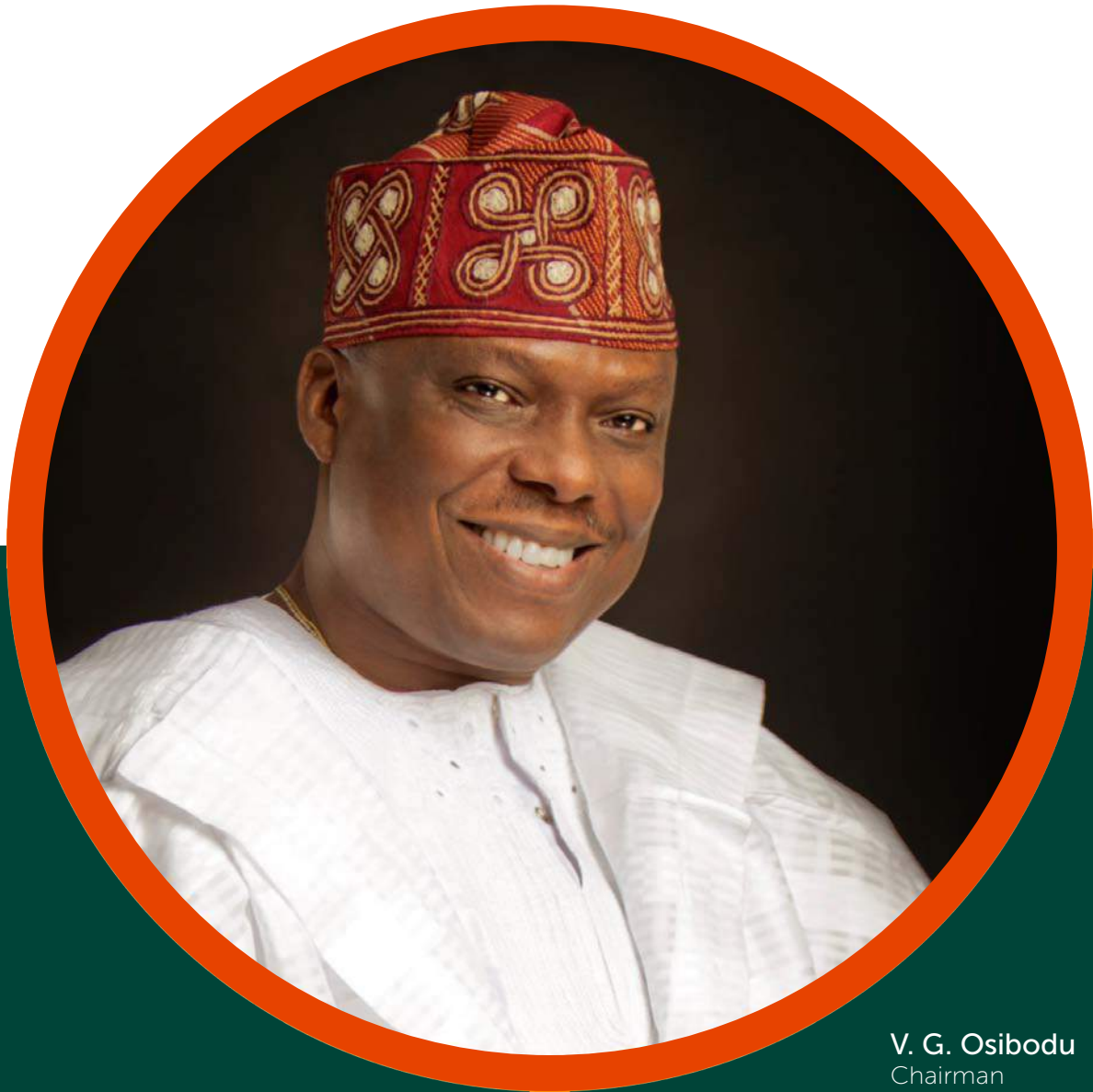
# Results at a Glance

	Group			Parent		
	2013 N'000	2012 N'000	% Growth	2013 N'000	2012 N'000	% Growth
<b>MAJOR STATEMENT OF COMPREHENSIVE INCOME ITEMS</b>						
Gross Premium Written	13,594,216	12,444,451	9%	13,579,752	12,444,451	9%
Gross Premium Earned	12,519,586	11,656,020	7%	12,515,974	11,656,020	7%
Net Premium Income	7,538,366	7,109,301	6%	7,534,754	7,109,300	6%
Investment and Other Income	3,733,060	2,358,148	58%	2,042,936	1,687,764	21%
Profit Before Tax	1,991,266	2,179,807	-9%	867,337	1,730,635	-50%
Profit for the Period	2,094,191	1,603,307	31%	959,867	1,380,055	-30%

<b>MAJOR STATEMENT OF FINANCIAL POSITION ITEMS</b>						
Total Assets	36,132,715	32,109,298	13%	28,789,782	27,288,053	6%
Insurance Liabilities	7,692,694	5,865,262	31%	7,680,663	5,865,262	31%
Investment Contract liabilities	5,928,701	4,146,657	43%	4,330,780	3,603,561	20%



## Chairman's Statement



V. G. Osibodu  
Chairman

*“ Gross Premiums grew 9% in 2013...Net Premiums recorded a 6% growth in 2013...trade receivables reduced by 92%, while investment income went up by 64%...PAT rose 31%...to N2.1bn in 2013...Mansard Health Limited is fully functional...the HMO is currently signed on to 400 hospitals across the 36 states of the federation and the FCT...Mansard Investments closed with FUM of N23.2bn, and a PBT of N108.45mln...the board has proposed a final dividend of 4k for the year ended December 2013. ”*

I cordially welcome you to the 22nd Annual General Meeting of Mansard Insurance plc. and present you a review of our operating environment and a summary of the Company's performance for the financial year ended December 31, 2013.

## Operating Environment

The global economy showed signs of improvement in 2013. In the developed world, what began as a patchy recovery gained strength with fears of recession abating and prospects for future growth brighter still. Growth in developing economies however decelerated, with monetary authorities struggling in large part to stem significant portfolio outflows and the corresponding impact on their reserves and exchange rates.

On the domestic front, the National Bureau of Statistics reported areal GDP growth estimate of 6.89% for 2013 compared to 6.58% for 2012. The main driver of growth was the non-oil sector, growing 8.76% in Q4 2013 led by wholesale and retail trade, agriculture and telecommunications. Supply disruptions on the back of crude oil theft however continued to hamper output in the oil sector relative to the previous year.

Nigeria's external reserves dipped to their lowest point in the year during the last quarter of 2013 after growing from US\$44.34bn in January to a high of US\$48.86bn in May largely on the back of increased foreign demand for government securities and stable crude oil prices. From May, the reserves declined monthly to close the year at US\$43.61bn. The progressive reduction in the nation's foreign reserves can mainly be attributed to its increased usage by the Central Bank in supporting the currency in the face of declining oil revenues and dwindling portfolio inflows.

Headline inflation began the year 2013 at 9.0%, the first single digit reading since August 2011. It trended downwards through the year, falling to 7.9% in November mainly due to baseline effects, bringing the 12-month average to 8.8%. Core inflation on the other hand began the year at a high of 11.3% and decreased to its lowest point of 5.5% in May and increased steadily since then to 7.9% in December. The increase in this sub index was majorly as a result of

increases in the prices of various items including furniture and furnishings, vehicle spare parts and clothing materials.

The Nigerian All Share Index (NSEASI) appreciated 47.2 % in 2013, its 2nd best performance in a decade. Performance was driven by the FMCG, Industrial (Cement) and Oil & Gas sectors with market capitalization peaking at N13.2trillion, and the Index crossing the 40,000 psychological barrier.

On power sector reforms, President Goodluck Jonathan, on September 30, 2013 formally handed over share certificates and licenses to 14 new core owners of PHCN successor companies. While the long-term dividends of the privatization exercise are undisputable, its short-term impact is being hampered by inefficient transmission and insufficient gas supply.

## Regulatory

Following the drive to ensure that all insurance companies report their financial statements in accordance with International Financial Reporting Standards (IFRS), the National Insurance Commission (NAICOM) began implementation of the 'No Premium No Cover' policy on January 1, 2013. This became necessary because of the growing challenges arising from huge levels of outstanding premiums reported in the financial statements of insurance companies.

## Financial Results

Gross Premiums grew 9% in 2013 to N13.59bn from N12.44bn in 2012, while Net Premiums recorded a 6% growth in 2013 to N7.54bn from N7.11bn in 2012. In line with the regulator's drive to stem the growth of outstanding premiums, trade receivables reduced by 92% from N2.04bn in 2012 to N166m in 2013, while investment income went up by 64% from N2.15bn in 2012 to N3.52bn in 2013. Despite the 9% decline in PBT to N1.99bn, PAT rose 31% from N1.6bn in 2012 to N2.1bn in 2013.

## Subsidiaries

In April 2013, Mansard Insurance achieved another feat by adding a Health Insurance subsidiary to the family, having procured an existing license. I am glad



to inform you that Mansard Health Limited is fully functional with a full complement of staff and is leveraging optimally on the technology and distribution platforms of Mansard Insurance. The HMO is currently signed on to 400 hospitals across the thirty-six (36) states of the federation and the FCT.

Mansard Investments Limited continued its business of managing the Company's investments and those of third parties. In line with its strategic plan, which was developed a year ago, the Company restructured its team to serve along private and institutional lines, and has commenced the process of opening up internal products to public subscription. It closed the year with Funds under Management (FUM) of N23.2bn, and a PBT of N108.45mln (compared to N114.5mln in 2012).

## Dividend

In line with the assurance to continually deliver exceptional value, the board has proposed a final dividend of 4k for the year ended December 2013. You will recall that 4k was paid during the year as an interim dividend, bringing the total dividend to 8k. I hope that you will approve this as the general meeting progresses.

## Staff

Throughout the year, our staff remained resilient, expressing steadfastness and enthusiasm in carrying out their responsibilities. Their unrelenting spirit and passion for excellence have ensured that Mansard remains at the forefront of achieving the many firsts that we have come to be known for.

## Future Outlook

We expect to see policy decisions and developments at the industry, state and federal levels continue to impact the business environment we operate in. A large cross-section of institutions continues to face harsh operating conditions due in part to infrastructural inadequacies, significant pressures on disposable income as well as tight credit conditions that have been reinforced by increasingly hawkish monetary policy.

Our stakeholders can be assured of our unrelenting

resolve to continuously exceed their expectations even as we explore new and exciting opportunities to actualize our expanding ambitions.

In conclusion, I would like to appreciate our customers for their continued patronage and our esteemed shareholders for their invaluable support for the Company.

May the Lord in His gracious mercies continue to bless Mansard Insurance plc.

Thank you.

**V.G. Osibodu**  
Chairman



# MANSARD HEALTH LIMITED HEALTH PLANS

...because everything depends on your **well-being**



Yes, because everything depends on your well-being, it is important to take out the **Mansard Health Group & Employees Health Plan** in order to enhance the productivity of your workforce

Our **Personal & Family Health Plan** also offers you a wide range of benefits that can be customised according to the specific needs of individuals and families.

- 📞 Call: 01-460 6655-9
- ✉ Email: [corporate@mansardhealth.com](mailto:corporate@mansardhealth.com) & [care@mansardhealth.com](mailto:care@mansardhealth.com)
- 🌐 Website: [www.mansardhealth.com](http://www.mansardhealth.com)
- 📍 177 Ikorodu Road Onipanu, Lagos.

**Mansard Health** ...promoting your well-being

## From the Executive Suite



*“In 2013, we opened Mansard Place, Victoria Island’s new and premium commercial property... and we expect to reach 95% occupancy rate before mid 2014...your company improved its return on average equity from 12%...to 15%...and maintained return on average assets of 6%... While gross premium written grew by only 9%... net earnings grew by 34%...annuity and individual life grew by 129% and 13% respectively... General Business grew by 13%...the [investment managers] recorded an improvement in their return from 11.1% to 12.03%.”*

Tosin Runsewe  
Chief Client Officer

### Overview

2013 started with the vigorous implementation of the ‘No Premium No Cover’ (NPNC) regulation by NAICOM. This regulation, which had actually been legislated since 2003 sought to rid the industry of the hitherto perennial problem of high receivables. From all indications, this objective has been largely met across the industry though it didn’t come without its own challenges. Chief amongst this was the slow renewal of policies by several large corporates as well as by public sector institutions, leading to reduction in turnover growth across the industry.

At Mansard, we recorded our slowest turnover growth in a decade of 9%. On the other hand, we saw a massive decline in our trade receivables of 92% reflecting a decent level of positive cashflow in our business during the year under review.

We commenced the restructuring and repositioning of our asset management business subsequent to the completion of the strategic planning exercise done in conjunction with Messrs. Roland Berger, a foremost global consultancy firm. We have now added some experienced and talented staff to the team and with additional work to be done on improving their technology platform, Mansard Investment Limited should soon take its place as a leader in Nigeria’s investment sector.

In 2013 also, we diversified further our health insurance

business with the acquisition of a health maintenance organization (HMO) with the intention of positioning it in the long run as an integrated healthcare solutions provider. We are confident Mansard Health Limited will exceed all expectation in this particular field of health insurance.

In May 2013, we opened Mansard Place, Victoria Island’s new and premium commercial property. Mansard Place was developed jointly with our partners, African Capital Alliance, the nation’s premier private equity firm. Take-up of rental space has commenced in earnest and we expect to reach 95% occupancy rate before mid 2014.

Overall, your company improved its return on average equity (ROaE) from 12% in 2012 to 15% in 2013 and maintained its return on average assets (ROaA) of 6% in 2012 and 2013. While gross premium written grew by only 9% as a result of NPNC, net earnings grew by 34% on the back of decent and diversified investment income and some incidental tax write-back.

### Life & General Insurance

Along with the NPNC challenge, 2013 was characterized by large claims arising from industry-wide oil & energy underwriting activities. These are not unexpected and we were not exempted given our growth and position in this particular sector. Having cleared up most of these claims in 2013, we now expect normal underwrit-

ing performance to resume in this area of our business going forward.

Challenges faced in writing public sector businesses centered around payment of premium. In this regard, we wrote off some bad debts in 2013 in what should be the last of such expenses given the implementation of NPNC, which now completely disallows debts of more than one month.

Our life business declined by 7% driven largely by decline in Group life premiums of 25%. However, annuity and individual life grew by 129% and 13% respectively. These portfolios are driven by our growing retail distribution network. During the year, we launched an innovative life insurance product named Y'ello Cover in conjunction with MTN and marketed on the telecom company's platform. Early results indicate this product may help deepen insurance penetration in certain hitherto unreached segments of our society.

General Business grew by 13% driven largely by growth in the oil & energy, motor, engineering and fire classes. Your company has continued to remain quite dominant within the oil & energy underwriting space while growth in the motor portfolio is driven by the relentless expansion of our retail distribution network.

## Health Insurance

Last year, we changed our partner in the international health offering to Hollard Group of South Africa due to their superior risk rating (GCR – AA) and deeper experience in underwriting medical insurance. The partnership is beginning to yield fruit.

Turnover recorded by the new HMO, Mansard Health Limited was only N14.5m having operated for only 2 months in the year. We expect a geometric growth rate in the coming years as the company leverages on all existing distribution channels, corporate and retail, within our group.

## Asset Management

Our investment managers have continued to improve the overall yield on the assets under management. In 2013, the team recorded an improvement in their return from 11.1% to 12.03%. However, if we include the revaluation gain on the investment property, the team actually achieved a return on investment of 18.7%. You will recall that this is a consistent improvement over the last few years as we recorded only 4.92% in 2010.

Mansard Investments Limited has begun to overhaul its operating structure in order to leverage more on the group's distribution channels.

## Conclusion

The continued expansion of our retail distribution network through the inception of new agency offices (Mansard Welcome Centres) and two branches in Abuja and Port Harcourt has ensured our retail business has continued to outgrow our institutional business. This is important as we envisage that the enormous growth potential inherent in the nation's large population remains as valid today as it was 7 years ago when we embarked on this line of business. In the meantime, we have continued to deepen the technical competency of our institutional team through an aggressive training regime. We are thankful to our partners who have assisted us in this regard and special thanks must go in particular to Africa Re.

With the recent restructuring of Mansard Investments Limited, the team is positioned to grow its assets under management through the introduction of an array of innovative product offerings via an enhanced distribution network. I hope to dwell more on this in the near future.

During the year, your Company won several awards; Overall Winner and Risk Manager of the Year Awards at the Nigerian Risk Awards, Best Corporate Stewardship Award at the CSR Nigeria Industry Awards, 4th position in the Great Places to Work Awards and Insurance Company of the Year Award conferred separately by Inспен Online and Nigeria Elite Business Awards.

We also retained our risk ratings; A+ by Augusto & Co and B (FSR) &bb+ (ICR) by A.M. Best. These ratings are the highest given to any underwriter in the Nigerian market

I must thank all our shareholders for their continued support without which we would have struggled to reach this level. The task ahead is onerous but we are confident of meeting and surpassing your expectations.

Thank you all and may God bless Mansard Insurance plc.

**Tosin Runsewe**  
Chief Client Officer

## From the Executive Suite



// *...General Business portfolio registered a 14.5% growth in GPW...its contribution to total GPW increased by 4%...to 78% in 2013...The Engineering business segment ended the year with a total GPW of N939million...while the Fire segment closed the year with a total GPW of N1.2billion... The Oil & Energy portfolio grew by 20% generating revenue of N3.3billion in 2013...while Annuity and Individual Life portfolios delivered strong results both advancing by 129% and 13%...We closed the year with an underwriting expense ratio of 21% and a claims ratio of 47%. //*

**Yetunde Ilori**  
Chief Executive Officer

### Regulatory Environment

In 2013, the Nigerian Insurance industry like other sectors in the economy was predominantly driven by various reforms and changes in operational guidelines. The sector witnessed a number of positive developments during the course of the year, albeit on the back of the successful implementation of these reforms, as well as compliance by service providers with the newly introduced guidelines. Some of these reforms include the enforcement of the 'No Premium, No Cover' regulation (which kicked off as the year began), the inauguration of the Insurance Industry Consultative Committee (IICC) and the introduction of the takaful and micro insurance guidelines.

The Insurance Industry Consultative Committee (IICC) was given the mandate of identifying avenues to guide the industry towards embracing its position as a catalyst for national economic growth. The committee acted as a unifying voice for the industry and significant effort was directed towards improving public confidence in the industry.

### Non-Life Business

In the year under review, the General Business portfolio registered a 14.5% growth in Gross Premium

Written (GPW). As at year end, its contribution to total GPW increased by 4% from 74% in 2012, to 78% in 2013 driven by growth in the Oil & Energy, Fire and Engineering lines. The Engineering business segment ended the year with a total GPW of N939million (N341m; 2012), while the Fire segment closed the year with a total GPW of N1.2billion (N942m; 2012). The robust growth experienced on these lines was predominantly due to increased market confidence in our underwriting capacity. The Oil & Energy portfolio grew by 20%, generating revenue of N3.3billion in 2013 (N2.8billion; 2012) primarily on the back of continued compliance by upstream operators with the Nigerian Content Act. Our impressive track record of excellent service delivery also played a major part in ensuring this was possible. Besides the Marine, General Accident and Aviation lines, all other business segments recorded decent growth figures compared to last year.

### Life Business

2013 saw the Life portfolio decline by 7% in terms of Gross Premium Written. The Life business closed the year contributing 22% (N2.9billion) to the total GPW. When compared to the General Business portfolio, its contribution to GPW slipped by 4% from 25% in 2012. The decline experienced in the Life segment

was as a result of non-renewal of a large public sector account due to the enforcement of 'No Premium, No cover' regulation.

Despite the decline in the Life business, the Annuity and Individual Life portfolios delivered strong results both advancing by 129% and 13% respectively, compared to their prior year performances. The growth experienced on both lines was as a result of our increased presence in upcountry locations and our ongoing life marketing campaign. The Annuity and Individual Life portfolios ended the year with a total GPW of N527m and N719m compared to the N230m and N635m achieved in 2012.

In spite of the dip in the total Gross Premium Written of the Group Life Portfolio, it contributed the lion share (56%) to the Life business whilst contributions by Individual Life, Annuity and Health insurance were 24%, 18% and 3% respectively.

## Performance Ratios

We closed the year with an underwriting expense ratio of 21% and a claims ratio of 47%. The growth in our underwriting expense was driven by a higher transfer to life fund while the increase in claims ratio was predominantly due to large claims in the Oil & Energy portfolio. Management expense went up to 49% from 41% in 2012. The growth experienced here was mainly due to retail expansion costs and write-off of prior receivables of a large Public Sector Group Life account.

The insurance liabilities of the company increased by 31% from N5.87billion in 2012 to N7.69billion in 2013, a reflection of the growing buffer for our policy holders. Underwriting profit margin ratio was 33% while operating income went up by 19%.

## Looking Ahead

As a company, we understand the peculiarities of our industry and where others see challenges, we see opportunities and strategically position ourselves to benefit from them and ensure that value addition for our stakeholders remains our priority. This we will continually strive to achieve.

I would like to thank all our customers for their patronage and our shareholders for their unwavering support over the years. We continue to count on you, as there are endless opportunities in our market which we will explore and know will deliver great results to all our stakeholders.

Thank you

**Yetunde Ilori**  
Chief Executive Officer

# MANSARD

## EduPlan Plus



With our **life cover**,  
the music plays on



Life is full of surprises, both pleasant and not so pleasant. With a **Mansard Cover** in place, whatever life throws at you, you will always bounce back and go on to achieve your dreams and those of your loved ones.

NAICOM/CA/AD/2011/1074

☎ 0700 626 7273, 01-2701560-5  
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🌐 [www.mansardinsurance.com](http://www.mansardinsurance.com)  
📘 [www.facebook.com/mansardinsurance](https://www.facebook.com/mansardinsurance)



...for life and living

## Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in relation to the consolidated and separate financial statements for the year ended 31 December 2013

The directors accept responsibility for the preparation of the annual consolidated financial statements that give a true and fair view of the statement of financial position of the Group and Company at the reporting date and of its comprehensive income in the manner required by the Companies and Allied Matters Act of Nigeria and the Insurance Act of Nigeria. The responsibilities include ensuring that the Group:

- keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act and the Insurance Act;
- establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

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

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB);
- the requirements of the Insurance Act; relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); and
- the requirements of the Companies and Allied Matters Act.
- Financial Reporting Council Act of Nigeria.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements,

as well as adequate systems of internal financial control.

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

### SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Mrs. Yetunde Ilori  
FRC/2012/CIIN/00000000344  
10 March 2014



Mr. Gbolade Osibodu  
FRC/2013/NIM/00000001915  
10 March 2014



## Directors' Report

### for the year ended 31 December 2013

The Directors have pleasure in presenting their report on the affairs of Mansard Insurance Plc ("the Company") and its subsidiaries ("the Group"), together with the consolidated and separate audited financial statements and the auditor's report for the year ended 31 December 2013.

#### Legal Form and Principal Activity

The Company was incorporated on 23 June 1989 as a private limited liability company called "Heritage Assurance Limited" and issued with a composite insurance license by the National Insurance Commission in March 2004. The Company's name was changed to Guaranty Trust Assurance Limited in September 2004 following the acquisition of a majority share holding by Guaranty Trust Bank PLC, and changed again to Guaranty Trust Assurance Plc in March 2006 following the increase in number of members beyond the maximum required for a private company. In November 2009, the Company became listed on the Nigerian Stock Exchange.

The Company changed its name and corporate identity to Mansard Insurance Plc in July 2012 following the divestment of Guaranty Trust Bank (GT Bank) from the Company as a result of the Central Bank of Nigeria's directive that all banks should divest from non core banking activities.

The Company's principal activity is the provision of life and general business risk management solutions and financial services to corporate and retail customers in Nigeria. The Company has four subsidiaries: Mansard Investments Limited (formerly Assur Asset Management Limited), Mansard Health Limited (formerly

Procure Health Plan Nigeria Limited), Barista Property Development Company Limited and Assur Property Development Limited, the latter two being special purpose companies.

Mansard Investments Limited was incorporated as a private limited liability company on 9 January 2008 and its principal activity involves provision of portfolio management services to both individual and corporate clients. Mansard Health Limited was incorporated as a private limited liability company on the 7th of August 2003 and its principal activities is to manage the provision of health care services through health care providers and for that purpose accredited with the National Health Insurance Scheme. Barista Property Development Company Limited was incorporated on 7 July 2008 to provide property development and investment services to both individual and corporate clients. Assur Property Development Limited was incorporated on 2 September 2010 for the purpose of holding and developing the Company's former office block located at Plot 928A/B, Bishop Aboyade Cole Street, Victoria Island, Lagos to an ultra modern office structure.

#### Dividends

During the year under review, the Directors declared and paid an interim dividend amounting to N400 million on the issued capital of 10,000,000,000 Ordinary Shares for the financial year ended 31 December 2013. Withholding tax was deducted at the time of payment.

The financial results of all the subsidiaries have been consolidated in these financial statements.

#### Operating results

The following is a summary of the Group's operating results:  
(in thousands of Nigerian Naira)

	Group 31-Dec-2013	Group 31-Dec-2012	Parent 31-Dec-2013	Parent 31-Dec-2012
Profit before tax	1,991,266	2,179,807	867,337	1,730,634
Taxation	102,925	(576,500)	92,530	(350,581)
Profit after tax	2,094,191	1,603,307	959,867	1,380,053
Less Non Controlling Interest	(191,181)	(164,875)	-	-
Transfer to contingency reserve	(347,880)	(323,688)	(347,880)	(323,688)
	1,555,130	1,114,744	611,987	1,056,365
Dividend paid	(1,100,000)	(1,181,600)	(1,100,000)	(1,200,000)
Earnings per share – Basic (in kobo)	19	14	10	14
Declared dividend per share - Interim (in kobo)	4k	4k	4k	4k
Declared dividend per share - Final	-	12k	-	12k

The Directors who held office during the year, together with their direct and indirect interests 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 sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange is noted:

	31-Dec-2013	31-Dec-2012
Mr. Victor Gbolade Osibodu - Chairman	136,953,125	136,953,125
Mrs. Yetunde Ilori	4,814,875	4,814,875
Mr. Tosin Runsewe	65,711,104	31,267,704
Mr. Kunle Ahmed	3,788,125	3,788,125
Mr. Idris Mohammed	Nil	Nil
Mrs. Runa Alam	Nil	Nil
Mr. Jatin Muhki	Nil	Nil
Mrs. Abiola Ojo-Osagie	Nil	Nil
Mr. Karl Weinfurtner	Nil	Nil
Mr. Hakim Khelifa	Nil	Nil
Mr. Olusola Adeeyo - Independent Director	Nil	Nil

### Retirement of Directors

In accordance with the Company's Articles of Association, Mr. Hakim Khelifa will retire by rotation at the next Annual General Meeting of the Company, and being eligible offers himself for re-election.

### Appointment of Directors

The Company did not appoint any Director during the year under review.

### Directors' Remuneration

The remuneration of the Company's Directors is disclosed pursuant to section 34(5) of the code of corporate governance for public companies as issued by Securities and Exchange Commission (SEC) as follows:

Remuneration	Description	Timing
Basic salary	Part of gross salary package for Executive Directors only. Reflects the insurance industry competitive salary package and the extent to which the Company's objectives have been met for the financial year	Paid monthly during the financial year
13th month salary	Part of gross salary package for Executive Directors only	Paid last month of the financial year
Director fees	Allowances paid to Non-Executive Directors	Paid during the year
Travelling allowances	Allowances paid to Non-Executive Directors that reside outside Nigeria	Paid during the year
Sitting allowances	Allowances paid to Non-Executive Directors only for sitting at board meetings and other business meetings	Paid during the year



## Directors' Interests in Contracts

In compliance with Section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interest in contracts deliberated by the Company during the year under review.

## Major Shareholding

According to the Register of Members, no shareholder other than the undermentioned held more than 5% of the issued share capital of the Company as at 31 December 2013:

	No. of shareholding	% shareholding
Assur Africa Holdings Limited	7,499,309,578	74.99%
*Stanbic Nominees	585,075,637	5.85%

\*Stanbic Nominees held the cumulative total of 5.85% of the company's shares largely in trading accounts on behalf of various investors.

## Analysis of Shareholding

The analysis of the distribution of the shares of the Company as at 31 December 2013 was as follows:

Share Range	No. of Shareholders	% Shareholders	No. of Holdings	% of Holdings
1 - 1,000	712	22%	489,658	0.00%
1001 - 5,000	598	19%	1,908,709	0.02%
5,001 - 10,000	337	10%	2,898,474	0.03%
10,001 - 50,000	633	20%	17,183,482	0.17%
50,001 - 100,000	236	7%	19,788,881	0.20%
100,001 - 500,000	338	10%	87,538,215	0.88%
500,001 - 1,000,000	137	4%	113,448,651	1.13%
1,000,001 - 1,000,000,000	247	8%	2,257,434,352	23%
1,000,000,001 - 10,000,000,000	1	0%	7,499,309,578	75%
<b>Total</b>	<b>3,239</b>	<b>100%</b>	<b>10,000,000,000</b>	<b>100%</b>

## Property and Equipment

Information relating to changes in property and equipment during the year is given in Note 18 to the financial statements.

## Donations and Charitable Gifts

In order to identify with the aspirations of the community and the environment within which the Group operates, a total sum of N5,834,706 (2012: N2,558,337) was given out as donations and charitable contributions during the year. These comprise contributions to charitable organizations amounting to N2,725,806 (2012: 2,558,337) and N3,108,900 donations were made to educational institutions (2012: Nil ). Details of the donations and charitable contributions are as follows:

Organizations:	31-Dec-2013
Azibaola Charity Foundation Orphanage & Destitute Home, Port Harcourt 200,000	
Hearts Of Gold Hospices, Lagos	401,120
Mother Theresa Orphanage (Abuja)	200,000
Bethesda Home for the Blind, Lagos	289,020
SOS Children's Village, Isolo, Lagos	339,310
Patrick Speech and Languages Centre	200,000
Living Fountain Orphanage, Lagos	569,284
PIUTA Centre, UCH, Ibadan	2,200,000
Vigilant Heart Charitable Society Home, Lekki	403,274
Special Olympics Nigeria	123,798
Kings College, Lagos	275,000
Day Waterman College	190,000
Children's International School (CIS)	100,000
Akoka High School	92,000
Corona School	251,900
	<u>5,834,706</u>

## Employment of Disabled Persons

The Group operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Group's policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Group is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development.

## Health, Safety and Welfare of Employees

The Group maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupa-

tional and other hazards. In addition, the Group provides medical facilities to its employees and their immediate families at its expense. Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises. It also operates a contributory pension plan in line with the Pension Reform Act 2004.

## Employee Involvement and Training

The Group encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Group provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Group places a high premium on the development of its manpower. Consequently, the Group sponsored its employees for various training courses both in Nigeria and abroad in the year under review.

## Gender Analysis

The number and percentage of women employed as at the end of the year under review vis-a-vis total workforce is as follows:

	Male Number	Female Number	Male %	Female %
Employees	129	85	60%	40%
Gender analysis of Board and top management is as follows:				
Board	8	3	73%	27%
Top Management	15	5	75%	25%

Detailed analysis of the Board and top management is as follows:

	Male Number	Female Number	Male %	Female %
Assistant General Managers	5	2	71%	29%
Deputy General Managers	3	-	100%	0%
Executive Directors	2	1	67%	33%
Non-Executive Directors	5	2	71%	29%

## Acquisition of own shares

The Company did not acquire any of its own shares during the year.


## Events After the Reporting Date

As at 31 December 2013, there was no event after the reporting date which could have a material effect on the financial position of the Group and profit attributable to equity holders.

## Auditors

Messrs PricewaterhouseCoopers have indicated their willingness to continue in office as auditors in compliance with section 357(2) of the Companies and Allied Matters Act of Nigeria.

## BY ORDER OF THE BOARD



Mrs. Omowunmi Mabel Adewusi  
Company Secretary  
FRC/2013/NBA/00000000967  
Plot 1412, Ahmadu Bello Way,  
Victoria Island, Lagos.  
10 March 2014

## Report of the Audit and Compliance Committee for the year ended 31 December 2013

To the members of Mansard Insurance plc:

In compliance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit and Compliance Committee of Mansard Insurance plc hereby report as follows:

We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

We are of the opinion that the accounting and reporting policies of the Group are in compliance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2013 were satisfactory and reinforce the Group's internal control systems.

We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from Management in the course of their statutory audit and we are satisfied with Management's responses to their recommendations for improvement and with the effectiveness of the Group's system of accounting and internal control.

A handwritten signature in black ink, appearing to read 'Olusola Adeeyo'.

Mr. Olusola Adeeyo  
FRC/2013/NIM/00000001919  
Chairman, Audit and Compliance Committee

10 March 2014

Members of the Audit and Compliance Committee are:

1. Mr. Olusola Adeeyo (Independent Director) - Chairman
2. Mr. Afolabi Folayan (Shareholders' representative)
3. Mr. Akingbola Akinola (Shareholders' representative)
4. Mr. Mohammed Idris (Non-Executive Director)
5. Mrs. Abiola Ojo-Osagie (Non-Executive Director)

In attendance:

Mr. Olusola Odumuyiwa - Secretary



# Independent Auditor's Report



## Report of the Independent Auditor to the Members of Mansard Insurance plc

### Reports on the financial statements

We have audited the accompanying separate and consolidated financial statements of Mansard Insurance plc ("the Company") and its subsidiaries (together "the group"). These financial statements comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated statement of comprehensive income, consolidated changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Directors' responsibility for the financial statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and the Nigerian Insurance and for such internal controls, 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.

#### *Auditor's responsibility*

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Opinion*

In our opinion, the accompanying financial statements give a true and fair view of the state of the financial affairs of the company and the group at 31 December 2013 and of the financial performance and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Nigerian Insurance Act and the Financial Reporting Council Act of Nigeria.



## Report on other legal requirements

The Companies and Allied Matters Act 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) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us.
- iii) the company's statement of financial position and statement of comprehensive income are in agreement with the books of account.



17 March 2014

*Samudabu*

PricewaterhouseCoopers  
Chartered Accountants  
Engagement partners: Samuel Abu  
FRC/2013/ICAN/000000001495

Lagos, Nigeria



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## REPORT OF THE EXTERNAL CONSULTANTS ON THE APPRAISAL OF THE BOARD OF DIRECTORS OF MANSARD INSURANCE PLC. FOR THE YEAR ENDED 31ST DECEMBER 2013

The Board of Directors of Mansard Insurance plc. (Mansard) renewed its mandate to J.K Randle International for the conduct of the evaluation of the Board for the year ended 31st December, 2013 in accordance with the provisions of the NAICOM Code of Corporate Governance (NAICOM Code).

The Board of Mansard was composed of eleven Directors as at the year ended 31st December 2013. This was made up of three Executive Directors include the Chief Client Officer, the Chief Executive Officer, one Executive Director and eight Non-Executive Directors. The composition and structure of the Board reflected diversity of backgrounds, skills, balance of power and independence. Members of the Board possess the requisite background to supervise the operations of the company as well as the performance of Management. There was no change in the composition of the Board during the year under review. The composition of the Board during the year was in line with the Best Practice and in conformity with regulations in terms of number of Executive Directors relative to the number of Non-Executive Directors.

The skills mix, experience base, and diversity remained intact and adequate for the effective performance of the Board's functions. We noted in particular that the board continued to review the performance of the Management in line with the Company's business plan during the year. Efforts were made to address emerging issues such as the 'No Premium, No Cover' policy in order to ensure that the Company remained on course for the achievement of its long term strategic objective.

We observed that the operation of the Board met the requirements of Best Practice and the NAICOM Code. Frequency of meetings was within the minimum requirement of the NAICOM Code. The Board held five meetings, and the level of attendance was satisfactory. The conduct of the meetings followed conventional procedures in a conducive atmosphere where all members expressed their views freely. The agenda of the Board consisted of relevant strategic issues in order to address the critical evaluation of the unfolding scenarios within the company, the operating environment and the resolution of issues arising therefrom. All the issues were resolved successfully. The activities of the Board were well documented in its minutes book.

The Board performed all the functions that fell within the purview of its oversight responsibilities which arose during the year. The Board supported the strategic initiatives undertaken by Management and participated in the planning process in order to reinforce the performance parameters. The performance of the Board is adjudged to be satisfactory. The Board also performed other statutory responsibilities including rendering the accounts of the operations and activities of Mansard to the shareholders.

**Bashorun J. K. Randle, OFR**  
Chairman/Chief Executive  
FRC/2013/ICAN/00000002703

**Dated March 24, 2014**

## Corporate Governance

### Corporate Governance Report

Mansard Insurance Plc ("the Group") has consistently developed corporate policies and standards to encourage good and transparent corporate governance framework to avoid potential conflicts of interest between all stakeholders whilst promoting ethical business practices. This is the foundation of our history, values and culture as a Company for building and sustaining an enduring institution that guarantees profitability and professionalism whilst enhancing shareholders' value.

As a publicly quoted company, the Company strives to carry out its business operations on the principles of integrity and professionalism whilst enhancing shareholders value through transparent conduct at all times with the adoption and application of local regulatory standards as well as international best practices in corporate governance, service delivery and value creation for all. For the Company, good corporate governance goes beyond just adhering to rules and policies of the regulators; it is about consistently creating value through going the extra mile within a sustainable and enduring system.

In order to ensure consistency in its practice of good corporate governance, the Company continuously reviews its practice to align with the various applicable Codes of Corporate Governance such as the Securities and Exchange Commission (SEC) Code and the National Insurance Commission (NAICOM) Code with particular reference to compliance, disclosures and structure. Furthermore, an annual board appraisal is also conducted by an Independent Consultant appointed by the Company whose report is submitted to NAICOM and presented to shareholders at the Annual General Meeting of the Company in compliance with the recommendation of the NAICOM Code of Corporate Governance.

### Governance Structure

The governance of the Company resides with the Board of Directors which is accountable to shareholders for creating and delivering sustainable value

through the management of the Company's business. The Board of Directors is responsible for the efficient operation of the Company and to ensure the Company fully discharges its legal, financial and regulatory responsibilities.

The Board also reviews corporate performance, monitors the implementation of corporate strategy and sets the Company's performance objectives. The Board monitors the effectiveness of its governance practices, manages potential conflict and provides general direction to management. These oversight functions of the Board of Directors are exercised through its various Committees. In the course of the period under review, the Board has four (4) Committees to ensure the proper management and direction of the Company via interactive dialogue on a regular basis.

The Board membership comprises eleven (11) members, including the Chairman, six (6) Non-Executive Directors, three (3) Executive Directors and one (1) Independent Director appointed based on the criteria laid down by NAICOM for the appointment of Independent Director(s). The Independent Director does not have any significant shareholding interest or any special business relationship with the Company. The effectiveness of the Board derives from the appropriate balance and mix of skills and experience of Directors, both Executive and Non-Executive. The Company's Board is made up of seasoned professionals, who have excelled in their various professions and possess the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations of the Board.

The Board meets quarterly and additional meetings are convened when required. Material decisions may be taken between meetings by way of written resolutions, as provided for in the Articles of Association of the Company. The Directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings. The Board met five (5) times during the year ended 31 December 2013.

## Responsibilities of the Board

The Board determines the strategic objectives of the Company in delivering long-term growth and short-term goals. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between conformance to governance principles and economic performance.

The powers reserved for the Board include the following;

- determination of Board structure, size and composition, including appointment and removal of Directors, succession planning for the Board and senior management and Board Committee membership;
- approval of mergers and acquisitions, branch expansion and establishment of subsidiaries; approval of remuneration policy and packages of the Board members;
- approval of policy documents on significant issues including Enterprise-wide Risk Management, Human Resources, Corporate governance and Anti – money laundering;
- approval of resolutions and corresponding documentation for shareholders in general meeting(s), shareholders circulars, prospectus and principal regulatory filings with the regulators;
- approval of major change to the Company's corporate structure (excluding internal reorganizations) and changes relating to the Company capital structure or its status as a public limited company;
- approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices;
- the determination and approval of the strategic objectives and policies of the Company to deliver long-term value;
- approval of the Company's strategy, medium and short term plan and its annual operating and capital expenditure budget;
- recommendation to shareholders of the appointment or removal of auditors and the remuneration of Auditors;

## Roles of Key Members of the Board

The positions of the Chairman of the Board and the Chief Executive Officer are separate and held by different persons.

The Chairman and the Chief Executive Officer are not members of the same extended family.

### The Chairman

The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions: monitor effectively and provide advice to promote the success of the Company. The Chairman also facilitates the contribution of Non-executive Directors to promote effective relationships and open communications, both inside and outside the Boardroom, between Executive and Non-executive Directors. The Chairman strives to ensure that any disagreements on the Board are resolved amicably.

### The Chief Executive Officer

The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer (CEO), who is responsible for leading management and for making and implementing operational decisions. The CEO is responsible to the Board of Directors and ensures that the Company complies strictly with regulations and policies of both the Board and Regulatory Authorities. The CEO ensures that optimization of the Company's resources is achieved at all times and has the overall responsibility for the Company's financial performance.

### The Chief Client Officer

The Chief Client Officer (CCO) is an Executive on the Board who is responsible for strategic business decisions, research and business development of the Company. The CCO has the oversight on monitoring investment policies and strategic plans of the Company to the Board for approval. He is responsible for

the review of policies that will ensure that the Company's assets, objectives and resources are channeled in investments that will yield utmost returns and goals of the Company.

### The Independent Director

In line with the NAICOM code of corporate governance practices, the Board has an independent Director who does not represent any significant shareholding interest nor holds any business interest in the Company

### Company Secretary

The Company Secretary is a point of reference and support for all Directors. It is her responsibility to update the Directors with all requisite information promptly and regularly. The Board may obtain information from external sources, such as consultants and other advisers, if there is a need for outside expertise, via the Company Secretary or directly.

The Company Secretary has a further responsibility to assist the Chairman and Chief Executive Officer to formulate an annual Board Plan and with the administration of other strategic issues at the Board level; organize Board meetings and ensure that the minutes of Board meetings clearly and properly capture Board's discussions and decisions.

### Director Nomination Process

The Board agrees upon the criteria for the desired experience and competencies of new Directors. The Board has power under the Articles of Association to appoint a Director to fill a casual vacancy or as an additional Director. The criteria for the desired experience and competencies of new Non-executive Directors are agreed upon by the Board.

The balance and mix of appropriate skills and experience of Non-executive Directors is taken into account when considering a proposed appointment. In reviewing the Board composition, the Board ensures a mix with representatives from different industry sectors.

The Shareholding of an individual in the Company is not considered a criterion for the nomination or appointment of a Director. The appointment of Directors is subject to the approval of NAICOM.

The following core values are considered critical in nominating a new director;

- i. Integrity
- ii. Professionalism
- iii. Career Success
- iv. Recognition
- v. Ability to add value to the Organization

### Induction and Continuous Training Of Board Members

On appointment to the Board and to Board Committees, all Directors receive a formal induction tailored to meet their individual requirements. The new Directors are oriented about the Company and its operations through the Company Secretary via the provision of the Company's Articles of Association, relevant statutory books and regulations and adequate information on the operations.

The Directors are also given a mandate and terms of reference to aid in performance of their functions the Management further strives to acquaint the new Directors with the operations of the Company via trainings and seminars to the extent desired by new Directors to enable them function in their position.

The training and education of Directors on issues pertaining to their oversight functions is a continuous process, in order to update their knowledge and skills and keep them informed of new developments in the insurance industry and operating environment.

### Changes on the Board

There were no changes made to the Board composition during the year under review.

### Non-Executive Directors Remuneration

The Company's policy on remuneration of Non-Executive Directors is guided by the provisions of the NAICOM and SEC Codes which stipulate that Executive Directors' remuneration should be limited to

Directors' fees and reimbursable travel and hotel expenses. Director's fees and sitting allowance was paid to only Non-executive directors as recommended by the Board Governance, Remuneration, and Establishment & General Purpose Committee.

## Board Committees

The Board carries out its responsibilities through its Committees, which have clearly defined terms of reference, setting out their roles, responsibilities, functions and scope of authority.

The Board has four (4) Committees, namely; Board Audit and Compliance Committee, Board Investment and Finance Committee, Board Risk Management and Technical Committee and the Board Governance, Remuneration, Establishment and General Purpose Committee.

Through these Committees, the Board is able to more effectively deal with complex and specialized issues and to fully utilize its expertise to formulate strategies for the Company. The Committees make recommendations to the Board, which retains responsibility for final decision making.

All Committees in the exercise of their powers as delegated conform to the regulations laid down by the Board, with well-defined terms of reference contained

in the charter of each Committee. The Committees render reports to the Board at the Board's quarterly meetings.

### (i) Audit and Compliance Committee

Auditing is vital to ensuring that accounting norms for insurance businesses are effectively applied and maintained and to monitor the quality of internal control procedures; ensure compliance with all regulatory directives. The Committee shall be responsible for the review of the integrity of the data and information provided in the audit and/or financial reports.

The Committee shall provide oversight functions with regard to both the company's financial statements and its internal control and risk management functions. The Committee shall ensure compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditor; and performance of the company's internal audit function as well as that of external auditors.

The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its functions and responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Board Audit and Compliance Committee comprised the following members during the year under review;

1. Mr Olusola Adeeyo – Chairman (Independent Director)
2. Mr Afolabi Folayan – Member
3. Mr Akingbola Akinola – Member
4. Mrs. Abiola Ojo-Osagie – Member

The Committee met four (4) times during the year under review:

Name	Composition	No of Committee meetings attended	25-Jan-13	17 May 2013	July 26 2013	October 23 2013
Mr Olusola Adeeyo	Chairman	3	-	X	X	X
Mrs. Abiola Ojo-Osagie	Member	2	X	-	-	X
Mr Akingbola Akinola	Member	3	-	X	X	X
Mr Afolabi Folayan	Member	3	X	X	X	-

### (ii) Board Investment and Finance Committee

The Board Investment and Finance Committee is responsible for the approval of investment decisions and portfolio limits by Management of the Company. This Committee shall have supervisory functions over investment and other finance-related issues such as capital and funding requirements.

The Committee shall make recommendations of investment policies for consideration and adoption by the Board, including proposed ethical positions with respect to appropriate investments and shall conduct a review of the performance of the major assets in the company's investment portfolios on a quarterly basis.

The Board Investment and Finance Committee comprised the following members during the year under review;

1. Mr. Hakim Khelifa –Chairman (Representative of AfricInvest)
2. Mr. Idris Mohammed –Non – Executive Board Director (Representative of DPI)
3. Mr. Tosin Runsewe –Executive Director
4. Mr. Karl Weinfurtner –Non- Executive Director (Representative of DEG/Proparco)

The Committee met four (4) times during the year under review:

Name	Composition	No of Committee meetings attended	25 January 2013	17 May 2013	1-Aug-13	November 28 2013
Halim Khelifa	Chairman	4	X	X	X	X
Mr Karl Weinfurtner	Member	4	X	X	X	X
Mr Idris Mohammed	Member	4	X	X	X	X
Mr Tosin Runsewe	Member	4	X	X	X	X

### (iii) Board Risk Management and Technical Committee

This Committee will have supervisory functions over risk management, the risk profile, the enterprise-wide risk management framework, underwriting functions of the Company and the risk-reward strategy determined by the Board.

The main functions of the Committee shall be to assist in the oversight of the review and approval of the Company's risk management policy including risk appetite and risk strategy; to oversee Management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms.

The Committee is also charged with the review large underwritten risks for adequacy of reinsurance and other risk management techniques including environmental and social management system.

The Board Risk Management and Technical Committee comprised the following members during the year under review;

1. Mr. Jatin Mukhi – Chairman (Representative of DEG/Proparco)
2. Mr. Karl Weinfurtner – Non- Executive Director (Representative of DEG/Proparco)
3. Mrs. Yetunde Ilori – Executive Director
4. Mr. Tosin Runsewe – Executive Director
5. Mr. Kunle Ahmed – Executive Director

The Committee met four (4) times during the year under review:

Name	Composition	No of Committee meetings attended	25 January 2013	17 May 2013	2-Aug-13	29 November 2013
Mr Jatin Mukhi	Chairman	4	X	X	X	X
Mrs Yetunde Ilori	Member	4	X	X	X	X
Mr Karl Weinfurtnr	Member	3	X	X	X	-
Mr Kunle Ahmed	Member	4	X	X	X	X
Mr Tosin Runsewe	Member	4	X	X	X	X

#### (iv) Board Governance, Remuneration, Establishment and General Purpose Committee

The Committee shall have supervisory functions over the whole company, recruitment and ensuring corporate governance compliance. The main functions of the Committee shall be to establish the criteria for Board and Board Committee memberships, review candidates qualifications and any potential conflict of interest, assess the contribution of current directors in connection with their re-nomination and make recommendations to the Board.

The Committee shall further ensure that a succession policy and plan exist for the positions of Chairman, CEO/MD, the executive directors and the subsidiary managing directors for Group companies. The Board Governance, Remuneration, Establishment and General Purpose Committee comprised the following members during the year under review;

1. Mrs. Runa Alam – Chairperson
2. Mr. Sola Adeeyo – Member
3. Mr. Hakim Khelifa – Member
4. Mrs. Abiola Ojo-Osagie – Member

The Committee met four (4) times during the year under review:

Name	Composition	No of Committee meetings attended	25 January 2013	17 May 2013	2-Aug-13	29 November 2013
Mrs. Runa Alam	Chairman	4	X	X	X	X
Mrs Abiola Ojo-Osagie	Member	4	X	X	X	X
Mr Hakim Khelifa	Member	4	X	X	X	X
Mr Olusola Adeeyo	Member	4	X	X	X	X

#### Attendance at Board meetings

The table below shows the frequency of meetings of the Board of Directors for the year ended December 31, 2013. The Board met five (5) times during the year under review.

Name of Director	Composition	No of board meetings attended	31 January 2013	26 March 2013	24 May 2013	2 Aug. 2013	29 Nov. 2013
Mr Victor Osibodu	Chairman	5	X	X	X	X	X
Mrs Yetunde Ilori	Director	5	X	X	X	X	X
Mr Tosin Runsewe	Director	5	X	X	X	X	X
Mr Karl Weinfurtnr	Director	4	X	X	X	X	-
Mr Idris Mohammed	Director	5	X	X	X	X	X
Mr Kunle Ahmed	Director	5	X	X	X	X	X
Mr Hakim Khelifa	Director	4	X	-	X	X	X
Mr Jatin Mukhi	Director	5	X	X	X	X	X
Mrs. Runa Alam	Director	5	X	X	X	X	X
Mrs Abiola Ojo-Osagie	Director	5	X	X	X	X	X
Mr Olusola Adeeyo	Director	4	X	X	-	X	X

## Annual Board Appraisal

The Code of Corporate Governance for the Insurance Industry recognizes the fact that the good corporate governance framework must be anchored on an effective and accountable Board of Directors whose performance is assessed periodically. The annual appraisal would be conducted at the end of the financial year, as well as the Company's compliance status with the provisions of NAICOM.

## Shareholders

The General Meeting of the Company is the highest decision making body of the Company. The Company is driven by its desire to deliver significant returns on its shareholders investment. The shareholders have an opportunity to express their concerns (if any) and opinions on the Company's financial results and all other issues at the Annual General Meeting of the Company. The meetings are conducted in a fair and transparent manner where the regulators are invited such as The National Insurance Commission (NAICOM), the Securities and Exchange Commission (SEC) and Corporate Affairs Commission (CAC). To ensure timely and effective communication with shareholders on all matters of the Company, the Investor Relations Unit deals directly with all enquiries from shareholders and it is communicated to Management and the Board.

The Company also dispatches its annual reports, providing highlights of all the Company's activities to its shareholders.

## Protection Of Shareholder's Rights

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

## Communication Policy

It is the responsibility of Executive Management under the direction of the Board, to ensure that the Board receives adequate information on a timely basis, about the Company's businesses and operations at appropriate intervals and in an appropriate manner, to enable the Board to carry out its responsibilities. Furthermore, the Board and Management of the Company ensures that communication and dissemination of information regarding the operations and management of the Company to Shareholders, stakeholders and the general public is timely, accurate and continuous, to give a balanced and fair view of the Company's financial and non-financial matters. Such information, which is in plain language, readable and understandable, is available on the Company's website, [www.mansardinsurance.com](http://www.mansardinsurance.com).

The website also has an Investors' Relations portal where the company's annual reports and other relevant information about the company is published and made accessible to its shareholders, stakeholders and the general public.

In order to reach its overall goal on information dissemination, the Company is guided by the following Principles, Legislation and Codes of corporate governance of the jurisdictions within which it operates. These include the Insurance Act, the NAICOM Operational Guidelines, the Companies and Allied Matters Act (CAMA) and the codes of Corporate Governance issued by NAICOM and SEC.

The principles that guide the Company's information dissemination include the following;

- **Efficiency:** The Company uses modern communication technologies in a timely manner to convey its messages to its target groups. The company target groups. The Company responds without unnecessary delay to information requests by the media and the public.
- **Transparency:** The Company strives in its communication to be as transparent and open as possible while taking into account the concept of confidentiality between the Company, its customers and company secretary. This contributes to maintaining a high level of accountability.
- **Clarity:** The Company aims at clarity, i.e. to send uniform and clear messages on key issues.
- **Cultural awareness:** The Company operates in a multicultural environment and accordingly recognizes the need to be sensitive to the cultural peculiarities of its operating environment.
- **Feedback:** The Company actively and regularly seeks feedback on its image and communication activities both from the media as well as from its key target groups. This feedback is used in future activities.

## Independent Advice

The Board of Directors are at their own discretion and at the Company's expense required to seek

Independent professional advice when required to enable a Member of the Board effectively perform certain responsibilities.

## Insider Trading and Price Sensitive Information

The Company is clear in its prohibition of insider trading by its Board, Management, Officers and related persons who are privy to confidential price sensitive information. Such persons are further prohibited from trading in the Company's securities where such transactions would amount to insider trading.

Directors, insiders and related parties are prohibited from disposing, selling, buying or transferring their shares in the Company for a period commencing from the date of receipt of such insider information until such a period when the information is released to the public or any other period as defined by the Company from time to time.

## Management Committees

The Company has 2 Committees which comprises of management staff. The Management Committee (MC) is the Committee set up to identify and make recommendations on strategies that will aid the long term objectives of the Company. Whilst the Management Underwriting and Investment Committee (MUIC) was initiated to analyze the risks the Company is underwriting at any given period.

The MUIC also ensures that risk investment limits as contained in the Board Investment and Finance manual are complied with at all times. They provide inputs from the Board Committee and also ensure that recommendations of the Board Committees are effectively and efficiently implemented.

Both Committees meet frequently as necessary to immediately take action and decisions within the confines of their powers. The Secretary to the Committees is the Company Secretary.

## Monitoring Compliance with Corporate Governance

### i) Chief Compliance Officer

The Chief Compliance Officer monitors compliance with money laundering requirements and the imple-

mentation of the Corporate Governance Code of the Company. The Chief Compliance Officer together with the Chief Executive Officer certifies each year to NAICOM and SEC that they are not aware of any other violation of the Corporate Governance Code, other than as disclosed during the course of the year.

#### ii) Whistle blowing procedures

In line with the Group's commitment to instill the best corporate governance practices, a whistle blowing procedure was established that ensures anonymity on any reported incidence(s). The Group has a dedicated e-mail address for whistle-blowing procedures.

### Code of Professional Conduct for Employees

The Group had an internal Code of Professional Conduct, which all members of staff are expected to subscribe to upon assumption of duties. Staff is also required to reaffirm their commitment to the Code annually. All members of staff are expected to strive to maintain the highest standards of ethical conduct and integrity in all aspects of their professional life as contained in the Code of Professional Conduct which prescribes the common ethical standards, culture and policies of the Group relating to employee values.

### Internal Management Structure

The Group operates an internal management structure where all officers are accountable for duties and responsibilities attached to their respective offices and there are clearly defined and acceptable lines of authority and responsibility.

An annual appraisal of the duties assigned and dedicated to each person is done by the first quarter of the preceding year.

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## Share Capital history

As at December 31, 2013 the Company's Authorized share Capital was N5, 250,000,000 divided into 10,500,000,000 Ordinary shares of 50k each. While the issued and fully paid up capital was N5, 000,000,000 divided into 10,000,000,000 ordinary shares of 50 kobo. The initial share capital upon incorporation and subsequent changes therein are as follows:

Date	Authorized (N) Increase	Cumulative	Issued & Fully Paid-up (N) Increase	Cumulative	Consideration
1989	-	34,300,000	-	17,150,000	Cash
1998	6,346,000	40,646,000	3,173,000	20,323,000	Cash
1999	5,978,000	46,624,000	2,989,000	23,312,000	Cash
2000	706,000	47,330,000	353,000	23,665,000	Cash
2002	152,798,000	200,128,000	76,399,000	100,064,000	Cash
2004	799,872,000	1,000,000,000	399,936,000	500,000,000	Cash
2006	4,746,440,954	5,746,440,954	2,373,220,477	2,873,220,477	Cash
2006	3,938,744,509	9,685,185,463	1,969,372,254	4,842,592,731	Cash
2007	314,814,537	10,000,000,000	157,407,269	5,000,000,000	Cash
2007*	(5,000,000,000)	5,000,000,000	(2,500,000,000)	2,500,000,000	Cash
2008	3,750,000,000	8,750,000,000	1,875,000,000	4,375,000,000	Cash
2009	1,250,000,000	10,000,000,000	625,000,000	5,000,000,000	Cash
2010	-	10,000,000,000	-	5,000,000,000	
2011	-	10,000,000,000	-	5,000,000,000	
2012	-	10,000,000,000	-	5,000,000,000	
2013	500,000,000	10,500,000,000	-	5,000,000,000	

\*The Company's issued and fully paid share capital was reconstructed by a special resolution of the Board at its meeting on the 18th of October, 2007, to achieve a reduction of 50% with the result that the issued and fully paid share capital will stand at N2, 500,000,000 divided into 5,000,000,000 Ordinary shares at 50k each with the surplus nominal value arising from the reconstruction being transferred to the Company's capital reserve account. The reconstruction was sanctioned by the Federal High Court of Nigeria, Lagos on 31st October 2007 and registered by the Corporate Affairs Commission on the 18th of December 2007.

## Internal Control and Risk Management System

### (a) Introduction and overview

The company's Internal Audit and ERM framework has been drafted to mirror the provisions of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as approved by the insurance industry regulator, National Insurance Commission (NAICOM). The system provides an effective framework for describing and analyzing the internal control systems and further ensures that the company's internal control system aligns with achievement of set strategic objectives through its operating, reporting and compliance mechanism.

Supporting the Company in its effort to achieve its strategic objectives are five components of internal control:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

#### Control Environment:

Comprises the company's history, culture, values, organizational structure, strategy, policies and procedures. The Board through its Board Audit and Compliance Committee sets the tone from the top regarding the importance of internal control and defines the company's risk management policies and expected standards of conduct to ensure that material risks inherent in the business are identified and mitigated or controlled.

Our management team establishes structures, reporting lines and appropriate authorities and responsibilities in the pursuit of the company's strategic objectives. The internal audit function reports on

development and performance of internal control to the Board Audit and Compliance Committee on a quarterly basis which demonstrates Board oversight and independence of the internal audit function.

#### Risk Assessment:

Risks associated with achievement of the company's strategic objectives are identified and analyzed annually by the Board and management team. It involves a dynamic and iterative process where Senior Management identifies changes that could significantly impact the system of internal control, assesses risk exposures from the broad risk categories (underwriting, market, operational, liquidity and credit risks), evaluates the effectiveness of existing internal controls and recommends possible responses in relation to the company's risk appetite, cost vs. benefit of potential risk responses, and degree to which a response will reduce impact and/or likelihood.

The identified risks and recommended key controls and Management letter issued by the external auditors which contains their observations on the control environment are presented to the Board for review and approval through the Board Risk Management and Technical Committee for Board Audit and Compliance Committee respectively.

#### Control Activities:

Control activities are performed at all levels of the Company and at various stages within business processes, and over the technology environment. It forms an integral part of the Company's daily operations through established policies and procedures to help ensure that management's directives to mitigate risks to the achievement of strategic objectives are carried out. Our control activities are structured to mitigate risk exposures from identified broad risk categories as illustrated below:

BROAD RISK CATEGORY	CONTROL MEASURES
Underwriting risk	<ul style="list-style-type: none"> <li>• Reinsurance treaty agreement</li> <li>• Reserving methodology</li> </ul>
Market risk	<ul style="list-style-type: none"> <li>• Investment approval limits</li> <li>• Policy on volume and quality of investment assets</li> <li>• Asset allocation limits etc.</li> </ul>
Operational risk	<ul style="list-style-type: none"> <li>• Clear policy on recruitment</li> <li>• Tolerance limits for errors and breaches and operational threats</li> <li>• Service level consultations</li> <li>• Information Security policy etc.</li> </ul>
Credit risk	<ul style="list-style-type: none"> <li>• No Premium No Cover implementation</li> </ul>
Liquidity risk	<ul style="list-style-type: none"> <li>• Policy on minimum quality of liquid assets.</li> <li>• Minimum operating liquid level etc.</li> </ul>

#### Information and Communication:

We recognize that information plays a pivotal role in carrying out our internal control responsibilities, in support of achievement of our strategic objectives. Communication in the organization occurs both internally and externally flowing down, across and up the organization to the Board and provides the Company with the information needed to carry out day-to-day internal control activities.

The Standard Operating Procedure (SOP) is a major tool for the Company to communicate the process

Some internal reports generated and used by management for monitoring and performance review are listed below:

flow of every business operation with duties /responsibilities of every officer in relation to the activity, reporting requirement, and frequency of reporting and the recipients of such reports. These SOP's are reviewed annually to ensure new or reviewed processes and procedures are documented. Furthermore, the Company obtains and uses relevant, quality information to support the functioning of other components of internal control. Such reports detail the performance of existing controls and the Company's overall performance.

INTERNAL REPORTS	OBJECTIVES
Monthly Profitability Report	<ul style="list-style-type: none"> <li>• Evaluates the operating activities of the company in the month under review.</li> </ul>
Quarterly Business Report	<ul style="list-style-type: none"> <li>• Shows the performance of the company and reviews the profitability of all aspects of the company's operation.</li> </ul>
Financial Statements Report	<ul style="list-style-type: none"> <li>• Reviews performance and liquidity position of the company.</li> </ul>
Criticized Asset Committee Report	<ul style="list-style-type: none"> <li>• Assesses the debt portfolio of the company and performance of debt recovery process in place.</li> </ul>
Monthly Investment Risk Report	<ul style="list-style-type: none"> <li>• Informs management on Company's exposure to market, credit and liquidity risks.</li> </ul>
Weekly Investment Risk Report	<ul style="list-style-type: none"> <li>• Monitors and informs management on Company's asset allocation, exposure to sectors of the economy, market/investment, credit and liquidity risks.</li> </ul>
Monthly Underwriting Risk Report	<ul style="list-style-type: none"> <li>• Informs management on Company's underwriting risk profile.</li> </ul>
Key Risk Indicator Report	<ul style="list-style-type: none"> <li>• Monitors the effectiveness of existing operational controls and the Company's operational risk profile.</li> </ul>



**Monitoring:**

Effectiveness of the other internal control components is achieved through ongoing monitoring activities and separate evaluations. Our monitoring activities review adherence of business units to risk management policies set by the Board as depicted by control activities, internal control deficiencies in a timely manner to business owners responsible for taking corrective action, including Senior Management and the Board as appropriate.



## Complaints and Feedback

### Introduction

Mansard Insurance Plc considers customers as critical stakeholders in its business. One of our main selling points at Mansard over the years has been our excellent customer service. We therefore consider customers' feedback as a necessary and important factor in our drive to always treat customers fairly.

### Complaints channels

We have provided various channels for customers to provide feedback on our products and services. These platforms include:

- Our Mansard Customer Care and Complaint email channels,
- Our Mansard hotline,
- Our website platform
- Correspondence from customers,
- And most recently our Facebook channel.

Customers can also pay a visit to any of our Mansard Welcome Centers located across the country to provide the feedback.

### Resolution structure

At Mansard, we have put in place a structure to ensure that customers' feedback are received and promptly resolved. For this purpose we have a dedicated Contact Centre Unit (CCU) which is responsible for the prompt investigation and resolution of customers' complaints within the approved period. The Contact Centre liaises with other units within the organization and ensures that customers' complaints are satisfactorily resolved.

Customers' complaints are stream-lined based on the type of complaints to provide an enabling environment for proper monitoring, proper documentation and effective feedback process of received complaints.

The process flow of customer complaint and resolution is as follows:

- The customer care officer acknowledges and attends to the various customers' complaints.

- The complaint is reviewed and it is determined if the complaint could be resolved at first-level.
- Where the complaint can be resolved at the first level, a resolution is immediately provided to the customer.
- If such complaint cannot be resolved at the first level, the customer care officer forwards the complaint to the appropriate unit in the organization to handle.
- Upon resolution, the customer is contacted and the resolution is explained to the customer.
- The complaint is closed and marked as resolved.

In addition to our present process, we are currently building a more robust CRM to adequately manage all complaints and to give the best response time in this area of our services.

### Customers' opinion on products

To enrich our customers experience we also periodically evaluate public/customer opinion about our services, products and policies. The evaluation is conducted in various ways including:

- One-on-one focus meetings with key customers
- Interviews with selected customers
- Questionnaires administered to customers

This is to afford our organization the opportunity of receiving customers' perception about the company, in order to ensure that efforts can be put in place to close such gap(s) in our service delivery or improve upon the process, service or product.

### Feedback on customers' complaints to Mansard Insurance

Feedback on customers' complaints is provided to Management and other relevant Units in the organization

The feedback gathered ensures that:

- Mansard retains her customers as customers feel appreciated and respected,
- The quality service delivery at Mansard is maintained and made uniform across board,
- A reliable source of identifying improvement opportunities is presented to management
- A reliable source of data on customers' complaints and expectations is collated.

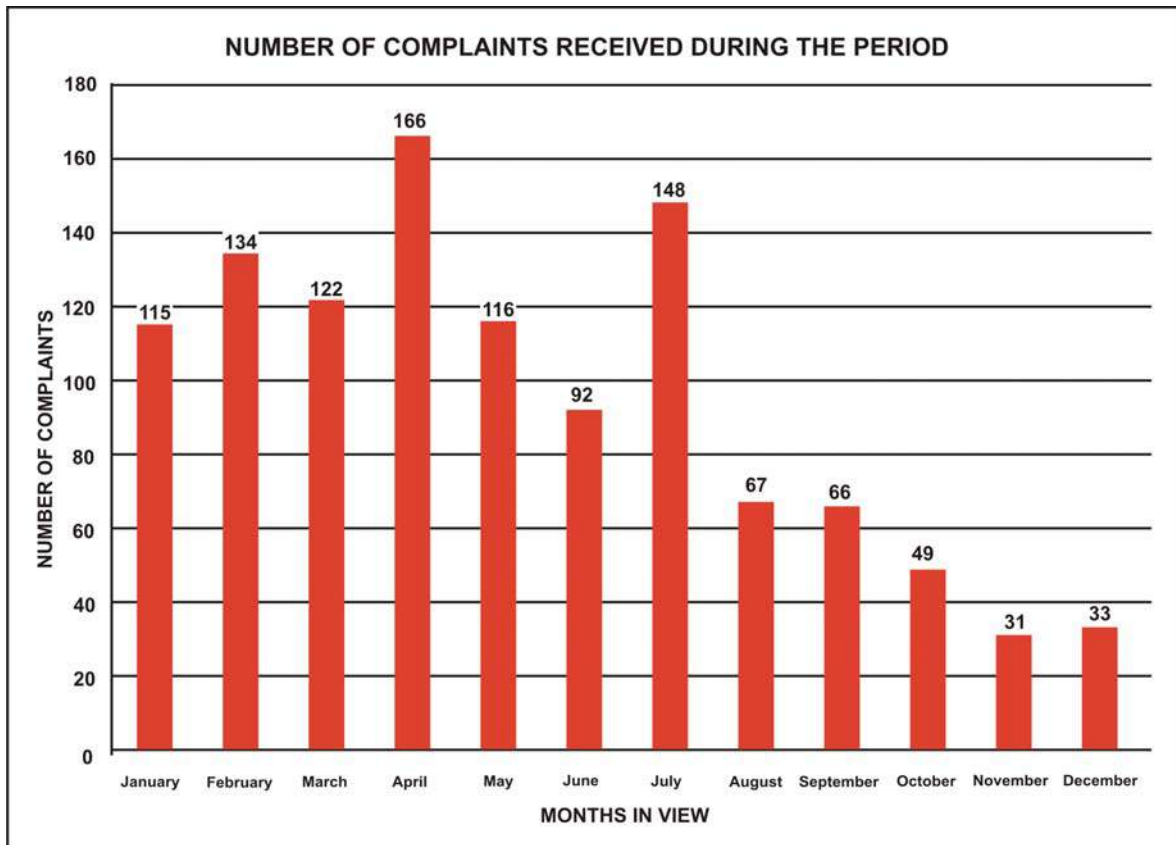
The feedbacks are circulated to management staff through the company's internal information channel for the general information of all staff.

Report of complaints received and resolved by the organization between January-December 2013

Month	Complaints received during the period	Number of complaints resolved	Number complaints unresolved	Number of unresolved complaints with SLA
January	115	115	Nil	Nil
February	134	134	Nil	1
March	122	122	Nil	Nil
April	166	166	Nil	1
May	116	116	Nil	2
June	92	92	Nil	Nil
July	148	148	Nil	1
August	67	67	Nil	Nil
September	66	66	Nil	Nil
October	49	49	Nil	Nil
November	31	31	Nil	Nil
December	33	33	Nil	Nil
<b>Total</b>	<b>1139</b>	<b>1139</b>	<b>Nil</b>	<b>5</b>

\* SLA – Service level agreement

Complaints not resolved within the turnaround time, can be attributed mainly to the unavailability of these customers either via mail or phone call after resolution of their complaint but all complaints are usually treated within 24hrs (depending on the source of the error – third party)



The spike noticed in the month of April and July were mainly due to technological issues (SMS Alerts been sent to customers about their payments were not received) and also Direct Debit Cancellation issues that required third-party assistance in resolving. The reduction in complaints towards the latter part of the year was as a result of improved service delivery.

# 2013 Corporate Social Responsibility Report

## Introduction

At Mansard Insurance we believe that Corporate Social Responsibility (CSR) is integral to the long term sustainability of our organization and we are committed to the overall wellbeing of our immediate and larger society. In that wise, most of our CSR initiatives for year 2013 were centered on Education and voluntary donations to NGOs and orphanage homes.

Mansard is committed to making significant impact and contributing to economic development while improving the quality of life of the workforce, their families as well as that of the local community and the society at large. The CSR initiative for year 2013 was centered on health, education and support for the challenged and less privileged in our society.

## Executive Summary

2013 CSR initiative was a remarkable improvement on the previous years. Apart from the all year long donations, December 16th -20th was designated as Mansard 2013 CSR Week. Mansard's six houses (each member of staff belongs to one of the six houses) were fully involved by taking responsibility for one charity. Members of staff were also mobilized to donate new and used clothes, toys etc for children in orphanages and charity homes to make the yuletide merrier for them and to donate blood for hospital patients.

Below are the details of the activities carried out:

## Support for Non-Governmental Organization

In line with the plan to support/ make donations to NGOs, we identified the Special Olympics Nigeria, an affiliate of Special Olympics International a global non-profit organization created by the Joseph P. Kennedy foundation. It is the world's largest sports organization for children and adults with intellectual disabilities. Mansard was the official insurance company for team Nigeria at the World Winter Games 2013 that took place in South Korea from January 26 to February 5, 2013. Travel and Health Insurance were provided for the team as well as the entourage that represented Nigeria at the Special Olympics World Winter Games 2013.

## Support for Schools

Schools offer education and a unique collage of experiences of diverse cultures for children in bringing them up to be future leaders. In line with its corporate social responsibility (CSR) initiative, Mansard supported various schools activities, ranging from sports events, family fun days, academic events, tactical projects, etc. The schools below were beneficiaries of Mansard's support in 2013.

### Kings College, Lagos

Is a boys-only Secondary School, established on Monday 20th of September 1909. King's College offers a comprehensive and all-embracing curriculum for academic excellence and total development of its students into responsible Gentlemen. To Celebrate 2013 Children's Day, Mansard donated 50 Lagos City Edition of Monopoly Board Games worth N275,000 to the School.

### Day Waterman College

is a modern co-educational boarding school on a 35 hectares land of natural landscape that provides an exciting learning environment for children between the ages of 11 – 18. They provide a broad-based education of international standard to meet global needs. On Monday, February 25, 2013, Mansard supported the schools' inter-house sport with the sum of N190,000."

### Children's International School (CIS)

is a co-educational primary and secondary school accommodating students from ages of 2 years 6 months to 16 years. The primary school is located at 1 Sikiru Alade Oloko Crescent, off Admiralty Way, Lekki phase 1, Lagos, while the secondary school is situated on Akani Bashorun Street, adjacent to the primary school block. Mansard supported the school's annual family fun day tagged "Simply the Best" on Saturday 4th May, 2013 with the sum of N100,000.

### Corona School, Lekki

was established September 8, 2008 and is located at 13, Ajiran Road Agungi, Lagos. The school presently has over 300 pupils and staff strength of about 100, comprising teaching and non-teaching staff. Mansard supported the family fun day of Corona School Lekki with the sum of N50,000 on Saturday, March 23, 2013.



### Corona School, Ikoyi

was established in 1958. Occupying a 3 storey building that accommodates pupils from as many countries as have embassies in Nigeria. On Friday, February 15, 2013, Mansard supported the school's Inter House Sports competition with trophies worth N87,000. Also, on Thursday, April 27, 2013, Mansard donated a Haier Thermocool Washing machine worth N64,900 as a star prize during the schools' family fun day event.

### Corona School Gbagada

popularly referred to as the "The Valley of Joy And Peace" was established in October, 1954. The school promotes the development of her pupils into well-rounded and caring individuals with a sense of social responsibility while fostering character building and citizenship as cornerstones of their educational experience. A cash donation of N50,000 was made to the school on Saturday, May 18, 2013 during the family fun day."

### Akoka High School

is located in Yaba, off St. Finbarrs Road Akoka, Lagos. In April, 2013, the Old Students' Association of the school was formally inaugurated, the new association decided to refurbish the school's library. Mansard donated 5 Uninterruptible Power Supply (UPS) devices worth N92,000 towards the library refurbishment project.

In line with one of our CSR objectives, which is to provide the entire staff body a platform to participate in this worthy cause and be responsible citizens, houses were assigned different charities to visit and make donations to.

The following are the causes we supported and the extent of support rendered.

#### 1. Hearts of Gold Children's Hospice

This is a home for children with terminal, life-limiting and life threatening illnesses, the hospice offers a comfortable, caring and loving environment for the children. The hospice was opened on the 2nd of October 2003 in response to the increasing number of abandoned and orphaned children suffering from a vast range of severe congenital, physical and mental disabilities. On Tuesday December 17, 2013, Mansard's Orchid House visited and made donations of a Refrigerator, Toiletries

and food items (to the value of N201,120).

Mansard also contributed a cheque of N200,000 which was presented to the Hospice.

#### 2. Living Fountain Orphanage, Lagos

Living Fountain Home is a non-governmental, non-profit making organization which was established on November 1st 2007 out of the desire to provide shelter, clothing, emotional care and hope for a better future for the motherless, abandoned, and less privileged children in our society. On Tuesday December 17, 2013, Lavender House donated Food items (including bags of rice), provisions and toiletries, to the tune of N80,564.39 to the orphanage. Mansard also contributed a cheque of N200,000.

#### 3. Little Saints Orphanage, Lagos

This is a haven for Orphans, Abused and Abandoned children. It is the first non-governmental indigenous orphanage approved by the Lagos state government. Since inception on the 4th of June 1994, more than a thousand children have benefited from the orphanage. Mansard's Camellia House on Wednesday December 18, 2013, made their visit and contribution of food items and toiletries costing N88,720. A cheque presentation of N200,000 was also made in fulfillment of Mansard's promise to support the established houses in the drive to execute CSR activities.

#### 4. Azibaola Charity Foundation, Orphanage and Destitute Home

A home for orphans and destitute in Port-Harcourt, Rivers State. On Wednesday December 18, 2013, A cheque presentation of N200,000 was made to support the Orphanage as they indicated that they were more in need of cash than food items to fund activities like WAEC fees, JAMB forms, and lesson fees for the children.

#### 5. Mother Theresa Orphanage Abuja

Mother Theresa Children's Home was established as a non-profit organization. From three babies it began with in 2007, it has grown to cater for about 60 babies, a few of whom have now been adopted. The orphanage was officially commissioned on December 21, 2007.

On Thursday December 19th, 2013 a cheque presentation of N200,000 was made by Mansard to the orphanage.

#### **6. Vigilant Heart Charitable Society (VHCS) Home, Lekki**

(VHCS) is a non-governmental organization registered in 2007 in the Federal Republic of Nigeria to cater for orphans, abandoned and underprivileged children. They provide shelter, food, health care, counseling and education for them. The VHCS Children's Home is located in Lekki (Lagos) and currently hosts 17 children. On Thursday December 19, 2013, Mansard's Violet House donated a generator and a pumping machine along with food items, toiletries and provisions valued at N203,274. Mansard also made a cheque donation of N200,000.

#### **7. Bethesda Home for the Blind, Lagos**

Bethesda home for the blind is a voluntary and non-profit organization set up to assist physically challenged persons who are visually-impaired and helpless. The home which commenced operation in January 2005 helps the inhabitants to develop skills in crafts, music and other areas of their strength. Daffodil House visited and made donations of food items (including bags of rice, garri and beans), provisions and toiletries worth N89,020 to the home on Friday December 20, 2013. Mansard also contributed a cheque of N200,000.

#### **8. SOS Children's Village, Isolo, Lagos**

The construction of the first SOS Children's Village in Nigeria built in Isolo, Lagos was completed in 1976 on a land donated by the Lagos State Government. At present, the village provides home for 86 children in SOS family houses. The kindergarten and Hermann Gmeiner Primary School offers qualitative education to 88 children from the village and 226 children from the community. Mansard's Lily House paid a visit to the SOS Village on Thursday December 19, 2013 and donated foodstuff, household appliances, toiletries and medications valued at N139,310 to the home. Mansard also made a cheque donation of N200,000.

#### **9. Patrick Speech and Languages Centre**

(Commonly called Patrick's ) is a special needs centre designed to assist children with Autism Spectrum Disorders (ASD), Asperger Syndrome and other related developmental disabilities. The Centre was established in 2006 by Mrs. Dotun Akande after many years of frustration searching for an ideal environment for her autistic son. The Centre is currently equipped with facilities to provide services such as Behavioural, Occupational and Speech Therapy. The Centre marked its 5th edition of 'Talent in Autism Concert' on Sunday December 8 2013. Mansard sponsored the event with N200,000 and representatives were at the occasion to show support and encouragement.

#### **10. Lagos University Teaching Hospital (LUTH)**

Mansard's commitment to CSR extended beyond monetary and material donations as the company encouraged staff again this year to voluntarily donate blood to the Lagos University Teaching Hospital, LUTH. On Friday December 20, 2013, Mansard staff turned out to make blood donations to the medical team from the hospital. A total of 36 pints of blood was donated. Light refreshment was provided for all blood donors, a total of N43,488.34 was expended on the activity.

#### **11. PIUTA Centre, UCH, Ibadan**

Mansard funded the Postgraduate Training Fellowships in general urology to improve urologic care of both men and women by direct treatment of patients; by giving high level training to middle and top-level members of the health-team (doctors, nurses, physiotherapist, medical scientists etc); by teaching of undergraduate and post-graduate students, and through research in multiple medical and science disciplines.



## Sustainability Report

Mansard Insurance prides itself, as the foremost insurance company in Nigeria to pioneer and incorporate the environment and social facets of risk management, as an ancillary function to mainstream insurance risk underwriting.

Our unique approach of managing risks via the Environmental and Social Risk Management System (ESMS) enables Mansard insurance identify and assess social and environmental risks - novel as they are, within the Nigerian insurance space, such that; we strike an equitable balance between ensuring viable competitiveness and delivering on our corporate social responsibilities.

The Environmental and Social risk management framework therefore constitutes an integral part of our corporate governance, social responsibility and enterprise risk management strategies.

Our obligation to uphold environmental and social sustainability requires taking cognizance of the myriad occupational and community health, safety and security concerns of the businesses we underwrite and advocating social responsiveness amongst our clients in relation to these risks.

The management of E&S risks is governed by our Environmental & Social Management System (ESMS) framework- which consists of a policy, a set of procedures to identify, assess and manage environmental and social risks in our clients' operations and the assignment of administering such responsibility by the Enterprise-wide Risk Management (ERM) unit.

We are committed to assisting our clients develop environmental and social risk management frameworks as value-added service. This we firmly believe is mutually beneficial to our clients and ourselves in relation to managing E&S risks.

The success of our customers, clients and stakeholders guarantees future business, which strengthens our commercial sustainability. So, ultimately, the most significant contribution we can make to socioeconomic development at this time is to create awareness in the insurance industry through enlightenment of our customers, clients and all other stakeholders.

### Raising Awareness

We recognize that continual constructive engagement of clients, brokers and Staff training is fundamental to the success of social drive especially in relation to gaining better understanding of the requirements of the Environmental and Social Management System and providing evidence of current capabilities to manage this risks. By increasing clients' understanding of how E&S issues can impact their business, we can reduce resistance to Mansard's requests and requirements, as well as improve the turnaround time in providing requirements which can be used in decision making in order to conclude insurance transactions which will in turn lead to operational efficiency.

### Advocating an Industry-Wide Collaborative Efforts

Mansard Insurance plc. is currently at the vanguard of corporate sustainability in the Nigerian Insurance space, on the premise that we keep sustainability at the focal point of our operations and are resolute to continue on the path to sustainability; hence we intend to communicate our progress, externally create awareness and further promote such drives from other players in the industry.

However, we strongly believe that for sustainability initiative such as this to commence and thrive within the Nigerian insurance industry, a firm commitment by and robust collaboration with other insurance companies is required to build a collective understanding of the business case and commercial benefits of adopting sustainable practices. This would require initiating engagement with other insurance companies and the industry regulators.

## Management's Discussion and Analysis

### for the year ended 31 December 2013

As at 31 December 2013, Mansard Insurance Group comprised Mansard Insurance plc (parent company) and 4 subsidiaries. The Group's major business activities are insurance, asset management, health maintenance and real estate.

This "Management discussion and analysis" (MD&A) has been prepared as at 31 December 2013 and should be read in conjunction with the consolidated financial statements of Mansard Insurance plc and subsidiary companies.

### Forward Looking Statements

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

Business strategy of the Company and overall performance

The Group is registered and incorporated in Nigeria, it is engaged in providing insurance and investment solu-

tions to the corporate and retail sectors of the Nigerian Economy. It also aims to establish itself as the apex insurance company in Nigeria and a leading financial services provider in Africa.

In 2013, although NAICOM's "No premium No cover" regulation ensured that the company's trade receivables dipped significantly, the usual double digit growth in Gross Premium Written was stifled. This was largely due to a reduction in the insurance spend of large corporates within the Institutional end of the market; the Institutional Business contribution to the Group's Gross Premium Written dipped from 72% in 2012 to 68% in 2013. On the other hand, Retail Business experienced an inverse reaction to this regulation, as it's contribution to both Gross Premium Written and Net Premium Income increased significantly from 28% in 2012 to 32% in 2013 for GPW and 39% in 2012 to 50% in 2013 for Net Premium Income. It is estimated that by year end 2014, Retail Business and Institutional Business will both contribute 40% and 60% respectively to Gross Premium Written.

The Group is in the process of developing a strategic plan for the 2014 - 2016 period, which will enable it sustain its growth trajectory, attain dominance and capture exceptional value in the Nigerian Insurance industry. It will leverage on technology and international best practice to provide customers with customized solutions, superior services and specially designed programs to assist stakeholders through an increasing network of regional and agency offices across Nigeria. It is expected that this will also see Mansard play a leading role in the implementation of regulations and risk standards within the industry.

### Operating results

(in thousands of Nigerian Naira)

	Group			Parent		
	Dec-13	Dec-12	%Chg	Dec-13	Dec-12	%Chg
Gross premium written	13,594,216	12,444,451	9%	13,579,752	12,444,451	9%
Net premium income	7,538,366	7,109,301	6%	7,534,754	7,109,301	6%
Underwriting profit	2,451,027	2,825,800	-13%	2,449,044	2,825,800	-13%
Investment income	3,733,060	2,358,150	58%	2,042,936	1,687,763	21%
Operating expenses	(3,931,185)	(2,933,677)	34%	(3,624,643)	(2,782,928)	30%
Profit after tax	2,094,191	1,603,307	31%	959,867	1,380,053	-30%
Earnings per share (kobo)	19	14		10	14	



**Revenue and Underwriting Result:** An increase in the Group's level of activity was reflected in the earned premium of N7.5 billion, an increase of N429 million over December 2012. The Group paid out N4.7 billion in claims, an increase of N867 million over prior year. The underwriting result at 31 December 2013 amounted to N2.45 billion compared to N2.83 billion earned during the year ended 31 December 2012.

**Investment Income:** Investment income for the year amounted to N3.7 billion; an increase of N1.37 billion from December 2012 on account of fair value gains on financial assets and increase in rental income.

**Operating Expenses:** Operating expenses for the year ended 31 December 2013 totaled N3,9 billion, an increase of N997 million compared to prior year. This was mainly due to retail expansion costs and write-off of premium receivables of a large Public Sector Group Life account.

## Enterprise-wide Risk Management

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

### Enterprise-wide Risk Management Principles

We have incorporated an approach aimed at creating and maximizing sustainable /superior value to our stakeholders that strategically balances the risk and reward in our business.

Mansard's Risk philosophy is guided by the following principles:

- The Company will not take any action that will compromise its integrity. It shall identify, measure, manage, control and report as practical as possible all risks.
- The Company will at all times comply with all government regulations and uphold corporate standards in accordance with international best practice.
- The Company will institute a sustainable risk culture enterprise-wide.
- The Company will only accept risks within its risk acceptance criteria and have commensurate returns and continually review its activities to determine inherent risk levels and adopt appropriate risk response to residual risk levels at all times.
- The Company will make decisions based on resilient analysis of the implications of such risks to its strategic goals and operating environment.

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

### Enterprise-wide Risk Management Framework

Our risk management framework was fashioned to uphold a resilient risk management culture and integrate risk considerations into management and decision-making processes, through a risk governance structure across the entire enterprise.

We operate and maintain the 'three lines of defence model' for the oversight and management of risk to create and promote a culture that emphasizes effective management and adherence to operating controls as illustrated below:

#### 1st line – Management

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

#### 2nd line – Risk oversight

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

#### 3rd line – Independent assurance

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

## ERM Governance Structure



The remit of the setting the organization's risk appetite and approving the strategy for managing risk and organization's system of internal control in the overall directly lies with the Board of Directors. The implementation of this principal function is carried out via its Board Committees as enumerated below:

BOARD COMMITTEES	FUNCTIONS
Board Audit & Compliance Committee	<ul style="list-style-type: none"> <li>• Oversight of financial reporting and accounting</li> <li>• Oversight of the external auditor</li> <li>• Oversight of regulatory compliance</li> <li>• Monitoring the internal control process</li> </ul>
Board Risk Management & Technical Committee	<ul style="list-style-type: none"> <li>• Assist in the oversight of the review and approval of the companies risk management policy including risk appetite and risk strategy"</li> <li>• Review the adequacy and effectiveness of risk management and controls</li> <li>• Oversee management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms"</li> <li>• Review of the company's compliance level with applicable laws and regulatory requirements that may impact the company's risk profile"</li> <li>• Review changes in the economic and business environment, including emerging trends and other factors relevant to the company's risk profile"</li> <li>• Review large underwritten risks for adequacy of reinsurance and other riskmanagement techniques including environmental &amp; social management system"</li> <li>• Review and recommend for approval of the Board risk management procedures and controls for new products and services "</li> </ul>
Board Investment Committee	<ul style="list-style-type: none"> <li>• Reviews and approves the company's investment policy</li> <li>• Approves investments over and above managements' approval limit</li> <li>• Ensures that optimum asset allocation is achieved</li> </ul>

## Integration of Risk Management Functions: Our Approach

The Enterprise-wide Risk Management function of the company is primarily responsible for coordinating the company's cross functional response to risks. Other functions include:

- Drive an enterprise-wide process to aggregate risk exposures, produce risk reports and institute mitigation strategies;
- Utilize risk control to ensure risk guidelines and policies approved by the board are adhered to;
- Champion the growth of Risk culture; and
- Lead an enterprise-wide risk dialogue by instigating risk discussions in a variety of fora.

The Management Underwriting and Investment Committee (MUIC) of the Company provides recommendation to the Board Risk Management and Technical Committee on risk issues for the latter to assess and possibly approve in accordance with the company's objectives of aligning risk appetite and strategy.

The Board Risk Management and Technical Committee approves the Company's risk appetite annually on the basis of robust assessment of risks that incorporates the prudent decision making of risk and reward trade-offs. The Board is also responsible for evaluating strategic alternatives, setting related objectives, and developing mechanisms to manage related risks, establishing, documenting, and enforcing all policies that involve risk.

The Chief Risk Officer is responsible for implementing the risk management framework. The role of the Chief Risk Officer includes informing the Board as well as the Management Committee about the risk profile of the Company and also communicates the views of the Board and Senior Management to the entire Company.

Other functions of the CRO include but are not limited to:

- Implementation of processes and systems for identifying and reporting risks and risk-management deficiencies, including emerging

risks, on an enterprise-wide basis.

- Setting appropriate policies and procedures relating to risk management governance, risk management practices and risk control.
- Monitoring of compliance with the company's risk limit structure and
- Effective and timely implementation of corrective actions to address risk management deficiencies.

The Enterprise-wide Risk Management function which reports to the CRO, is in charge of identifying, evaluating, monitoring and recommending risk management measures and solutions for the broad risk categories.

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

## Risk appetite

The Group recognizes that its continual sustainability initiative is largely contingent upon brand protection and enhancement of stakeholder value. Our ethos therefore mandates that the Group is averse to risks that essentially erode corporate value.

The Group's risk appetite is primarily characterized by a clear risk strategy, monitoring and reporting procedure that provides the foundation to identify potential deviations from our risk tolerances in a timely manner across the enterprise, which is underpinned by our top-down risk management approach.

## Risk management policies and procedures

The Enterprise-wide Risk Management policies and procedures have been instituted strategically aimed

at managing potential, inherent and residual risk categories in our operations.

The Board recognizes that the practice of risk management is critical to the achievement of corporate objectives and has actively encouraged a risk culture that embraces innovation and opportunity, primed risk-taking and acceptance of risk as inherent in all our activities, whilst reducing barriers to successful implementation.

We constantly recognize that nature of risk is dynamic and pervasive in our business and the responsibility is that of all, hence we have created a structured approach across all functions of the organization flowing from strategic planning to the service level in order to identify, mitigate and report these risks.

Our structured approach to managing risks is evident in the integration of the internal audit (SYSCON) function; which is charged with the responsibility of undertaking risk-based audit on all business units using outputs of the annual company-wide risk assessment to guide its annual audit program. A quarterly assessment exercise is conducted by this unit and a rated score expressed in percentage is applied to measure the level of compliance.

### Risk categorization

The Group is exposed to a myriad of risks in the conduct of its business. The following represent a catalogue of risk exposures using the graphical illustration below:

#### Risk exposure catalogue



## Market Risk:

This is the risk that the value of investment will decrease due to movements in the market factors. Such movements may be occasioned market factors (volatilities) that are directly related to an individual investment and/or systemic risks.

The four (4) risk exposures to Market risks arise through the following:

- Interest rate risk: the potential risk that the value of fixed income assets will plummet owing to movements in market interest rates.
- Equity price risk: represents the potential risk of loss in our investment in stocks, occasioned by volatility in the stock market
- Foreign exchange risk: potential risk of loss of an asset value held in foreign currency due to changes in currency exchange rates.
- Property price risk: The Company's portfolio is subject to property price risk arising from changes in the market value of properties.

## Underwriting risk:

Underwriting risks relate to risks that premiums charged are inadequate to cover the claims the company is legally obliged to pay. Furthermore, it is essential that those premiums match to the return on the company's capital.

Underwriting risks form an integral part of our business. While we recognize that it is not practicable to eliminate all risks underwritten completely, we continually strive to leverage on managing this type of risks as a mitigation strategy because we believe that the continual profitability of our underwriting competencies, is a reflection of strategies employed in risk decision making which is in conformity with our risk appetite.

**Underwriting risks may arise through the following ways:**

- Inadequate premium pricing vis a vis the risk insured against;
- Improper reinsurance arrangements;

- Inadequate claims reserves- the number of claims that occur may be higher than expected claims.
- Inadequate conduct of surveys
- Poor moral hazard of policyholders which may result in adverse claims experience.

## Credit risk:

This risk arises from the default of a counterparty to fulfill its contractual obligation. Being an Insurance company; non-remittance of premium after the required thirty (30) days period available to Insurance Brokers as stipulated by NAICOM's premium collection and remittance guidelines and the possibility of default by counterparties on investments placed with corporate entities, could result in cash flow shortages

**Three (3) notable areas of exposure to credit risks include:**

- Direct Default Risk: is the risk of exposure a company may experience due to non-payment of investment receipts or cash flow on assets at an agreed time by an obligor following a contractual agreement to do so. This type of risk could also arise from failure of registered Insurance Brokers to remit premiums to the company after the permissible thirty days (30) grace period, as mandated by NAICOM.
- Downgrade Risk: risk that changes in the possibility of a future default by an obligor will adversely affect the present value of the contract with the obligor today.
- Settlement Risk: risk arising from the lag between the value and settlement dates of securities' transactions.

## Liquidity risk:

The characteristic nature of our business requires adequate cash flow to meet our contractual obligations in the event of claim settlement. This is the risk of loss arising due to insufficient liquid assets to meet cash flow requirements or to fulfill financial obligation once claims crystallize.

Our exposure to liquidity risk comprises of:

- Funding (Cash-flow) Liquidity Risk: These risks arise from investment-linked products especially in circumstances where there are liquidity constraints to meet financial obligations to customers.
- Market (Asset) Liquidity Risk: risk of loss which is occasioned by the incapacity to sell assets at or near their carrying value at the time needed.

### Business risk

This is the risk that a company's market position may be eroded resulting in the reduction of future profitability. We aim to ensure that such risks are clearly identified and taken into account when setting or revising corporate strategy in alignment with our risk appetite.

### Reputational risk

This is the risk of events that threaten to violate public trust in our company's brand. We firmly appreciate the power of superior business opportunities inherent in positive public perception of our company. This is critical to ensure that we continually conduct our business in an affirmative manner that facilitates building sustainable relationships with our stakeholders.

### Operational risk

This is the risk of loss resulting from inadequate or failed processes, people (human factors) and systems or from external events. This includes legal risk but excludes strategic and reputational risk.

### Legal / Compliance Risks

Legal risks include but not limited to exposure to fines, penalties or punitive damages resulting from supervisory actions, as well as private settlements.

### Business Risk Management

"Management Underwriting and Investment committee (MUIIC) is responsible for identifying, assessing and monitoring both internal and external risk events and other risks, which may im-

pede the attainment of set corporate objectives. Business risks management represents a fundamental approach which has been embedded in our operations vis-à-vis managing risks and enhancing decision making.

### Reputational Risk Management

The Group recognizes that in extreme cases, black swan events could result in significant reputational damage. It is to this end, that the Group maintains a top-down approach to managing its potential and actual corporate culture and values against untoward events that may erode its brand value.

The methodologies adopted to mitigate such reputational risks include: trainings, newsletters and other forms of internal communications. These approaches are supported by control teams from Legal, Compliance and Quality Assurance, Enterprise Risk Management and Brand Management & Corporate Communications units.

Some internal processes designed to manage reputational risks include:

- Use of customer-feedback mechanisms
- Identifying and analyzing trends in customer complaints via Key Risk Indicators (KRI)
- Sponsorship of media programs
- Investor relationship management
- Due diligence in adhering to regulatory guidelines
- Tracking of economic and regulatory developments that may result in new reputational risks

### Legal / Compliance Risk Management

The responsibility of adhering to instituted rules and regulations as laid out by NAICOM rests with staff of designated business units to which such regulations are applicable.

Procedures designed and implemented to control potential compliance breaches include but is not limited to:

- Know-Your-Customer (KYC) guidelines
- Anti money laundering /Combating the financing of terrorism (AML/CFT)

- Anti-bribery and corruption measures
- Conformity to Corporate Governance guidelines and reporting standards.

The Group recognizes that continual stakeholder engagement across the enterprise via trainings programs and communications are fundamental to ensuring that all staff recognizes their professional obligations and are firmly aware of the consequences of non-conformity to guidelines.

### Operational Risk Management

Operational risks represent risks which crystallize from people, systems, processes and external events. In line with best practice, a number of tools employed in managing these risks are enumerated as follows:

#### Issue Tracking Report/ Action Plan Report

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

#### Risk Control & Self Assessment (RCSA)

The Risk Control and Self-Assessment is a critical tool applied to identify, assess, control and mitigate operational risks across the enterprise. RCSA exercise constitutes a fundamental element of the overall operational risk framework, to assess risks using a pre-defined risk grid to determine the probability and/or severity of risks, which are depicted with the aid of Risk Maps.

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

#### Risk Maps

Risk maps typically are graphs on which impact of each risk is plotted against probability of occurrence. Risk maps are designed either to show inherent or residual risk categories by line of business. Risks in the

upper right are very severe and need to be monitored closely to reduce the Group's exposure. High-frequency/low-severity risks create the basis for expected losses and are often subject to detailed analysis focused on reducing the level of losses.

#### Key Risk Indicators

The Key Risk Indicator (KRI) provides a veritable tool for early identification of increasing risk exposure and /or deviations concerning inherent risk of business units. The KRI dashboard therefore represents a snapshot of risk events essential for effective monitoring and control of risks, in conformity with the Enterprise's risk appetite.

#### Loss Events Reporting

This tool represents a primary resource for risk identification. We have leveraged on our technological infrastructure to develop an application for the collection of potential/actual risk events. These risk events (inclusive of near-misses) have been categorized in conformity with the Basel II operational risk categorization.

#### Business Continuity Plan (BCP)

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

#### Health and Safety Management

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



## 1. General Information

For the year ended 31 December 2013

### Reporting entity

Mansard Insurance Plc ('the Company') and its subsidiaries (together 'the Group') formerly known as Guaranty Trust Assurance Plc. underwrite life and non-life insurance risks, such as those associated with death, disability, health, property and liability. The Group also issues a diversified portfolio of investment contracts to provide its customers with asset management solutions for their savings and retirement needs. All these products are offered to both domestic and foreign markets. The Group does business in Nigeria and employs over 200 people.

The Company is a public limited company incorporated and domiciled in Nigeria. The address of its registered office is:

-Santa Clara Court, Plot 1412, Ahmadu Bello Way Victoria Island, Lagos, Nigeria.

The Company is listed on the Nigerian Stock Exchange. The consolidated financial statements, including the assets and liabilities of the Company and all its subsidiaries, and were authorised for issue by the directors on the 10th of March 2014.

## 2. Summary of Significant Accounting Policies

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

### 2.1 Basis of presentation and compliance with IFRS

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

The consolidated financial statements comprises of the consolidated statement of comprehensive income, the consolidated statement of financial posi-

tion, the statements of changes in equity, the consolidated statement of cash flows and the notes.

#### (a) Basis of measurement

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

- non-derivative financial instruments fair value through profit or loss.
- available-for-sale financial assets that are measured at fair value.
- investment property is measured at fair value.
- insurance liabilities measured at present value of future cashflows.

#### (b) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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 uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are described in note 1.

#### 2.1.1 Changes in accounting policy and disclosures

##### (a) New Standards and Amendments adopted by the Group

Below are the IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have an impact on the group.

**(i) Amendments to IFRS 7 on offsetting financial assets and financial liabilities (2011)**

Disclosures- Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of right of offsets and related arrangements for financial instruments under master netting or similar arrangements. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendments are applied retrospectively, the Group does not have offsetting arrangements in place as at 31 December 2013. The application of the amendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

**(ii) New and revised standards - IFRS 10 - Consolidated Financial Statement, IFRS 11 - Joint arrangements, IAS 28 - Investment in Associates and IFRS 12 - Disclosures of Interest in Other Entities**

In the current year, the Group has applied for the first time IFRS 10, IFRS 11, IFRS 12 and IAS 28 (revised) together with the amendments to IFRS 10, 11 and 12 regarding the transition guidance. IAS 27 (revised) is also applicable to the entity since a consolidated and separate financial statements is being presented.

**(iii) IFRS 10 Consolidated Financial Statements**

IFRS 10 replaces all of the consolidation guidance of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The new standard changes the definition of control such that it can only be present when there is (i) power, (ii) exposure to variability in returns and (iii) ability to use the power to affect returns. Consolidation will only be required when all the three criteria are met. IFRS 10 is effective for annual periods beginning on or after 1 January 2013. The application of the amendments will impact the Group's previous treatment of assets held under management. These assets were not consolidated as part of the Group audited financial statement in previous years. A retrospective restatement of the prior year and opening statement of financial position has been presented to comply with the transition requirements of IFRS 10.

**(iv) IFRS 11 Joint Arrangements**

IFRS 11 overhauls the accounting for joint ventures and replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities - Non Monetary Contributions by Venturers. It uses the principles of control in IFRS 10 in defining joint control and whether joint control exists may change. Under IFRS 11, there are only two types of joint arrangements (i) Joint operations (ii) Joint ventures. The new standard does not allow proportional consolidation of joint ventures and the equity method must be applied. IFRS 11 is effective in annual periods beginning on or after 1 January 2013. The amendments have been applied retrospectively, the Group does not have any joint arrangement relationship. The application of the amendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

**(v) IFRS 12 Disclosure of Interests in Other Entities**

IFRS 12 includes all of the disclosure requirements for subsidiaries, joint arrangements, associated entities, structured entities and other statement of financial position vehicles. Changes include the requirement to disclose the judgements made to determine whether it controls another entity and other more extensive disclosures in the consolidated financial statements. IFRS 12 is effective in annual periods beginning on or after 1 January 2013.

**vi) IFRS 13 Fair Value Measurement**

IFRS 13 provides a single source of guidance on how fair value is measured and disclosed, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs, this is applicable to both financial and non financial instruments. The exceptions include leasing transactions within the scope of IAS 17 - Leases, IFRS 2 - Share based payments and some measurements with similarities to fair value but are not fair value e.g value in use for impairment assessment purpose or net realisable value for measuring inventories. Although many of the IFRS 13 disclosure requirements regarding financial assets and financial liabilities are

already required, the adoption of IFRS 13 will require the Group to provide additional disclosures.

These include fair value hierarchy disclosures for non-financial assets/liabilities and disclosures on fair value measurements that are categorised in Level 3.

IFRS 13 requires prospective application from 1 January 2013, specific transition provision was also granted to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the application of this standard. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. In accordance with the transition provisions, the Group has made any new disclosures required for IFRS 13 comparative periods, see note 4.5 for 2013 disclosures.

#### (vii) IAS 1 Presentation of Financial Statements

IAS 1 addresses changes in the presentation of other comprehensive income. The amended standard retains the option to present either a single statement or as two separate statements. The amendments also includes new terminologies whose use is not mandatory. Under IAS 1 amended, the statement of comprehensive income is renamed as the statement of profit or loss account and other comprehensive income and the income statement is renamed as the statement of profit and loss. The Group continues to adopt the single statement approach.

The amendments to IAS 1 also require items of other comprehensive income be grouped into two categories (a) Items that may be subsequently reclassified in the profit and loss account when specific conditions are met (b) Items that will not be subsequently reclassified to profit and loss account. Income tax on items in other comprehensive income should also be allocated in the same manner. The amendment did not remove the option to report the items in other comprehensive income before or net of tax. This standard is applicable for annual periods beginning on or after 1 July 2012.

The application of IAS 1 (amended) has resulted in split of other comprehensive income into items that may be subsequently reclassified and items that will not (please see statement of comprehensive income for details).

#### (viii) IAS 32 (amended) Financial instruments: Presentation

The amendment clarifies the treatment of income tax relating to distributions and transaction costs. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity. The amended IAS 19 is effective for periods beginning on or after 1 January 2013. The amendments have been applied retrospectively. The application of the amendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

#### (b) New standards and amendments issued and effective for the financial year beginning 1 January 2013 and has no impact on the financial statements of the group.

A number of standards, interpretations and amendments thereto, had been issued by the IASB which are effective but do not impact on these consolidated financial statements. Improvements to IFRSs (issued May 2012) by the IASB as part the 'annual improvements process' resulted in the following amendments to standards issued. These are summarised in the table below:

IFRS	Effective Date	Subject of amendment
Amendments to IFRS 1, 'First time adoption of IFRS'	1 January 2013	The amendment clarifies that an entity may apply IFRS 1 more than once under certain circumstances and that an entity can choose to adopt IAS 23, 'Borrowing costs', either from its date of transition or from an earlier date. Lastly the amendments clarifies that a first-time adopter should provide the supporting notes for all statements presented.
Amendment to IAS 1, 'Presentation of financial statements'	1 January 2013	The amendment clarifies the disclosure requirements for comparative information when an entity provides a third statement of financial position either: as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'; or voluntarily. In addition the standard also requires a disclosure of items in other comprehensive income that will be transferred to the profit or loss statement and those that would not be transferred.
Amendment to IAS 16, 'Property, plant and equipment'	1 January 2013	The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.
Amendment to IAS 34, 'Interim financial reporting'	1 January 2013	The amendment brings IAS 34 into line with the requirements of IFRS 8, 'Operating segments'. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements.
IFRIC 20 - Stripping costs in the production phase of a surface mine	1 January 2013	In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'. The Interpretation clarifies there can be two benefits accruing to an entity from stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The Interpretation considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently.
IAS 19 Employee benefits	1 January 2013	The amendment requires changes in the defined benefit obligation and fair value of plan assets to be recognised in the period as they occur. The "corridor" method is eliminated and actuarial gains and losses and unrecognised past service costs are recognised directly in other comprehensive income. Because actuarial gains and losses are no longer deferred, affecting both the net defined benefit liability/asset and the amounts recognised in profit or loss are affected.

**(c) New and amended standards and interpretations not yet adopted by the Group**

As at 31 December 2013, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these consolidated financial statements. None of these standards is expected to have a significant ef-

fect on the consolidated financial statement of the group, except the following set out below.

**IFRS 9 Financial Instruments: Classification and Measurement (effective 1 January 2015)**

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets.

IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

The IFRS 9 (2009) requirements represents a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories of financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables. For an investment in equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividend on such investments are recognized in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investments. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognized in profit or loss. The group is yet to assess IFRS 9's full impact. The group will also consider the impact of the remaining phases of IFRS 9 when completed by the board.

### Amendments to IAS 32 – Financial Instruments: Presentation (effective 1 January 2014)

Presentation on asset and liability offsetting (effective for periods beginning on or after 1 January 2014). This amendment clarifies some of the requirements for offsetting financial assets and liabilities on the date of the statement of financial position. The Company

is yet to assess the full effect of IAS 32 and intends to adopt IAS 32 no later than the accounting period beginning on or after 1 January 2014.

### Amendments to IAS 36 – Impairment of Assets (effective 1 January 2014)

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed; and to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed.

### IFRIC 21 – Levies (effective 1 January 2014)

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

### Significant accounting policies

Except for the effect of the changes explained in note 2 above, the group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

#### (a) Consolidation

The Group defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statement.

The Group controls an investee entity when it is ex-

posed, or has rights, to variable returns from its involvement with the investee entity and has the ability to affect those returns through its power over the investee entity. The Group applies the following three elements of control as set out the principle of control in assessing control of an investee:

- a. power over the investee entity;
- b. exposure, or rights, to variable returns from involvement with the investee entity; and
- c. the ability to use power over the investee to affect the amount of the investor's returns.

#### (i) Subsidiaries

Subsidiaries are all entities (including special purpose entities and other structured entities) over which the group exercises control.

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases. Subsidiaries are entities over which the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investment in subsidiaries in the separate financial statement of the parent entity is measured at cost less impairment.

#### (ii) Business combinations

The Group applies the acquisition method to account

for Business Combinations and acquisition-related costs are expensed as incurred. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in compliance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

#### (iii) Changes in ownership interests in subsidiaries without change in controls

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### (iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed

of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### (iv) Special purpose entities

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular assets, or the execution of specific borrowings or lending transactions or the provision of certain benefits to employee. The financial statements of special purpose entities are included in the Group's consolidated financial statements, where the substance of the relationship is that the Group controls the special purpose entity.

#### (b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Underwriting and Investment Committee (MUIC) that makes strategic decisions.

#### (c) Foreign currency translation

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

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

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting

date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

Foreign exchange gains and losses are presented in the income statement within 'Other operating income' or 'Other operating expenses'.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit and loss are recognised in the income statement as part of net gain/loss on financial assets. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in other comprehensive income.

#### (iii) Group companies

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

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

rate on the dates of the transactions); and all resulting exchange differences are recognised in other comprehensive income.

## (d) Financial assets

The Group classifies its financial assets into the following categories: fair value through profit and loss, loans and receivables, held-to-maturity and available-for-sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired. In line with the Insurance Act of 2003 Section 26 (1c), the financial assets of insurance and investment contracts have been kept separately to meet obligations as at when due (see note 4.3 on Asset and Liability management)

### 1. Classification

#### (i) Financial assets at fair value through profit or loss

##### (a) Held for trading

A financial asset is classified into the held for trading category if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking.

##### (b) Financial assets designated at fair value through profit or loss upon initial recognition

Other financial assets designated as at fair value through profit or loss at initial recognition are those that are:

- Separate assets held to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and
- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair

value basis to the Group's key management personnel. The Group's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit and loss.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- those that the Group intends to sell in the short term which are declassified as fair value through profit or loss and those that the group upon initial recognition designates as at fair value through profit or loss.
- those that the Group upon initial recognition designates as Available for Sale
- those for which the holder may not recover substantially all of its initial investment other than because of credit risk. They include:

##### (a) Trade receivables

These are non-derivative financial assets with fixed determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method less impairment. Discounting is omitted where the effect of discounting is immaterial.

##### (b) Reinsurance and Co-insurance recoverables

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 written premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

##### (c) Other receivables

Other receivables are made up of prepayments and other amounts due from parties which are not directly linked to insurance or investment contracts

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

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available-for-sale; and
- those that meet the definition of loans and receivables.”

Interests on held-to-maturity investments are included in the consolidated income statement and are reported as ‘Interest and similar income’. In the case of an impairment, it is reported as a deduction from the carrying value of the investment and recognised in the consolidated income statement as ‘Net gains/(losses) on financial assets’. Held-to-maturity investments are largely bonds.

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

Available-for-sale investments are financial assets that are intended to be 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 or that are not classified as loans and receivables, held-to-maturity investments or fair value through profit or loss.

#### (v) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### (e) Recognition and measurement

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

Financial assets are initially recognised at fair value, plus transaction costs for all financial assets not initially recognised at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently

carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group’s right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the income statement as net realised gains on financial assets.

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

See accounting policy (h) below for the Group’s accounting policies relating to the impairment of financial assets.

### (f) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the income approach (transaction price paid for an identical or a similar instrument). This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring

market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR yield curve, foreign exchange rates, volatilities and counterparty spreads) existing at the reporting date.

For more complex instruments the company uses internally developed models which are usually based on valuation models and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted debt securities for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and therefore estimated based on assumptions. The impact of financial instruments valuation reflecting non-market observable inputs (Level 3 valuations) is disclosed in note 4.5

### (g) Reclassification of financial assets

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are deter-

mined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

### (h) Impairment of assets

#### (a) Financial assets carried at amortised cost

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the 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 Group about the following events:

- Trade receivables are outstanding for than 30 days
- Reinsurance recoverable outstanding more than 90 days
- 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 reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group.

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

flects current market assessments of the time value of money and the risks specific to the asset.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. The Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. When the financial asset at amortised cost is uncol-

lectible, it is written off against the related allowance for impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to Investment securities are classified as net gains/loss of financial assets while those on receivables are classified as operating expenses.

#### **(b) Assets classified as available for sale**

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account. The cumulative loss measured as: the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

#### **(i) Impairment of other non-financial assets**

Assets that have an indefinite useful life – for example, land are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of

an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

#### **(j) Pledged assets**

Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from financial assets (held-for-trading, held to maturity or available for sale) to pledged assets, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms. There were no pledged assets for the period under review.

Initial recognition of pledged assets is at fair value, whilst subsequent measurement is based on the classification and measurement of the financial asset in accordance with IAS 39.

#### **(k) Offsetting financial instruments**

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

#### **(l) Investment property**

Property held for long-term rental yields that is not occupied by the companies in the Group is classified as investment property.

Investment property comprises freehold land and buildings. It is carried at fair value, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent valuation expert. Investment property under construction that is being developed for continuing use as investment property are measured at cost.

Changes in fair values are recorded in the income statement.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the companies in the consolidated Group. The initial cost of the property shall be the fair value (where available). When not available the initial cost shall be used. The property is carried at fair value after initial recognition.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon the disposal of such investment property any surplus previously recorded in equity is transferred to retained earnings net of associated tax; the transfer is not made through profit or loss.

Properties could have dual purposes whereby part of the property is used for own use activities. The portion of a dual use property is classified as an investment property only if it could be sold or leased out separately under a finance lease or if the portion occupied by the owner is immaterial to the total lettable space. The group considers 10% of the lettable space occupied by the owner as insignificant.

#### **(m) Intangible assets**

Intangibles assets represents cost associated with the acquisition of software and inherent goodwill on business combination.

##### **(i) Computer software**

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are rec-

ognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.
- Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their useful lives, which does not exceed five years.

## (ii) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGU's or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairments is recognised immediately as an expense and is not subsequently reversed.

## (n) Property and equipment

Land and buildings comprise mainly outlets and offices occupied by the Group.

Land is shown at cost. All other property and equipment are stated at historical cost less depreciation and accumulated impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on property and equipment is calculated using the straight-line method to allocate the cost to the residual values over the estimated useful lives as follows.

- |                                        |           |
|----------------------------------------|-----------|
| • Buildings                            | 50 years  |
| • Vehicles                             | 2-5 years |
| • Furniture and fittings and equipment | 3-8 years |
| • Computer equipment                   | 3-5 years |

Leasehold improvements are depreciated over the lower of the useful life of the asset and the lease term.

The assets residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carry-

ing amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included within other income in the income statement.

### (o) Statutory deposit

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

### (p) Insurance contracts

The Group issues 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 financial instruments with a discretionary participation feature.

#### (a) Types of Insurance Contracts

The group classify insurance contract into life and non-life insurance contracts.

##### (i) Non-life insurance contracts

These contracts are accident and casualty and property insurance contracts.

Accident and casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Non- life insurance contracts protect the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

##### (ii) Life insurance contracts

These contracts insure events associated with human life (for example, death or survival).

#### (b) Recognition and measurement

##### (i) Non-life insurance contracts premium and claims

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

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

**(ii) Life insurance contracts premium and claims**

Premiums are recognised as revenue when they become payable by the contract holders. Premiums are shown before deduction of commission.

Claims and other benefits are recorded as an expense when they are incurred.

**(iii) Salvages**

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

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

**(iv) Subrogation**

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

**(v) Deferred policy acquisition costs (DAC)**

Acquisition costs comprise all direct and indirect costs arising from the writing of both life and non-life insurance contracts. Deferred acquisition costs represent a proportion of commission which are incurred during a financial period and are deferred to the extent that they are recoverable out of future revenue margins. For the non life business, it is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium; while no assets are established in respect of deferred acquisition cost for the life business.

**(vi) Deferred Income**

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

**(vii) Reinsurance contracts held**

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

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Group has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

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

**(viii) Receivables and payables related to insurance contracts**

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and

recognises that impairment loss in the income statement. The Group gathers the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at amortised cost.

The impairment loss is calculated under the same method used for these financial assets. These processes are described in accounting policy (f).

### (q) Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Investment contracts can be classified into interest linked and unitised fund. Interest linked investment contracts are measured at amortised cost while unitised funds are measured at fair value.

Investment contracts with guaranteed returns (interest linked) and other business of a savings nature are recognized as liabilities. Interest accruing to the life assured from investment of the savings is recognized in the profit and loss account in the year it is earned while interest paid and due to depositors is recognized as an expense. The net result of the deposit administration revenue account is transferred to the income statement of the group.

### (r) Technical reserves

These are computed in compliance with the provisions of Section 20, 21, and 22 of the Insurance Act 2003 as follows:

#### (a) General insurance contracts

#### Reserves for unearned premium

In compliance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

#### Reserves for outstanding claims

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

### Reserves for unexpired risk

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

#### (b) Life business

##### Life fund

This is made up of net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation.

#### (c) Liability adequacy test

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

The provisions of the Insurance Act 2003 requires an actuarial valuation for life reserves only however, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. The provision of section 59 of the Financial Reporting Council Act 2011 gives superiority to the provision of IFRS.

#### (s) Borrowing costs

Borrowing costs are interest and other costs incurred by the Group directly attributable to the acquisition and construction of qualifying assets which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs are capitalized as part of the cost of a qualifying asset only when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or net realizable value, the carrying amount is written down or written off. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least 12 month after the date of the statement of financial position.

#### (t) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted.

#### (u) Financial guarantee contracts

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in compliance with the original or modified terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, which is the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment and the unamortised premium when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

#### (v) Provisions

Provisions for restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### (w) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realisable or the deferred income tax liability is payable.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the consolidated income statement together with the deferred gain or loss.

### (x) Share capital and premium

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

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

### (y) Contingency reserves

#### (a) Non-life business

In compliance with Section 21 (2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premiums, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

#### (b) Life business

In compliance with Section 22 (1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit.

### (z) Earnings per share

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

the period excluding treasury shares held by the Group.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### aa) Dividends

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

### ab) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallise.

### ac) Revenue recognition

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

#### (a) Rendering of services:

Revenue arising from asset management and other related services offered by the Group are recognised in the accounting period in which the services are rendered. Fees consist primarily of investment management fees arising from services rendered in conjunction with the issue and management of investment contracts where the Group actively manages the consideration received from its customers to

fund a return that is based on the investment profile that the customer selected on origination of the instrument.

These services comprise the activity of trading financial assets and derivatives in order to reproduce the contractual returns that the Group's customers expect to receive from their investments. Such activities generate revenue that is recognised by reference to the stage of completion of the contractual services.

In all cases, these services comprise an indeterminate number of acts over the life of the individual contracts. For practical purposes, the Group recognises these fees on a straight-line basis over the estimated life of the contract. Certain upfront payments received for asset management services ('front-end fees') are deferred and amortised in proportion to the stage of completion of the service for which they were paid.

The Group charges its customers for asset management and other related services using the following different approaches:- Front-end fees are charged to the client on inception. This approach is used particularly for single premium contracts. The consideration received is deferred as a liability and recognised over the life of the contract on a straight-line basis; and Regular fees are charged to the customer periodically (monthly, quarterly or annually) either directly or by making a deduction from invested funds. Regular charges billed in advance are recognised on a straight-line basis over the billing period; fees charged at the end of the period are accrued as a receivable that is offset against the financial liability when charged to the customer.

#### (b) Dividend income:

Dividend income for available-for-sale equities is recognised when the right to receive payment is established, this is the ex-dividend date for equity securities. They are reported within other income.

#### (c) Net gains/(losses) on financial assets

Net realised gains/(losses) on financial assets comprises gains less losses related to trading and available for sale investment, and includes all realised and unrealised fair value changes and foreign exchange differences and realised gain or loss on available for sale investment.

#### (d) Net fair value gain on non financial assets

Net fair value gain on non financial assets at fair value represents fair value gains on the group's non financial instruments such as investment property.

#### ad) Changes in life fund estimates

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 therefrom are charged to the income statement.

#### ae) Investment income

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

#### af) Reinsurance expenses

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

#### ag) Underwriting expenses

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

#### ah) Other operating expenses

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

#### ai) Employee benefits

##### (a) Defined contribution plans

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

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

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

##### (c) Share based payment

The management personnel are entitled to the share appreciation rights at a pre-determined price. The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense. The Company no longer operate a cash-settled share based compensation plan (i.e. share appreciation rights - SARs) for the year under review.

## Consolidated Statement of Financial Position

As at 31 December 2013

(All amounts in thousands of Naira unless otherwise stated)

	Notes	Group 31-Dec-13	Restated Group 31-Dec-12	Restated Group 31-Dec-11	Parent 31-Dec-13	Parent 31-Dec-12
<b>ASSETS</b>						
Cash and cash equivalents	8	6,169,398	3,257,176	2,606,744	5,456,942	2,874,487
Financial assets						
– Held for trading assets	9.1	1,013,686	4,006,870	4,523,411	767,073	3,729,262
– Available-for-sale	9.2	3,424,026	3,067,015	2,858,242	2,994,664	3,067,015
– Financial assets designated at fair value	9.3	3,738,761	2,146,971	1,427,213	2,140,840	1,603,874
– Held-to-maturity	9.4	6,450,413	5,422,982	2,879,202	6,182,981	5,166,769
Pledged assets	10	-	235,967	-	-	235,967
Trade receivables	11	166,367	2,036,827	1,656,457	166,367	2,036,827
Reinsurance and co-insurance recoverables	12	2,852,008	1,798,806	1,436,568	2,852,008	1,798,806
Other receivables	13	922,806	867,423	352,792	2,516,309	1,769,006
Deferred acquisition cost	14	361,786	254,018	196,657	361,619	254,018
Investment property	15	8,742,725	6,936,660	5,490,491	-	-
Investment in subsidiaries	16	-	-	-	3,199,661	2,687,661
Intangible assets	17	110,878	100,769	41,697	82,085	96,357
Property and equipment	18	1,679,861	1,477,814	1,287,899	1,569,233	1,468,004
Statutory deposit	19	500,000	500,000	500,000	500,000	500,000
<b>TOTAL ASSETS</b>		<b>36,132,715</b>	<b>32,109,298</b>	<b>25,257,373</b>	<b>28,789,782</b>	<b>27,288,053</b>
<b>LIABILITIES</b>						
Insurance liabilities	20	7,692,694	5,865,262	4,649,200	7,680,663	5,865,262
Investment contract liabilities:						
–At amortised cost	21.1	2,189,940	1,999,686	1,513,107	2,189,940	1,999,686
–Financial liabilities designated at fair value	21.2	3,738,761	2,146,971	1,427,213	2,140,840	1,603,875
Borrowings	22	3,484,128	3,581,574	926,463	-	235,967
Trade payables	23	1,143,012	2,053,812	1,288,161	1,143,012	2,053,812
Other liabilities	24	2,467,133	1,047,208	879,010	1,818,637	504,978
Current income tax liabilities	25	279,751	411,434	587,699	272,615	392,300
Deferred income tax	26	206,082	421,017	145,446	19,442	214,378
<b>TOTAL LIABILITIES</b>		<b>21,201,501</b>	<b>17,526,964</b>	<b>11,416,299</b>	<b>15,265,149</b>	<b>12,870,258</b>

Paid up share capital	28.1	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Share premium	28.2	3,843,243	3,843,243	3,843,243	3,843,243	3,843,243
Contingency reserve	28.3	1,912,579	1,564,699	1,241,011	1,912,579	1,564,699
Other reserves	28.4	2,500,000	2,465,506	2,323,105	2,500,000	2,500,000
Fair value reserves	28.5	282,088	1,035,117	857,962	282,088	1,035,117
Retained earnings	28.6	733,172	204,818	271,677	(13,277)	474,736
<b>SHAREHOLDERS' FUNDS</b>		<b>14,271,082</b>	<b>14,113,383</b>	<b>13,536,998</b>	<b>13,524,633</b>	<b>14,417,795</b>
Total equity attributable to the owners of the parent		14,271,082	14,113,383	13,536,998	13,524,633	14,417,795
Non-controlling interest in equity	29	660,132	468,951	304,076	-	-
<b>TOTAL EQUITY</b>		<b>14,931,214</b>	<b>14,582,334</b>	<b>13,841,074</b>	<b>13,524,633</b>	<b>14,417,795</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>36,132,715</b>	<b>32,109,298</b>	<b>25,257,373</b>	<b>28,789,782</b>	<b>27,288,053</b>

Signed on behalf of the Board of Directors on 10 March 2014



Mrs. Rashidat Adebisi  
FRC/2012/  
ICAN/00000000497  
Chief Financial Officer



Mrs. Yetunde Ilori  
FRC/2012/  
CIIN/00000000344  
Chief Executive Officer



Mr. Gbolade Osibodu  
FRC/2013/  
NIM/00000001915  
Chairman



## Consolidated Statement of Comprehensive Income for the year ended 31 December 2013

(All amounts in thousands of Naira unless otherwise stated)

	Notes	Group 31-Dec-13	Group 31-Dec-12	Parent 31-Dec-13	Parent 31-Dec-12
Gross premium written	30	13,594,216	12,444,451	13,579,752	12,444,451
Gross premium income	30	12,519,586	11,656,020	12,515,974	11,656,020
Re-insurance expenses		(4,981,220)	(4,546,719)	(4,981,220)	(4,546,719)
Net premium income	30	7,538,366	7,109,301	7,534,754	7,109,301
Fee and commission income:					
Insurance contracts	31	541,653	527,692	541,653	527,692
Net underwriting income		8,080,019	7,636,993	8,076,407	7,636,993
Claims expenses (Gross)	37	(4,705,075)	(3,838,088)	(4,703,446)	(3,838,088)
Claims expenses recovered from reinsurers		1,174,108	678,355	1,174,108	678,355
Underwriting expenses	38	(1,607,761)	(1,484,985)	(1,607,761)	(1,484,985)
Increase in life fund (Individual life traditional) during the year	20.3	(490,264)	(166,475)	(490,264)	(166,475)
Net underwriting expenses		(5,628,992)	(4,811,193)	(5,627,363)	(4,811,193)
<b>Total underwriting profit</b>		<b>2,451,027</b>	<b>2,825,800</b>	<b>2,449,044</b>	<b>2,825,800</b>
Investment income	32	1,881,973	1,583,600	1,327,796	1,448,066
Net gains on financial assets	33	455,390	(10,070)	432,542	3,007
Net fair value gains on non financial assets	34	1,177,922	572,971	-	-
Profit on investment contracts	35	200,108	150,003	200,108	133,700
Other income	36	17,667	61,646	82,490	102,990
Expenses for marketing and administration		(859,134)	(728,347)	(866,049)	(728,347)
Employee benefit expense	39	(1,103,515)	(1,027,662)	(994,125)	(933,898)
Other operating expenses	40	(1,968,536)	(1,177,668)	(1,764,469)	(1,120,684)
Results of operating activities		2,252,902	2,250,273	867,337	1,730,634
Finance cost	22	(261,636)	(70,466)	-	-
Profit before tax		1,991,266	2,179,807	867,337	1,730,634
Income tax credit/ (expense)	41	102,925	(576,500)	92,530	(350,581)
<b>Profit for the year</b>		<b>2,094,191</b>	<b>1,603,307</b>	<b>959,867</b>	<b>1,380,053</b>
Profit attributable to:					
Owners of the parent		1,903,010	1,438,432	959,867	1,380,053
Non-controlling interest	29	191,181	164,875	-	-
		2,094,191	1,603,307	959,867	1,380,053

Other comprehensive income:

Items that may be subsequently reclassified to the profit or loss account:

Changes in available-for-sale Changes in available-for-sale financial assets net of taxes	28.5	(753,029)	177,154	(753,029)	177,154
Other comprehensive income for the year		(753,029)	177,154	(753,029)	177,154
<b>Total comprehensive income for the year</b>		<b>1,341,162</b>	<b>1,780,461</b>	<b>206,838</b>	<b>1,557,207</b>

Attributable to:

Owners of the parent		1,149,981	1,615,586	206,838	1,557,207
Non-controlling interests	29	191,181	164,875	-	-
<b>Total comprehensive income for the year</b>		<b>1,341,162</b>	<b>1,780,461</b>	<b>206,838</b>	<b>1,557,207</b>

Earnings per share

Basic and diluted (kobo)	42	19	14	10	14
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## Consolidated Statements of Changes in Equity

(All amounts in thousands of Naira unless otherwise stated)

Year ended 31 December 2013

Group

	Share Capital	Share premium	Capital reserves	Treasury shares	Fair value reserves	Contingency reserve	Retained earnings	Total	Non Controlling interest	Total equity
Balance at 1 January 2013	5,000,000	3,843,243	2,500,000	(34,494)	1,035,117	1,564,699	204,818	14,113,383	468,951	14,582,334
Total comprehensive income for the year										
Profit or loss for the year	-	-	-	-	-	-	1,903,010	1,903,010	191,181	2,094,191
Transfer to contingency reserves	-	-	-	-	-	347,880	(347,880)	-	-	-
Other comprehensive income										
Changes in fair value of available-for-sale financial assets	-	-	-	-	(138,999)	-	-	(138,999)	-	(138,999)
Realised fair value (gains) / losses	-	-	-	-	(604,304)	-	-	(604,304)	-	(604,304)
Exchange difference	-	-	-	-	(9,726)	-	-	(9,726)	-	(9,726)
Total comprehensive income for year	-	-	-	-	(753,029)	347,880	1,555,130	1,149,981	191,181	1,341,162
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Dividends to equity holders	-	-	-	-	-	-	(1,100,000)	(1,100,000)	-	(1,100,000)
Disposal of treasury shares	-	-	-	34,494	-	-	73,224	107,718	-	107,718
Total transactions with owners of equity	-	-	-	34,494	-	-	(1,026,776)	(992,282)	-	(992,282)
Balance at 31 December 2013	5,000,000	3,843,243	2,500,000	-	282,088	1,912,579	733,172	14,271,082	660,132	14,931,214

Year ended 31 December 2012

Group

	Share Capital	Share premium	Capital reserves	Treasury shares	Fair value reserves	Contingency reserve	Retained earnings	Total	Non Controlling interest	Total equity
Balance at 1 January 2012	5,000,000	3,843,243	2,500,000	(176,895)	857,963	1,241,011	271,676	13,536,998	304,076	13,841,074
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	1,438,430	1,438,430	164,875	1,603,305
Transfer to contingency reserves	-	-	-	-	-	323,688	(323,688)	-	-	-
Other comprehensive income										
Change in fair value of available-for-sale financial assets	-	-	-	-	208,081	-	-	208,081	-	208,081
Realised fair value (gains) / losses	-	-	-	-	-	-	-	-	-	-
Exchange difference	-	-	-	-	(30,927)	-	-	(30,927)	-	(30,927)
Total comprehensive income for the year	-	-	-	-	177,154	323,688	1,114,742	1,615,584	164,875	1,780,459
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Dividends to equity holders	-	-	-	-	-	-	(1,181,600)	(1,181,600)	-	(1,181,600)
Value of shares purchased	-	-	-	(3,851)	-	-	-	(3,851)	-	(3,851)
Value of treasury shares disposed	-	-	-	146,252	-	-	-	146,252	-	146,252
Total transactions with owners of equity	-	-	-	142,401	-	-	(1,181,600)	(1,039,199)	-	(1,039,199)
Balance at 31 December 2012	5,000,000	3,843,243	2,500,000	(34,494)	1,035,117	1,564,699	204,818	14,113,383	468,951	14,582,334

## Statements of Changes in Equity

(All amounts in thousands of Naira unless otherwise stated)

Year ended 31 December 2013

Parent

	Share Capital	Share premium	Capital reserves	Fair value reserves	Contingency reserve	Retained earnings	Total
Balance at 1 January 2013	5,000,000	3,843,243	2,500,000	1,035,117	1,564,699	474,736	14,417,795
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	959,867	959,867
Transfer to contingency reserves	-	-	-	-	347,880	(347,880)	-
Other comprehensive income							
Changes in fair value of available-for-sale financial assets	-	-	-	(138,999)	-	-	(138,999)
Realised fair value (gains)/ losses	-	-	-	(604,304)	-	-	(604,304)
Exchange difference	-	-	-	(9,726)	-	-	(9,726)
Total comprehensive income for year	-	-	-	(753,029)	347,880	611,987	206,838
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	-	-	-	-	-	(1,100,000)	(1,100,000)
Total transactions with owners	-	-	-	-	-	(1,100,000)	(1,100,000)
Balance at 31 December 2013	5,000,000	3,843,243	2,500,000	282,088	1,912,579	(13,277)	13,524,633

Year ended 31 December 2012

Parent

	Share Capital	Share premium	Capital reserves	Fair value reserves	Contingency reserve	Retained earnings	Total
Balance at 1 January 2012	5,000,000	3,843,243	2,500,000	857,963	1,241,011	618,371	14,060,588
Total comprehensive income for the year							
Profit or loss for the year	-	-	-	-	-	1,380,053	1,380,053
Transfer to contingency reserves	-	-	-	-	323,688	(323,688)	-
Other comprehensive income	-	-	-	-	323,688	1,056,365	1,380,053
Change in fair value of available-for-sale financial assets	-	-	-	208,081	-	-	208,081
Realised fair value (gains)/ losses	-	-	-	-	-	-	-
Exchange loss on available-for-sale instruments	-	-	-	(30,927)	-	-	(30,927)
Total comprehensive income for year	-	-	-	177,154	323,688	1,056,365	1,557,207
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners	-	-	-	-	-	(1,200,000)	(1,200,000)
Dividends to equity holders	-	-	-	-	-	(1,200,000)	(1,200,000)
Total transactions with owners	-	-	-	-	-	(1,200,000)	(1,200,000)
Balance at 31 December 2012	5,000,000	3,843,243	2,500,000	1,035,117	1,564,699	474,736	14,417,795



## Consolidated Statement of Cash Flows for the year ended 31 December 2013

In thousands of Nigerian Naira

	Notes	Group 31-Dec-2013	Group 31-Dec-2012	Parent 31-Dec-2013	Parent 31-Dec-2012
Cash flows from operating activities					
Operating profit before changes in working capital	43	2,996,019	2,996,019	3,522,845	3,214,646
Changes in working capital					
Changes in pledged assets		235,967	-	235,967	-
Trade receivables (increase)/decrease		1,310,310	(449,940)	1,310,309	(449,940)
Other receivables (increase)/decrease		(55,383)	(946,564)	(855,021)	895,007
Changes in restricted cash and bank balances		129,031	184,240	-	-
Increase/decrease in claims reported		37,410	(28,000)	36,231	(28,000)
Increase in investment contracts liabilities		264,821	1,100,233	264,821	1,100,233
Trade payables (increase)/decrease		(910,800)	(84,220)	(910,800)	765,651
Deferred acquisition cost (increase)/decrease		(107,768)	(57,361)	(107,601)	(57,361)
Increase in reinsurance recoverables		(1,053,202)	(362,238)	(1,053,202)	(362,238)
Other payables (increase)/decrease		1,419,925	1,018,351	1,261,044	(245,342)
Changes in working capital		1,270,311	374,501	181,748	1,618,010
Income tax paid	25	(246,612)	(477,195)	(225,008)	(457,553)
Net cash from operating activities		4,019,718	3,420,151	2,637,903	4,375,103
Cash flows from investing activities					
Additional investment in subsidiary		(12,000)	-	(12,000)	-
Equity capital in new subsidiary		-	-	(500,000)	-
Proceed from disposal of subsidiaries		-	900,000	107,718	900,000
Purchases of property, plant and equipment	18	(502,318)	(418,036)	(384,778)	(417,962)
Dividend received	32	187,092	236,957	262,476	290,783
Interest received		673,848	604,645	556,213	511,684
Interest paid		(74,567)	(51,881)	(74,567)	(51,881)
Purchase of intangible assets	17	(39,742)	(88,266)	(13,560)	(84,984)
Proceeds from the disposal of property and equipment		27,354	14,417	22,710	14,417
Purchase of HTM financial assets		(1,396,625)	(2,819,167)	(1,453,797)	(2,852,099)
Redemption of HTM financial assets		369,194	-	369,194	-
Net changes in other investment securities		1,681,080	(868,221)	2,387,595	(768,752)
Additions to investment property		(628,143)	(1,708,016)	-	-
Net cash used in investing activities		285,173	(4,197,568)	1,267,205	(2,458,794)
Cash flows from financing activities					
Dividend paid		(1,100,000)	(1,181,600)	(1,100,000)	(1,200,000)
Interest repayment on borrowings		(92,453)	(175,843)	(235,967)	-
Principal repayment on borrowings		(205,374)	-	-	-
Proceeds from the disposal of treasury shares		107,718	146,252	-	-
Borrowed funds received		-	2,453,567	-	235,967
Purchase of treasury shares		-	(3,851)	-	-
Net cash used in financing activities		(1,290,109)	1,238,525	(1,335,967)	(964,033)
Cash and cash equivalent at beginning of year	8	3,072,936	2,606,747	2,874,487	1,917,229
Net increase/decrease in cash and cash equivalents		3,014,782	461,107	2,569,141	952,276
Effect of exchange rate changes on cash and cash equivalents		26,469	5,082	13,314	4,982
Cash and cash equivalent at end of year	8	6,114,187	3,072,936	5,456,942	2,874,487

# Notes to the financial statements

For the year ended 31 December 2013

## 1 Critical accounting estimates and judgments

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

### (a) Fair value of financial assets

#### (i) Impairment of available-for-sale equity financial assets

The Group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account. If all the declines in fair values below cost had been considered, the Group would have suffered an additional N7.8 million loss in its 2013 financial statements (2012: N5.082 million), being the transfer of the total equity reserve for unrealised losses to the income statement.

#### (ii) Fair value of HTM financial instruments

Financial instruments held-to-maturity are carried by the group at amortised cost. The quoted prices for the determination of the fair value of such instruments are readily available for quoted instruments. Fair values are estimated from observable data with respect to similar financial instruments. However if the group should change the basis of measurement and recognition from amortised cost to fair value, the Group would have recognised a fair value loss of N269 million (2012: 396 million) in the comprehensive income state-

ment.

### (b) Liabilities arising from insurance contracts

#### (i) Claims arising from non-life insurance contracts

The estimation of future contractual cash flow in relation to reported losses and loss incurred but not reported is a key accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the group will ultimately pay for such claims. Liabilities for unpaid claims are estimated on case by case basis on the availability of information at the time the records of the year are closed. The reserves made for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Group deem the reserves as adequate. However, had the nature and severity of the claims been changed by 25% as at 31 December 2013, an additional provision of N102 million (2012: N80 million) would have been incurred in the income statement.

#### (ii) Liabilities arising from life insurance contracts

The liabilities for life insurance contracts are estimated using appropriate and acceptable base tables of standard mortality according to the type of contract being written. Management make various assumptions such as expenses inflation, valuation interest rate, mortality and further mortality improved in estimating the required reserves for life contracts. However if the group should change its basis for mortality by -5%, the group would have recognised an actuarial valuation deficit of N10.8m (2012: N17.2 million) in the comprehensive income statement.

### (c) Impairment for receivables

The Group tests annually whether premium receivables has suffered any impairment. With this policy, all premium transactions are paid for immediately except in the cases of broker transactions. For broker transactions, the period is extended for 30 days if credit notes have been received from the broker. If all insurance receivables within 30 days and reinsurance receivables within 90 days were deemed as impaired, a total impairment of N30 million would have been recognised in the income statement.

## 2. Management of Insurance Risks

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

### Insurance Risk

The risk in any insurance contract is the possibility that the event insured against occurs, resulting in a claim. This risk is very random and unforeseeable.

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

Our insurance underwriting strategy has been developed in such a way that the types of insurance risks accepted are diversified to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

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

### Non-life Insurance Contracts

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

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

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew certain policies, it can impose excess or deductibles and has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all of claims costs.

The reinsurance arrangements include excess and proportional coverage. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance losses in any one year.

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

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

Period Ended 31 December 2013 (in thousands of Naira)

PRODUCT	GROSS SUM INSURED	REINS SUM INSURED	NET SUM INSURED
Fire	1,511,684,441	1,024,568,645	487,115,795
General Accident	390,948,332	19,559,789	371,388,543
Motor	88,178,109	1,775,163	86,402,946
Marine	680,784,174	349,914,575	330,869,599
Engineering	475,294,496	340,590,910	134,703,586
Energy	746,762,319	548,407,879	198,354,440
Aviation	1,001,519,032	325,008,685	676,510,347
Grand Total	4,895,170,903	2,609,825,646	2,285,345,258

Year ended 31 December 2012 (in thousands of Naira)

PRODUCT	GROSS SUM INSURED	REINS SUM INSURED	NET SUM INSURED
Fire	705,624,546	400,023,874	305,600,672
General Accident	666,293,416	41,312,757	624,980,659
Motor	52,286,214	1,809,891	50,476,323
Marine	489,331,087	271,778,304	217,552,783
Engineering	330,083,130	129,624,302	200,458,828
Energy	989,536,160	800,230,473	189,305,687
Aviation	412,486,981	368,304,770	44,182,211
Grand total	3,645,641,534	2,013,084,371	1,632,557,163

The following tables disclose the concentration of non-life liabilities by industry sector in which the contract holder operates and by the maximum insured loss limit included in the terms of the policy. The amounts are the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from non-life insurance contracts.

December 31, 2013 General Business Sum Insured Analysis by Industry (in thousands of Naira)				Composition	
INDUSTRY	GROSS SUM INSURED	REINS SUM INSURED	NET SUM INSURED	Gross	Net
FSI	232,419,256	62,817,733	169,601,523	5%	7%
Others	580,091,506	124,266,106	455,825,400	12%	20%
Construction, Oil & Gas	2,910,172,785	1,645,079,192	1,265,093,593	59%	55%
Manufacturing	1,149,340,068	770,206,922	379,133,146	23%	17%
Public Sector	23,147,288	7,455,693	15,691,596	0%	1%
TOTAL	4,895,170,903	2,609,825,646	2,285,345,258		

2012 General Business sum insured (in thousands of Naira)				Composition	
INDUSTRY	GROSS SUM INSURED	REINS SUM INSURED	NET SUM INSURED	Gross	Net
FSI	266,441,666	43,969,072	222,472,594	7%	14%
Others	436,234,011	105,776,913	330,457,098	12%	20%
Construction, Oil & Gas	2,196,332,808	1,407,568,330	788,764,478	60%	48%
Manufacturing	649,855,619	385,297,197	264,558,422	18%	16%
Public Sector	96,777,430	70,472,859	26,304,571	3%	2%
TOTAL	3,645,641,534	2,013,084,371	1,632,557,163		

**b) Sources of uncertainty in the estimation of future claim payments**

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

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

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

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

Depending on the volume of data in the reserving classes, appropriate methodologies were used. Two methods were used for the projection of claims. The Basic Chain Ladder Method (BCL) and a Loss ratio method, adjusted for assumed experience to date. In more recent years and where the claim development seems slower than in the past, the Bornheutter – Ferguson Method was used based on expected loss ratios.

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. Payment development patterns were used instead of the reporting years' patterns to allow for the longer tail development that would be seen in payment delays as well as to allow for the movement of partial payments in the data.

Basic Chain Ladder method (BCL)

Development factors were calculated using the last 3, 4, 5, 6 and 7 years of data by accident year or quarter. Ultimate development factors are calculated for each of the permutations and the most appropriate pattern is selected.

Ultimate development factors are applied to the paid data per accident year or quarter and an ultimate claim amount is calculated. The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns calculated. The outstanding claims reported

to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter.

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

$$\text{i.e. IBNR} = \begin{array}{l} \text{Ultimate claim amount (excl. extreme large losses)} \\ \text{minus paid claims to date} \\ \text{minus claims outstanding (excl. extreme large losses)} \end{array}$$

### Assumptions underlying the BCL

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

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

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

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

### Loss Ratio method

For two (2) of the classes namely Energy and Aviation, there were very limited data. A BCL method was therefore inappropriate. Expected experience to date was considered as well as the average assumed Ultimate Loss ratio in carrying out the calculation.

Average delay durations were calculated from the data provided. In the absence of any data, various options were provided.

The IBNR is then calculated as:

$$\begin{array}{l} \text{Expected \% of claims to still arise in future based on average delay} \\ \text{X average ultimate loss ratio assumed} \\ \text{X earned premium for the current year} \end{array}$$

### Assumptions underlying the Loss Ratio Method

It was assumed that the average delay in reporting of claims will continue into the future. If it is expected that these delay assumptions no longer hold, an adjustment needs to be made to allow for this change in reporting. If the delay period in reporting is expected to have increased from previous years, the results shown in the report will be understated. Additionally, an estimate of the average ultimate loss ratio will need to be assumed. Loss ratios provided were used to obtain the average loss ratio as well as experience that has been seen to date in previous accident years. Although a reasonability check was not conducted on the loss ratios by comparing the loss ratios to industry figures, if the loss ratios average is not indicative of future experience, the IBNR calculated could be under/over estimated.

Unearned premium provision was calculated using a time – apportionment basis, in particular, the 365ths method. The same approach was taken for deferred acquisition cost as for the calculation of the UPR balance. Combined ratio for financial year 2013 was calculated per class of business, taking into account the addition-

al movement in claims reserves as at 31 December 2013 as a result of the IBNR figures calculated during the reserving exercise. This combined ratio was then applied to the UPR per class of business to determine the expected future underwriting experience for the unexpired risk period, and to ascertain whether the UPR held as at 31 December 2013 was deemed sufficient. The Additional Unexpired Risk Reserve (AURR) is limited to a minimum of 0, i.e. there is no allowance for reduction in the UPR due to expected future profits arising from premiums written which will be earned in future.

#### d) Change in assumptions and sensitivity analysis

Sensitivity analyses are performed to test the variability around the reserves that are calculated at a best estimate level. The estimated claim amounts can never be an exact forecast of future claim amounts and therefore looking at how these claim amounts vary can provide valuable information for business planning and risk appetite considerations. A sensitivity analysis was done to determine how the IBNR reserve amount would change if we were to consider the 75th percentile as opposed to the best estimate figures included in reserve reviews as at 31 December 2013. Three methods were used to determine the reserves at a 75th percentile level of sufficiency, namely a Normal distribution, the Thomas Mack method and Bootstrapping. We have reported results of sensitivity analysis using Normal distribution approach.

The Normal distribution approach is used as a proxy for the distribution of the IBNR claims reserve with a mean equal to the best estimate reserve calculated for each class of business. In order to determine the standard deviation of the distributions, the 0.5th percentile of the distributions were equated to be equal to 0 thereby assuming that the IBNR percentage cannot be negative.

The result based on fitting a Normal distribution to the best estimate IBNR reserves as at 31 December 2013 at a 75th percentile indicated an increase of 26.19% from an actual reserve figure of N658,149,574 to N830,488,301.

A bootstrapping exercise was conducted to calculate the sufficiency of the IBNR reserves, also at a 75th percentile. Fifty thousand simulations were run

and an over dispersed Poisson model, which is the standard industry practice, was assumed. A ratio was calculated to equate the mean of the simulations to the best estimate produced by the deterministic reserving model. This same ratio was then applied to the 75th percentile calculated from the simulations to arrive at the stated 75th percentile. The Bootstrapping method was not applied to the Aviation and Energy classes of business due to the lack of data in these classes and since the Chain Ladder method was not used to calculate the reserves.

The result based on the bootstrapping method as at 31 December 2013 at a 75th percentile indicated an increase of 25.75% from an actual reserve figure of N658,149,574 to N827,611,791.

In conclusion, there is only a 25% chance that the IBNR reserves required by Mansard will exceed N830m as at 31 December 2013 on a gross basis.

### Life Insurance Contracts

#### (a) 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 terminal diseases (such as AIDS) 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 risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

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

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 Group's underwriting procedures, with premiums varied to reflect the health condition and family medical history of the applicants.

- (b) Sources of uncertainty in the estimation of future benefits payments and premium receipts. Uncertainty in the estimation of future benefits payments and premium receipts for life insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behavior.

The Group uses appropriate and acceptable base tables of standard mortality according to the type of contract being written.

- (c) Valuation methods  
A gross premium method was adopted for individual risk business. This is a monthly cash flow projection approach taking into account the incidence of all expected future cash flows including premiums, expenses and benefit payments satisfying the Liability Adequacy Test.

Individual deposit-based business comprises the various Mansard Funds, Mansard Life Savings, Mansard Life Plus and Mansard EduPlan Plus business, for which the reserve will comprise the amount standing to the credit of the policyholders (account balance) at the valuation date. The life cover element (and corresponding risk premiums where applicable) was unbundled from the deposit components and reserves calculated via a gross premium cash flow approach as described above.

Under all deposit-based products a variable rate of return was allocated to policyholder accounts in accordance with the terms and conditions of each product.

Annuities was reserved for using a discounted cash flow approach. Here reserves are set equal to the present value of future annuity payments plus expenses, with allowance being made for any guaranteed periods as required.

Reserves for Group Life will comprise an unexpired premium reserve (UPR) and where necessary, a reserve for Incurred But Not Reported Claims (IBNR) to make an allowance for the delay in reporting of claims. The UPR will represent the unexpired portion of the premium for each scheme, net of an expense

margin reflecting the acquisition cost loadings. The adequacy of the UPR will be tested by comparing against an Additional Unexpired Risk Reserve (AURR), which will be calculated using pooled industry claims data for the underlying assumptions. An AURR will be held in cases where the UPR is deemed insufficient to meet claims in respect of the unexpired period.

A new daily-renewable term assurance product was launched in 2013 in partnership with a mobile network provider. The product operates on an automatic no-premium-no-cover basis, at a fixed premium and benefit level (unit rate). It was proposed to make an allowance for IBNR claims by holding two times the daily premium at the valuation date as a reserve. This will be subject to the minimum of two times the sum assured, such that the reserve is sufficient to cover IBNR claims for a minimum of two lives. This floor is expected to "bite" until sufficient volumes of business are obtained.

- (d) Process used to decide assumptions  
The assumptions used for the insurance contracts disclosed in this note are as follows:

#### Valuation interest rate

The valuation interest rate is based on current market risk-free yields with adjustments. The use of a risk-free rate implies that future investment margins (in excess of the risk-free return) will not be capitalised upon.

A valuation interest rate of 12.5% p.a. was adopted for the current valuation-this has been applied as a single long-term rate of return and 12% pa for Annuity business. As at 23 December 2013, FGN bond yields of duration between 5 and 20 years were above 13% - the 20 year FGN bond yield was 13.25%. By comparison long term bonds were yielding 12.3% at December 2012.

For the purpose of determining the valuation interest rate we have considered a 5% risk adjustment, i.e. 95% of the long term bond yield has been adopted as a risk-adjusted yield. This makes some allowance for the volatility of the "risk free" yields. By adopting 95% of the closing yield, the proposed valuation interest rate is in line with the average yields over 2013 (5 to 20 year bonds).

## Expense

The Group makes provisions for expenses in its mathematical reserves of an amount which is not less than the amount expected to be incurred in fulfilling its long-term insurance contracts. IFRS 4 explicitly requires the consideration of claims handling expenses.

### Future maintenance expenses

The regulatory maintenance expenses are derived from the best estimate maintenance expenses plus a prudence margin for adverse deviations. The best estimate maintenance expenses are calculated as the sum of *Per policy maintenance charges* and *Allocated operating expenses*. The regulatory maintenance expense assumptions (per policy) are derived by adding a 10% additional prudent margin to the best estimate maintenance expenses to give the required assumption. This has consistently been adopted for IFRS purposes. The expense assumptions have been set using the actual experience. At present, the operating (indirect) expenses are predominantly allocated between business lines based on net premium income. Direct expenses (e.g. commissions and supervisory levies) are allocated to business lines as incurred.

The expense per policy including the 10% Valuation margin is NGN 1,305.00

### Expense inflation & other inflation measures

#### Commission

Commission rates are set as known, and understood to be 10% of each premium for all individual products (excluding annuity).

#### Mortality

There has been no change to the mortality assumptions since the previous valuation

We have compared the actual traditional business mortality experience over the year (to 31 December 2013) against expected experience according to the valuation assumption which is the A6770 mortality table. This shows that the table remains prudent. The proposed mortality tables for the current valuation remain A6770 and PA90 without adjustment for Indi-

vidual risk and Annuity business respectively. We will review the mortality assumptions over the coming valuations.

### Future mortality improvements

No allowance has been made for future mortality improvements. This is because there is only a small portfolio of annuity business which is exposed to longevity risk.

### Withdrawals

Surrenders are acceptable under the whole of life assurance portfolio after policies have been in force for a pre-defined length of time (at which policies become eligible to receive a surrender value payout). Exits by surrender will be allowed for at the following rates: Year 0-1 = 0%, Year 1 = 35%, Year 2 = 20% whilst Year 3+ = 10%

We propose to maintain the lapse rates at the levels assumed in the previous valuation. The lapse experience over the year is summarised below and this shows a good level of persistency overall.

The portfolio solely comprises of protection products and hence higher lapse assumptions at all durations will lead to lower reserves. Lower lapse rates are prudent in such case. Our proposed lapse rates are as follows

The lapse rates by age are as follows: Single premium: 0%; Regular Premium: Year 1- 10%, Year 2- 7.5%, Year 3- 5% whilst Year 4+ - 0%

### Group Life Business

Unexpired premium reserves (UPR) are reduced by a margin representing acquisition expenses, as these have been loaded into rates yet they have already been incurred. We propose to maintain the acquisition expense ratio at the level assumed in the previous valuation, being 12% of gross premium. Group Life commission is currently paid at 8-10% of premium. Based on the 2013 accounts a direct acquisition expense ratio of 11% emerged over the year.

The additional margin in the 12% assumption is an allowance for indirect acquisition costs.

Additional contingency reserves on group life and individual life were held using the assumptions of a 10% expense overrun and a 10% worsening of mortality experience. These contingencies are considered as standard for the 12 months following the valuation date, i.e. short term contingency only.

## Reinsurance Agreements

Reinsurance is allowed for in the valuation by having gross and reinsurance ceded records in the policy files. For IFRS compliance purposes, all reserves will be reported gross of reinsurance, with the value of the reinsurance asset calculated and reported separately.

# Notes to the financial statements

For the year ended 31 December 2013

## Sensitivity analysis

The analysis which follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, and shows the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guaranteees. When options and guaranteees exist, they are the main reason for the asymmetry of sensitivities.

Sensitivities were not applied to the Reinsurance for Individual Life business as its value is immaterial. Also, Mortality sensitivity tests were applied in the opposite direction for the annuity business. These are as shown below:

## SENSITIVITY OF LIABILITIES TO CHANGES IN LONG TERM VALUATION ASSUMPTIONS FOR THE 31 DECEMBER 2013 VALUATION

N'000	Base	VR +1%	VR -1%	Expenses +10%	Expenses -10%	Expense inflation +2%	Expense inflation -2%	Lapses +5%	Lapses -5%	Mortality +5%	Mortality -5%
Individual Traditional	976,825	935,944	1,022,296	987,806	965,908	979,927	973,988	976,514	977,141	982,564	971,315
Individual DA	4,330,780	4,330,780	4,330,780	4,330,780	4,330,780	4,330,780	4,330,780	4,330,780	4,330,780	4,330,780	4,330,780
Group Life - UPR	342,984	342,984	342,984	342,984	342,984	342,984	342,984	342,984	342,984	342,984	342,984
Group Life - IBNR	393,207	393,207	393,207	393,207	393,207	393,207	393,207	393,207	393,207	393,207	393,207
Additional reserves	20,050	19,961	20,140	20,710	19,389	20,109	19,990	20,045	20,055	20,668	19,431
Reinsurance	(274,076)	(274,076)	(274,076)	(274,076)	(274,076)	(274,076)	(274,076)	(274,076)	(274,076)	(274,076)	(274,076)
Net liability	5,789,770	5,748,800	5,835,331	5,801,411	5,778,193	5,792,932	5,786,873	5,789,454	5,790,091	5,796,127	5,783,642
% Change in net liability	-	-0.71%	0.79%	0.20%	-0.20%	0.05%	-0.05%	-0.01%	0.01%	0.11%	-0.11%
Summary	Base	VR +1%	VR -1%	Expenses +10%	Expenses -10%	Expense inflation +2%	Expense inflation -2%	Lapses +5%	Lapses -5%	Mortality +5%	Mortality -5%
Individual	5,327,655	5,286,685	5,373,215	5,339,296	5,316,077	5,330,817	5,324,757	5,327,339	5,327,975	5,334,012	5,321,527
Group	462,115	462,115	462,115	462,115	462,115	462,115	462,115	462,115	462,115	462,115	462,115
Net liability	5,789,770	5,748,800	5,835,331	5,801,411	5,778,193	5,792,932	5,786,873	5,789,454	5,790,091	5,796,127	5,783,642
% change in liability	-	-0.71%	0.79%	0.20%	-0.20%	0.05%	-0.05%	-0.01%	0.01%	0.11%	-0.11%



### 3 Financial Risk Management

#### (a) Introduction and overview

The Group is exposed to a range of financial risks through its financial instruments, reinsurance assets and insurance liabilities. The key financial risk is that in the long term its investments proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of the financial risks are:

- Market risk
- Credit risk
- Liquidity risk

#### 3.1 Market Risk

This includes:

- Equity price risk
- Foreign exchange risk
- Interest-rate risk

##### 3.1.1 Equity price risk

The Group’s management of equity price risk is guided by the following limits:

- Investment Limit Analysis
- Stop Loss Limit Analysis
- Stock to Total Loss Limit Analysis

##### Investment Limit Analysis

Management Underwriting & Investment Committee establishes and approves a list of eligible stocks in line with approval/dealer limits as approved by the Board through its Board Investment Committee.

##### Stop loss limit analysis

Market capitalizations, liquidity and market volatilities are some of the criteria used to classify certain eligible stocks. These are in categories A, B and C. There are stop loss limits (which depicts the maximum loss the Group is willing to accept) per stock holding. Periodic reviews and reassessments are undertaken on the performance of the stocks. The stop loss limits on categories of stocks as approved by Management Underwriting & Investment Committee are depicted below:

CLASS	STOP LOSS LIMIT	CHARACTERISTICS
A	25%	Very liquid, high market capitalisation, low market volatility
B	23%	Very liquid, low market capitalisation, low market volatility
C	20%	Very liquid, low market capitalisation, high market volatility



The Group's ERM function monitors compliance of the Investment arm to these limits and reports to Management on a weekly basis.

A summary of the Group's Stop Loss Limit position on trading equities is as follows:

Dec 2013

Amounts in thousands of Naira

STOP LOSS LIMIT ANALYSIS ON GROUP'S INVESTMENT PORTFOLIO

SECTOR OF STOCK	COST PRICE	MARKET PRICE	STOCK CLASS	% GAIN/LOSS	BENCHMARK	EXCEPTION
AVIATION	3.71	3.93	B	6%	23%	NO
BANKING	562,000	612,972	A	9%	25%	NO
BANKING	6,128	6,174	B	1%	23%	NO
BUILDING MATERIALS	139,862	156,169	A	12%	25%	NO
COMPUTER	8,278	8,278	N/A	0%	N/A	NO
CONSUMER GOODS	129,613	135,209	A	4%	25%	NO
INSURANCE	74,906	86,080	C	15%	20%	NO
REAL ESTATE	8,800	8,800	N/A	0%	N/A	NO
Total		1,013,686				

STOP LOSS LIMIT ANALYSIS ON COMPANY'S INVESTMENT PORTFOLIO

SECTOR OF STOCK	COST PRICE	MARKET PRICE	STOCK CLASS	% GAIN/LOSS	BENCHMARK	EXCEPTION
AVIATION	3.71	3.93	B	6%	23%	NO
BANKING	419,540	458,159	A	9%	25%	NO
BANKING	788	794	B	1%	23%	NO
BUILDING MATERIALS	97,005	108,939	A	12%	25%	NO
COMPUTER	8,278	8,278	N/A	0%	N/A	NO
CONSUMER GOODS	92,920	96,019	A	3%	25%	NO
INSURANCE	74,906	86,080	C	15%	20%	NO
REAL ESTATE	8,800	8,800	N/A	0%	N/A	NO
Total		767,073				

Dec 2012

STOP LOSS LIMIT ANALYSIS ON GROUP'S INVESTMENT PORTFOLIO

SECTOR OF STOCK	COST PRICE	MARKET PRICE	STOCK CLASS	% GAIN / LOSS	BENCH-MARK	EXCEPTION
AVIATION	3.71	4.00	B	8%	23%	NO
BANKING	42,008	20,914	A	-50%	25%	NO
BANKING	614	675	B	10%	23%	NO
COMPUTER	6,938	9,638	N/A	39%	N/A	NO
CONSUMER GOODS	3,359	69,924	A	1982%	25%	NO
INSURANCE	8,800	8,800	C	0%	20%	NO
REAL ESTATE	700	702	N/A	0%	N/A	NO
Total		110,657				

STOP LOSS LIMIT ANALYSIS ON COMPANY'S INVESTMENT PORTFOLIO

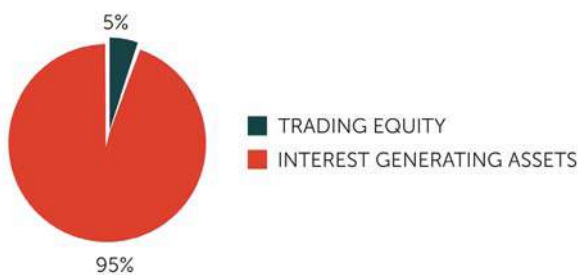
SECTOR OF STOCK	COST PRICE	MARKET PRICE	STOCK CLASS	% GAIN / LOSS	BENCHMARK	EXCEPTION
BANKING	35,233	18,560	A	-47%	25%	NO
BANKING	614	677	B	10%	23%	NO
COMPUTER	9,638	9,638	N/A	0%	N/A	NO
CONSUMER GOODS	3,359	69,924	A	1982%	25%	NO
INSURANCE	8,800	8,800	C	0%	20%	NO
REAL ESTATE	700	702	N/A	0%	N/A	NO
Total		108,301				

The Group manages its exposure to equity price risk through adherence to stop loss limits and investment in eligible stocks as approved by the Board. Potential losses as seen in the schedule above were within the Group's stated risk appetite.

The stocks with no class (computer real estate) were equities held before the list of eligible stocks were reviewed. The Group has however placed a "right to sell" option on the stocks.

The Group further reduces its exposure to equity price risk with relatively low investment in quoted equities. The holding positions of the Group and Company on trading equities are as follows:

Company's Exposure to Equity Price Risk



Group's Exposure to Equity Price Risk



The position held on quoted equities by the Company and Group is less than 6% of its investment portfolio mitigating the effect of equity price volatilities.

Stock to Total Limit Analysis

Considering the volatility of stocks (typically quoted stocks), the Group monitors the contribution of individual stock to the total stocks holding in a portfolio. The objective of the analysis is to evaluate the Company's concentration on individual stock and ultimately exposure to market volatility if the price of any of the stocks should drastically plummet.

A summary of the Group's stock to total limit position on equities is as follows:

STOCK TO TOTAL LIMIT ON GROUP'S INVESTMENT PORTFOLIO				
	DEC 2013 GROUP	DEC 2013 GROUP	DEC 2012 GROUP	DEC 2012 GROUP
SECTOR OF STOCK	MARKET PRICE	% of Total	MARKET PRICE	% of Total
TELECOMS	851,058	35%	2,249,166	71%
BANKING	967,546	40%	726,060	23%
BUILDING MATERIAL	108,939	4%	56,478	2%
CONSUMER GOODS	96,919	4%	7,501	0%
INSURANCE	198,281	8%	69,927	2%
PENSION	9,900	0%	100	0%
REAL ESTATE	198,800	8%	58,800	2%
COMPUTER	8,278	0%	9,638	0%
AVIATION	4	0%	6	0%
Total	2,439,725		3,177,675	

STOCK TO TOTAL LIMIT ON COMPANY'S INVESTMENT PORTFOLIO

STOCK TO TOTAL LIMIT ON COMPANY'S INVESTMENT PORTFOLIO				
	DEC 2013	DEC 2013	DEC 2012	DEC 2012
	PARENT	PARENT	PARENT	PARENT
SECTOR OF STOCK	MARKET PRICE	%	MARKET PRICE	%
TELECOMS	851,058	39%	2,249,166	71%
BANKING	723,325	33%	666,194	21%
BUILDING MATERIAL	108,939	5%	114,090	4%
CONSUMER GOODS	96,919	4%	7,401	0%
INSURANCE	195,890	9%	69,924	2%
PENSION	9,900	0%	100	0%
REAL ESTATE	198,800	9%	58,800	2%
COMPUTER	8,278	0%	9,638	0%
AVIATION	4	0%	4	0%
Total	2,193,113		3,175,317	

2013

EQUITY PRICE RISK SENSITIVITY

Group				
	Increase by 1%	Increase by 4%	Decrease by 1%	Decrease by 4%
Financial assets				
Listed equities (HFT)	10,137	40,547	(10,137)	(40,547)
Unlisted equities (AFS)	34,432	137,728	(34,432)	(137,728)
Impact on profit before tax	44,569	178,276	(44,569)	(178,276)
Tax charge of 30%	13,371	53,483	(13,371)	(53,483)
Impact on profit after tax	31,198	124,793	(31,198)	(124,793)
Company				
	Increase by 1%	Increase by 4%	Decrease by 1%	Decrease by 4%
Financial assets				
Listed equities (HFT)	7,671	30,683	(7,671)	(30,683)
Unlisted equities (AFS)	30,138	120,554	(30,138)	(120,554)
Impact on profit before tax	37,809	151,237	(37,809)	(151,237)
Tax charge of 30%	11,343	45,371	(11,343)	(45,371)
Impact on profit after tax	26,466	105,866	(26,466)	(105,866)
2012				
EQUITY PRICE RISK SENSITIVITY				
Group				
	Increase by 1%	Increase by 4%	Decrease by 1%	Decrease by 4%
Financial assets				
Listed equities (HFT)	40,753	163,010	(40,753)	(163,010)
Unlisted equities (AFS)	30,670	122,681	(30,670)	(122,681)
Impact on profit before tax	71,423	285,691	(71,423)	(285,691)
Tax charge of 30%	21,427	85,707	(21,427)	(85,707)
Impact on profit after tax	49,996	199,984	(49,996)	(199,984)
Company				
	Increase by 1%	Increase by 4%	Decrease by 1%	Decrease by 4%
Financial assets				
Listed equities (HFT)	37,977	151,906	(37,977)	(151,906)
Unlisted equities (AFS)	30,670	122,681	(30,670)	(122,681)
Impact on profit before tax	68,647	274,587	(68,647)	(274,587)
Tax charge of 30%	20,594	82,376	(20,594)	(82,376)
Impact on profit after tax	48,053	192,211	(48,053)	(192,211)

### 3.1.2 Foreign Exchange Risk

Mansard Insurance Group is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency. The Group is exposed to foreign currency denominated in dollars with investment in unquoted equity, dollar-denominated fixed deposits and bank balances in other foreign currencies.

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

Dec 2013			
	USD	EUR	GBP
Cash and cash equivalents	1,825,899	29,448	2,359
Financial assets -Available-for-sale	851,058	-	-
Borrowings	2,330,743	-	-
Dec 2012			
	USD	EUR	GBP
Cash and cash equivalents	985,075	16,886	291
Investment securities -Available-for-sale	2,249,166	-	-
Borrowings	2,282,309	-	-
Company			
Dec 2013			
	USD	EUR	GBP
Cash and cash equivalents	1,408,767	29,448	2,359
Financial assets -Available-for-sale	851,058	-	-
Dec 2012			
	USD	EUR	GBP
Cash and cash equivalents	956,740	16,886	291
Financial assets -Available-for-sale	2,249,166	-	-

Foreign currency changes are monitored by the investment committee and holdings are adjusted when there is a deviation from the investment policy. The Group further manages its exposure to foreign risk exchange using sensitivity analysis to assess potential changes in the value of foreign exchange positions and impact of such changes on the Group's investment income. At the year end, the foreign currency investments held in the portfolio were on unquoted equity and cash and cash equivalents.

There have been no major changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

## Dec 2013

In thousands of Nigerian Naira

FOREIGN EXCHANGE SENSITIVITY				
Group				
	Increase by 1%	Increase by 4%	Decrease by 1%	Decrease by 4%
Financial assets exposed to foreign exchange risk				
Cash and cash equivalents		74,308	(18,577)	(74,308)
Investment securities -Available-for-sale	8,511	34,042	(8,511)	(34,042)
Financial liabilities exposed to foreign exchange risk				
Borrowings	(23,307)	(93,230)	23,307	93,230
Effect on profit before tax	3,780	15,120	(3,780)	(15,120)
Taxation @ 30%	1,134	4,536	(1,134)	(4,536)
Effect on profit after tax	2,646	10,584	(2,646)	(10,584)
Company				
	Increase by 1%	Increase by 4%	Decrease by 1%	Decrease by 4%
Financial assets exposed to foreign exchange risk				
Cash and cash equivalents		56,351	(14,088)	(56,351)
Investment securities -Available-for-sale	8,511	34,042	(8,511)	(34,042)
Effect on profit before tax	22,599	90,393	(22,599)	(90,393)
Taxation @ 30%	6,780	27,118	(6,780)	(27,118)
Effect on profit after tax	15,819	63,275	(15,819)	(63,275)
Dec 2012				
FOREIGN EXCHANGE SENSITIVITY				
Group				
	Increase by 1%	Increase by 4%	Decrease by 1%	Decrease by 4%
Financial assets exposed to foreign exchange risk				
Cash and cash equivalents		39,403	(9,851)	(39,403)
Investment securities -Available-for-sale	22,577	90,308	(22,577)	(90,308)
Financial liabilities exposed to foreign exchange risk				
Borrowings	(23,891)	(92,033)	23,891	92,033
Effect on profit before tax	8,537	37,678	(8,537)	(37,678)
Taxation @ 30%	2,561	11,303	(2,561)	(11,303)
Effect on profit after tax	5,976	26,375	(5,976)	(26,375)

Company				
	Increase by 1%	Increase by 4%	Decrease by 1%	Decrease by 4%
Financial assets exposed to foreign exchange risk				
Cash and cash equivalents		39,383	(9,846)	39,383
Investment securities -Available-for-sale	22,577	90,308	(22,577)	90,308
Effect on profit before tax	32,423	129,691	(32,423)	129,691
Taxation @ 30%	9,727	38,907	(9,727)	38,907
Effect on profit after tax	22,696	90,784	(22,696)	90,784

The method used to arrive at the possible risk of foreign exchange rate was based on statistical analysis. The statistical analysis has been based on main currencies movement for the last five years. This information is then revised and adjusted for reasonableness under the current economic circumstances.

### 3.1.3 Interest-rate Risk

The Company is moderately exposed to interest-rate risk through its conservative investment approach with high investment in Fixed Income and Money Market instruments. Interest rate risk also exists in policies that carry investment guarantees on early surrender or at maturity, where claim values can become higher than the value of backing assets as a result of rises or falls in interest rates.

A significant portion of the Group's assets relate to its capital rather than liabilities, the value if its interest rate based assets exceeds its interest rate based liabilities. As a result, generally, the Company's investment income will move with interest rates over the medium to long-term with short-term interest rate fluctuations creating unrealized gains or losses in other comprehensive income.

The Group's major exposure to interest-rate sensitive liabilities arises from investment-linked products which accounts for a small portion of its business. The fluctuations in interest rates cannot significantly impact our statement of financial position as interest-rate sensitive liabilities are quite small compared with the interest-rate sensitive assets.

Interest rate risk is managed principally through monitoring interest rate gaps and sensitivity analysis across all investment portfolios. The Group's interest-rate sensitive liabilities are quite small compared with the interest-rate sensitive assets thus; fluctuations in interest rates cannot significantly impact the Group's statement of financial position.

The table below details the interest rate sensitivity analysis of Mansard Insurance Plc as at 31 December 2013, holding all other variables constant. Based on historical data, 100 and 500 basis points changes are deemed to be reasonably possible and are used when reporting interest rate risk.

Dec. 2013				
GROUP	1-3 months	3-6 months	> 6 months	Total
Interest earning assets				
Cash and cash equivalents		800,320	-	2,402,881
Investment securities				
– Available-for-sale	19,177	860,431	1,137,556	2,017,164
– Held-to-maturity	-	200,000	6,250,413	6,450,413
– Financial assets designated at fair value	1,061,859	943,840	1,355,728	3,361,427
Statutory deposit	-	-	500,000	500,000
Total interest earning assets	2,683,597	2,804,591	9,243,697	14,731,886

Interest bearing liabilities				
Investment contract liabilities				
– At amortised cost	425,312	486,952	1,277,676	2,189,940
– Financial liabilities designated at fair value	3,361,427	-	-	3,361,427
Borrowings	249,545	550,541	2,684,042	3,484,128
Total interest bearing liabilities	4,036,284	1,037,493	3,961,718	9,035,495
Gap	(1,352,687)	1,767,099	5,281,979	5,696,391
Cumulative gap	(1,352,687)	414,411	5,696,390	
Increase by 100bp	(13,527)	17,671	52,820	56,964
Increase by 500bp	(67,634)	88,355	264,099	284,820
Decrease by 100bp	13,527	(17,671)	(52,820)	(56,964)
Decrease by 500bp	67,634	(88,355)	(264,099)	(284,820)
PARENT	1-3 Months	3-6 months	> 6 months	Total
Interest earning assets				
Cash and cash equivalents		-	-	2,264,873
Investment securities				
– Available-for-sale	19,177	843,720	724,904	1,587,801
– Held-to-maturity	-	200,000	5,982,981	6,182,981
– Financial assets designated at fair value	263,709	708,277	958,640	1,930,626
Other receivables	-	-	1,487,080	1,487,080
Statutory deposit	-	-	500,000	500,000
Total interest earning assets	2,547,759	1,751,997	9,653,605	13,953,361
Interest bearing liabilities				
Investment contract liabilities				
– At amortised cost	425,312	486,952	1,277,676	2,189,940
– Financial liabilities designated at fair value	1,930,626	-	-	1,930,626
Total interest bearing liabilities	2,355,938	486,952	1,277,676	4,120,566
Gap	191,821	1,265,045	8,375,929	9,832,795
Cumulative gap	191,821	1,456,866	9,832,795	
Increase by 100bp	1,918	12,650	83,759	98,328
Increase by 500bp	9,591	63,252	418,796	491,640
Decrease by 100bp	1,918	(12,650)	(83,759)	(98,328)
Decrease by 500bp	(9,591)	(63,252)	(418,796)	(491,640)

Dec 2012				
Group	1 - 3 months	3 - 6 months	> 6 months	Total
Interest earning assets				
Cash and cash equivalents	1,796,306	-	-	1,796,306
Investment securities-				
– Held-to-maturity	586,125	255,464	4,581,393	5,422,982
– Financial assets designated at fair value	736,467	311,497	1,009,617	2,057,581
Statutory deposit	-	-	500,000	500,000
Total interest earning assets	3,118,898	566,961	6,091,010	9,776,869
Interest bearing liabilities				
Investment contract liabilities				
– At amortised cost	399,909	599,934	999,843	1,999,686
– Financial liabilities designated at fair value	2,057,581	-	-	2,057,581
Borrowings	322,767	986,160	2,272,647	3,581,574
Total interest bearing liabilities	2,780,257	1,586,094	3,272,490	7,638,841
Gap	338,641	(1,019,133)	2,818,520	2,138,028
Cumulative gap	338,641	(680,492)	2,138,028	
Increase by 100bp	3,386	(10,191)	28,185	21,380
Increase by 500bp	16,932	(50,957)	140,926	106,901
Decrease by 100bp	(3,386)	10,191	(28,185)	(21,380)
Decrease by 500bp	(16,932)	50,957	(140,926)	(106,901)
Parent	1 - 3 months	3 - 6 months	> 6 months	Total
Interest earning assets				
Cash and cash equivalents		-	-	1,499,753
Investment securities-				
– Held-to-maturity	586,125	250,783	4,329,861	5,166,769
– Financial assets designated at fair value	430,039	275,346	823,927	1,529,312
Other receivables	-	-	1,413,093	1,413,093
Statutory deposit	-	-	500,000	500,000
Total interest earning assets	2,515,917	526,129	7,066,881	10,108,927

Interest bearing liabilities				
Investment contract liabilities				
– At amortised cost	399,909	599,934	999,843	1,999,686
– Financial liabilities designated at fair value	1,529,312	-	-	1,529,312
Borrowings	235,967	-	-	235,967
Total interest bearing liabilities	2,165,188	599,934	999,843	3,764,965
Gap	350,729	(73,805)	6,067,038	6,343,962
Cumulative gap	350,729	276,924	6,343,962	
Increase/decrease by 100bp	3,507	(738)	60,670	63,440
Increase by 500bp	17,536	(3,690)	303,352	317,198
Decrease by 100bp	(3,507)	738	(60,670)	(63,440)
Decrease by 500bp	(17,536)	3,690	(303,352)	(317,198)

### 3.2 Credit Risk

Mansard Insurance Group is exposed to risk relating to its financial assets, trade receivables from customers and the reliance on reinsurers and co-insurance to make payment when losses arise.

Below is the analysis of the group's maximum exposure to credit risk at the year end.

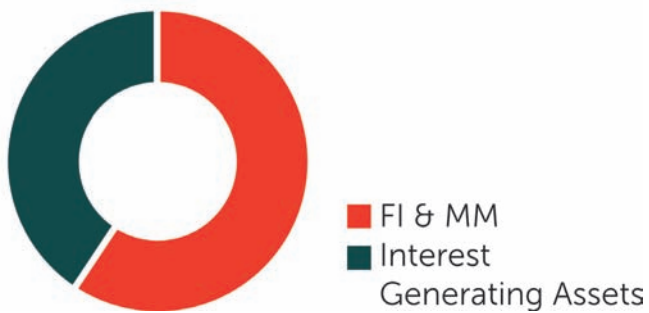
	Group		Parent	
Maximum exposure to credit risk	Carrying amount	Carrying amount	Carrying amount	Carrying amount
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Cash and cash equivalents	6,169,398	3,257,176	5,456,942	2,874,487
Financial assets				
– Available-for-sale	1,997,987	-	1,568,625	-
– Financial assets designated at fair value	3,667,492	2,114,557	2,083,458	1,576,616
– Held-to-maturity	6,450,413	5,422,982	6,182,981	5,166,769
Pledged assets	-	235,967	-	235,967
Trade receivables	166,367	2,036,827	166,367	2,036,827
Reinsurance and co-insurance recoverables	677,991	428,662	677,991	428,662
Other receivables	318,551	641,568	1,846,961	1,520,395
Statutory deposit	500,000	500,000	500,000	500,000
	19,948,199	14,637,739	18,483,325	14,339,723

The Group's investment policy puts limits on the Fixed Income and Money Market instruments including portfolio composition limits, issuer type limits, aggregate issuer limits and corporate sector limits.

The Group's investment portfolio is exposed to credit risk through its Fixed Income and Money Market instruments. The contribution of the Fixed Income (FI) and Money Market (MM) instruments to the Group's investment is as follows:

December 2013

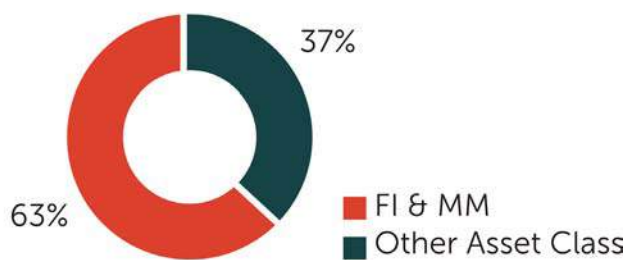
GROUP'S INVESTMENT PORTFOLIO



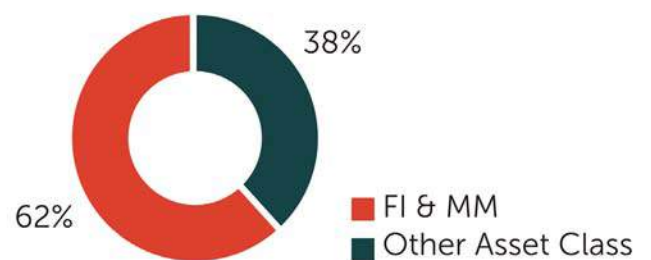
COMPANY'S INVESTMENT PORTFOLIO



GROUP'S INVESTMENT PORTFOLIO



COMPANY'S INVESTMENT PORTFOLIO



The Group's exposure to credit risk is low as Government sector (Government bonds and Treasury bills) accounted for largest part 59% (2012: 70%) of the investment as at 31 December 2013.

Exposures to credit risks is managed through counterparty risks using instituted limits as approved by the Board. These limits are based on counter party credit ratings amongst other factors.

### 3.2.1 Credit quality

All financial assets are neither past due nor impaired except for other receivables and trade receivables which are past due not impaired and individually impaired balances. See analysis of neither past due nor impaired, past due not impaired and individually impaired financial assets below

Group						
<b>2013</b>						
In thousands of Nigerian Naira	AA/AA-	A/A-	A/A-	B/B-	BBB/ BBB-	TOTAL
Cash and cash equivalents	1,568,522	2,681,169	1,792,714	126,993	-	6,169,398
Investment securities						
– Available-for-sale	-	500,653	794,934	702,400	-	1,997,987
– Financial assets designated at fair value	399,870	1,673,261	1,594,362	-	-	3,667,493
– Held-to-maturity	-	2,367,288	1,662,573	1,854,264	566,288	6,450,413
	1,968,392	7,222,371	5,844,583	2,683,657	566,288	18,285,291
<b>2012</b>						
In thousands of Nigerian Naira	AA/AA-	A	A/A-	B/B-	BBB/ BBB-	TOTAL
Cash and cash equivalents	1,562,577	347,227	684,960	662,412	-	3,257,176
Investment securities						
– Financial assets designated at fair value	52,928	1,031,493	706,633	234,259	89,245	2,114,557
– Held-to-maturity	2,566,739	642,538	825,378	167,992	1,220,335	5,422,982
Pledged assets	-	235,967	-	-	-	235,967
	4,182,244	2,257,224	2,216,970	1,064,663	1,309,580	11,030,681
<b>Parent</b>						
<b>2013</b>						
In thousands of Nigeria Naira	AA/AA-	A	A/A-	B/B-	BBB/ BBB-	TOTAL
Cash and cash equivalents	1,287,076	3,882,791	145,267	110,092	31,716	5,456,942
Investment securities						
– Available-for-sale	-	1,268,733	253,770	46,121	-	1,568,624
– Financial assets designated at fair value	345,288	1,289,934	235,628	212,608	-	2,083,458
– Held-to-maturity	3,478,829	1,566,772	562,888	435,527	138,965	6,182,981
	5,111,193	8,008,230	1,197,553	804,348	170,681	15,292,005

Parent						
2012						
In thousands of Nigeria Naira	AA/AA-	A	A/A-	B/B-	BBB/ BBB-	TOTAL
Cash and cash equivalents	1,424,018	563,799	277,819	482,901	125,950	2,874,487
Investment securities						
– Financial assets designated at fair value	352,668	1,002,456	56,672	152,773	12,047	1,576,616
– Held-to-maturity	2,559,912	898,872	655,428	253,021	799,536	5,166,769
Pledged assets	235,967	-	-	-	-	235,967
	4,572,565	2,465,127	989,919	888,695	937,533	9,853,838

Global Corporate Rating (GCR)'s Rating Symbols and Definitions Summary	
AAA	Extremely strong financial security characteristics and is the highest FSR assigned by GCR.
AA+	Has very strong financial security characteristics, differing only slightly from those rated higher.
AA	
AA-	
A+	Has strong financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than assurers with higher ratings.
A	
A-	
BBB+	Has good financial security characteristics, but is much more likely to be affected by adverse business conditions than assurers with higher ratings.
BBB	
BBB-	
BB+	Has vulnerable financial security characteristics, which might outweigh its strengths. The ability of these companies to discharge obligations is not well safeguarded in the future.
BB	
BB-	
B+	Possessing substantial risk that obligations will not be paid when due. Judged to be speculative to a high degree.
B	
B-	

The risk associated with other receivables are low. All other receivable balances are neither past due nor impaired except for loans receivable from ex- staff and other policy loans of N12 million.

#### Other receivables

Amounts in thousands of Naira	Group		Company	
	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012
Neither due nor impaired	313,340	641,568	1,841,750	1,520,395
Past due not impaired	5,211	-	5,211	-
Individually impaired	12,596	12,596	12,596	12,596
Gross total	331,147	654,164	1,859,557	1,532,991
Impairment allowance	(12,596)	(12,596)	(12,596)	(12,596)
Carrying amount	627,886	641,820	2,230,648	1,547,891
Past due not impaired				
0- 90 days	5,211	-	5,211	-
<b>Total</b>	<b>5,211</b>	<b>-</b>	<b>5,211</b>	<b>-</b>
Individually impaired				
Over 365 days	12,596	12,596	12,596	12,596

There are no financial assets that are classified as past due and impaired whose terms have been negotiated.

#### 3.2.2 Concentration of credit risk

All credit risk are concentrated across many industries in Nigeria. The Group monitors concentration of credit risk by sector.

GROUP Concentration of credit risk	Financial institutions	Manufacturing/ telecom	Real estate	Public sector	Whole-sale & retail trade	Individuals	Total
Cash and cash equivalents	6,169,398	-	-	-	-	-	6,169,398
Financial assets							
– Available-for-sale	-	-	-	1,997,987	-	-	1,997,987
– Financial assets designated at fair value	1,620,557	-	-	2,046,935	-	-	3,667,492
– Held-to-maturity	613,468	522,356	-	5,314,589	-	-	6,450,413
Pledged assets	-	-	-	-	-	-	-
Trade receivables	2,190	-	-	-	162,101	2,076	166,367
Reinsurance and co-insurance recoverables	677,991	-	-	-	-	-	677,991
Other receivables	254,056	-	-	20,439	44,056	-	318,551
Statutory deposit	-	-	-	500,000	-	-	500,000
<b>Total</b>	<b>9,337,661</b>	<b>522,356</b>	<b>-</b>	<b>9,879,950</b>	<b>206,157</b>	<b>2,076</b>	<b>19,948,200</b>

## Notes to the financial statements

For the year ended 31 December 2013

PARENT							
Concentration of credit risk	Financial institutions	Manufacturing/ telecom	Real estate	Public sector	Whole-sale & retail trade	Individuals	Total
Cash and cash equivalents	5,456,942	-	-	-	-	-	5,456,942
Financial assets							
– Available-for-sale	-	-	-	1,568,625	-	-	1,568,625
– Financial assets designated at fair value	677,356	-	-	1,406,102	-	-	2,083,458
– Held-to-maturity	500,102	522,355	-	5,160,524	-	-	6,182,981
Pledged assets	-	-	-	-	-	-	-
Trade receivables	2,190	-	-	-	162,101	2,076	166,367
Reinsurance and co-insurance recoverables	677,991	-	-	-	-	-	677,991
Other receivables	254,056	-	1,304,770	-	288,135	-	1,846,961
Statutory deposit	-	-	-	500,000	-	-	500,000
<b>Total</b>	<b>7,568,637</b>	<b>522,355</b>	<b>1,304,770</b>	<b>8,635,251</b>	<b>450,236</b>	<b>2,076</b>	<b>18,483,325</b>

GROUP							
31 December 2012							
Concentration of credit risk	Financial institutions	Manufacturing/ telecom	Real estate	Public sector	Whole-sale & retail trade	Individuals	Total
Cash and cash equivalents	3,257,176	-	-	-	-	-	3,257,176
Financial assets							
– Financial assets designated at fair value	776,297	-	-	1,338,260	-	-	2,114,557
– Held-to-maturity	498,938	357,550	-	4,566,494	-	-	5,422,982
Pledged assets	-	-	-	235,967	-	-	235,967
Trade receivables	169,939	-	-	-	1,322,607	544,281	2,036,827
Reinsurance and co-insurance recoverables	428,662	-	-	-	-	-	428,662
Other receivables	-	-	-	24,043	617,525	-	641,568
Statutory deposit	-	-	-	500,000	-	-	500,000
<b>Total</b>	<b>5,131,012</b>	<b>357,550</b>	<b>-</b>	<b>6,664,764</b>	<b>1,940,132</b>	<b>544,281</b>	<b>14,637,739</b>

PARENT							
Concentration of credit risk	Financial institutions	Manufacturing/ telecom	Real estate	Public sector	Whole-sale & retail trade	Individuals	Total
Cash and cash equivalents	2,874,487	-	-	-	-	-	2,874,487
Financial assets							
– Financial assets designated at fair value	322,650	-	-	1,253,966	-	-	1,576,616
– Held-to-maturity	396,953	357,166	-	4,412,650	-	-	5,166,769
Pledged assets	-	-	-	235,967	-	-	235,967
Trade receivables	169,939	-	-	-	1,322,607	544,281	2,036,827
Reinsurance and co-insurance recoverables	428,662	-	-	-	-	-	428,662
Other receivables	25,211	-	1,353,816	-	141,368	-	1,520,395
Statutory deposit	-	-	-	500,000	-	-	500,000
<b>Total</b>	<b>4,217,901</b>	<b>357,166</b>	<b>1,353,816</b>	<b>6,402,583</b>	<b>1,463,975</b>	<b>544,281</b>	<b>14,339,723</b>

## Collateral held and other credit enhancements, and their financial effect

The group did not hold collateral or any other enhancements against any of its receivables as at 31 December 2013.

### Trade receivables

The Group has placed more responsiveness on effective management of credit risk exposure that relates to trade receivables. In general, the regulator has laid great emphasis on No Premium, No Cover and this has positively changed the phase of credit management within the industry. The Group defines credit risk as the risk of counterparty's failure to meet its contractual obligations. Credit risk arises from insurance cover granted to parties with payment instruments or payment plan issued by stating or implying the terms of contractual agreement.

Stringent measures have been placed by the regulator to guide against credit default. Credit risk exposure operates from the level of brokered transactions with little emphasis placed on direct business. The Company's credit risk exposure to brokered business is very low as the Company requires brokers to provide credit note which is due 30 days from receipt before incepting insurance cover on behalf of their client.

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

### Sources of credit risk:

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

### Management of credit risk due to trade receivables

We constantly review brokers' contribution to ensure that adequate attention is paid to high premium contributing brokers.

The Group credit risk is constantly reviewed and approved during the Management Underwriting and In-

vestments Committee (MUIIC) meeting. There is also a Criticized Asset Committee (CAC) which is responsible for the assessment and continual review of the Company's premium debt and directs appropriate actions in respect of delinquent ones. It also ensures that adequate provisions are taken in line with the regulatory guidelines. Other credit risk management procedures/tools include:

- Formulating credit policies with strategic business units, underwriters, brokers, covering brokers grading, reporting, assessment, legal procedures and compliance with regulatory and statutory bodies.
- Identification of credit risk drivers within the Group in order to coordinate and monitor the probability of default that could have an unfavourable impact.
- Developing and monitoring credit limits. The Group is responsible for setting credit limits through grading in order to categorize risk exposures according to the degree of financial loss and the level of priority expected from management.
- Assessment of credit risk. All firsthand assessment and review of credit exposures in excess of credit limits, prior to granting insurance cover are subject to review process and approval given during MUIIC meeting.
- Continuous reviewing of compliance and processes in order to maintain credit risk exposure within acceptable parameters.

In measuring credit risk, the Group considers three parameters:

- The Probability of Default (PD), the likelihood that the insured will fail to make full and timely payment of financial obligations
- The Exposure at Default (EAD) is derived from the Group's expected value of debt at the time of default.
- The Loss Given Default (LGD) which state the amount of the loss if there is a default, expressed as a percentage of the (EAD).

### Impairment model

Premium debtors, which technically falls under receivables is recognized at a fair value and subsequently measured at amortized cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carry-

ing amount is greater than the recoverable amount. The standard favours the use of the incurred loss model in estimating the impairment of its receivables.

Following the provisions of IAS 39, the impairment of the premium debtors will be assessed at two different levels, individually or collectively. The premium debt of the Group will be assessed for impairment using the incurred loss model adapted for insurance business.

The model used is defined as thus:

$$\text{Impairment loss} = \text{EP} * \text{LGD} * \text{EAD} * \text{PD}$$

Where EP is Emergence Period;

LGD is Loss Given Default;

EAD is Exposure At Default; and

PD is computed based on the Company historical write-off trend for the last 3 years.

However, only individual specific impairment has been adopted for the year ended 31 December 2013.

#### Credit quality

Management of credit risk due to outstanding premium.

#### Credit Rating

Credit rating under the new dispensation of No Premium, No Cover policy has taken a different turn. We continually review credit notes issued by brokers and adequately follow-up to ensure prompt payments as stated.

Internally, the Company categorizes brokers and reinsurers into grade A, B, C and D on the basis of previous premium contribution, future prospect and recommendation. The rating determines the outstanding credit limit of the broker.

The credit limit of brokers is as follows:

Grade A No credit limit

Grade B Outstanding credit limit not exceeding 2.5 billion

Grade C Outstanding credit limit not exceeding 2.0 billion

Grade D Outstanding credit limit not exceeding 500 million

The Group's categorization of insurance and reinsurance receivables as at 31 December 2013 is as follows:

#### 31 December 2013

Category	A	B	C	D	TOTAL
Insurance brokers	102,544	4,852	16,395	66,782	190,572
Insurance companies	214,329	71,082	240,183	110,513	636,106
Reinsurance companies	176,857	-	-	-	176,857
Policy holders	62,401	-	-	-	62,401
	<b>556,130</b>	<b>75,934</b>	<b>256,578</b>	<b>177,295</b>	<b>1,065,937</b>
Specific impairment	(170,572)	(2,811)	(9,500)	(38,695)	(221,579)
Net carrying amount	385,558	73,122	247,079	138,599	844,358

#### 31 December 2012

Category	A	B	C	D	TOTAL
Insurance brokers	1,190,919	18,111	29,725	196,290	1,435,045
Insurance companies	104,909	43,070	145,532	222,654	516,164
Reinsurance companies	107,161	-	-	-	107,161
Policy holders	627,656	-	-	-	627,656
	<b>2,030,644</b>	<b>61,181</b>	<b>175,257</b>	<b>418,944</b>	<b>2,686,025</b>
Specific impairment	(24,723)	(112,438)	(24,436)	(58,939)	(220,536)
Net carrying amount	2,005,921	(51,258)	150,821	360,005	2,465,489

Trade and reinsurance receivables				
Amounts in thousands of Naira	December Group		December Company	
	2013	2012	2013	2012
Neither due nor impaired	844,358	2,465,489	844,358	2,465,489
Individually impaired	221,579	220,536	221,579	220,536
Gross total	1,065,937	2,686,025	1,065,937	2,686,025
Impairment allowance	(221,579)	(220,536)	(221,579)	(220,536)
Carrying amount	844,358	2,465,489	844,358	2,465,489

Past due and impaired				
Amounts in thousands of Naira	Group		Company	
	2013	2012	2013	2012
0- 90 days	127,782	14,468	127,782	14,468
91- 180 days	44,757	60,960	44,757	60,960
181- 365 days	22,460	74,325	22,460	74,325
Over 365 days	26,580	70,783	26,580	70,783
	221,579	220,536	221,579	220,536

### 3.2.3 Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

Similar financial assets and liabilities include trade receivables and payables.

None of these agreement arrangements met the criteria for offsetting in the statement of financial position. Reinsurance payable and receivables create for the parties to the agreement a right of set-off of recognised amounts that is enforceable only following a predetermined events as stipulated within the treaty agreements. Also under the 'IFRS 4 - Insurance contract' requirements, reinsurance assets and liabilities are disclosed gross. Receivables and payables from insurance companies and insurance brokers or agents allow for a net settlement by the counterparties when both elect to settle on a net basis. Each party to the agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. An event of default includes a failure by a party to make payment when due.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

GROUP AND COMPANY						
Dec. 2013						
				Related amounts not offset in the statement of financial position		
In thousands of Nigerian Naira	Gross amount of recognised financial asset	Gross amount of financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments (including non cash collateral)	Cash collateral received	Net amount
Trade receivables	166,367	-	166,367	(166,367)	-	-
Reinsurance receivables	677,991	-	677,991	(533,390)	-	144,601
Total	844,358	-	844,358	(699,757)	-	144,601
	4,504,174	2,465,127	989,919	888,695	937,533	9,785,448

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

GROUP AND COMPANY						
Dec. 2012						
				Related amounts not offset in the statement of financial position		
In thousands of Nigerian Naira	Gross amount of recognised financial liability	Gross amount of financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments (including non cash collateral)	Cash collateral received	Net amount
Trade payables	609,622	-	609,622	(166,367)	-	443,255
Reinsurance payables	533,390	-	533,390	(533,390)	-	-
Total	1,143,012	-	1,143,012	(699,757)	-	443,255
	4,504,174	2,465,127	989,919	888,695	937,533	9,785,448

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

In thousands of Nigerian Naira	Gross amount of recognised financial liability	Gross amount of financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position		
				Financial instruments (including non cash collateral)	Cash collateral received	Net amount
Trade payables	741,380	-	741,380	(482,397)	-	258,983
Reinsurance payables	1,312,432	-	1,312,432	(428,662)	-	883,770
Total	2,053,812	-	2,053,812	(911,059)	-	1,142,753

The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured in the statement of financial position on the following bases:

Trade receivables and payables	Amortised cost
Reinsurance receivables and payables	Amortised cost

### 3.3 Liquidity risk

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

The Company's investment policy requires that a

minimum of 35% of the Company's life and non-life portfolio be held in cash and cash equivalent; this highlights availability of liquid marketable securities sufficient to meet its liabilities as at when due. Cash and cash equivalents include treasury bills and term deposits with an original maturity of less than one year.

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

Below is a summary of undiscounted contractual cashflows of financial assets matched with financial liabilities.

31 December 2013 GROUP	Carrying amount	Gross total	1-3 months	3-6 months	6-12 months	1-5 years	> 5 years
Cash and cash equivalents	6,169,398	6,398,785	5,636,212	762,573	-	-	-
Financial assets							
– Held-to-maturity	6,450,413	6,925,290	968,274	289,032	279,199	3,428,315	1,960,470
– Available-for-sale	1,997,987	2,197,986	215,375	455,375	1,527,237	-	-
– Financial assets designated at fair value	3,738,761	3,738,761	1,184,700	647,016	852,391	579,235	752,566
Trade receivables	166,367	166,367	43,881	37,270	85,216	-	-
Reinsurance and co-insurance receivables	677,991	677,991	677,991	-	-	-	-
Other receivables	627,886	627,886	20,439	607,447	-	-	-
Statutory deposit	500,000	500,000	-	-	-	-	500,000
Total financial assets	20,328,803	21,233,066	8,746,871	2,798,713	2,744,043	4,007,550	3,213,036

GROUP	Carrying amount	Gross total	1-3 months	3-6 months	6-12 months	1-5 years	> 5 years
Financial liabilities							
Investment contract liabilities:							
– At amortised cost	2,189,940	2,296,227	1,157,641	820,843	211,456	106,287	-
– Financial liabilities designated at fair value	3,738,761	3,738,761	3,738,761	-	-	-	-
Borrowings	3,484,128	3,522,164	337,890	46,828	570,686	695,944	1,870,816
Trade payables	1,143,012	1,143,012	657,289	485,723	-	-	-
Other payables	2,248,904	2,248,904	562,789	903,447	782,668	-	-
<b>Total financial liabilities</b>	<b>12,804,745</b>	<b>12,949,068</b>	<b>6,454,371</b>	<b>2,256,841</b>	<b>1,564,810</b>	<b>802,231</b>	<b>1,870,816</b>
<b>Net financial assets/ liabilities</b>	<b>7,524,058</b>	<b>8,283,998</b>	<b>2,292,500</b>	<b>541,872</b>	<b>1,179,233</b>	<b>3,205,319</b>	<b>1,342,220</b>
Insurance contract liabilities	3,358,442	3,358,442	1,536,552	875,455	774,702	171,733	-
Net policyholders' assets/(liabilities)	4,165,616	4,925,556	755,949	(333,583)	404,531	3,033,586	1,342,220

31 December 2013 PARENT	Carrying amount	Total	1-3 months	3-6 months	6-12 months	1-5 years	> 5 years
Cash and cash equivalents	5,456,942	5,696,193	4,938,801	757,392	-	-	-
Financial assets							
– Held-to-maturity	6,182,981	6,549,003	462,799	256,378	156,418	3,919,018	1,754,390
– Available-for-sale	1,568,625	1,690,241	343,774	563,112	783,355	-	-
– Financial assets designated at fair value	2,140,840	2,418,222	210,214	394,252	718,829	342,361	752,566
Trade receivables	166,367	166,367	68,567	46,472	51,328	-	-
Reinsurance receivables	677,991	677,991	677,991	-	-	-	-
Other receivables	2,230,648	2,358,844	-	-	-	-	2,358,844
Statutory deposit	500,000	500,000	-	-	-	-	500,000
<b>Total financial assets</b>	<b>18,924,393</b>	<b>20,056,860</b>	<b>6,702,146</b>	<b>2,017,606</b>	<b>1,709,930</b>	<b>4,261,378</b>	<b>5,365,800</b>
Financial liabilities							
Investment contract liabilities:							
– At amortised cost	2,189,940	2,296,228	1,157,641	740,496	291,803	106,287	-
– Financial liabilities designated at fair value	2,140,840	2,140,840	2,140,840	-	-	-	-
Trade payables	1,143,012	1,143,012	1,143,012	-	-	-	-
Other payables	288,189	288,189	288,189	-	-	-	-
<b>Total financial liabilities</b>	<b>5,761,981</b>	<b>5,868,269</b>	<b>4,729,682</b>	<b>740,496</b>	<b>291,803</b>	<b>106,287</b>	<b>-</b>
<b>Net financial assets/ liabilities</b>	<b>13,162,413</b>	<b>14,188,592</b>	<b>1,972,464</b>	<b>1,277,110</b>	<b>1,418,127</b>	<b>4,155,091</b>	<b>5,365,800</b>
Insurance contract liabilities	3,358,442	3,358,442	1,536,552	875,455	774,702	171,733	-
Net policyholders' assets/(liabilities)	9,803,970	10,830,150	435,912	401,655	643,425	3,983,358	5,365,800

31 December 2012 GROUP	Carrying amount	1-3 Total	months	3-6 months	6-12 months	1-5 years	above 5yrs
Cash and cash equivalents	3,257,176	3,283,252	2,633,864	649,388	-	-	-
Financial assets							
– Held to maturity	5,422,982	5,514,117	-	-	-	3,691,117	1,823,000
– Financial assets designated at fair value	2,146,971	2,307,532	677,457	344,674	89,004	1,196,397	-
Trade receivables	2,036,827	2,257,363	1,650,510	299,985	306,869	-	-
Reinsurance receivables	428,662	428,662	428,662	-	-	-	-
Other receivables	641,820	654,417	393,085	261,332	-	-	-
Statutory deposit	500,000	500,000	-	-	-	-	500,000
<b>Total financial assets</b>	<b>14,434,438</b>	<b>14,945,344</b>	<b>5,783,578</b>	<b>1,555,379</b>	<b>395,873</b>	<b>4,887,514</b>	<b>2,323,000</b>
Investment contract liabilities:							
– At amortised cost	1,999,686	1,999,686	374,321	425,553	1,199,811	-	-
– Financial liabilities designated at fair value	2,146,971	2,146,971	-	-	-	-	-
Borrowings	3,581,573	3,864,674	209,602	246,160	240,994	2,118,856	1,049,062
Trade payables	2,053,812	2,053,812	2,053,812	-	-	-	-
Other payables	946,298	946,298	946,298	-	-	-	-
<b>Total financial liabilities</b>	<b>10,728,341</b>	<b>11,011,441</b>	<b>3,584,033</b>	<b>671,713</b>	<b>1,440,805</b>	<b>2,118,856</b>	<b>1,049,062</b>
<b>Net financial assets/ liabilities</b>	<b>3,706,097</b>	<b>3,933,903</b>	<b>2,199,545</b>	<b>883,666</b>	<b>(1,044,932)</b>	<b>2,768,658</b>	<b>1,273,938</b>
Insurance contract liabilities	2,605,639	2,605,639	2,605,639	-	-	-	-
<b>Net policyholders' assets/(liabilities)</b>	<b>1,100,458</b>	<b>1,328,264</b>	<b>(406,094)</b>	<b>883,666</b>	<b>(1,044,932)</b>	<b>2,768,658</b>	<b>1,273,938</b>

31 December 2012 PARENT	Carrying amount	1-3 Total	months	3-6 months	6-12 months	1-5 years	above 5yrs
Cash and cash equivalents	2,874,487	2,894,596	2,021,915	872,681	-	-	-
Financial assets							
– Held to maturity	5,166,769	5,466,769	464,445	657,423	200,032	3,092,322	1,052,547
– Financial assets designated at fair value	1,603,874	1,713,137	349,908	300,104	24,229	1,038,897	-
Pledged assets	235,967	235,967	235,967	-	-	-	-
Trade receivables	2,036,827	2,036,827	2,036,827	-	-	-	-
Reinsurance receivables	616,335	616,335	616,335	-	-	-	-
Other receivables	1,547,891	2,367,482	-	-	-	-	2,367,482
Statutory deposit	500,000	500,000	-	-	-	-	500,000
<b>Total financial assets</b>	<b>14,582,151</b>	<b>15,831,114</b>	<b>5,725,398</b>	<b>1,830,208</b>	<b>224,261</b>	<b>4,131,219</b>	<b>3,920,029</b>
Investment contract liabilities:							
– At amortised cost	1,999,686	1,999,686	374,321	425,553	1,199,811	-	-
– Financial liabilities designated at fair value	1,603,874	1,603,874	1,603,874	-	-	-	-
Borrowings	235,967	235,967	235,967	-	-	-	-
Trade payables	2,053,812	2,053,812	2,053,812	-	-	-	-
Other payables	377,647	404,068	404,068	-	-	-	-
<b>Total financial liabilities</b>	<b>6,270,987</b>	<b>6,297,406</b>	<b>4,672,042</b>	<b>425,553</b>	<b>1,199,811</b>	<b>-</b>	<b>-</b>
<b>Net financial assets and liabilities</b>	<b>8,311,164</b>	<b>9,533,708</b>	<b>1,053,356</b>	<b>1,404,655</b>	<b>(975,550)</b>	<b>4,131,219</b>	<b>3,920,029</b>
Insurance contract liabilities	2,605,639	2,605,639	2,605,639	-	-	-	-
<b>Net policyholders' assets/(liabilities)</b>	<b>5,705,525</b>	<b>6,928,069</b>	<b>(1,552,283)</b>	<b>1,404,655</b>	<b>(975,550)</b>	<b>4,131,219</b>	<b>3,920,029</b>



## Notes to the financial statements

For the year ended 31 December 2013

### 4 Capital Management

The National Insurance Commission (NAICOM), sets and monitors capital requirements for Insurance Companies. The individual subsidiaries are directly supervised by other regulators, i.e, Mansard Investment Limited is regulated by the Nigerian Securities and Exchange Commission while Mansard Health Limited is regulated by the Nigeria Health Insurance Commission.

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group and its individually regulated operations have complied with all externally imposed capital requirements.

Management uses regulatory capital ratios to monitor its capital base. The allocation of capital between

specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily on the regulatory capital, but in some cases the regulatory requirements do not fully reflect the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation by Group Risk and Group Credit, and is subject to review by the Group Credit Committee or the Group Asset and Liability Management Committee (ALCO), as appropriate. The Group ensures it maintains the minimum required capital at all times throughout the year. The table below summarises the minimum required capital across the Group and the regulatory capital held against each of them.

In thousands	Group		Company	
	Dec-2013	Dec-2012	Dec-2013	Dec-2012
Regulatory capital held	14,271,082	14,113,383	13,524,633	14,417,795
Minimum regulatory capital	5,000,000	5,000,000	5,000,000	5,000,000

The Group has different requirements depending on the specific operations which it engages in. The three main businesses are Insurance, Asset management (fund manager) and Property development.

The insurance business is divided into the life and non life business. The life business has a regulatory

minimum capital of N1 billion while the Non life business has a regulatory minimum capital base of N3 billion. The asset management business has a minimum capital base of N500 million, as a fund manager. These three businesses met and exceeded these minimum requirements as at 31 December 2013 as indicated below:

In thousands of Naira	Life insurance business	Non life insurance business	Asset management business
	Dec-2013	Dec-2013	Dec-2013
Regulatory capital held	3,204,724	10,319,908	780,148
Minimum regulatory capital	2,000,000	3,000,000	500,000

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer-term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the board of directors.

This test compares insurers' capital against the risk profile. The regulator indicated that insurers should produce a minimum solvency margin of 15% which is calculated as 15% of net premium or the minimum paid up share capital whichever is higher.

The regulator has the authority to request more extensive reporting and can place restrictions on the Parent's operations if the Parent falls below this requirement if deemed necessary. Over the years, the Parent has consistently exceeded this minimum.

Insurance industry regulator measures the financial strength of insurance companies using the capital adequacy requirements for composite companies.

<b>The Solvency Margin for the non life business and health as at 31 December 2013 is as follows:</b>		
<b>Admission assets</b>	<b>Dec-2013</b>	<b>Dec-2012</b>
Cash and cash equivalents	2,645,550	1,614,165
Financial Assets - Held for Trading	326,962	1,321,373
Financial Assets - Available for sale	1,954,323	2,524,354
Financial Assets - Held to maturity	3,223,692	2,622,984
Investment in Subsidiaries	2,410,528	2,687,661
Statutory deposit	300,000	300,000
Land and building	847,014	854,375
Furniture and fittings	313,344	235,943
Office equipments	107,191	96,774
Computer equipment	78,197	73,912
Motor vehicles	229,754	174,903
Amount due from retro-cession	1,879,243	1,182,471
Deferred acquisition cost	361,785	254,018
Staff loans and advances	84,748	54,142
Claims recoverables	584,218	328,480
<b>Admissible assets</b>	<b>15,346,549</b>	<b>14,325,554</b>
Provision for unexpired risk	3,991,267	2,941,956
Provision for outstanding claims	942,390	877,389
Provision for claims incurred but not reported	659,237	457,029
Funds to meet other liabilities	2,751,060	2,458,013
<b>Admissible liabilities</b>	<b>8,343,954</b>	<b>6,734,387</b>
Solvency Margin	7,002,595	7,591,168
The higher of 15% of Net premium income and Shareholders funds	3,500,000	3,000,000
Solvency ratio	200%	253%

The Solvency Margin for the non life business as at 31 December 2013 is as follows:		
<b>Admissible assets</b>		
Cash and cash equivalents	2,516,192	1,614,165
Financial Assets - Held for Trading	326,962	1,321,373
Financial Assets - Available for sale	1,650,903	2,524,354
Financial Assets - Held to maturity	3,223,692	2,622,984
Investment in Subsidiaries	2,522,528	2,687,661
Statutory deposit	300,000	300,000
Land and building	847,014	854,375
Furniture and fittings	308,326	235,943
Office equipments	106,666	96,774
Computer equipment	73,746	73,912
Motor vehicles	209,279	174,903
Amount due from retro-cession	1,879,243	1,182,471
Deferred acquisition cost	361,619	254,018
Staff loans and advances	84,239	54,142
Claims recoverables	584,218	328,480
<b>Admissible assets</b>	<b>14,994,626</b>	<b>14,325,554</b>
Provision for unexpired risk	3,980,415	2,941,956
Provision for outstanding claims	942,698	877,389
Provision for claims incurred but not reported	658,150	457,029
Funds to meet other liabilities	2,736,515	2,458,013
<b>Admissible liabilities</b>	<b>8,317,778</b>	<b>6,734,387</b>
<b>Solvency Margin</b>	<b>6,676,848</b>	<b>7,591,168</b>
The higher of 15% of Net premium income and Shareholders funds	3,000,000	3,000,000
<b>Solvency ratio</b>	<b>223%</b>	<b>253%</b>

## 5. Asset and Liability Management

The Group is exposed to a range of financial risks through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its 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.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Group 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. Within the ALM framework, the Group periodically produces reports at portfolio, legal entity and asset and liability class level that are circulated to the Group's key management personnel. The principal technique of the Group's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The Group has not changed the processes used to manage its risks from previous periods.

The Group's ALM is integrated with the management of the financial risks associated with the Group's oth

er classes of financial assets and liabilities not directly associated with insurance and investment liabilities (in particular, borrowings and investments in foreign operations). The notes below explain how financial risks are managed using the categories utilized in the Group's ALM framework. In particular, the ALM Framework requires the management of interest rate

risk, equity price risk and liquidity risk at the portfolio level. Foreign currency and credit risk are managed on a group-wide basis.

The following tables reconcile the consolidated statement of financial statements to the classes and portfolios used in the Group's ALM framework.

## Group

	Insurance fund		Investment contract		Shareholders funds		31-Dec-13	
	Non-life	Life	Mansard	MLS/LIP	Non-life	life	Other	Total
<b>ASSETS</b>			<b>Fund</b>					
Cash and cash equivalents	2,183,419	908,339	-	526,046	1,673,919	165,217	712,456	6,169,398
Financial assets								-
– Held for trading assets	194,083	129,913	-	-	132,880	310,197	246,613	1,013,686
– Available-for-sale	844,046	400,049	-	847,810	851,057	51,701	429,363	3,424,026
– Financial assets designated at fair value	-	-	3,738,761	-	-	-	-	3,738,761
– Held-to-maturity	530,060	1,205,868	-	1,221,961	2,717,002	508,090	267,432	6,450,413
Pledged assets	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	139,460	26,907	-	166,367
Reinsurance and co-insurance recoverables	2,463,461	388,547	-	-	-	-	-	2,852,008
Other receivables	-	-	-	-	529,643	313,084	80,079	922,806
Deferred acquisition cost	361,619	-	-	-	-	-	167	361,786
Investment properties	-	-	-	-	-	-	8,742,725	8,742,725
Investment in subsidiaries	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	82,084	-	28,794	110,878
Property and equipment	-	-	-	-	1,545,030	24,203	110,628	1,679,861
Statutory deposit	-	-	-	-	300,000	200,000	-	500,000
<b>TOTAL ASSETS</b>	<b>6,576,687</b>	<b>3,032,717</b>	<b>3,738,761</b>	<b>2,595,817</b>	<b>7,971,076</b>	<b>1,599,399</b>	<b>10,618,256</b>	<b>36,132,715</b>
<b>LIABILITIES</b>								
Insurance liabilities	5,581,263	2,099,400	-	-	-	-	12,031	7,692,694
Investment contract liabilities:								-
– At amortised cost	-	-	-	2,189,940	-	-	-	2,189,940
– Financial liabilities designated at fair value	-	-	3,738,761	-	-	-	-	3,738,761
Borrowings	-	-	-	-	-	-	3,484,128	3,484,128
Trade payables	-	-	-	-	900,964	242,048	-	1,143,012
Other liabilities	-	-	-	-	1,653,294	165,343	648,496	2,467,133
Current income tax liabilities	-	-	-	-	182,258	90,357	7,136	279,751
Deferred income tax	-	-	-	-	19,442	-	186,640	206,082
Unearned premium debtors	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>5,581,263</b>	<b>2,099,400</b>	<b>3,738,761</b>	<b>2,189,940</b>	<b>2,755,958</b>	<b>497,748</b>	<b>4,338,431</b>	<b>21,201,501</b>
<b>SURPLUS</b>	<b>995,424</b>	<b>933,317</b>	<b>-</b>	<b>405,877</b>	<b>5,215,118</b>	<b>1,101,651</b>	<b>6,279,825</b>	<b>14,931,214</b>

Parent

	Insurance fund		Investment contract		Shareholders funds		31-Dec-13
	Non-life	Life	Mansard	MLS/MLIP	Non-life	life	Total
<b>ASSETS</b>							
Cash and cash equivalents	2,183,419	908,339	-	526,046	1,673,919	165,217	5,456,942
Financial assets							
– Held for trading assets	194,083	129,913	-	-	132,880	310,197	767,073
– Available-for-sale	844,046	400,049	-	847,810	851,057	51,701	2,994,664
– Financial assets designated at fair value	-	-	2,140,840	-	-	-	2,140,840
– Held-to-maturity	530,060	1,205,868	-	1,221,961	2,717,002	508,090	6,182,981
– Pledged assets	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	139,460	26,907	166,367
Reinsurance and co-insurance recoverables	2,463,461	388,547	-	-	-	-	2,852,008
Other receivables	-	-	-	-	2,203,225	313,084	2,516,309
Deferred acquisition cost	361,619	-	-	-	-	-	361,619
Investment properties	-	-	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	2,522,528	677,133	3,199,661
Intangible assets	-	-	-	-	82,085	-	82,085
Property and equipment	-	-	-	-	1,545,030	24,203	1,569,233
Statutory deposit	-	-	-	-	300,000	200,000	500,000
<b>TOTAL ASSETS</b>	<b>6,576,687</b>	<b>3,032,717</b>	<b>2,140,840</b>	<b>2,595,818</b>	<b>12,167,187</b>	<b>2,276,532</b>	<b>28,789,782</b>
<b>LIABILITIES</b>							
Insurance liabilities	5,581,263	2,099,400	-	-	-	-	7,680,663
Investment contract liabilities:							
– At amortised cost	-	-	-	2,189,940	-	-	2,189,940
– Financial liabilities designated at fair value	-	-	2,140,840	-	-	-	2,140,840
Borrowings	-	-	-	-	-	-	-
Trade payables	-	-	-	-	900,964	242,048	1,143,012
Other liabilities	-	-	-	-	1,653,293	165,343	1,818,637
Current income tax liabilities	-	-	-	-	182,258	90,357	272,615
Deferred income tax	-	-	-	-	19,442	-	19,442
<b>TOTAL LIABILITIES</b>	<b>5,581,263</b>	<b>2,099,400</b>	<b>2,140,840</b>	<b>2,189,940</b>	<b>2,755,957</b>	<b>497,749</b>	<b>15,265,149</b>
<b>SURPLUS</b>	<b>995,424</b>	<b>933,317</b>	<b>(0)</b>	<b>405,877</b>	<b>9,411,230</b>	<b>1,778,783</b>	<b>13,524,633</b>

## Notes to the financial statements

For the year ended 31 December 2013

### 6 Measurement of financial assets and liabilities

#### 6.1 .Accounting classification measurement basis and fair value

The table below set out the group's classification of each class of financial instruments and liabilities and their fair value in thousands of Nigerian Naira

Group	Notes	Held-for-trading	Designated at fair value	Held-to-maturity	Loan and receivables	Available for sale	Other financial instruments at amortised cost	Carrying amount	Fair value
December 2013									
Cash and cash equivalents	8	-	-	-	6,169,398	-	-	6,169,398	6,169,398
Financial assets- Held for trading	9.1	1,013,686	-	-	-	-	-	1,013,686	1,013,686
Financial assets- Available for sale	9.3	-	-	-	-	3,424,026	-	3,424,026	3,424,026
Financial assets - Held to maturity	9.4	-	-	6,450,413	-	-	-	6,450,413	6,181,236
Other financial assets designated at fair value	9.3	-	3,738,761	-	-	-	-	3,738,761	3,738,761
Trade receivables	11	-	-	-	166,367	-	-	166,367	166,367
Reinsurance and co-insurance recoverables	12	-	-	-	677,991	-	-	677,991	677,991
Other Receivables (excl. prepayment)	13	-	-	-	627,886	-	-	627,886	627,886
Statutory deposit	19	-	-	-	-	-	500,000	500,000	500,000
		1,013,686	3,738,761	6,450,413	7,641,642	3,424,026	500,000	22,768,527	21,999,350
Investment contracts:									
- Designated at fair value	21.2	-	3,738,761	-	-	-	-	3,738,761	3,738,761
- At amortised cost	21.1	-	-	-	-	-	2,189,940	2,189,940	2,189,940
Borrowing	22	-	-	-	-	-	3,484,128	3,484,128	3,522,163
Trade payables	23	-	-	-	-	-	1,143,012	1,143,012	1,143,012
Other liabilities	24	-	-	-	-	-	2,248,904	2,248,904	2,248,904
		-	3,738,761	-	-	-	9,065,984	12,804,745	12,842,780

Parent	Notes	Held-for-trading	Designated at fair value	Held-to-maturity	Loan and receivables	Available for sale	Other financial instruments at amortised cost	Carrying amount	Fair value
December 2013									
Cash and cash equivalents	8	-	-	-	5,456,942	-	-	5,456,942	5,456,942
Financial assets- Held for trading	9.1	767,073	-	-	-	-	-	767,073	767,073
Financial assets- Available for sale	9.3	-	-	-	-	2,994,664	-	2,994,664	2,994,664
Financial assets - Held to maturity	9.4	-	-	6,182,981	-	-	-	6,182,981	5,854,493
Other financial assets									
designated at fair value	9.3	-	2,140,840	-	-	-	-	2,140,840	2,140,840
Trade receivables	11	-	-	-	166,367	-	-	166,367	166,367
Reinsurance receivables	12	-	-	-	677,991	-	-	677,991	677,991
Other receivables (excl. prepayment)	13	-	-	-	2,230,648	-	-	2,230,648	2,290,893
Statutory deposit	19	-	-	-	-	-	500,000	500,000	500,000
		767,073	2,140,840	6,182,981	8,531,948	2,994,664	-	20,617,506	20,349,262
Investment contracts:									
- Designated at fair value	21.2	-	2,140,840	-	-	-	-	2,140,840	2,140,840
- At amortised cost	21.1	-	-	-	-	-	2,189,940	2,189,940	2,189,940
Trade payables	23	-	-	-	-	-	1,143,012	1,143,012	1,143,012
Other liabilities	24	-	-	-	-	-	288,189	288,189	288,189
		-	2,140,840	-	-	-	3,621,141	5,761,981	5,761,981

Group	Notes	Held-for-trading	Designated at fair value	Held-to-maturity	Loan and receivables	Available for sale	Other financial instruments at amortised cost	Carrying amount	Fair value
December 2012									
Cash and cash equivalents	8	-	-	-	3,257,176	-	-	3,257,176	3,257,176
Financial assets- Held for trading	9.1	4,006,870	-	-	-	-	-	4,006,870	4,006,870
Financial assets- Available for sale	9.3	-	-	-	-	3,067,015	-	3,067,015	3,067,015
Financial assets - Held to maturity	9.4	-	-	5,422,982	-	-	-	5,422,982	4,844,533
Other financial assets designated at fair value	9.3	-	2,146,971	-	-	-	-	2,146,971	2,146,971
Pledged assets	10	-	-	-	235,240	-	-	235,240	235,240
Trade receivables	11	-	-	-	2,036,827	-	-	2,036,827	2,036,827
Reinsurance receivables (excluding prepaid re-insurance)	12	-	-	-	428,662	-	-	428,662	428,662
Other receivables (excl prepayment)	13	-	-	-	641,820	-	-	641,820	641,820
Statutory deposit	19	-	-	-	-	-	500,000	500,000	500,000
		4,006,870	2,146,971	5,422,982	6,599,725	3,067,015	500,000	21,743,563	21,165,114
Investment contracts:									
- Designated at fair value	21.2	-	2,146,971	-	-	-	-	2,146,971	2,146,971
- At amortised cost	21.1	-	-	-	-	-	1,999,686	1,999,686	1,999,686
Borrowing	22	-	-	-	-	-	3,581,573	3,581,573	3,804,438
Trade payables	23	-	-	-	-	-	2,053,812	2,053,812	2,053,812
Other liabilities	24	-	-	-	-	-	946,298	946,298	946,298
		-	2,146,971	-	-	-	8,581,369	10,728,341	10,951,206

Parent	Notes	Held-for-trading	Designated at fair value	Held-to-maturity	Loan and receivables	Available for sale	Other financial instruments at amortised cost	Carrying amount	Fair value
December 2012									
Cash and cash equivalents	8	-	-	-	2,874,487	-	-	2,874,487	2,874,487
Financial assets- Held for trading	9.1	3,729,262	-	-	-	-	-	3,729,262	3,729,262
Financial assets- Available for sale	9.3	-	-	-	-	3,067,015	-	3,067,015	3,067,015
Financial assets - Held to maturity	9.4	-	-	5,166,769	-	-	-	5,166,769	4,532,219
Other financial assets designated at fair value	9.3	-	1,603,874	-	-	-	-	1,603,874	1,603,874
Trade receivables	11	-	-	-	2,036,827	-	-	2,036,827	2,036,827
Reinsurance receivables (excluding prepaid re-insurance)	12	-	-	-	428,662	-	-	428,662	428,662
Other receivables (excl. prepayment)	13	-	-	-	1,547,891	-	-	1,547,891	1,547,891
Statutory deposit	19	-	-	-	-	-	500,000	500,000	500,000
		3,729,262	1,603,874	5,166,769	6,887,867	3,067,015	500,000	20,954,787	20,320,238
Investment contracts:									
- Designated at fair value	21.2	-	1,603,874	-	-	-	-	1,603,874	1,603,874
- At amortised cost	21.1	-	-	-	-	-	1,999,686	1,999,686	1,999,686
Borrowings	22	-	-	-	235,240	-	-	235,240	255,312
Trade payables	23	-	-	-	-	-	2,053,812	2,053,812	1,203,941
Other liabilities	24	-	-	-	-	-	404,068	404,068	404,068
		-	1,603,874	-	235,240	-	4,457,566	6,296,680	5,466,881

## 6.2 Fair value hierarchy

The Group's accounting policy on fair value measurements is discussed under note 2.9.3.

The fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the group determines fair values using other valuation techniques.

For financial instruments that trade infrequently, and had little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risk affecting the specific instrument

### Valuation models

The group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements

#### (a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in

Level 1. Instruments included in Level 1 comprise primarily Nigerian Stock Exchange equity investments classified as trading securities or available for sale.

#### (b) Financial instruments in level 2

"Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data."

#### (c) Financial instruments in level 3

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the statement of financial position.

Financial assets and liabilities measured at fair value  
(All figures are in thousands of naira)

Group  
31-Dec-13

	Level 1	Level 2	Level 3	Total
Available for sale	1,997,987	1,236,039	190,000	3,424,026
Held for trading	1,013,686	-	-	1,013,686
Other financial assets designated at fair value	2,402,282	1,336,480	-	3,738,761
<b>Total</b>	<b>5,413,954</b>	<b>2,572,519</b>	<b>190,000</b>	<b>8,176,473</b>
Liability type				
Other financial liabilities designated at fair value	2,402,282	1,336,480	-	3,738,761

Group 31-Dec-12				
	Level 1	Level 2	Level 3	Total
Available for sale	2,432,660	413,296	221,059	3,067,015
Held for trading	4,006,870	-	-	4,006,870
Other financial assets designated at fair value	1,947,686	199,285	-	2,146,971
<b>Total</b>	<b>8,387,216</b>	<b>612,581</b>	<b>221,059</b>	<b>9,220,856</b>
Other financial liabilities designated at fair value	1,947,686	199,285	-	2,146,971

Parent 31-Dec-13				
	Level 1	Level 2	Level 3	Total
Available for sale	1,568,625	1,236,039	190,000	2,994,664
Held for trading	767,073	-	-	767,073
Other financial assets designated at fair value	1,463,484	677,356	-	2,140,840
<b>Total</b>	<b>3,799,182</b>	<b>1,913,394</b>	<b>190,000</b>	<b>5,902,577</b>
Other financial liabilities designated at fair value	1,463,484	677,356	-	2,140,840

Parent 31-Dec-12				
	Level 1	Level 2	Level 3	Total
Available for sale	2,432,660	413,296	221,059	3,067,015
Held for trading	3,729,262	-	-	3,729,262
Other financial assets designated at fair value	1,556,569	47,305	-	1,603,874
<b>Total</b>	<b>7,718,492</b>	<b>460,601</b>	<b>221,059</b>	<b>8,400,151</b>
Other financial liabilities designated at fair value	1,556,569	47,305	-	1,603,874

#### Financial instruments in level 2

The fair values of financial instruments measured in level 2 are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). these are shown in the table below:

Unquoted equity	Recent transaction price
Debt security	Similar securities with close maturity dates

During the year, due to changes in market conditions for certain investment securities, certain market inputs

were no longer available for these securities. Therefore, these securities with a carrying amount of N56 million were transferred from level 2 to level 3.

Financial instruments in level 3

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

In thousands of Nigerian Naira

Equity securities- Available for sale	2013	2012
Balance at 1 January	221,066	166,010
Acquisitions	-	-
Disposals	(221,066)	-
Gain/loss for the year	-	55,056
Changes in fair value recognised in other comprehensive income	133,292	-
Transfers into level 3	56,708	-
<b>Balance end of year</b>	<b>190,000</b>	<b>221,066</b>
Impact of changes in fair value of available for sale assets		
	2013	2012
OCI	133,292	55,056

Information about fair value measurements using significant unobservable inputs (Level 3)

For the unquoted financial instrument measured at fair value, the group used a proprietary valuation model, which are usually developed from recognised valuation models. Some of the significant inputs may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected cashflows on the financial instruments being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors such as liquidity risk or model uncertainties, to the extent that the group believes that a third party market participant would take them into account in pricing a transaction. Model inputs and values are calibrated against historical data and published forecasts. This calibration process inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management judgement is required to select the most appropriate point in the range.

The group's valuation methodology for valuing certain unquoted financial instruments uses a free discounted

cash flow methodology. It takes into account growth in net earnings or cash flow, fixed capital investments, working capital investments and net borrowings, beta, risk free rate, market risk premium and assumed annual growth rate. These features are used to estimate expected future cashflows and discounted at a risk-adjusted rate. However, this technique is subject to inherent limitations such as estimation of the appropriate risk-adjusted discount rate, and different assumptions and inputs would yield different results.

Unobservable markets inputs used in measuring the fair value.

Significant unobservable inputs are developed as follows:

#### Risk-Free rate

The risk-free rate used in the valuation models is the yield of the most actively traded 10-yr FGN bond, as we believe this is the best reference for a risk-free instrument with a similar duration to the investment horizon of equities. The risk-free rate used in the unquoted financial instruments valuation reports was the current yield, 13% on the most actively traded 10-yr FGN bond in the Nigerian bond market at the time.

#### Beta:

The beta of a stock measures the sensitivity of the excess expected return on an individual share relative to

that of a benchmark equities market or index. It is best derived by the regression analysis of a company's stock price returns to that of the benchmark market index. However, in cases where a company is not publicly listed, it can be derived by using a proxy from a similar company which is publicly listed, or by using the industry average. There are however cases where there are no comparable companies that are publicly listed to use as proxies. In such cases, betas are estimated or assumed based on the sensitivity of the industry to the stock market and/or the overall economy as a guide. The unquoted financial instruments valuation is peculiar in the sense that it is privately held and does not have ready and direct comparables publicly listed on the Nigerian Stock Exchange. We assumed a beta of 0.5 for the unquoted financial instrument based on our perceived sensitivity of its industry to the Nigerian economy.

#### Market risk premium

This is the premium estimated as required over the long term risk-free rate. In most cases, the unsystematic risk pertaining to countrywide factors such as socio-political risk, a country's sovereign rating etc. is usually priced into risk-free instruments such as government bonds. The unsystematic risk pertaining to the stock market or particular industry is addressed by the market risk premium, while the beta is responsible for company-specific risks. We have used a market risk premium of 3% for the valuation, as we believe most of the inherent risks in the Nigerian capital market have been largely priced in the bond yields.

#### Assumed terminal growth rate:

This is the rate that the company is assumed to continue to grow after the forecasted years in the valuation. It is usually close to the GDP rate of the country where the company is situated. In certain cases, the assumed growth rate may exceed the current GDP as the industry may be in its growth phase. We have reduced the terminal growth rate for the un-

quoted financial instruments from 8.5% to 5.0% in line with growth projections for the country. It is important to note that huge potentials remain largely untapped in the Nigerian housing industry, predicated on a large and growing population with unmet housing needs.

#### The effect of unobservable inputs in fair value measurement

Although the group believes that the estimates of its fair values are appropriate, the use of different methodologies or assumptions could lead to different measurement of fair value. The following table shows the sensitivity of level 3 measurements to reasonably possible favorable or unfavorable changes in the assumptions used to determine the fair value of the financial asset or liability. If discount rates were to change +/- 1% and terminal growth rate were to change by +/-0.5%, which management considers a reasonably possible change in assumptions for the fair value of available -for-sale financial assets.

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the valuation unquoted financial assets have been calculated by recalibrating the model values using unobservable inputs. The Group's reporting systems and the nature of the instruments and the valuation models do not allow it to analyse accurately the total annual amounts of gains/losses reported above that are attributable to observable and unobservable inputs.

Key inputs and assumptions used in the models at 31 December 2013 included a weighted average cost of capital of 15.5% (with reasonably possible alternative assumptions of 14.5% and 16.5%) and a terminal growth rate of 5% (with reasonably possible alternative assumptions of 4.5% and 5.5%). The impact is as outlined next page:

In thousands of Nigerian Naira  
Equity securities- Available for sale

Effect on OCI	2013	
	Favourable	Unfavourable
	Cost of equity	
	14.5%	16.5%
Terminal growth rate	4.50%	21,425
	5.50%	11,425

Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

Group				
31-Dec-13				
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	3,747,340	2,422,058	-	6,169,398
Held to maturity	6,450,413	-	-	6,450,413
Trade receivables	-	166,367	-	166,367
Reinsurance and co insurance receivables	-	677,991	-	677,991
Other receivables	-	627,886	-	627,886
Statutory deposit	-	500,000	-	500,000
<b>Total</b>	<b>10,197,753</b>	<b>4,394,302</b>	<b>-</b>	<b>14,592,055</b>
Borrowings	-	3,522,163	-	3,522,163
Trade payables	-	1,143,012	-	1,143,012
Other liabilities	-	2,248,904	-	2,248,904
<b>Total</b>	<b>-</b>	<b>6,914,079</b>	<b>-</b>	<b>6,914,079</b>
Parent				
31-Dec-13				
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	3,172,892	2,284,050	-	5,456,942
Held to maturity	6,182,981	-	-	6,182,981
Trade receivables	-	166,367	-	166,367
Reinsurance and co -insurance receivables	-	677,991	-	677,991
Other receivables	-	2,290,893	-	2,290,893
Statutory deposit	-	500,000	-	500,000
<b>Total</b>	<b>9,355,873</b>	<b>5,919,301</b>	<b>-</b>	<b>15,275,174</b>
Trade payables	-	1,143,012	-	1,143,012
Other liabilities	-	288,189	-	288,189
<b>Total</b>	<b>-</b>	<b>1,431,201</b>	<b>-</b>	<b>1,431,201</b>
Group				
31-Dec-12				
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	1,460,870	1,796,306	-	3,257,176
Held to maturity	4,592,419	830,563	-	5,422,982
Pledged assets	-	235,967	-	235,967
Trade receivables	-	2,036,827	-	2,036,827
Reinsurance and co insurance receivables	-	428,662	-	428,662
Other receivables	-	641,820	-	641,820
Statutory deposit	-	500,000	-	500,000
<b>Total</b>	<b>6,053,289</b>	<b>6,470,145</b>	<b>-</b>	<b>12,523,434</b>

Liability type				
Borrowings	-	3,804,438	-	3,804,438
Trade payables		2,053,812	-	2,053,812
Other liabilities	-	946,298	-	946,298
<b>Total</b>	<b>-</b>	<b>6,804,548</b>	<b>-</b>	<b>6,804,548</b>

Parent  
31-Dec-12

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	2,874,487	-	-	2,874,487
Held to maturity	4,438,189	728,580	-	5,166,769
Pledged assets	235,968	-	-	235,968
Trade receivables	-	2,036,827	-	2,036,827
Reinsurance and co insurance receivables	-	428,662	-	428,662
Other receivables	-	1,547,891	-	1,547,891
Statutory deposit	-	500,000	-	500,000
<b>Total</b>	<b>7,548,644</b>	<b>5,241,960</b>	<b>-</b>	<b>12,790,604</b>

Liability type				
Borrowings	235,968	-	-	235,968
Trade payables	-	2,053,812	-	2,053,812
Other liabilities	-	404,068	-	404,068
<b>Total</b>	<b>235,968</b>	<b>2,457,879</b>	<b>-</b>	<b>2,693,848</b>

#### Determination of fair value

The determination of fair value for each class of financial instruments was based on the particular characteristic of the instruments. The method and assumptions applied are enumerated below:

#### Cash and cash equivalent, borrowings and unquoted held-to- maturity bonds

The estimated fair value of fixed interest placement with banks, bonds and borrowings is based on the discounted cash flow techniques using prevailing money market interest rates for debts and similar credit risk and remaining maturity.

#### Quoted securities (held-to-maturity and held for trading)

The fair value for treasury bills and bonds assets is based on market prices or brokers/dealers price quotations. Where this information is not available, fair valuation is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

#### Unquoted equity securities available for sale

The fair value of available-for-sale securities is based on on the market approach which consider similar/ identical transactions.

#### Trade receivables and payables, reinsurance receivables and other liabilities

The estimated fair value of receivables and payables with no stated maturity which includes no interest payables and receivables is the amount repayable or to received on demand.

The carrying amounts of other liabilities are reasonable approximation of their fair values which are payable on demand.

## Notes to the financial statements

For the year ended 31 December 2013

### 7 Segment information

The Group is organized into five operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. Management identifies its reportable operating segments by product line consistent with the reports used by the Management Investment and Underwriting Committee. These segments and their respective operations are as follows:

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

**Life :** This segment covers the protection of the Group's customers against the risk of premature death, disability, critical illness and other accidents. Revenue from this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets and net fair value gains on financial assets held for trading.

**Asset management:** Offers a range of investment products domestically and abroad to suit customer's long- and short-term investment needs. Revenue from this segment is derived primarily from fee income, investment income, net realized gains on financial assets and net fair value gains on financial assets held for trading.

**Property development:** The Group undertakes real estate development project with the aim of outright sale or lease of the properties to meet the needs of individual and corporate bodies. The Group offers various products in real estate to meet client needs while promoting value adding business relationships and utilizes a combination of debt and equity finance to provide funds for projects. Revenue from this segment is derived primarily from fee income, investment income, net realized gains on financial assets and net fair value gains on financial assets held for trading.

**Others:** Includes the operation of the Staff Investment Scheme and corporate operations, after allocations to operating segments. Corporate operations consist primarily of corporate-level income and expenses, after allocations to any business segments.

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

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

- System and controls
- Financial control
- Human resources
- Information technology

Mansard Investments Limited rendered asset management services for other business segments of the group. Fee income earned on asset management services is eliminated on consolidation.

(a) The consolidated financial data for the reporting segments for the year ended 31 December 2013 is as follows:

December 2013	Non-Life	Life	Asset Management	Property development	Health	Others	Elimination Adjustments	Total
Revenue:								
Derived from external customers:								
Gross premium	10,604,124	2,975,628	-	-	14,464	-	-	13,594,216
Gross premium income	9,565,664	2,950,310	-	-	3,612	-	-	12,519,586
Reinsurance expenses	(4,309,760)	(671,460)	-	-	-	-	-	(4,981,220)
Net premium income	5,255,905	2,278,850	-	-	3,612	-	-	7,538,366
Fee and commission income	420,192	121,461	-	-	-	-	-	541,653
Profits on investment contracts	-	200,108	-	-	-	-	-	200,108
Investment income	865,155	495,488	218,921	9,108	32,789	4,875	(181,668)	1,444,668
Net fair gains on financial assets	268,448	94,612	79,175	13,155	-	-	-	455,390
Other operating income	118,989	136	450	-	-	-	(101,907)	17,667
Net fair gains on non financial assets	-	-	-	1,177,922	-	-	-	1,177,922
Rental income	-	-	-	437,306	-	-	-	437,306
Net income	6,928,689	3,190,656	298,546	1,637,490	36,400	4,875	(283,575)	11,813,081
Insurance benefits and claims	3,505,381	1,198,064	-	-	1,629	-	-	4,705,075
Insurance claims recovered from re-insurer	(786,729)	(387,379)	-	-	-	-	-	(1,174,108)
Net insurance benefits and claims	2,718,652	810,685	-	-	1,629	-	-	3,530,966
Acquisition cost	1,140,154	762,015	-	-	-	-	-	1,902,170
Other underwriting expenses	132,454	63,402	-	-	-	-	-	195,856
Expenses for marketing and administration	585,086	280,963	-	-	-	-	(6,915)	859,134
Employee benefit expense	717,435	276,690	76,172	-	33,218	-	-	1,103,515
Depreciation and amortisation	274,112	12,742	6,864	932	6,411	-	-	301,061
Impairment loss on trade receivables	260,643	299,508	-	-	-	-	-	560,151
Other expenses	476,832	440,633	55,390	86,741	47,727	-	-	1,107,324
Net expenses	6,305,368	2,946,638	138,427	87,673	88,985	-	(6,915)	9,560,177
Reportable segment profit	623,321	244,017	160,119	1,549,817	(52,585)	4,875	(276,660)	2,252,904
Finance cost	-	-	-	(327,355)	-	-	65,718	(261,636)
Profit before income tax from								

reportable segments	623,321	244,017	108,947	1,222,462	(52,585)	4,875	(159,770)	1,991,266
Income tax expenses	122,530	(30,000)	(9,606)	20,000	-	-	-	102,925
Profit after income tax	745,851	214,017	99,341	1,242,462	(52,585)	4,875	(159,770)	2,094,191
Assets and liabilities								
Total assets	18,657,128	10,132,653	2,435,603	9,288,128	480,445	(4,875)	(4,856,367)	36,132,715
Total liabilities	8,337,220	6,927,928	1,655,454	5,824,986	26,576	-	(1,570,663)	21,201,501
Net assets/(liabilities)	10,319,908	3,204,725	780,149	3,463,142	453,869	(4,875)	(3,285,704)	14,931,214
December 2013	Non-Life	Life	Asset Management	Property development	Health	Others	Elimination Adjustments	Total
Inter- segment reporting								
In thousands of Naira								
External revenue								
Net premium earned	5,255,905	2,278,850	-	-	3,612	-	-	7,538,366
Net interest income	865,155	695,597	218,921	9,108	32,789	4,875	-	1,826,444
Net fees and commission	420,192	121,461	-	-	-	-	-	541,653
Net trading income	268,448	94,612	79,175	13,155	-	-	-	455,390
Other income	118,989	136	450	1,615,228	-	-	-	1,734,802
Inter segment revenue	-	-	-	-	-	-	(232,403)	(283,575)
Total segment revenue	6,928,689	3,190,656	247,374	1,637,490	36,400	4,875	(232,403)	11,813,081
Other material non cash items	-	-	-	-	-	-	-	-
Reportable segment before tax	6,928,689	3,190,656	247,374	1,637,490	36,400	4,875	(232,403)	11,813,081
Reportable segment assets	18,657,128	10,132,653	2,435,603	9,288,128	480,445	(4,875)	(4,856,367)	36,132,715
Reportable segment liabilities	8,337,220	6,927,928	1,655,454	5,824,986	26,576	-	(1,570,663)	21,201,501

(b) The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2013 is as follows:

In thousands of Nigerian Naira	Non-life	Life Business	Mansard Investment	APD Limited	Barista Properties	SIT	Mansard Health	Elimination/Conso adjustments	Total
Cash and cash equivalents	3,838,162	1,599,603	54,052	529,046	-	-	129,358	-	6,169,398
Financial assets									
- At fair value through profit or loss	326,962	440,111	246,613	-	-	-	-	-	1,013,686
- Available for sale	1,650,903	343,760	126,230	-	-	(4,875)	303,132	4,875	3,424,025
- Held to maturity	3,223,692	2,959,289	267,433	-	-	-	-	-	6,450,413
Financial assets designated at fair value	-	2,140,840	1,597,922	-	-	-	-	-	3,738,761
Investment in subsidiaries	2,522,528	677,133	-	-	-	-	-	3,199,661	-
Trade receivables	139,461	26,907	-	-	-	-	-	-	166,368
Reinsurance receivables	2,463,461	388,548	-	-	-	-	-	-	2,852,008
Other receivables	2,203,227	313,084	75,633	614	-	-	3,828	(1,673,583)	922,804
Deferred acquisition cost	361,619	-	-	-	-	-	167	-	361,786
Investment properties	-	-	-	-	6,800,000	1,942,725	-	-	8,742,725
Intangible assets	82,084	0	2,983	322	-	-	13,490	12,000	110,879
Property, plant and equipment	1,545,030	24,203	64,737	15,421	-	-	30,469	-	1,679,861
Statutory deposit	300,000	200,000	-	-	-	-	-	-	500,000
<b>TOTAL ASSETS</b>	<b>18,657,128</b>	<b>10,132,653</b>	<b>2,435,602</b>	<b>7,345,403</b>	<b>1,942,725</b>	<b>(4,875)</b>	<b>480,445</b>	<b>(4,856,369)</b>	<b>36,132,715</b>
Insurance liabilities	5,581,263	2,099,400	-	-	-	-	12,031	-	7,692,694
Investment Contract liabilities:									
- At amortised cost	-	2,189,940	-	-	-	-	-	-	2,189,940
- Other financial liabilities designated at fair value	-	2,140,840	1,597,922	-	-	-	-	-	3,738,761
Borrowings	-	-	-	4,947,850	-	-	-	1,463,722	3,484,128
Trade payables	900,964	242,048	-	-	-	-	-	-	1,143,012
Other payables	1,653,293	165,343	48,138	692,756	-	-	14,545	106,943	2,467,133
Current income tax liabilities	182,258	90,357	7,136	-	-	-	-	-	279,751
Deferred income tax	19,442	-	2,259	163,283	21,098	-	-	-	206,082

TOTAL LIABILITIES	8,337,220	6,927,928	1,655,454	5,803,889	21,098	-	26,576	(1,570,665)	21,201,501
EQUITY									
Paid up share capital	4,000,000	1,000,000	100,000	2,367	1,100	-	500,000	-603,467	5,000,000
Share premium	3,043,244	800,000	500,000	379,958	1,730,649	-	-	-2,610,608	3,843,243
Contingency reserve	1,670,828	241,751	-	-	-	-	-	-	1,912,580
Capital reserves	1,500,000	1,000,000	-	-	-	-	-	-	2,500,000
Retained earnings	51,512	-64,790	180,148	499,057	189,878	-4,875	-46,131	-71,629	733,170
Treasury shares	-	-	-	-	-	-	-	-	-
Fair value reserves	54,324	227,763	-	-	-	-	-	-	282,088
	10,319,908	3,204,724	780,148	881,383	1,921,627	(4,875)	453,869	(3,285,704)	14,271,081
Non-controlling interests in equity	-	-	-	660,132	-	-	-	-	660,132
<b>TOTAL EQUITY</b>	<b>10,319,908</b>	<b>3,204,724</b>	<b>780,148</b>	<b>1,541,515</b>	<b>1,921,627</b>	<b>(4,875)</b>	<b>453,869</b>	<b>(3,285,704)</b>	<b>14,931,213</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>18,657,128</b>	<b>10,132,653</b>	<b>2,435,602</b>	<b>7,345,403</b>	<b>1,942,725</b>	<b>(4,875)</b>	<b>480,445</b>	<b>(4,856,369)</b>	<b>36,132,714</b>

## 8 Cash and cash equivalents

For the year end 31 December 2013  
In thousands of Nigerian Naira

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Cash at bank and in hand	3,747,340	1,392,479	3,172,892	1,306,343
Tenored deposits (see note (a) below)	2,402,881	1,796,306	2,264,873	1,499,753
Treasury bills with maturity of less than 90 days	19,177	68,391	19,177	68,391
	6,169,398	3,257,176	5,456,942	2,874,487

Included in tenored deposits is a debt reserve account of N55.2 million (2012: N184 million) held with Guaranty Trust Bank Plc. This balance has not been included for cashflow purposes.

(a) For the purpose of the cashflow statement cash and cash equivalents comprise the following balances with less than 3 months maturity from the date of acquisition.

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Cash at bank and hand	3,747,340	1,392,479	3,172,892	1,306,343
Tenored deposits	2,347,670	1,612,066	2,264,873	1,499,753
Treasury bills with maturity of less than 90 days	19,177	68,391	19,177	68,391
Cash and cash equivalent	6,114,187	3,072,936	5,456,942	2,874,487

## 9 Financial assets

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

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Held for trading (see note 9.1 below)	1,013,686	4,006,870	767,073	3,729,262
Available-for-sale (see note 9.2 below)	3,424,026	3,067,015	2,994,664	3,067,015
Other financial assets designated at fair value ( see note 9.3 below)	3,738,761	2,146,971	2,140,840	1,603,874
Held-to-maturity (see note 9.4 below)	6,450,413	5,422,982	6,182,981	5,166,769
Total financial assets	14,626,886	14,643,838	12,085,558	13,566,920
Current	8,176,473	9,220,856	5,902,577	8,400,151
Non-current	6,450,413	5,422,982	6,182,981	5,166,769

### 9.1 Held for trading assets

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Equity securities				
– Listed	1,013,686	110,657	767,073	108,301
Debt securities:				
– Listed	-	3,896,213	-	3,620,961
(a) Total financial assets at fair value through profit or loss	1,013,686	4,006,870	767,073	3,729,262
Current	1,013,686	4,006,870	767,073	3,729,262
Non-current	-	-	-	-

## (b) Reclassifications out of held for trading financial assets

During the year, the Group reclassified certain assets for which it had changed its intent such that it longer holds these financial assets for the purpose of selling in the short term to available for sale investment securities. For reclassified trading assets that would have met the definition of available for sale, the group has the intention and ability to hold them for the foreseeable future.

The table below sets out the financial assets reclassified and their carrying and fair values

Amounts in thousands of Naira	Group Dec-2013		Parent Dec-2013	
	Carrying value	Fair value	Carrying value	Fair value
Held for trading reclassified to available for sale financial assets	3,726,637	3,726,637	3,726,637	3,726,637

The effective interest rates on trading assets reclassified to available-for-sale investment securities at date of recalcification ranged from 11.79% to 12.41%, the total cash flows of N4 billion was recovered on maturity. The table below sets out the amounts actually recognised in profit or loss and OCI in 2013 in respect of financial assets reclassified out of the held for trading financial assets category.

	Profit or loss	OCI	Profit or loss	OCI
Held for trading reclassified to available for sale investment securities:				
Interest income	147,839	-	147,839	-
Net change in fair value	-	(12,416)	-	(12,416)
	147,839	(12,416)	147,839	(12,416)

## 9.2 Available-for-sale financial assets

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Equity securities				
- Unlisted	1,426,039	3,067,015	1,426,039	3,067,015
Debt securities				
- Listed	1,997,987	-	1,568,625	-
Total available-for-sale financial assets	3,424,026	3,067,015	2,994,664	3,067,015

Analysis of unlisted available for sale instruments is shown:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Unlisted:				
Legacy money market funds	10,800	10,800	10,800	10,800
MTN linked notes	851,058	2,249,166	851,058	2,249,166
Investment in BGL Plc	-	100	-	100
Investment in Food Concept Plc	-	6,701	-	6,701
GT Funds	106,414	94,854	106,414	94,854
Coral Growth Fund	3,348	1,620	3,348	1,620
Investment in DML Nominees limited	48	48	48	48
ARM Pensions Managers limited	-	221,066	-	221,066
GT Homes limited	190,000	50,000	190,000	50,000
IAML Money market funds	229,048	208,535	229,048	208,535
ARM Mutual Funds	-	224,125	-	224,125
ARM Money market funds	35,323	-	35,323	-
	1,426,039	3,067,015	1,426,039	3,067,015

### 9.3 Other financial assets designated at fair value

Other financial assets designated at fair value represent the assets of the investment contracts. The assets matches the financial liabilities carried at fair value as at year end. This balance comprises equity and debt securities classified at fair value through profit or loss which have been designated.

The asset backing the fund can be analysed as follows:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Cash in hand and bank	306,065	56,977	152,832	47,305
Short term deposit	1,030,415	577,012	524,523	275,345
Government treasury bills	1,170,934	514,333	530,102	430,039
Government and corporate bonds	1,160,078	966,236	876,001	823,927
Quoted equity securities	71,269	32,414	57,382	27,258
Balance, end of year	3,738,761	2,146,971	2,140,840	1,603,874

### 9.4 Held-to-maturity financial assets, at amortised cost

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
(a) Debt securities				
– Listed	6,450,413	4,592,419	6,182,981	4,438,189
– Unlisted	-	830,563	-	728,580
	6,450,413	5,422,982	6,182,981	5,166,769
Current	210,705	509,634	154,504	509,634
Non-current	6,239,708	4,913,348	6,028,477	4,657,135

At the reporting date, no held-to-maturity assets were past due or impaired. Held-to-maturity bonds are analysed below:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
5.5% FGN FEB 2013	-	369,194	-	369,194
10.5% FGN MAR 2014	206,012	205,790	206,012	205,790
4.00% FGN APR 2015	1,581,181	1,343,454	1,581,181	1,343,454
15.10% FGN APR 2017	803,466	803,853	798,835	799,173
10.70% FGN MAY 2018	132,345	39,895	132,345	39,895
7.00% FGN OCT 2019	877,399	858,985	877,399	859,089
16.39% FGN JAN 2022	11,119	11,142	11,119	11,142
8.50% FGN NOV 2029	606,046	602,553	456,613	453,286
GTB Corporate Bond Series 1	271,516	271,515	221,220	221,217
Kwara State Government Bond	105,715	105,756	105,715	105,756
Lagos State Government 2014 5 Years Series 1	106,017	106,003	106,016	106,002
UBA Bond Series 1	238,751	227,423	175,681	175,736
0%LCR2017S2	482,092	357,550	482,092	357,166
Lagos State Government Nov 2019 Series 1 Bond	119,875	119,869	119,875	119,869
16% FGN 2019 S3 - (9TH FGN 2019 S3)	86,366	-	86,366	-
13.05% FGN AUGUST 2016	476,031	-	476,031	-
14.25% FSDH Funding SPV 2016	103,201	-	103,201	-
LA CASERA 15.75% S1 Fixed Rate Amortisation bond	40,263	-	40,263	-
LASG 2020 Series 2 Bond - 13.50%	182,331	-	182,331	-
14.75% Osun State SUKUK 2020	20,686	-	20,686	-
	6,450,412	5,422,982	6,182,981	5,166,769

## 10 Pledged assets

Pledged assets represents assets transferred to providers of short term borrowings for the purpose of securing the debt. The debt providers maintain possession of the pledged assets but do not have ownership unless default.

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Debt securities- Bonds	-	235,967	-	235,967
	-	235,967	-	235,967

## 11 Trade receivables

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Insurance receivables	387,946	2,257,363	387,946	2,257,363
(a) Less specific provision for impairments	(221,579)	(220,536)	(221,579)	(220,536)
	166,367	2,036,827	166,367	2,036,827
Counter party categorization of insurance receivables:				
	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Insurance companies	41,977	194,662	41,977	194,662
Brokers and agents	283,981	1,435,045	283,981	1,435,045
Contract holders	61,988	627,656	61,988	627,656
Total insurance receivables	387,946	2,257,363	387,946	2,257,363
– Less impairment of receivables from insurance companies	(39,787)	(24,723)	(39,787)	(24,723)
– Less impairment for receivables from brokers and agents	(121,880)	(112,438)	(121,880)	(112,438)
– Less impairment for receivables from contract holders	(59,912)	(83,375)	(59,912)	(83,375)
Total impairment	(221,579)	(220,536)	(221,579)	(220,536)
	166,367	2,036,827	166,367	2,036,827

There is no concentration of credit risk with respect to loans and receivables, as the Group has a non-symmetrical portfolio dispersed across many industries in Nigeria.

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

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
0 – 30 days	185,124	653,378	185,124	653,378
31 – 90 days	80,336	997,132	80,336	1,650,510
91 – 180 days	37,270	299,984	37,270	299,984
Above 180 days	85,216	306,869	85,216	306,869
Total	387,946	2,257,363	387,946	2,257,363

### (b) Impairment of insurance receivables

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance, beginning of the year	220,536	268,327	220,536	268,327
Additions, during the year	448,629	69,589	448,629	69,589
Write off of premium receivables	(315,526)	(117,380)	(315,526)	(117,380)
Recoveries	(132,060)	-	(132,060)	-
Balance, end of year	221,579	220,536	221,579	220,536

## Notes to the financial statements

For the year ended 31 December 2013

### 12 Reinsurance and co-insurance receivables

In thousands of Nigerian Naira

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Total reinsurers' and co-insurer's share of insurance liabilities (see note (a) below)	677,991	428,662	677,991	428,662
Prepaid re-insurance (see note (b) below)	1,879,243	1,182,471	1,879,243	1,182,471
Reinsurance share of Incurred But Not Reported (IBNR) (see note (c) below)	294,774	187,673	294,774	187,673
	2,852,008	1,798,806	2,852,008	1,798,806

(a) The movement in reinsurers' and co-insurer's share of insurance liabilities is as follows:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance, beginning of the year	428,662	809,785	428,662	809,785
Additions in the year	951,186	444,794	951,186	444,794
Release in the year	(701,857)	(825,917)	(701,857)	(825,917)
Balance, end of year	677,991	428,662	677,991	428,662

(b) The movement in prepaid reinsurance is as follows:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance, beginning of the year	1,182,471	785,851	1,182,471	785,851
Additions in the year	5,006,533	4,332,889	5,006,533	4,332,889
Released in the year	(4,309,761)	(3,936,269)	(4,309,761)	(3,936,269)
Balance, end of year	1,879,243	1,182,471	1,879,243	1,182,471

(c) Reinsurance share of IBNR can be analysed as follows:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Non-life	181,837	97,921	181,837	97,921
Life	112,937	89,752	112,937	89,752
Balance, end of year	294,774	187,673	294,774	187,673

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

(ii) Re-insurance receivables are not impaired as balances are set -off against payables from retrocession at the end of every quarter .

Current	2,671,047	1,753,174	2,671,047	1,617,845
Non current	180,961	45,632	180,961	180,961

### 13 Other receivables

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Prepayment	294,920	225,604	285,661	221,115
Accrued income	20,439	24,043	96,938	25,211
Deposit for shares	55,000	-	55,000	-
Receivables from stockbrokers	254,335	252	254,335	252
Current accounts with related parties	-	-	74,352	27,244
Loans and receivable from related parties (see note (b) below)	-	678	1,487,080	1,353,816
Others	310,708	629,442	275,539	153,964
Less provision for impairment of other loans and receivables (see (a) below)	(12,596)	(12,596)	(12,596)	(12,596)
	922,806	867,423	2,516,309	1,769,006

The movement in provision for impairment of other loans and receivables:

(a)	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance, beginning of the year	12,596	-	12,596	-
Additions, during the year	-	12,596	-	12,596
Balance end of year	12,596	12,596	12,596	12,596

(i) As at year end N12,596,000 (2012:N12,596,000) were past due and have been fully impaired.

Current	897,843	707,410	1,023,630	1,608,992
Non-current	24,963	160,014	1,492,679	160,014

### 14 Deferred acquisition cost

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Deferred acquisition cost- Fire	45,392	32,535	45,392	32,535
Deferred acquisition cost- Gen. Accident	24,741	26,915	24,741	26,915
Deferred acquisition cost- Motor	71,500	62,878	71,500	62,878
Deferred acquisition cost- Marine	29,131	42,883	29,131	42,883
Deferred acquisition cost- Engineering	24,784	18,413	24,784	18,413
Deferred acquisition cost- Oil & Gas	162,205	58,403	162,205	58,403
Deferred acquisition cost- Aviation	3,866	11,991	3,866	11,991
Deferred acquisition cost- HMO	167	-	-	-
Total	361,786	254,018	361,619	254,018

The movement in deferred acquisition cost is as follows:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance, beginning of year	254,018	196,656	254,018	196,656
Additions in the year	1,519,674	853,030	1,519,507	853,030
Amortization in the year	(1,411,906)	(795,668)	(1,411,906)	(795,668)
<b>Balance, end of year</b>	<b>361,786</b>	<b>254,018</b>	<b>361,619</b>	<b>254,018</b>
Current	356,532	205,813	356,366	205,813
Non-current	5,254	48,205	5,253	48,205

## 15 Investment property

	Group Dec-2013	Group Dec-2012
Landed property	1,942,725	1,928,792
Office property	6,800,000	5,007,868
<b>Balance, end of year</b>	<b>8,742,725</b>	<b>6,936,660</b>

Investment property comprises one commercial property and a landed property, both held for the purpose of capital appreciation. whilst the commercial property has been rented out, the landed property only represents bare land. Investment property are carried at fair value which are determined by independent professional valuers. Landed property include the Investment property held in Barista Properties Development Limited. This was independently valued by Fola Oyekan and Associate as at December 2013 to ascertain the fair value of the investment property. The market value of the property, as at the last valuation date of 18 December 2013, was N1,942,725,000,

while Office property, (investment property held by APD Limited) was valued by Jide Taiwo & Co. estate valuers as at 31 December 2013 at N6,800,000,000 using the cost valuation approach. The valuation was performed on 22 November 2013. The determination of fair value of the investment property was supported by market evidence. The modalities and process of valuation utilized extensive analysis of market data and other sectors specific peculiarities corroborated with available database derived from previous experiences. Rental income on investment property included in statement of comprehensive income for the year was N437 million (2012: N129 million).

The movement in investment properties is analysed as follows:

	Group Dec-2013	Group Dec-2012
Balance, beginning of year	6,936,660	5,490,491
Additional cost incurred during the year	628,143	1,708,016
Construction capitalised during the year.	-	24,370
Investment property disposed during the year	-	(859,187)
Fair value gain on landed property	13,933	104,127
Fair value gain on office property	1,163,989	468,843
<b>Investment property at fair value</b>	<b>8,742,725</b>	<b>6,936,660</b>



## Notes to the financial statements

For the year ended 31 December 2013

### 16 Investment in subsidiaries

(a) The Company's investment in subsidiaries is as stated below:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Mansard Investment Limited	-	-	600,000	600,000
APD Limited	-	-	382,326	382,326
Barista Limited	-	-	1,705,335	1,705,335
Mansard Health Limited	-	-	512,000	-
	-	-	3,199,661	2,687,661

(b) Principal subsidiary undertakings:

The Group is controlled by Mansard Insurance Plc "the parent" (incorporated in Nigeria). The controlling interest of Mansard Insurance Plc in the Group entities is disclosed in the table below:

Company name	Nature of business	Country of origin	% of equity capital controlled
Mansard Investment Limited	Asset management	Nigeria	100
Barista Property Development Limited	Property development	Nigeria	100
APD Limited	Property development	Nigeria	56
Mansard Health Limited	Health Management Organisation	Nigeria	100

1. Mansard Investments Limited was incorporated in January 2008 and its principal activity involves provision of portfolio management services to both individual and corporate clients.
2. Mansard Health Limited was incorporated as a private limited liability company and its principal activities is to manage the provision of health care services through health care providers and for that purpose accredited with the National Health Insurance Scheme.

Mansard Insurance Plc acquired 99.9% equity on 1 May 2013. The business combination is expected to enable the Company's to access the local health insurance market and to grow the Company's insurance network. As at the date of acquisition the fair value of the total consideration transferred was N12 million.

3. Assur Property Development Company Limited was incorporated on 2 September 2010 for the purpose of holding and developing the Company's former office block located at Plot 928A/B, Bishop Aboyade Cole Street, Victoria Island, Lagos to an ultra modern office structure. As at the reporting date, APD is the only subsidiary in which there is a non controlling interest.
4. Barista Property Development Company Limited is an SPV incorporated on 7 July 2008 to provide property development and investment services to both individual and corporate clients.

The latter two are special purpose entities (SPVs) established by the Company for the purpose of investing in the real sector of the economy. The movement in investment in subsidiaries during the year is as follows:

	Parent Dec-2013	Parent Dec-2012
Balance, beginning of year	2,687,661	3,546,829
Additions, during the year	512,000	-
Disposal, during the year	-	(859,168)
<b>Balance, end of year</b>	<b>3,199,661</b>	<b>2,687,661</b>

(c) The table below summarises the information relating to the Group's subsidiary that has material Non-Controlling Interest (NCI) before any intra-group elimination. Note 5 on segment reporting shows the summarised financial information of all the subsidiaries.

APD Limited	Group Dec-2013	Group Dec-2012
NCI percentage	44%	44%
Cash and cash equivalent	527,846	225,439
Other receivables	614	502,528
Investment properties	5,767,282	5,218,362
Property and equipment	15,421	-
Intangible assets	322	432
Borrowings	(4,947,850)	(4,666,065)
Other liabilities	(692,756)	(528,352)
<b>Net assets</b>	<b>670,879</b>	<b>752,344</b>
Carrying amount of NCI	660,132	468,951
Income	245,890	180,675
(Loss)/profit	(81,465)	76,059
<b>Profit allocated to NCI</b>	<b>191,181</b>	<b>164,875</b>
Cash flows from operating activities	645,392	453,528
Cash flows from investing activities	(111,521)	(1,925,403)
Cash flows from financing activities	(47,224)	925,488
Net increase /( decrease) in cash and cash equivalents	486,647	(546,387)

(d) Significant restrictions

The group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the regulatory frameworks which which the insurance business operates.

The regulatory frameworks require all insurance companies to maintain certain levels of regulatory capital and liquid assets and comply with other ratios such as the solvency margin.

## 17 Intangible assets

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Computer software acquired ( see note (a) below)	98,878	100,769	82,085	96,357
Goodwill (see note (b) below)	12,000	-	-	-
<b>Total</b>	<b>110,878</b>	<b>100,769</b>	<b>82,085</b>	<b>96,357</b>

(a) The movement in computer software is shown below:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Cost:				
Balance, beginning of year	219,728	131,462	214,189	129,205
Additions	27,743	88,266	13,560	84,984
<b>Balance, end of year</b>	<b>247,471</b>	<b>219,728</b>	<b>227,749</b>	<b>214,189</b>
Amortization:				
Balance, beginning of year	118,959	89,763	117,832	89,540
Amortisation charge	29,634	29,196	27,832	28,292
<b>Balance, end of year</b>	<b>148,593</b>	<b>118,959</b>	<b>145,664</b>	<b>117,832</b>
<b>Closing net book amount</b>	<b>98,878</b>	<b>100,769</b>	<b>82,085</b>	<b>96,357</b>

(b) Goodwill represents excess purchase consideration over the net asset value of Mansard Health Limited

	Group Dec-2013	Group Dec-2012
Balance, beginning of the year	-	-
Additions	12,000	-
<b>Balance, end of year</b>	<b>12,000</b>	<b>-</b>
Impairment charge	-	-
<b>Net book value</b>	<b>12,000</b>	<b>-</b>

On 1 May 2013, Mansard Insurance Plc acquired 99.9% of the share capital of Mansard Health for N12 million. The principal activity of Mansard Health is the provision of health care services through health care providers and for that purpose is accredited with the National Health Insurance Scheme.

As a result of this acquisition, the Group will have access to the local health insurance market thereby growing the Group's insurance network. The goodwill of N12m arising from the acquisition represents the fair value of the consideration transferred as Mansard Health had a zero carrying value of its net assets at acquisition date. Cash was paid as consideration and there was no contingent consideration. None of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition related costs of N1.6 million have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2013.

The revenue included in the consolidated statement of comprehensive income since 1 May 2013 contributed by Mansard Health was N36.6m. Mansard Health, however, contributed a loss of N42.6m over the same period. Had the entity been consolidated since 1 January 2013, the contribution of its revenue and loss would have been the same given that the entity was no longer in operation at the time of acquisition.

Management reviews the performance based on type of business. Goodwill is monitored by the management at the operating segment level. The recoverable amount of all CGUs is to be determined based on the value-in-use calculation. These calculations use pre-tax cash flow projections based on the financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using estimated growth rate. Management is of the opinion that the newly acquired subsidiary will operate profitably within 3 to 5 years from the date it commences operation based on the positive outlook of the market and the industry.

The following table summarises the consideration paid for Mansard health Limited at the acquisition date.

Consideration at 1 May 2013	N'000
Cash	12,000
Fair value of net assets acquired	-
	12,000

## 18 Property and equipment

### (a) (Group)

As at 31 December 2013	Land	Building	Motor vehicle	Computer equipment	Office equipment	Furniture and fittings	Total
<b>Cost</b>							
Balance, 1 January 2013	389,664	475,675	447,560	251,644	180,192	368,467	2,113,202
Additions	-	2,200	171,134	61,035	52,135	215,814	502,318
Reclassifications	-	-	-	-	503	(503)	-
Disposals	-	-	(110,742)	(15,760)	(19,594)	(15,336)	(161,432)
Balance, end of year	389,664	477,875	507,952	296,919	213,236	568,442	2,454,088
Balance, 1 January 2013	-	10,966	241,882	176,881	75,350	130,309	635,388
Charge for the year	-	9,561	94,059	52,236	35,303	80,269	271,427
Reclassifications	-	-	-	-	49	(49)	-
Disposals	-	-	(88,455)	(13,806)	(17,591)	(12,736)	(132,588)
Balance, end of year	-	20,527	247,486	215,311	93,110	197,793	774,227

**Net book value**

As at 1 January 2013	389,664	464,709	205,678	74,763	104,842	238,158	1,477,814
At 31 December 2013	389,664	457,348	260,466	81,608	120,125	370,649	1,679,861

(b) Property and equipment (Parent)

As at 31 December 2013	Land	Building	Motor vehicle	Computer equipment	Office equipment	Furniture and fittings	Total
<b>Cost</b>							
Balance, 1 January 2013	389,664	475,675	430,235	250,882	179,686	364,023	2,090,165
Additions	-	2,200	134,444	52,746	42,775	152,613	384,778
Reclassifications	-	-	-	-	503	(503)	-
Disposals	-	-	(96,312)	(15,760)	(19,594)	(15,336)	(147,002)
Balance, end of year	389,664	477,875	468,367	287,868	203,370	500,797	2,327,941
<b>Accumulated depreciation</b>							
Balance, 1 January 2013	-	10,964	231,768	176,270	75,087	128,072	622,161
Charge for the year	-	9,561	86,392	51,227	34,656	77,184	259,021
Reclassifications	-	-	-	-	49	(49)	-
Disposals	-	-	(78,340)	(13,806)	(17,591)	(12,736)	(122,473)
Balance, end of year	-	20,525	239,820	213,691	92,201	192,471	758,708

**Net book value**

As at 1 January 2013	389,664	464,711	198,467	74,612	104,599	235,951	1,468,004
At 31 December 2013	389,664	457,350	228,547	74,177	111,169	308,326	1,569,233

(c) Group

As at 31 December 2012	Land	Building	Motor vehicle	Computer equipment	Office equipment	Furniture and fittings	Total
<b>Cost</b>							
Balance, 1 January 2012	389,664	428,669	367,520	200,934	124,537	240,710	1,752,034
Additions	-	47,006	132,930	50,843	59,500	127,757	418,037
Disposals	-	-	(52,891)	(134)	(3,844)	-	(56,869)
Balance, 31 December 2012	389,664	475,675	447,559	251,643	180,193	368,467	2,113,201
<b>Accumulated depreciation</b>							
Balance, 1 January 2012	-	2,143	203,298	133,529	51,817	73,348	464,135
Charge for the year	-	8,821	82,916	43,443	27,178	56,961	219,319
Disposals	-	-	(44,332)	(90)	(3,644)	-	(48,066)
Balance, 31 December 2012	-	10,964	241,881	176,882	75,351	130,309	635,387

**Net book value**

As at December 31, 2012	389,664	464,711	205,678	74,761	104,842	238,158	1,477,814
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(d) Parent

As at 31 December 2012	Land	Building	Motor vehicle	Computer equipment	Office equipment	Furniture and fittings	Total
<b>Cost</b>							
Balance, 1 January 2012	389,664	428,669	350,195	200,173	124,243	236,297	1,729,241
Additions	-	47,006	132,930	51,013	59,287	127,726	417,962
Reclassifications	-	-	-	-	-	-	-
Disposals	-	-	(52,891)	(304)	(3,844)	-	(57,039)
Balance, 31 December 2012	389,664	475,675	430,234	250,882	179,686	364,023	2,090,164

**Accumulated depreciation**

Balance, 1 January 2012	-	2,143	197,299	133,059	51,644	71,814	455,959
Charge for the year	-	8,821	78,801	43,301	27,087	56,258	214,268
Disposals	-	-	(44,333)	(90)	(3,644)	-	(48,067)
Balance, 31 December 2012	-	10,964	231,767	176,270	75,086	128,072	622,160

**Net book value**

As at December 31, 2012	389,664	464,711	198,467	74,612	104,599	235,951	1,468,004
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**19 Statutory deposit**

This represents amounts deposited with the Central Bank of Nigeria (CBN) pursuant to Section 10(3) of the Insurance Act, 2003. This amount is not available for the day-to-day use in the working capital of the Company. Therefore, it is excluded from the cash and cash equivalents.

**20 Insurance liabilities**

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
- Claims reported and loss adjustment expenses (see note 20.1)	1,310,211	1,272,801	1,309,032	1,272,801
- Claims incurred but not reported (see note 20.1)	1,051,356	826,227	1,051,356	826,227
- Unearned premiums (see note 20.2)	4,334,252	3,259,623	4,323,400	3,259,623
	6,695,819	5,358,651	6,683,788	5,358,651
Life fund (see note 20.3)	996,875	506,611	996,875	506,611
Total insurance liabilities, gross	7,692,694	5,865,262	7,680,663	5,865,262
Reinsurance receivables				
- Claims reported and loss adjustment expenses	677,991	428,662	677,991	428,662
- Claims incurred but not reported	294,774	187,673	294,774	187,673
Total reinsurers' share of insurance liabilities (see note 12)	972,765	616,335	972,765	616,335
Net insurance contracts:	6,719,929	5,248,927	6,707,898	5,248,927
Current	6,506,627	4,745,498	6,494,596	4,745,498
Non-current	1,186,067	1,119,764	1,186,067	1,119,764

**Development claim tables**

In addition to scenario testing, the development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the consolidated statement of financial position

## Notes to the financial statements

For the year ended 31 December 2013

### Engineering

Accident Period	Development Year								
	0	1	2	3	4	5	6	7	8
2005	-	1,265,913	1,265,913	1,265,913	1,265,913	1,265,913	1,265,913	1,265,913	1,265,913
2006	1,213,720	11,622,096	11,649,020	11,649,020	11,649,020	11,649,020	11,649,020	11,649,020	
2007	32,842,586	43,872,247	46,968,938	46,980,633	48,615,633	48,615,633	48,615,633		
2008	12,702,610	98,110,917	98,460,854	98,524,243	98,524,243	98,524,243			
2009	25,793,507	45,494,929	47,431,954	57,489,206	57,573,606				
2010	7,553,626	107,066,086	111,973,967	114,466,547					
2011	20,132,995	122,500,971	233,518,146						
2012	19,816,051	80,693,694							
2013	52,874,142								

### General Accident

Accident Period	Development Year								
	0	1	2	3	4	5	6	7	8
2005	8,765,936	9,853,912	9,885,888	9,910,729	9,910,729	9,910,729	9,910,729	9,910,729	9,910,729
2006	10,916,210	23,922,477	25,663,828	29,168,936	29,798,746	30,132,646	32,329,068	32,329,068	
2007	26,260,296	62,574,793	76,785,376	79,743,132	81,890,763	82,949,172	82,949,172		
2008	83,606,923	155,615,855	171,884,985	185,087,298	186,536,069	190,621,373			
2009	36,586,159	127,651,130	150,966,030	154,966,410	171,392,877				
2010	90,445,810	162,769,927	192,799,953	198,617,778					
2011	66,488,196	148,026,080	177,204,815						
2012	90,404,840	314,242,012							
2013	147,534,525								

Marine Cargo	Development Year									
	Accident Period	0	1	2	3	4	5	6	7	8
	2005	217,672	533,727	1,136,921	2,167,720	2,167,720	2,167,720	2,167,720	2,167,720	2,167,720
	2006	10,512,067	14,005,998	14,005,998	14,890,073	14,890,073	14,890,073	14,890,073	14,890,073	14,890,073
	2007	5,090,587	42,503,176	46,775,048	49,350,911	49,350,911	49,350,911	49,350,911	49,350,911	49,350,911
	2008	3,484,254	15,487,218	15,893,408	15,967,863	15,967,863	15,967,863	16,171,465		
	2009	11,507,634	32,314,489	42,319,677	44,320,726	44,320,726	44,320,726	44,368,429		
	2010	64,164,322	89,054,193	92,246,557	94,448,922					
	2011	62,840,563	93,307,218	110,255,235						
	2012	126,873,788	160,771,171							
	2013	27,933,225								

Marine Hull	Development Year									
	Accident Period	0	1	2	3	4	5	6	7	8
	2005	-	1	1	1	1	1	1	1	1
	2006	1,020,838	1,913,250	1,913,250	1,913,250	1,913,250	1,913,250	1,913,250	1,913,250	1,913,250
	2007	9,075,533	13,537,322	13,845,103	13,845,103	13,845,103	13,845,103	13,845,103	13,845,103	13,845,103
	2008	104,400	104,400	104,400	104,400	104,400	104,400	104,400	104,400	104,400
	2009	10,187,468	25,424,032	25,801,282	25,801,282	25,801,282	25,801,282	25,801,282		
	2010	13,976,244	15,305,050	15,305,050	15,305,050					
	2011	8,009,796	42,395,572	42,395,572						
	2012	55,407,848	75,220,581							
	2013	2,787,573								

# QUARTERLY TRIANGULATIONS- FIRE

Claims Paid Triangulations as at December 2013

Development

Accident Period	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2005 Q1	-	-	-	3,938,501	3,938,501	3,938,501	4,072,547	4,072,547	4,072,547	4,072,547	4,072,547	4,072,547	4,072,547	4,072,547	4,072,547	4,072,547	4,072,547	4,072,547
2005 Q2	-	-	71,829	71,829	71,829	71,829	71,829	71,829	71,829	71,829	71,829	71,829	71,829	71,829	71,829	71,829	71,829	71,829
2005 Q3	-	86,916	86,916	86,916	86,916	86,916	86,916	86,916	86,916	86,916	86,916	86,916	86,916	86,916	86,916	86,916	86,916	86,916
2005 Q4	23,667	23,667	23,667	95,819	95,819	95,819	95,819	95,819	95,819	95,819	95,819	95,819	95,819	95,819	95,819	95,819	95,819	95,819
2006 Q1	1,381,785	1,387,342	1,648,386	1,649,938	3,101,725	3,101,725	3,101,725	3,101,725	3,101,725	3,220,183	3,220,183	3,220,183	3,220,183	3,220,183	3,220,183	3,220,183	3,220,183	3,220,183
2006 Q2	0	361,461	3,422,962	3,983,904	4,564,339	4,564,339	4,564,339	4,564,339	4,564,339	4,564,339	4,564,339	4,564,339	4,564,339	4,564,339	4,564,339	4,564,339	4,564,339	4,564,339
2006 Q3	10,395,145	11,656,799	12,276,863	12,328,519	12,819,352	13,300,848	14,337,509	14,361,019	14,361,019	14,361,019	14,361,019	14,361,019	14,361,019	14,361,019	14,361,019	14,361,019	14,361,019	14,361,019
2006 Q4	3,428,923	4,953,442	5,271,074	5,479,452	5,783,995	7,488,539	7,491,888	7,934,588	7,934,588	7,934,588	7,934,588	7,934,588	7,934,588	7,934,588	7,934,588	7,934,588	7,934,588	7,934,588
2007 Q1	0	602,244	659,985	3,547,120	10,499,277	12,247,573	12,903,715	28,268,372	30,397,444	30,397,444	30,397,444	30,397,444	30,397,444	30,397,444	30,397,444	30,397,444	30,397,444	30,397,444
2007 Q2	239,338	546,409	1,731,152	3,274,338	3,705,019	4,337,062	4,687,062	4,839,062	5,466,290	5,466,290	5,466,290	5,466,290	5,466,290	5,466,290	5,466,290	5,466,290	5,466,290	5,466,290
2007 Q3	43,000	654,250	2,340,467	6,151,238	9,375,362	9,375,362	10,912,191	10,912,191	11,109,678	11,109,678	11,109,678	11,109,678	11,109,678	11,109,678	11,109,678	11,109,678	11,109,678	11,109,678
2007 Q4	-	7,606,365	8,670,685	9,130,149	9,964,988	17,357,854	21,928,587	21,935,987	24,904,095	24,997,743	24,997,743	24,997,743	24,997,743	24,997,743	24,997,743	24,997,743	24,997,743	24,997,743
2008 Q1	202,065	1,418,230	3,628,669	4,142,086	10,036,639	10,036,639	10,391,839	10,391,839	10,497,014	10,497,014	10,497,014	10,497,014	10,497,014	10,497,014	10,497,014	10,497,014	10,497,014	10,497,014
2008 Q2	-	310,209	869,562	1,481,404	1,694,798	1,772,830	1,822,450	2,027,070	2,131,394	2,316,140	2,316,140	2,316,140	2,316,140	2,316,140	2,316,140	2,316,140	2,316,140	2,316,140
2008 Q3	572,289	942,663	2,130,118	2,217,608	2,803,846	3,545,338	4,649,249	4,932,709	5,104,074	5,104,074	5,104,074	5,104,074	5,104,074	5,104,074	5,104,074	5,104,074	5,104,074	5,104,074
2008 Q4	97,250	2,546,877	3,022,626	3,059,338	5,580,272	8,923,444	8,927,094	12,744,108	13,307,969	13,325,969	13,325,969	13,325,969	13,325,969	13,325,969	13,325,969	13,325,969	13,325,969	13,325,969
2009 Q1	119,868	31,768,987	33,435,158	33,732,068	34,154,830	35,852,588	35,987,243	35,987,243	36,149,342	36,259,572	36,940,688	36,940,688	36,940,688	36,940,688	36,940,688	36,940,688	36,940,688	36,940,688
2009 Q2	73,000	11,429,751	15,507,743	16,398,381	20,107,523	20,725,861	21,094,646	21,870,104	21,972,204	22,032,055	22,200,760	22,200,760	22,200,760	22,200,760	22,200,760	22,200,760	22,200,760	22,200,760
2009 Q3	474,653	1,857,267	3,236,514	4,589,429	6,510,658	6,510,658	8,337,976	8,344,829	8,344,829	8,344,829	8,344,829	8,344,829	8,344,829	8,344,829	8,344,829	8,344,829	8,344,829	8,344,829
2009 Q4	1,459,115	2,954,342	5,816,056	7,157,190	7,485,185	7,753,426	7,762,100	9,344,453	9,344,453	9,344,453	9,344,453	9,344,453	9,344,453	9,344,453	9,344,453	9,344,453	9,344,453	9,344,453
2010 Q1	355,950	2,045,684	17,968,831	21,721,021	22,517,423	36,268,512	36,626,413	36,655,731	36,655,731	36,655,731	36,655,731	36,655,731	36,655,731	36,655,731	36,655,731	36,655,731	36,655,731	36,655,731
2010 Q2	8,795,354	14,705,710	26,330,832	28,998,323	31,542,471	34,311,885	35,395,000	37,671,279	37,714,404	41,823,759	44,385,878	44,385,878	44,385,878	44,385,878	44,385,878	44,385,878	44,385,878	44,385,878
2010 Q3	908,218	3,457,730	4,652,617	7,404,689	8,722,260	31,036,571	31,147,346	31,221,321	31,222,192	31,222,192	31,222,192	31,222,192	31,222,192	31,222,192	31,222,192	31,222,192	31,222,192	31,222,192
2010 Q4	956,579	1,331,579	5,391,272	10,908,816	10,918,847	10,918,847	11,081,625	11,112,945	11,112,945	11,112,945	11,112,945	11,112,945	11,112,945	11,112,945	11,112,945	11,112,945	11,112,945	11,112,945
2011 Q1	1,949,608	14,331,196	28,562,001	32,488,312	33,139,042	37,261,751	37,346,639	38,705,639	43,752,743	43,752,743	43,752,743	43,752,743	43,752,743	43,752,743	43,752,743	43,752,743	43,752,743	43,752,743
2011 Q2	597,040	80,551,276	106,918,314	108,270,850	141,249,144	144,926,773	144,926,773	148,430,845	148,442,658	148,483,378	148,483,378	148,483,378	148,483,378	148,483,378	148,483,378	148,483,378	148,483,378	148,483,378
2011 Q3	3,634,731	23,223,435	28,407,520	116,489,190	119,900,922	120,455,418	122,380,241	122,380,241	122,380,241	122,380,241	122,380,241	122,380,241	122,380,241	122,380,241	122,380,241	122,380,241	122,380,241	122,380,241
2011 Q4	3,868,514	5,316,513	27,131,591	56,195,870	57,605,454	58,859,563	58,859,563	61,756,252	61,756,252	61,756,252	61,756,252	61,756,252	61,756,252	61,756,252	61,756,252	61,756,252	61,756,252	61,756,252
2012 Q1	1,806,990	44,997,684	56,198,232	71,768,241	74,165,475	76,617,175	77,940,471	77,940,471	77,940,471	77,940,471	77,940,471	77,940,471	77,940,471	77,940,471	77,940,471	77,940,471	77,940,471	77,940,471
2012 Q2	5,162,976	12,089,521	35,671,040	42,996,511	43,106,294	83,668,846	95,230,350	95,230,350	95,230,350	95,230,350	95,230,350	95,230,350	95,230,350	95,230,350	95,230,350	95,230,350	95,230,350	95,230,350
2012 Q3	3,548,061	18,928,264	39,794,918	71,373,350	321,578,694	321,595,974	321,595,974	321,595,974	321,595,974	321,595,974	321,595,974	321,595,974	321,595,974	321,595,974	321,595,974	321,595,974	321,595,974	321,595,974
2012 Q4	2,433,236	23,574,758	40,826,001	46,967,873	53,874,009	53,874,009	53,874,009	53,874,009	53,874,009	53,874,009	53,874,009	53,874,009	53,874,009	53,874,009	53,874,009	53,874,009	53,874,009	53,874,009
2013 Q1	1,394,248	30,886,427	133,476,685	146,329,413	146,329,413	146,329,413	146,329,413	146,329,413	146,329,413	146,329,413	146,329,413	146,329,413	146,329,413	146,329,413	146,329,413	146,329,413	146,329,413	146,329,413
2013 Q2	4,134,103	36,558,668	55,544,275	55,544,275	55,544,275	55,544,275	55,544,275	55,544,275	55,544,275	55,544,275	55,544,275	55,544,275	55,544,275	55,544,275	55,544,275	55,544,275	55,544,275	55,544,275
2013 Q3	13,543,952	26,684,363	26,684,363	26,684,363	26,684,363	26,684,363	26,684,363	26,684,363	26,684,363	26,684,363	26,684,363	26,684,363	26,684,363	26,684,363	26,684,363	26,684,363	26,684,363	26,684,363
2013 Q4	2,079,295	2,079,295	2,079,295	2,079,295	2,079,295	2,079,295	2,079,295	2,079,295	2,079,295	2,079,295	2,079,295	2,079,295	2,079,295	2,079,295	2,079,295	2,079,295	2,079,295	2,079,295



# QUARTERLY TRIANGULATIONS- MOTOR

Claims Paid Triangulations as at December 2013

Accident Period	Development																
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2005 Q1	-	-	-	-	-	28,751	28,751	28,751	28,751	28,751	28,751	28,751	28,751	28,751	28,751	28,751	28,751
2005 Q2	-	-	362,800	362,800	362,800	362,800	362,800	362,800	362,800	362,800	362,800	362,800	362,800	362,800	362,800	362,800	362,800
2005 Q3	-	-	6,988,037	7,806,634	8,964,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954
2005 Q4	1,706,251	6,988,037	6,988,037	7,806,634	8,964,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954	8,966,954
2006 Q1	8,137,770	10,029,892	11,417,527	11,468,305	11,468,305	11,468,305	11,468,305	11,468,305	11,468,305	11,468,305	11,468,305	11,468,305	11,468,305	11,468,305	11,468,305	11,468,305	11,468,305
2006 Q2	8,474,306	16,200,041	23,136,423	28,200,844	28,200,844	28,535,404	28,539,904	28,539,904	28,539,904	28,539,904	28,539,904	28,539,904	28,539,904	28,539,904	28,539,904	28,539,904	28,539,904
2006 Q3	8,617,052	19,870,844	22,791,113	24,230,113	24,649,153	24,649,153	24,675,490	24,675,490	24,675,490	24,675,490	24,675,490	24,675,490	24,675,490	24,675,490	24,675,490	24,675,490	24,675,490
2006 Q4	9,976,535	24,223,086	24,306,323	32,728,862	32,748,400	32,795,105	32,850,354	32,850,354	32,850,354	32,850,354	32,850,354	32,850,354	32,850,354	32,850,354	32,850,354	32,850,354	32,850,354
2007 Q1	22,280,657	41,031,867	54,839,931	62,265,784	63,502,534	63,513,533	64,713,533	65,963,533	68,963,533	70,563,533	70,579,221	70,579,221	70,579,221	70,579,221	70,579,221	70,579,221	70,579,221
2007 Q2	13,593,469	36,776,637	50,543,218	57,526,962	58,114,232	59,614,232	60,208,941	60,221,946	61,766,772	61,766,772	61,766,772	61,766,772	61,766,772	61,766,772	61,766,772	61,766,772	61,766,772
2007 Q3	21,366,879	49,772,065	68,900,810	71,934,545	72,795,101	72,795,101	76,045,101	76,045,101	76,045,101	76,045,101	76,045,101	76,045,101	76,045,101	76,045,101	76,045,101	76,045,101	76,045,101
2007 Q4	22,751,512	69,430,456	75,727,828	79,477,697	80,030,123	80,183,092	80,387,617	80,387,617	80,387,617	80,387,617	80,387,617	80,387,617	80,387,617	80,387,617	80,387,617	80,387,617	80,387,617
2008 Q1	30,307,739	81,187,742	98,471,119	102,865,494	103,580,793	103,729,359	103,729,359	104,616,839	104,616,839	104,616,839	104,704,481	104,704,481	104,889,836	104,889,836	104,889,836	104,977,721	105,062,285
2008 Q2	38,321,191	88,458,924	110,726,838	125,497,965	136,191,393	136,501,517	136,828,455	137,185,135	137,185,135	137,210,184	137,210,184	138,830,559	138,845,559	138,845,559	138,953,896	138,962,316	138,990,441
2008 Q3	29,367,503	81,155,543	93,245,387	98,167,275	101,266,837	101,461,237	101,604,991	101,604,991	101,748,050	101,748,050	102,115,275	102,719,544	102,719,544	102,719,544	102,722,494	102,724,344	102,724,344
2008 Q4	22,589,695	74,527,775	81,729,949	93,457,385	93,668,588	93,851,097	94,150,337	94,474,628	94,474,628	97,864,256	99,782,281	100,090,036	100,090,036	100,180,931	115,284,727	115,286,077	115,286,077
2009 Q1	55,078,468	110,806,897	116,756,710	129,001,652	134,477,370	135,111,213	135,706,112	135,706,112	135,706,112	135,706,112	135,706,112	135,706,112	135,706,112	135,706,112	135,823,744	135,823,744	135,823,744
2009 Q2	52,709,746	82,513,866	94,234,215	97,122,356	101,093,687	101,302,192	101,477,467	101,614,898	101,614,898	102,051,237	102,051,237	102,082,428	102,174,464	102,174,464	102,174,464	102,174,464	102,174,464
2009 Q3	57,265,858	105,949,876	110,816,836	113,676,542	115,576,838	120,095,304	128,473,755	128,473,755	128,473,755	128,473,755	128,473,755	129,472,838	129,472,838	129,472,838	129,474,213	129,474,213	129,474,213
2009 Q4	74,373,782	164,976,054	178,908,319	189,973,785	193,426,938	194,187,501	194,187,501	198,716,278	198,716,278	198,716,278	198,716,278	198,716,278	198,716,278	198,716,278	198,718,523	198,718,523	198,718,523
2010 Q1	98,807,365	166,173,494	180,099,472	186,290,013	191,789,497	194,691,902	197,309,727	198,600,072	199,611,559	206,611,559	206,611,559	206,614,080	206,614,080	206,653,567	206,653,567	206,653,567	206,653,567
2010 Q2	81,073,153	152,673,213	176,885,281	187,334,928	187,935,448	187,954,159	194,194,159	194,196,271	194,250,811	194,250,811	194,256,011	194,256,011	194,256,011	194,256,011	194,256,011	194,256,011	194,256,011
2010 Q3	71,735,972	137,319,156	143,328,607	146,636,724	148,997,291	149,056,619	149,074,422	150,014,414	150,014,414	150,314,414	150,314,414	151,139,836	151,139,836	151,139,836	151,139,836	151,139,836	151,139,836
2010 Q4	99,698,723	217,103,714	248,206,387	268,641,642	275,532,152	276,561,623	276,586,373	276,586,373	277,156,491	277,156,491	278,069,125	278,069,125	278,069,125	278,069,125	278,069,125	278,069,125	278,069,125
2011 Q1	91,203,594	174,912,854	193,822,134	194,821,106	197,827,813	198,006,788	201,161,910	201,266,743	211,266,743	211,266,743	211,266,743	212,909,198	212,909,198	212,909,198	212,909,198	212,909,198	212,909,198
2011 Q2	97,180,288	185,087,494	201,450,302	208,367,942	211,526,494	216,404,078	216,596,491	216,596,491	217,660,516	217,660,516	217,660,516	225,060,516	225,060,516	225,060,516	225,060,516	225,060,516	225,060,516
2011 Q3	103,709,062	182,994,759	210,145,786	228,546,501	231,331,288	232,538,020	232,538,020	232,538,020	233,252,170	233,252,170	233,252,170	239,752,170	239,752,170	239,752,170	239,752,170	239,752,170	239,752,170
2011 Q4	131,879,697	250,228,571	280,595,244	297,829,384	311,216,240	312,360,840	316,090,765	332,873,585	339,989,110	339,989,110	339,989,110	353,151,665	353,151,665	353,151,665	353,151,665	353,151,665	353,151,665
2012 Q1	113,472,306	254,604,531	283,734,894	297,315,286	305,369,773	317,999,230	332,873,585	339,989,110	353,151,665	353,151,665	353,151,665	371,151,665	371,151,665	371,151,665	371,151,665	371,151,665	371,151,665
2012 Q2	142,133,532	301,952,679	349,872,120	364,711,461	368,505,461	376,316,011	385,354,611	385,354,611	385,354,611	385,354,611	385,354,611	385,354,611	385,354,611	385,354,611	385,354,611	385,354,611	385,354,611
2012 Q3	137,090,787	271,230,245	313,249,295	327,443,388	359,526,567	359,686,928	359,686,928	359,686,928	359,686,928	359,686,928	359,686,928	359,686,928	359,686,928	359,686,928	359,686,928	359,686,928	359,686,928
2012 Q4	96,506,697	237,323,616	273,795,329	300,492,034	308,665,284	308,665,284	308,665,284	308,665,284	308,665,284	308,665,284	308,665,284	308,665,284	308,665,284	308,665,284	308,665,284	308,665,284	308,665,284
2013 Q1	118,139,177	276,437,278	313,504,723	322,756,908	322,756,908	322,756,908	322,756,908	322,756,908	322,756,908	322,756,908	322,756,908	322,756,908	322,756,908	322,756,908	322,756,908	322,756,908	322,756,908
2013 Q2	145,468,942	282,605,119	315,501,607	315,501,607	315,501,607	315,501,607	315,501,607	315,501,607	315,501,607	315,501,607	315,501,607	315,501,607	315,501,607	315,501,607	315,501,607	315,501,607	315,501,607
2013 Q3	191,430,706	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567
2013 Q4	138,504,397	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567	313,212,567



## Notes to the financial statements

For the year ended 31 December 2013

### 20.1– Claims reported and loss adjustment expenses

	Group Dec-2013	Group Dec -2012	Parent Dec-2013	Parent Dec -2012
Non-Life	942,698	877,389	942,698	877,389
Life	366,334	395,412	366,334	395,412
Mansard Health (HMO)	1,179	-	-	-
	1,310,211	1,272,801	1,309,032	1,272,801

#### – Claims incurred but not reported

	Group Dec-2013	Group Dec -2012	Parent Dec-2013	Parent Dec -2012
Non-Life	658,150	457,029	658,150	457,029
Life	393,207	369,198	393,207	369,198
	1,051,357	826,227	1,051,357	826,227

#### (a) The aging analysis for claims reported and losses adjusted for non-life insurance contracts

	Dec-2013	Dec -2012	Dec-2013	Dec -2012
Days				
0 - 90	231,261	270,365	231,261	270,365
91 -180	168,872	159,363	168,872	159,363
181-270	87,202	125,822	87,202	125,822
271-360	120,675	100,588	120,675	100,588
361 and above	334,688	221,251	334,688	221,251
	942,698	877,389	942,698	877,389

#### (b) The aging analysis for claims reported and losses adjusted for life contracts

	Dec-2013	Dec -2012	Dec-2013	Dec -2012
Days				
0 - 90	100,589	130,503	100,589	130,503
91 -180	55,525	48,377	55,525	48,377
181-270	34,503	30,517	34,503	30,517
271-360	25,489	112,868	25,489	112,868
361 and above	150,228	73,147	150,228	73,147
	366,334	395,412	366,334	395,412

## Claims reported and loss adjustment expenses inclusive of IBNR

	Group Dec-2013	Group Dec -2012	Parent Dec-2013	Parent Dec -2012
Balance, beginning of year	1,272,801	1,300,801	1,272,801	1,300,801
Claims paid during year	(4,442,536)	(3,576,934)	(4,442,087)	(3,576,934)
Additional claims incurred during the year	4,479,946	3,548,934	4,478,318	3,548,934
Balance, end of year	1,310,211	1,272,801	1,309,032	1,272,801
IBNR, beginning of the year	826,227	537,072	826,226	537,071
Increase/(decrease) in IBNR	225,130	289,155	225,131	289,155
Balance, end of year	1,051,357	826,227	1,051,357	826,226
Total claims, end of year	2,361,568	2,099,028	2,360,389	2,099,027

## 20.2 Unearned premium

	Group Dec-2013	Group Dec -2012	Parent Dec-2013	Parent Dec -2012
Non life	3,980,416	2,941,956	3,980,416	2,941,956
Life	342,984	317,667	342,984	317,667
Health	10,852	-	-	-
	4,334,252	3,259,623	4,323,400	3,259,623

The movement in unearned premium during the year was as follows:

	Group Dec-2013	Group Dec -2012	Parent Dec-2013	Parent Dec -2012
Balance, beginning of year	3,259,623	2,471,190	3,259,623	2,471,190
Increase in the year	10,617,951	9,259,161	10,607,099	9,259,161
Release of unearned premium	(9,543,322)	(8,470,728)	(9,543,322)	(8,470,728)
Balance, end of year	4,334,252	3,259,623	4,323,400	3,259,623
Current	4,145,060	2,964,135	4,134,208	2,964,135
Non-current	189,192	295,488	189,192	295,488

This reserve represents the liability for short term insurance contracts for which the group's obligation are not expired as at year end. Management's assessment of the estimated cost of claims and expenses resulting from claims does not exceed the unearned premium reserve, thus no provision was made for unexpired risk as at year end.

20.3 The life fund can be analysed as follows:

	Group Dec-2013	Group Dec -2012	Parent Dec-2013	Parent Dec -2012
Annuity	696,894	289,922	696,894	289,922
Individual life	299,981	192,874	299,981	192,874
Group health	-	23,815	-	23,815
	996,875	506,611	996,875	506,611

The movement in the life fund is as follows:

	Group Dec-2013	Group Dec -2012	Parent Dec-2013	Parent Dec -2012
Balance, beginning of year	506,611	340,136	506,611	340,136
Transfer from profit or loss account	490,264	166,475	490,264	166,475
Balance, end of period	996,875	506,611	996,875	506,611

## 21 Investment contract liabilities

The movement in deposit administration during the year can be divided into interest-linked and unitized fund. The movements in these two categories of investment contract liabilities during the year were as follows:

### 21.1 Interest linked funds - at amortised cost

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Guaranteed investment	2,189,940	1,999,686	2,189,940	1,999,686
	2,189,940	1,999,686	2,189,940	1,999,686

Movements in amounts payable under investment contracts liabilities during the year are as shown below. The liabilities are shown inclusive of interest accumulated to 31 December. The movement in interest-linked funds during the year was as follows:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance, beginning of year	1,999,686	1,513,107	1,999,686	1,513,107
Contributions	1,083,945	2,322,898	1,083,945	2,322,898
Withdrawal	(1,106,265)	(2,002,498)	(1,106,265)	(2,002,498)
Interest capitalised	212,574	166,179	212,574	166,179
<b>Balance, end of year</b>	<b>2,189,940</b>	<b>1,999,686</b>	<b>2,189,940</b>	<b>1,999,686</b>
Current	212,574	166,179	212,574	166,179
Non-current	1,977,366	1,833,507	1,977,366	1,833,507

21.2 The movement in unitised funds during the year was as follows:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance, beginning of year	2,146,971	1,427,213	1,603,875	1,042,101
Contributions	2,491,559	1,392,261	1,196,401	1,113,671
Withdrawals	(899,769)	(672,503)	(659,436)	(551,897)
<b>Balance, end of year</b>	<b>3,738,761</b>	<b>2,146,971</b>	<b>2,140,840</b>	<b>1,603,875</b>
Current	3,738,761	2,146,971	2,140,840	1,603,875

## 22 Borrowings

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Bank loan (see note (a) below)	2,330,743	2,282,309	-	-
Loan note (see note (b) below)	1,153,385	1,063,298	-	-
Short term borrowings	-	235,967	-	235,967
<b>Total borrowings</b>	<b>3,484,128</b>	<b>3,581,574</b>	<b>-</b>	<b>235,967</b>
Current portion	645,611	1,366,035	-	235,967
Non-current portion	2,838,517	2,215,539	-	-

(a) Bank borrowing represents USD 17,264,873.42 (2012: \$17,264,873.42) facility granted to APD limited by GTBank Plc payable in 5 years commencing 30 June 2013. Interest is payable quarterly at an average rate of 90 days LIBOR less a spread of 200 basis point subject to a floor annual rate of 8% resulting to an effective interest rate of 8.62% and the principal is due at maturity in May 2018. An equitable mortgage on the Group's investment property (office building) was used to secure the borrowing.

(b) Loan note represents N912,227,414 unsecured facility granted to APD by Karsang Limited payable in 7 year commencing November 2011. Interest is accrued at an annual rate of 14.24% and payable at maturity with the principal due at maturity in November 2018.

The movement in borrowing during the year is as follows:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance, beginning of the year	3,581,574	926,464	235,967	-
Payment during the year	(297,827)	(175,843)	(235,967)	-
Additional borrowing during the year	-	2,453,567	-	235,967
Interest capitalised	200,381	377,386	-	-
	3,484,128	3,581,574	-	235,967

### 23 Trade payables

Trade payables represent liabilities to agents, brokers and re-insurers on insurance contracts at year end.

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Reinsurance and co-insurance payable	533,390	1,312,432	533,390	1,312,432
Trade payables	609,622	741,380	609,622	741,380
	1,143,012	2,053,812	1,143,012	2,053,812

The total trade payables are due within one year.

### 24 Other liabilities and provisions

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Deferred income	218,229	100,910	216,789	100,910
Advance premium (see note (a) below)	1,256,912	-	1,256,912	-
Other creditors	946,255	858,047	291,070	326,697
Accrued expenses	45,737	84,452	53,866	73,669
Deposits against guarantees	-	3,702	-	3,702
Cash settled share based payment liability (see note (b) below)	-	97	-	-
	2,467,133	1,047,208	1,818,637	504,978
Current	1,477,557	1,029,677	1,521,417	487,447
Non-current	989,576	17,531	297,220	17,531

(a) Advance premium represents 2014 premiums collected in advance that are yet to be recognised at year end.

(b) The carrying amount of liabilities for cash-settled share based payments includes:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance, beginning of year	97	57,798	-	-
Effect of changes in fair value of SAR at year end	-	(5,253)	-	-
Options forfeited during the year	(97)	(146,252)	-	-
Share rights exercised during the year	-	93,804	-	-
	-	97	-	-

The movement in the number of share options outstanding and their related weighted average exercise price are as follow:

	Dec-2013 Average		Dec-2012 Average	
	Exercise price Per share	Share right (thousands)	Exercise price Per share	Share right (thousands)
At 1 January	1	68	1	42,225
Exited	(1)	(68)	(1)	(112,502)
Exercised	-	-	1	70,345
At year end	-	-	1	68

## 25 Current income tax liabilities

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance, beginning of year	411,434	587,702	392,300	571,032
Charge for the year				
- General	75,323	214,738	75,323	214,738
- Life	30,000	64,083	30,000	64,083
- Mansard Investment Limited	9,606	22,106	-	-
Payments during the year	(246,612)	(477,195)	(225,008)	(457,553)
Balance, end of year	279,751	411,434	272,615	392,300

## 26 Deferred income tax

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Deferred income tax liabilities to be recovered after more than 12 months	206,082	421,017	19,442	214,378
	206,082	421,017	19,442	214,378

The movement in deferred income tax during the year is as follows:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance, beginning of year	421,017	145,446	214,378	142,618
Charge/(credit) in income statement for the year	(217,853)	275,571	(197,854)	71,760
Tax charge /(credit) relating to components of other comprehensive income	2,918	-	2,918	-
Balance, end of year	206,082	421,017	19,442	214,378



Deferred income tax are attributable to the following:

Liabilities:				
Property and equipment	69,408	188,279	67,149	186,026
Unrealized exchange gain	21,589	28,351	21,589	28,352
Fair value gain on investment property	184,381	204,387	-	-
Unrelieved tax losses	(69,296)	-	(69,296)	-
Balance, end of year	206,082	421,017	19,442	214,378

## 27 Contingencies and commitments

### (a) Litigations and claims

The Company is presently involved in 13 litigations (December 2012: two (2)). The total amount of claims in the cases against the Company is estimated to N47.3 million ( December 2012: N22.6 million). This amount is recognised in the income statement within 'claims expenses'. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at 31 December 2013.

### (b) Bonds and guarantees

The Company provides financial guarantee and bonds to third parties at the request of customers in the form of bid and performance bonds or advance payment guarantee. As at the reporting date, the Company did not provide any financial guarantee and bond to third parties (December 2012: N5,000,000).

### (c) Operating leases

The Group leases a number of branches and welcome centres under operating leases. The leases typically run for a period of 2 to 5 years, with an option to renew the lease after that date. Lease payments are increased every two to three years to reflect market rentals. At 31 December 2013, no future minimum lease payments under non-cancellable operating leases were payable.

were payable as follows.

As at 31 December 2013, the maturity profile of the operating leases are as follows:

In thousands of Naira		
	2013	2012
Less than one year	17,349	30,238
Between two and five years	206,737	138,299
	224,086	168,537

### (d) Capital commitment

The group had no capital commitment at year end.

## Notes to the financial statements

For the year ended 31 December 2013

### 28 Share capital:

#### 28.1 Share capital comprises:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
(a) Authorized: 10,500,000,000 Ordinary shares of 50k each (Dec 2012: 10,000,000,000 ordinary shares)	5,250,000	5,000,000	5,250,000	5,000,000

During the course of the year, the Company increased its authorised share capital from N5,000,000,000 to N5,250,000,000 by the creation of 500,000,000 ordinary shares of N0.50 each.

(b) Issued and fully paid: 10,000,000,000 Ordinary shares of 50k each	5,000,000	5,000,000	5,000,000	5,000,000
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(i) Non-Life Business  
Share capital comprises:  
Issued and fully paid:

	Group Dec-2013	Group Dec-2012	Parent Dec-2012	Parent Dec-2012
8,000,000,000 Ordinary shares of 50k each	4,000,000	4,000,000	4,000,000	4,000,000

(ii) Life Business  
Issued and fully paid:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
2,000,000,000 Ordinary shares of 50k each	1,000,000	1,000,000	1,000,000	1,000,000

#### 28.2 Share premium

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

#### 28.3 Contingency reserves

In compliance with Section 21 (1) of Insurance Act 2003, the contingency reserve for non-life insurance business is credited with the greater of 3% of total premiums, or 20% of the profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium. While for life business, the contingency reserves is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reached the amount of minimum paid up capital.

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

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Balance, beginning of the year	1,564,699	1,241,011	1,564,699	1,241,011
Transfer from retained earnings	347,880	323,688	347,880	323,688
<b>Balance, end of year</b>	<b>1,912,579</b>	<b>1,564,699</b>	<b>1,912,579</b>	<b>1,564,699</b>

#### 28.4 Other reserves

Other reserves comprise of the following:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Capital reserves (see note (a) below)	2,500,000	2,500,000	2,500,000	2,500,000
Treasury shares (see note (b) below)	-	(34,494)	-	-
	2,500,000	2,465,506	2,500,000	2,500,000

##### (a) Capital reserve

The Company's issued and fully paid capital was reconstructed by a special resolution at its Board meeting on 18th October, 2007, to achieve a reduction of 50% with the result that the issued and fully paid capital will stand at N2,500,000,000 divided into 5,000,000,000 Ordinary shares at 50k each with the surplus nominal value arising from the reconstruction being transferred to the Company's capital reserve account. The reconstruction was sanctioned by the Federal High Court of Nigeria, Lagos on 31st October 2007 and registered by the Corporate Affairs Commission on 18th December 2007. The balance on the capital reserve was allocated between the non-life business and life business segments in the proportion of their share capital, as follows:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Life business segment	1,000,000	1,000,000	1,000,000	1,000,000
Non-life business segment	1,500,000	1,500,000	1,500,000	1,500,000
	2,500,000	2,500,000	2,500,000	2,500,000

##### (b) Treasury shares

Treasury shares represent the cost of the ordinary shares of the Company (2012: N43,494,245 ) held by the Staff Share Investment Trust. During the year, the Company wound down the Staff Investment Trust Scheme and remaining shares held by the Scheme were disposed during the year under review.

The average cost of the shares purchases as at the comparative reporting date was deducted from shareholders' equity (2012:N34,494,244). The shares were held as treasury shares.

	Dec-2013	Dec-2012
Balance, beginning of year	34,494	176,895
Additions, during the year	-	3,851
Disposal, during the year	(34,494)	(146,252)
Balance, end of year	-	34,494

(c )The gain on the disposal of the treasury shares is as analysed below:

	Group Dec-2013
Net proceeds from disposal of the treasury shares	107,718
Carrying amount at date of disposal	(34,494)
Gain on disposal	73,224

## 28.5 Fair value reserves

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
At beginning of year	1,035,117	857,963	1,035,117	857,963
Net changes in fair value of available for sale assets	(138,999)	208,081	(138,999)	208,081
Realised (gains)/losses to income statement on available for sale assets	(604,304)	-	(604,304)	-
Exchange (loss)/gain on available for sale instruments	(9,726)	(30,927)	(9,726)	(30,927)
Balance, end of year	282,088	1,035,117	282,088	1,035,117

## 28.6 Retained earnings

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

## 29 Non-controlling interests in equity

APD Limited

	Group Dec-2013	Group Dec-2012
Balance beginning of the year	468,951	304,076
Transfer from the profit or loss account	191,181	164,875
Balance as at year end	660,132	468,951

Non controlling interest represents 44.3% (1,882,725 ordinary shares) of the equity holding of the Company's subsidiary Assur Property Development Limited which was sold to Karsang Limited in prior period for a purchase consideration of N304,075,804. The Group did not pay any dividend to Non-Controlling Interest during the year (2012: nil).

## 30 Net premium income

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Gross premium written	13,594,216	12,444,451	13,579,752	12,444,451
Provision for unearned premium				
Non-life	(1,038,459)	(630,509)	(1,038,459)	(630,509)
Life	(25,319)	(157,922)	(25,319)	(157,922)
Mansard Health (HMO)	(10,852)	-	-	-
Gross premium income	12,519,586	11,656,020	12,515,974	11,656,020
- Re-insurance cost	5,677,993	4,943,338	5,677,993	4,943,338
- Changes in prepaid re-insurance (Non-life contracts)	(696,773)	(396,619)	(696,773)	(396,619)
Re-insurance expenses	4,981,220	4,546,719	4,981,220	4,546,719
Net premium income	7,538,366	7,109,301	7,534,754	7,109,301

### 31. Fee and commission income

Fee income represents commission received on direct business and transactions ceded to re-insurance companies during the year under review.

### 32 Investment income

Investment income comprises the following:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Investment income attributable to shareholders funds (see note (a) below)	1,527,932	1,378,461	973,755	1,261,333
Investment income attributable to insurance funds (see note (b) below)	354,041	205,139	354,041	186,733
	1,881,973	1,583,600	1,327,796	1,448,066

(a) -attributable to shareholders' funds:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Dividend income	184,937	218,489	260,321	272,316
Interest income on investment securities	551,349	575,719	491,313	551,879
Net foreign exchange gain	26,469	5,082	13,314	4,982
Interest income on treasury bills	187,742	300,105	150,142	214,806
Cash and cash equivalents- interest income	104,175	125,264	84,177	93,697
Rental income	437,306	129,417	-	-
Asset management fees	35,954	24,385	(106,113)	(101,482)
Interest income from related parties	-	-	80,601	225,135
	1,527,932	1,378,461	973,755	1,261,333

### 32. Investment income

(b) - attributable to insurance funds:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Dividend income	2,155	18,467	2,155	18,467
Interest income	269,092	131,382	269,092	131,382
Interest income on debt securities	62,196	37,173	62,196	18,767
Interest income on cash and cash equivalents	20,598	18,117	20,598	18,117
	354,041	205,139	354,041	186,733
<b>Total investment income</b>	<b>1,881,973</b>	<b>1,583,600</b>	<b>1,327,796</b>	<b>1,448,066</b>

### 33. Net gains/(losses) on financial assets

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Unrealised gains on held for trading assets	(5,175)	3,325	-	2,431
Realised gains on available for sale	-	-	-	-
Net realised (losses)/ gains on financial assets	436,164	30,717	408,160	44,847
Foreign exchange gain/(loss)	24,401	(29,212)	24,382	(29,371)
Impairment of available for sale (unquoted equities)	-	(14,900)	-	(14,900)
	455,390	(10,070)	432,542	3,007

There were no impairments on financial assets during the year under review.

### 34. Fair value gains on non financial assets

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Fair value gain on investment property	1,177,922	572,971	-	-
Fair value gains on non financial assets	1,177,922	572,971	-	-

### 35. Profit from investment contracts

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Interest income	283,999	212,388	283,999	196,085
Gains/(losses) from sale of investments	71,323	51,816	71,323	51,816
	355,322	264,204	355,322	247,901
Guaranteed interest	(120,962)	(114,201)	(120,962)	(114,201)
Other expenses	(34,252)	-	(34,252)	-
<b>Profit/(losses) from investment contracts</b>	<b>200,108</b>	<b>150,003</b>	<b>200,108</b>	<b>133,700</b>

### 36 Other income

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Profit/(loss) from sale of property and equipment	(1,496)	6,786	(1,820)	6,786
Sundry income	1,175	1,011	1,175	1,011
Other income received (see note (a))	17,988	53,849	83,135	95,193
<b>Total</b>	<b>17,667</b>	<b>61,646</b>	<b>82,490</b>	<b>102,990</b>

(a) Included in the other income received above is the gain on the disposal of the Company's special purpose vehicle, Share Investment Trust scheme (see also note 28.4c). The gain on disposal of treasury shares has been accounted for within the statement of changes in equity as transactions with owners of equity.

### 37 Claims:

Claims expenses (gross)

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Current year claims paid	4,442,536	3,565,288	4,442,087	3,565,288
Outstanding claims	37,409	(16,355)	36,228	(16,355)
	<b>4,479,945</b>	<b>3,548,933</b>	<b>4,478,315</b>	<b>3,548,933</b>
Outstanding claims- IBNR	225,130	289,155	225,131	289,155
Total claims and loss adjustment expense	4,705,075	3,838,088	4,703,446	3,838,088
Recovered from re-insurers	(1,174,108)	(678,355)	(1,174,108)	(678,355)
Net claims and loss adjustment expense	3,530,967	3,159,733	3,529,338	3,159,733

### 38 Underwriting expenses:

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

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Acquisition cost	1,411,906	1,323,093	1,411,906	1,323,093
Commission expenses	195,856	161,892	195,856	161,892
	<b>1,607,762</b>	<b>1,484,985</b>	<b>1,607,762</b>	<b>1,484,985</b>

### 39 Employee benefit expense

In accordance with Pension Reform Act 2004, the Group contribute 7.5% each of the qualifying staff's salary (Basic, transport, and housing) . The contributions are recognised as employee benefits expense when they are due.

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Wages and salaries	965,248	993,148	857,336	915,288
Pension costs – defined contribution plans	22,563	20,223	21,085	18,610
Employee expenses for share-based payments	-	14,291	-	-
Other employees costs	115,704	-	115,704	-
	1,103,515	1,027,662	994,125	933,898

### 40 Other operating expenses

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Depreciation and amortisation charges	301,061	248,514	286,853	242,560
Net impairment on premium receivables (See note 9)	316,569	69,589	316,570	69,589
Write off of premium receivables	243,581	-	243,581	-
Professional fees	139,317	136,709	85,897	121,268
Directors emolument and expenses	136,584	97,495	136,584	97,498
Contract services	474,449	301,489	474,023	301,489
Auditor's remuneration	21,000	19,000	17,000	16,000
Other expenses	335,975	304,872	203,961	272,280
	1,968,536	1,177,668	1,764,469	1,120,684

### 41 Income tax expense

	Group Dec-2013	Group Dec-2012	Group Parent Dec-2013	Parent Dec-2012
<i>Company income tax</i>				
- General	75,323	146,282	75,323	146,282
- Life	30,000	60,000	30,000	60,000
- Mansard Investments Education tax	8,662	10,514	-	-
- General	-	15,617	-	15,617
- Mansard Investments limited	944	794	-	-
<i>Capital gains tax</i>				
- Life -	4,083	-	4,083	-
<i>Additional prior year tax</i>				
- General	-	52,839	-	52,839
- Mansard Investments limited	-	10,799	-	-
	114,929	300,928	105,323	278,821

*Deferred tax*

- General	(197,854)	71,760	(197,854)	71,760
- Mansard Investments limited	-	(983)	-	-
APD	(9,441)	172,724	-	-
Barista Property	(10,559)	32,071	-	-
	(217,854)	275,572	(197,854)	71,760
Total tax charge for the year	(102,925)	576,500	(92,530)	350,581

Tax on the Group's profit before tax differ from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the consolidated entities as follows:

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Profit before income tax	1,991,265	2,179,807	867,336	1,730,634
Tax calculated at domestic rate applicable in Nigeria at 30% (2012:30%).	597,379	653,942	260,201	519,190
<i>Effect of:</i>				
Income not subject to tax	(1,505,526)	(1,230,994)	(1,128,085)	(1,180,309)
Expenses deducted from profit subject to tax	684,278	1,009,420	655,354	879,161
Prior year under provision	-	63,638	-	52,838
Education tax	944	16,411	-	15,618
Dividend tax	120,000	60,000	120,000	60,000
Capital gains tax	-	4,083	-	4,083
	(102,925)	576,500	(92,530)	350,581

*Effective tax rate reconciliation analysis*

	Group Dec-2013 %	Group Dec-2012 %	Parent Dec-2013 %	Parent Dec-2012 %
Tax calculated at domestic rate applicable in Nigeria at 30% (2012: 30%).	30%	30%	30%	30%
<i>Effect of:</i>				
Income not subject to tax	-76%	-56%	-130%	-68%
Expenses deducted from profit subject to tax	34%	46%	76%	51%
Education tax	0%	1%	0%	1%
Dividend tax	6%	3%	14%	3%
Prior year under provision	0%	3%	0%	3%
Capital gains tax	0%	0%	0%	0%
Effective tax rate	-5%	27%	-11%	20%

## 42. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Profit attributable to the equity holders	1,903,009	1,438,432	959,866	1,380,053
Weighted average number of ordinary shares in issue (thousands)	10,000,000	10,000,000	10,000,000	10,000,000
Basic earnings per share (kobo per share)	19	14	10	14

## 43. Net cash flow from operating activities before changes in operating assets:

	Notes	Group Dec-2013	Group Dec-2012	Parent Dec-2013	Parent Dec-2012
Profit before taxation		1,991,265	2,179,807	867,337	1,730,634
Adjustment to reconcile profit before taxation to net cash flow from operations:					
Impairment on trade receivables	9	316,569	69,589	316,570	69,589
Write -off of premium receivables		243,581	-	243,581	-
Depreciation and amortisation charges	38	301,061	248,514	286,853	242,560
Net increase in unearned premium	18.2	1,074,629	630,509	1,063,777	630,509
Increase/(decrease) in life funds		490,264	490,370	490,264	490,370
Movement in IBNR during the year		225,129	289,156	225,129	289,156
(Profit)/loss on sale of PPE	34	1,496	(6,786)	1,820	(6,786)
Profit on disposal of non financial assets	34	-	(40,832)	(68,348)	(40,832)
Finance cost	20	200,381	377,386	-	-
Interest expense	33	120,962	114,201	120,962	114,201
Dividend income on equity investments	29	(187,092)	(236,957)	(262,476)	(290,783)
Realised gains on financial assets	30	(604,304)	(19,142)	(604,304)	(13,972)
Fair value gain on non financial assets	31	(1,177,922)	(572,970)	-	-
Operating profit before changes in working capital		2,996,019	3,522,845	2,681,163	3,214,646

## Other Supplementary Information

### 44. Supplementary income statement information:

- (a) i. Employees, other than the executive directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contribution and other allowances) in the following ranges:

	Group 2013 Number	Group 2012 Number	Company 2013 Number	Company 2012 Number
N720,001 – N1,400,000	-	-	-	-
N1,400,001 – N2,050,000	-	78	-	78
N2,050,001 – N2,330,000	-	-	-	-
N2,330,001 – N2,840,000	58	28	55	28
N2,840,001 – N3,000,000	38	-	38	-
N3,000,001 – N4,500,000	26	65	19	62
N4,500,001 – N5,950,000	30	7	25	6
N5,950,001 – N6,800,000	22	4	22	4
N6,800,001 – N7,800,000	2	-	-	-
N7,800,001 – N8,600,000	15	6	15	5
N8,600,001 – N11,800,000	9	2	9	2
Above N11,800,000	14	5	9	3
	214	195	192	188

- ii. The average number of full time persons employed by the Company during the year was as follow:

	Group 2013 Number	Group 2012 Number	Company 2013 Number	Company 2012 Number
Executive directors	3	3	3	3
Management staff	24	20	18	17
Non management staff	187	172	171	168
	214	195	192	188

- (b) Directors' remuneration:

- i. Remuneration paid to the directors was as follows:

	Group 2013	Group 2012	Parent 2013	Parent 2012
Executive compensation	78,944	59,506	78,944	59,506
Directors' fees	1,650	3,290	1,650	3,290
Other directors expenses	54,203	32,913	54,203	32,913
Defined contribution	1,786	1,786	1,786	1,786
	136,583	97,495	136,583	97,495

- ii. The directors' remuneration shown above (excluding pension contributions) includes:

	Group 2013	Group 2012	Parent 2013	Parent 2012
Chairman	7,613	5,053	7,613	4,433
Highest paid director	36,125	21,157	36,125	21,157

- iii. The emoluments of all other directors fell within the following range:

	Group 2013	Group 2012	Parent 2013	Parent 2012
	Number	Number	Number	Number
N300,001 - N350,000	-	-	-	-
N500,001 - N1,000,000	-	-	-	-
N1,000,000- N1,500,000	5	5	5	5
N1,500,001 - N2,000,000	3	3	3	3
	8	8	8	8

## 45 Actuarial valuation of life fund

- (A) The latest available actuarial valuation of the life business funds was as at 31 December 2013. The actuarial value of the net liability of the fund was N996,875,057 (2012: N506,611,000) which has been provided for. The valuation of the Company's life business fund as at 31 December 2013 was carried out by HR Nigeria Limited, a recognized actuarial valuation firm. The valuation was done based on the following principles:

### (a) *Individual Business*

Individual risk business comprises whole life assurances, credit life business, term assurances of various descriptions, including mortgage protection and annuity. For all individual risk business the gross premium method of valuation was adopted.

Reserves were calculated via a cashflow projection approach, taking into account future office premiums, expenses and benefit payments including an allowance for rider benefits and surrenders where applicable. Future cashflows were discounted back to the valuation date at the valuation rate of interest.

The exception to the above is the calculation of reserves for the daily renewable term assurance plan, for which a reserve of 2 times daily premium was held, subject to a minimum of 2 times the sum assured.

The reserve for the individual deposit based policies has been taken as the amount standing to the credit of the policyholders at the valuation date. Where policies have active life cover this has been valued using a cashflow projection approach as described above for other risk business.

### *Group Business*

An unexpired premium reserve was included for Group business policies, after allowing for acquisition expenses at a ratio of 12% of premium. An Additional Unexpired Risk Reserve (AURR) was also held to allow for any inadequacies in the UPR for meeting claims in respect of the unexpired period. The claim rates underlying the AURR were based on pooled historical scheme claims experience.

No assets have been established in respect of Deferred Acquisition Costs (DAC).

An allowance was made for IBNR (Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims. This was based on a Basic Chain Ladder (BCL) approach, which uses historical claims experience to estimate the pattern of future emerging claims, from which the IBNR portion is determined.

The IBNR in respect of 2012 Head of Service (HoS) schemes has been reduced to reflect the proportion of premiums received. This is in accordance with the industry's stance of meeting claims in respect of the premiums received only. For Mansard Insurance Plc this equates to holding 57% of the residual IBNR in respect of 2012 HoS business.

(b) For individual policies the valuation age has been taken as Age Last Birthday at the valuation date. The period to maturity has been taken as the full term of the policy less the expired term. Full credit has been taken for premiums due between the valuation date and the end of the premium paying term.

(c) The valuation of the liabilities was made on the assumption that premiums have been credited to the accounts as they fall due, according to the frequency of the particular payment.

(d)(i) No specific adjustment has been made for the immediate payment of claims

(d)(ii) No specific adjustment has been made for expenses after premiums have ceased in the case of limited payment policies i.e. they have been allocated the same level of expenses as premium paying policies.

(d)(iii) "Surrenders are permitted for the Whole Life Plan. An allowance has been made in the valuation for exits by surrender at the rates in the following table. The payment of the surrender value at the exit date has been allowed for within the cashflows.

	Whole of life	Surrender rate pa
Years	0-1	0%
Year	2	35%
Year	3	20%
Year	4	10%
Year	5+	10%

The account balance has been held for investment and deposit linked policies that have lapsed by the valuation date but the funds have not been paid out.

No allowance has been made in the valuation for the reinstatement of traditional policies that lapsed before the valuation date. An allowance has been made for future lapses at the following rates:

Individual risk (excl. Annuity)	Lapse rate pa
Single premium policies:	0%
Regular premium Policies:	
Year 1	10%
Year 2	7.50%
Year 3	5%
Year 4+	0%

- (e) Where negative reserves were calculated, these were set to zero to prevent policies being treated as assets.
- (f) Any policies subject to substandard terms were valued using the same basis as standard policies.
- (B) The Mortality Table used in the valuation is the UK's Mortality of Assured Lives 1967-70 (A6770) without adjustment. The exception is the annuity business for which the UK's Pension Annuitants table (PA90) was used.
- (C) The rate of interest used in the valuation was 12.5% pa for all business excluding annuity, for which a rate of 12% pa was used.
- (D) Expenses for individual life (including credit life) and individual deposit-based business were reserved for explicitly at N1,305 per policy per annum. Annuity expenses were reserved for at 3% of the annuity payment. All expenses were assumed to increase with inflation at 8% pa.
- (E) The Company does not write with-profits business, therefore discussion of basis to be adopted for the distribution of profits among policyholders is not applicable.
- (F) The Company does not write with profits business, so discussion of the general principles upon which the distribution of profits to policyholders is determined is not applicable.

#### **46. Contravention of laws and regulations**

In the course of the year, the Company was sanctioned by NAICOM and paid the following fines:

- (a) N10,000 (ten thousand Naira only) for selling a bundled product before obtaining a reviewed product approval;
- (b) N100,000 (One hundred thousand Naira Only) for distributing the bundled product in (a) above through a platform for which an approval to partner with service provider was given before obtaining final approval to roll out.

#### **47. Restatement of prior period financial information**

- (i) The Group manages money market assets and liabilities within a separate account. These accounts do not qualify as deemed separate entities under 'IFRS 10 - Consolidated Financial Statements' which became effective 1 January 2013, hence they have been consolidated and reported in the Group statement of financial position with retrospective restatement of comparative balances.

Summary of restatement to 2012 figures - Statement of Financial Position

Explanation	Notes	GROUP					
		Reported	Reclassified	Restated	Reported	Reclassified	Restated
		2012		2012	2011		2011
		N ' 000	N ' 000	N ' 000	N ' 000	N ' 000	N ' 000
Cash and cash equivalent		3,257,176	-	3,257,176	2,606,744	-	2,606,744
<b>Financial assets</b>		-	-	-	-	-	-
- Held for trading assets		4,006,870	-	4,006,870	4,523,411	-	4,523,411
- Available-for-sale		3,067,015	-	3,067,015	2,858,242	-	2,858,242
- Financial assets designated at fair value	(i)	1,603,874	543,097	2,146,971	1,042,101	385,112	1,427,213
- Held-to-maturity		5,422,982	-	5,422,982	2,879,202	-	2,879,202
Pledged assets		235,967	-	235,967	-	-	-
Trade receivables		2,036,827	-	2,036,827	1,656,475	-	1,656,475
Reinsurance and co-insurance recoverables		1,798,806	-	1,798,806	1,436,568	-	1,436,568
Other receivables		867,423	-	867,423	352,792	-	352,792
Deferred acquisition cost		254,018	-	254,018	196,658	-	196,658
Investment property		6,936,660	-	6,936,660	5,490,473	-	5,490,473
Investment in subsidiaries		-	-	-	-	-	-
Intangible assets		100,769	-	100,769	41,697	-	41,697
Property and equipment		1,477,814	-	1,477,814	1,287,899	-	1,287,899
Statutory deposit		500,000	-	500,000	500,000	-	500,000
<b>TOTAL ASSETS</b>		<b>31,566,201</b>	<b>543,097</b>	<b>32,109,298</b>	<b>24,872,262</b>	<b>385,112</b>	<b>25,257,374</b>

## LIABILITIES

Insurance liabilities	5,865,262	-	5,865,262	4,649,200	-	4,649,200
Investment contract liabilities:		-			-	
– At amortised cost	1,999,686	-	1,999,686	1,513,107	-	1,513,107
– Financial liabilities designated at fair value	(i) 1,603,874	543,097	2,146,971	1,042,101	385,112	1,427,213
Borrowings	3,581,574	-	3,581,574	926,463	-	926,463
Trade payables	2,053,812	-	2,053,812	1,288,161	-	1,288,161
Other liabilities	1,047,208	-	1,047,208	879,010	-	879,010
Current income tax liabilities	411,434	-	411,434	587,699	-	587,699
Deferred income tax	421,017	-	421,017	145,446	-	145,446
<b>TOTAL LIABILITIES</b>	<b>16,983,867</b>	<b>543,097</b>	<b>17,526,964</b>	<b>11,031,187</b>	<b>385,112</b>	<b>11,416,299</b>

## EQUITY

Paid up share capital	5,000,000		5,000,000	5,000,000		5,000,000
Share premium	3,843,243		3,843,243	3,843,243		3,843,243
Contingency reserve	1,564,699		1,564,699	1,241,011		1,241,011
Other reserves	2,465,506		2,465,506	2,323,105		2,323,105
Fair value reserves	1,035,117		1,035,117	857,963		857,963
Retained earnings	204,818		204,818	271,677		271,677
<b>SHAREHOLDERS' FUNDS</b>	<b>14,113,383</b>	<b>-</b>	<b>14,113,383</b>	<b>13,536,999</b>	<b>-</b>	<b>13,536,999</b>

### Total equity attributable to

the owners of the parent	14,113,383		14,113,383	13,536,999		13,536,999
Non-controlling interest in equity	468,951		468,951	304,076		304,076
<b>TOTAL EQUITY</b>	<b>14,582,334</b>	<b>-</b>	<b>14,582,334</b>	<b>13,841,075</b>	<b>-</b>	<b>13,841,075</b>

<b>TOTAL LIABILITIES AND EQUITY</b>	<b>31,566,201</b>	<b>543,097</b>	<b>32,109,298</b>	<b>24,872,262</b>	<b>385,112</b>	<b>25,257,374</b>
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## 48 Related parties

### Parent

The parent company, which is also the ultimate parent company, is Assur Africa Holdings which owns 75% of the Company's shares. The remaining 25% of the shares are widely held.

### Subsidiaries

Transactions between Mansard Insurance plc and the subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

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

### Statement of financial position

#### (a) Loans and advances

(i) <i>Loans and advances to key management personnel</i>	2013	2012
<i>In thousands of Nigerian Naira</i>		
Loans outstandings as at 1 January	1,550	-
Loans issued during the year	-	3,500
Loans repayment during the year	(1,550)	(1,950)
Loan outstanding end of the year	-	1,550
Net interest income earned	86	-
No provision have been recognised in respect of loans given to key management personnel (2012:Nil)		
(ii) <i>Loans and advances to subsidiaries</i>	2013	2012
Loans outstandings as at 1 January	1,154,969	1,146,977
Loans issued during the year	331,136	7,992
Capitalised interest	135,705	-
Loans repayment during the year	(216,438)	-
Balance, end of year	1,405,372	1,154,969
(1) <i>Income statement</i>	2013	2012
<i>Intercompany</i>		
Interest income earned on intercompany loans	80,601	225,135
Asset management fees	106,113	101,482
<i>Key management personnel</i>		
Premium income	3,315	4,202
Other income - rental income	6,915	5,876

# General Business Revenue Account

...for life and living.



MANSARD INSURANCE PLC

SUMMARISED REVENUE ACCOUNTS (NON-LIFE)  
For the year ended 31 december 2013

REVENUE	GENERAL					Dec. 2012 =N=000				
	FIRE =N=000	ACCIDENT =N=000	MOTOR =N=000	MARINE =N=000	ENGINEERING OIL & ENERGY =N=000					
Gross Premium Written	1,274,177	1,040,233	2,659,718	1,071,532	917,030	3,391,608	196,248	4,739	10,555,286	9,204,467
Add Reinsurance Inward Premium	10,732	6,687	3,826	5,070	22,092	431	-	-	48,838	54,694
	1,284,909	1,046,920	2,663,544	1,076,602	939,122	3,392,039	196,248	4,739	10,604,124	9,259,161
Less Unexpired Risks Provision	(90,987)	(2,937)	(87,246)	56,237	(491,694)	(556,513)	134,682	-	(1,038,459)	(630,509)
<b>Gross Premium Earned</b>	<b>1,193,922</b>	<b>1,043,983</b>	<b>2,576,298</b>	<b>1,132,839</b>	<b>447,427</b>	<b>2,835,526</b>	<b>330,930</b>	<b>4,739</b>	<b>9,565,664</b>	<b>8,628,652</b>
Less Reinsurance Cost										
Local Facultative Premium	(302,468)	(237,180)	(19,027)	(345,800)	(605,936)	(2,483,476)	(132,609)	-	(4,126,496)	(3,547,690)
Prepaid Reinsurance	38,263	14,820	1,767	(77,893)	457,204	360,888	(100,860)	2,585	696,773	396,619
Reinsurance Treaty Premium	(404,406)	(43,071)	(21,353)	(138,344)	(128,235)	(141,786)	-	(2,844)	(880,038)	(785,199)
<b>Net Premium</b>	<b>(668,612)</b>	<b>(265,431)</b>	<b>(38,613)</b>	<b>(562,037)</b>	<b>(276,968)</b>	<b>(2,264,374)</b>	<b>(233,468)</b>	<b>(258)</b>	<b>(4,309,761)</b>	<b>(3,936,270)</b>
<b>Net Earned Premium</b>	<b>525,310</b>	<b>778,552</b>	<b>2,537,685</b>	<b>570,802</b>	<b>170,459</b>	<b>571,153</b>	<b>97,462</b>	<b>4,481</b>	<b>5,255,904</b>	<b>4,692,382</b>
<b>Add Commission Received</b>										
Direct Business Commission	1,630	(170)	(32)	3,994	(13)	71,114	(0)	-	76,523	61,817
Local Facultative Comm	58,924	33,713	2,402	14,995	12,702	125,807	3,666	-	252,207	177,590
Reinsurance Treaty Comm	94,913	-	-	34,702	39,856	37,088	-	782	207,340	159,989
Deferred Comm. Income	(6,655)	(312)	(227)	14,054	(7,521)	(117,259)	2,687	(646)	(115,878)	(11,840)
Investment Income	14,964	22,178	72,288	16,260	4,856	16,270	2,776	128	149,718	113,662
	163,776	55,409	74,430	84,004	49,879	133,020	9,128	263	569,910	501,218
<b>Total Income</b>	<b>689,086</b>	<b>833,961</b>	<b>2,612,115</b>	<b>654,806</b>	<b>220,339</b>	<b>704,173</b>	<b>106,590</b>	<b>4,744</b>	<b>5,825,814</b>	<b>5,193,600</b>
<b>Expenses</b>										
Claims Paid	677,186	406,773	1,443,900	103,341	227,331	373,937	6,483	-	3,238,951	2,358,270
Outstanding Claims	81,913	(43,678)	8,263	(5,947)	(24,341)	246,308	3,912	-	266,430	296,006
<b>Gross Claims</b>	<b>759,098</b>	<b>363,095</b>	<b>1,452,164</b>	<b>97,394</b>	<b>202,991</b>	<b>620,245</b>	<b>10,395</b>	<b>-</b>	<b>3,505,381</b>	<b>2,654,276</b>
Treaty Claims Recovered	319,078	106,766	36,002	24,792	84,585	34,142	-	-	605,366	314,264
Facultative Claims Recovered	-	-	-	614	10,728	(11,242)	562	-	662	10,924
Rt Claim Recoverable	49,507	(317)	5,764	(18,217)	10,375	130,967	2,623	-	180,702	166,845
<b>Total Claims Recovered/Recoverable</b>	<b>368,585</b>	<b>106,450</b>	<b>41,766</b>	<b>7,188</b>	<b>105,688</b>	<b>153,868</b>	<b>3,184</b>	<b>-</b>	<b>786,729</b>	<b>492,033</b>
<b>Net claims Incurred</b>	<b>390,513</b>	<b>256,645</b>	<b>1,410,398</b>	<b>90,205</b>	<b>97,302</b>	<b>466,377</b>	<b>7,211</b>	<b>-</b>	<b>2,718,652</b>	<b>2,162,243</b>
Underwriting Expenses (commission expenses)	206,228	150,411	197,965	138,028	85,192	153,556	7,707	474	939,562	853,030
Deferred Acquisition Cost (Comm)	(12,857)	2,175	(8,622)	13,752	(5,940)	(103,802)	8,125	(431)	(107,601)	(57,361)
Other acquisition Cost	51,327	27,629	125,091	66,642	6,204	35,988	8,652	-	321,532	247,465
Maintenance Costs	14,803	13,134	26,085	24,326	12,419	24,153	3,058	-	117,978	77,211
<b>Total underwriting expenses</b>	<b>259,501</b>	<b>193,349</b>	<b>340,518</b>	<b>242,749</b>	<b>97,874</b>	<b>109,896</b>	<b>27,542</b>	<b>43</b>	<b>1,271,471</b>	<b>1,120,345</b>
<b>Underwriting Profit</b>	<b>39,072</b>	<b>383,967</b>	<b>861,198</b>	<b>321,853</b>	<b>25,163</b>	<b>127,900</b>	<b>71,837</b>	<b>4,701</b>	<b>1,835,691</b>	<b>1,911,012</b>



## Life Business Revenue Account

### SUMMARISED REVENUE ACCOUNTS (LIFE) FOR THE YEAR ENDED 31 DECEMBER 2013

	GROUP LIFE =N=	HEALTH INSURANCE =N=	INDIVIDUAL LIFE =N=	ANNUITY =N=	Dec 2013 TOTAL =N=	Dec. 2012 TOTAL =N=
<b>REVENUE</b>						
Gross Premium Written	1,653,245	75,195	719,748	527,441	2,975,628	3,185,290
Less Unexpired Risks Provision	(25,319)	-	-	-	(25,319)	(157,922)
	1,627,926	75,195	719,748	527,441	2,950,310	3,027,368
<b>Less Reinsurance Premium</b>						
Local Facultative Premium	(573,485)	-	(1,175)	-	(574,661)	(533,526)
Ri share of Insurance Liabilities	(39,468)	-	5,048	-	(34,421)	-
Reinsurance Treaty Premium	-	(46,320)	(16,059)	-	(62,379)	(76,923)
<b>Net Premium</b>	<b>1,014,972</b>	<b>28,875</b>	<b>707,562</b>	<b>527,441</b>	<b>2,278,850</b>	<b>2,416,919</b>
<b>Add commission received</b>						
Direct business commission	6,495	-	11,938	-	18,433	-
Local Facultative	94,514	-	485	-	94,999	136,245
Reinsurance treaty	-	-	8,029	-	8,029	3,890
Investment Income	200,216	5,696	139,575	104,044	449,531	225,177
	301,224	5,696	160,028	104,044	570,992	365,312
<b>Total income</b>	<b>1,316,196</b>	<b>34,571</b>	<b>867,590</b>	<b>631,485</b>	<b>2,849,842</b>	<b>2,782,231</b>
<b>Expenses</b>						
Claims paid	1,059,138	7,677	70,992	63,462	1,201,268	1,218,663
Surrenders	-	-	1,867	-	1,867	514
Increase/decrease outstanding claims	(5,071)	-	-	-	(5,071)	(34,850)
<b>Gross claims incurred</b>	<b>1,054,067</b>	<b>7,677</b>	<b>72,859</b>	<b>63,462</b>	<b>1,198,064</b>	<b>1,184,327</b>
Reinsurance recovered	(292,543)	(6,141)	(16,763)	-	(315,448)	(448,722)
Claims Recovered	(71,931)	-	-	-	(71,931)	262,400
<b>Net claims incurred</b>	<b>689,592</b>	<b>1,535</b>	<b>56,096</b>	<b>63,462</b>	<b>810,685</b>	<b>998,005</b>
Acquisition expenses (commission expenses)	123,944	4,030	81,592	18,230	227,796	232,367
Other acquisition costs	54,105	92	13,622	-	67,819	47,592
Maintenance cost	30,211	1,354	9,112	-	40,676	84,165
Transfer to life fund	-	(23,815)	107,107	406,972	490,264	166,475
<b>Total expenses</b>	<b>897,852</b>	<b>(16,804)</b>	<b>267,529</b>	<b>488,664</b>	<b>1,637,241</b>	<b>1,528,604</b>
<b>Underwriting profit</b>	<b>418,344</b>	<b>51,375</b>	<b>600,061</b>	<b>142,821</b>	<b>1,212,601</b>	<b>1,253,627</b>

## Value Added Statement

### Statement of Value Added

(All amounts in thousands of Naira)

	Group				Parent			
	Dec. 2013	%	Dec. 2012	%	Dec. 2013	%	Dec. 2012	%
Gross premium income	13,594,216		11,656,020		13,579,752		11,656,020	
Re-insurance, claims and commission & others	(13,513,768)		(10,234,498)		(12,629,994)		(10,113,002)	
	80,448		1,421,522		949,758		1,543,018	
Investment and other income	3,715,393		2,358,148		2,042,936		1,687,764	
Value added	3,795,841		3,779,670		2,992,694		3,230,782	
	<b>Applied to pay:</b>							
Employee benefits	1,103,515	29%	1,016,552	27%	994,125	33%	933,898	29%
Government as tax	(102,925)	-3%	470,403	12%	(92,530)	-3%	244,485	8%
Shareholder as dividend	400,000	11%	400,000	11%	400,000	13%	400,000	12%
Retained in the business								
Contingency reserve	347,880	9%	323,688	9%	347,880	12%	323,688	10%
Depreciation and amortisation	301,061	8%	248,514	7%	286,853	10%	242,560	8%
Retained profit for the year	1,555,129	41%	1,155,638	31%	1,056,365	35%	1,086,151	34%
Non-controlling interest	191,181	5%	164,875	4%	-	0%	-	0%
Value added	3,795,841	100%	3,779,670	100%	2,992,694	100%	3,230,782	100%

## Five Year Financial Summary

(All amounts in thousands of Naira unless otherwise stated)

Group	IFRS				NGAAP	
STATEMENT OF FINANCIAL POSITION	2013 N' 000	2012 N' 000	2011 N' 000	2010 N' 000	BALANCE SHEET	2009 N' 000
<b>ASSETS</b>					<b>ASSETS</b>	
Cash and cash equivalents	6,169,398	3,257,176	2,606,744	5,370,113	Cash and bank balance	459,435
Financial assets					Short-term investments	8,657,009
– At fair value through profit or loss	1,013,686	4,006,870	4,523,411	1,938,181	Deferred acquisition cost	98,682
– Available-for-sale	3,424,026	3,067,015	2,858,242	2,954,680	Debtors and prepayments	2,010,228
Other financial assets designated at fair value	3,738,761	2,146,971	1,427,213	846,674	Deferred tax assets	1,106
– Held-to-maturity	6,450,413	5,422,982	2,879,202	1,665,320	Long-term investments	2,015,625
Pledged assets	-	235,967	-	-	Statutory deposit	500,000
Trade receivables	166,367	2,036,827	1,656,457	1,008,674	Trading properties	2,519,241
Reinsurance receivables	2,852,008	1,798,806	1,436,568	633,562	Property and equipment	910,028
Other receivables	922,806	867,423	352,792	421,818		
Deferred acquisition	361,786	254,018	196,657	145,042		
Investment property	8,742,725	6,936,660	5,490,491	4,418,173		
Deferred tax asset	-	-	-	4,705		
Intangible assets	110,878	100,769	41,697	27,654		
Property and equipment	1,679,861	1,477,814	1,287,899	362,976		
Statutory deposit	500,000	500,000	500,000	500,000		
<b>TOTAL ASSETS</b>	<b>36,132,715</b>	<b>32,109,298</b>	<b>25,257,373</b>	<b>20,297,571</b>	<b>TOTAL ASSETS</b>	<b>17,171,354</b>
<b>LIABILITIES</b>					<b>Liabilities</b>	
Insurance liabilities	7,692,694	5,865,262	4,649,200	3,333,361	Creditors and accruals	673,538
Investment contract liabilities:					Insurance fund	1,983,363
– At amortised cost	2,189,940	1,999,686	1,513,107	975,990	Deposit administration	1,115,094
Other financial liabilities designated at fair value	3,738,761	2,146,971	1,427,213	846,674	Taxation	582,424
Borrowing	3,484,128	3,581,574	926,463	-	Deferred tax	191,595
Trade payables	1,143,012	2,053,812	1,288,161	595,403		451,651
Other payables	2,467,133	1,047,208		879,010		650,328
Current income tax liabilities	279,751	411,434		587,699		132,703
Deferred income tax	206,082	421,017		145,446		
<b>TOTAL LIABILITIES</b>	<b>21,201,501</b>	<b>17,526,964</b>	<b>11,416,298</b>	<b>6,986,110</b>	<b>TOTAL LIABILITIES</b>	<b>4,546,014</b>
<b>EQUITY</b>					<b>Capital and reserves</b>	
Paid up share capital	5,000,000	5,000,000	5,000,000	5,000,000	Share capital	5,000,000
Share premium	3,843,243	3,843,243	3,843,243	3,843,243	Capital reserve	2,500,000
Contingency reserve	1,912,579	1,564,699	1,241,011	988,221	Share premium	3,843,243
Other reserves	2,500,000	2,465,506	2,323,105	2,323,105	Statutory contingency reserve	745,687
Retained earnings	733,172	204,818	271,677	445,069	Retained earnings	536,410
Fair value reserves	282,088	1,035,117	857,963	711,823		
<b>SHAREHOLDERS' FUNDS</b>	<b>14,271,082</b>	<b>14,113,383</b>	<b>13,536,999</b>	<b>13,311,461</b>	<b>SHAREHOLDERS' FUNDS</b>	<b>12,625,340</b>
Total equity attributable to the owners of the parent	14,271,082	14,113,383	13,536,999	13,311,461		
Non-controlling interests in equity	660,132	468,951	304,076	-		
<b>TOTAL EQUITY</b>	<b>14,931,214</b>	<b>14,582,334</b>	<b>13,841,075</b>	<b>13,311,461</b>		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>36,132,715</b>	<b>32,109,298</b>	<b>25,257,373</b>	<b>20,297,571</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>17,171,354</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					<b>PROFIT AND LOSS ACCOUNT</b>	
	2013 N' 000	2012 N' 000	2011 N' 000	2010 N' 000		2009 N' 000
Gross premium written	13,594,216	12,444,451	10,004,767	7,520,527	Gross premium written	4,311,466
Premium earned	7,534,754	7,109,300	6,083,463	3,166,847	Premium earned	1,119,951
Profit before taxation	1,991,266	2,179,804	1,256,039	1,017,902	Profit before taxation	662,304
Taxation	102,925	(576,499)	(290,442)	(374,256)	Taxation	(343,760)
Profit after taxation	2,094,190	1,603,305	965,597	643,646	Profit after taxation	318,544
Transfer to contingency reserve	347,880	323,688	252,790	242,534	Transfer to contingency reserve	161,229
Earnings per share (kobo)	21	16	10	6	Earnings per share	3

(All amounts in thousands of Naira unless otherwise stated)

Parent	IFRS				NGAAP	
	2013 N' 000	2012 N' 000	2011 N' 000	2010 N' 000	BALANCE SHEET	
<b>ASSETS</b>					<b>ASSETS</b>	
Cash and cash equivalents	5,456,942	2,806,096	1,917,218	5,012,516	Cash and bank balance	434,537
Financial assets					Short-term investments	10,511,556
– Available-for-sale	2,994,664	3,067,015	2,858,242	2,954,680	Debtors and prepayments	2,003,994
– At fair value through profit or loss	767,073	3,797,654	4,256,893	1,885,577	Deferred acquisition cost	98,682
– Other financial assets designated at fair value	2,140,840	1,603,874	1,042,101	846,674	Deferred tax assets	1,106
– Held-to-maturity	6,182,981	5,166,769	2,629,202	1,302,264	Statutory deposit	500,000
Pledged assets	-	235,967	-	-	Long-term investments	2,565,625
Trade receivables	166,367	2,036,827	1,656,457	1,008,674	Property and equipment	897,343
Reinsurance receivables	2,852,008	1,798,807	1,436,569	633,562		
Other receivables	2,516,309	1,769,005	2,664,008	2,932,550		
Deferred acquisition	361,619	254,018	196,657	145,042		
Investment in subsidiaries	3,199,661	2,687,661	3,546,829	3,163,703		
Deferred tax asset	-	-	-	-		
Intangible assets	82,085	96,357	39,665	27,343		
Property and equipment	1,569,233	1,468,003	1,273,281	355,841		
Statutory deposit	500,000	500,000	500,000	500,000		
<b>TOTAL ASSETS</b>	<b>28,789,782</b>	<b>27,288,053</b>	<b>24,017,122</b>	<b>20,773,131</b>	<b>TOTAL ASSETS</b>	<b>17,012,843</b>
<b>LIABILITIES</b>					<b>LIABILITIES</b>	
Insurance liabilities	7,680,663	5,865,263	4,649,200	3,333,361	Outstanding claims	388,040
Investment contract liabilities:					Creditors and accruals	662,582
– At amortised cost	2,189,940	1,999,686	1,513,107	975,990	Insurance fund	1,595,323
Other financial liabilities designated at fair value	2,140,840	1,603,874	1,042,101	846,674	Deposit administration	1,115,094
Borrowing	-	235,967	-	-	Taxation	540,956
Trade payables	1,143,012	2,053,812	1,288,161	595,404	Deferred tax	189,080
Other liabilities	1,818,637	504,978	750,316	363,136		
Current income tax liabilities	272,615	392,300	571,032	643,555		
Deferred income tax	19,442	214,377	142,618	131,000		
<b>TOTAL LIABILITIES</b>	<b>15,265,149</b>	<b>12,870,258</b>	<b>9,956,535</b>	<b>6,889,120</b>	<b>TOTAL LIABILITIES</b>	<b>4,491,075</b>
<b>EQUITY</b>					<b>Capital and reserves</b>	
Paid up share capital	5,000,000	5,000,000	5,000,000	5,000,000	Share capital	5,000,000
Share premium	3,843,243	3,843,243	3,843,243	3,843,243	Share premium	3,843,243
Contingency reserve	1,912,579	1,564,699	1,241,011	988,221	Capital reserve	2,500,000
Other reserves	2,500,000	2,500,000	2,500,000	2,500,000	Statutory contingency reserve	745,687
Retained earnings	(13,277)	474,736	618,371	840,723	Retained earnings	432,838
Fair value reserves	282,088	1,035,117	857,962	711,823		
<b>SHAREHOLDERS' FUNDS</b>	<b>13,524,633</b>	<b>14,417,795</b>	<b>14,060,587</b>	<b>13,884,010</b>	<b>SHAREHOLDERS' FUNDS</b>	<b>12,521,768</b>
Total equity attributable to the owners of the parent	13,524,633	14,417,795	14,060,587	13,884,010		
<b>TOTAL EQUITY</b>	<b>13,524,633</b>	<b>14,417,795</b>	<b>14,060,587</b>	<b>13,884,010</b>		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>28,789,782</b>	<b>27,288,053</b>	<b>24,017,122</b>	<b>20,773,131</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>17,012,843</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					<b>PROFIT AND LOSS ACCOUNT</b>	
	2013 N' 000	2012 N' 000	2011 N' 000	2010 N' 000		2009 N' 000
Gross premium written	13,579,752	12,444,451	6,101,553	4,774,810	Gross premium written	4,311,899
Premium earned	7,534,754	7,109,301	1,895,698	1,494,332	Premium earned	1,119,951
Profit before taxation	867,337	1,730,634	747,694	462,171	Profit before taxation	584,619
Taxation	92,530	(350,581)	(177,063)	(29,376)	Taxation	(315,805)
Profit after taxation	959,866	1,380,053	570,631	432,795	Profit after taxation	268,814
Transfer to contingency reserve	347,880	323,688	152,723	86,757	Transfer to contingency reserve	161,229
Earnings per share (kobo)	10	14	6	4	Earnings per share	3



## Direct Cashflow Statement

for the year ended 31 December 2013

In thousands of Nigerian Naira

	Notes	Group 31-Dec-2013	Group 31-Dec-2012	Parent 31-Dec-2013	Parent 31-Dec-2012
<b>Cash flows from operating activities</b>					
Cash premium received		14,904,526	11,997,697	14,890,061	11,997,697
Cash from/ (to) other receivables		313,974	500,853	(428,846)	1,053,863
Fee Income received		658,972	539,366	657,532	539,366
Cash received on investment contracts & insurance contract liabilities		464,929	1,121,669	464,929	1,121,669
Claims recovered		924,779	377,291	924,779	377,291
Investment income received		1,545,967	1,249,434	825,211	1,098,700
Claims paid		(4,442,536)	(3,565,288)	(4,442,087)	(3,565,288)
Cash paid to reinsurers/ coinsurers		(5,800,057)	(4,519,628)	(5,800,057)	(4,519,628)
Underwriting expenses paid		(1,714,529)	(1,484,277)	(1,714,363)	(1,484,277)
Employee benefits paid		(1,103,515)	(1,145,799)	(994,125)	(991,799)
Other operating expenses paid		(1,486,179)	(1,173,973)	(1,520,122)	(794,938)
Changes in working capital		4,266,331	3,897,346	2,862,912	4,832,656
Income tax paid	25	(246,612)	(477,195)	(225,008)	(457,553)
Net cash from operating activities		4,019,718	3,420,151	2,637,903	4,375,103
<b>Cash flows from investing activities</b>					
Additional investment in subsidiary		(12,000)	-	(12,000)	-
Equity capital in new subsidiary		-	-	(500,000)	-
Proceed from disposal of subsidiaries		-	900,000	900,000	-
107,718					
Purchases of property, plant and equipment	18	(502,318)	(418,036)	(384,778)	(417,962)
Dividend received	32	187,092	236,957	262,476	290,783
Interest received		673,848	604,644	556,213	511,684
Interest paid		(74,567)	(51,881)	(74,567)	(51,881)
Purchase of intangible assets	17	(39,742)	(88,266)	(13,560)	(84,984)
Proceeds from the disposal of property and equipment		27,354	14,417	22,708	14,417
Purchase of HTM financial assets		(1,396,625)	(2,819,167)	(1,453,797)	(2,852,099)
Redemption of HTM financial assets		369,194	-	369,194	-
Net changes in other investment securities		1,681,080	(868,220)	2,387,596	(768,751)
Additions to investment property		(628,143)	(1,708,016)	-	-
Net cash used in investing activities		285,173	(4,197,568)	1,267,204	(2,458,793)
<b>Cash flows from financing activities</b>					
Dividend paid		(1,100,000)	(1,181,600)	(1,100,000)	(1,200,000)
Interest repayment on borrowings		(92,453)	(175,843)	(235,967)	-
Principal repayment on borrowings		(205,374)	-	-	-
Proceeds from the disposal of treasury shares		107,718	146,252	-	-
Borrowed funds received		-	2,453,567	-	235,967
Purchase of treasury shares		-	(3,851)	-	-
Net cash used in financing activities		(1,290,109)	-	(1,335,967)	(964,033)
Cash and cash equivalent at beginning of year	8	3,072,936	2,606,747	2,874,487	1,917,229
Net increase/decrease in cash and cash equivalents		3,014,782	461,107	2,569,141	952,277
Effect of exchange rate changes on cash and cash equivalents		26,469	5,082	13,314	4,982
<b>Cash and cash equivalent at end of year</b>	8	6,114,187	3,072,936	5,456,942	2,874,487

## Mansard Insurance plc Unclaimed Dividend Listing As At 31/03/2014

ABAH JOHN, ABAH  
ABARI FOLUKEMI, ELIZABETH  
ABASI HELPME, SORBO  
ABASS MUTALIB, OLATUNDE  
ABDULMUMINI IBRAHIM, BELLO  
ABDULRASHEED BASHIR,  
ABIDOYE LATEEF, BOLAJI  
ABIDOYE MAJEED, TUNJI  
ABIDOYE MICHAEL, AKINTOLA  
ABIDOYE TAOFIK, OWOLABI  
ABIJO OLANIYI,  
ABIODUN OLAYINKA,  
ABODERIN GBOYEGA,  
ABODERIN GBOYEGA,  
ABODERIN TITILAYO,  
ABODUNRIN DAMILARE, JOHN  
ABODUNRIN REUBEN, ADESOLA  
ABOLAJI OLUFEMI, OLAJIDE  
ABOLAJI YEMI, EMMANUEL  
ABOLARIN OLUGBENGA,  
ABOLUDE OLUFEMI,  
ABOLUWOYE AKINWANDE, EBENEZER  
ABORODE OLADEJI, STEPHEN  
ABOYEJI OLABODE,  
ABUI DAUDA,  
ADAIGBE JANE,  
ADAMU ALIU,  
ADARAMEWA KAMORUDEEN, OLUSUYI  
ADEAYO MOBOLAJI, OLALEKAN  
ADEBAMBO OLUWABUKOLA, ALICE  
ADEBARI OLADIPUPO, ABDULKABIR  
ADEBAYO ADEYEMI-ELIZABETH,  
ADEBAYO IBIKUNLE,  
ADEBAYO OLUYOMI, GBEMINIYI  
ADEBAYO RASHIDA, AJOKI  
ADEBAYO SAMUEL, SUNDAY  
ADEBISI ADEDAMOLA, FOLAYEMI  
ADEBISI RASHIDAT,  
ADEBIYI OLUWASHOLA, ADEOLA  
ADEBOWALE KAYODE, MICHAEL  
ADEDEJI OLUFOLAKE, COMFORT  
ADEDIRAN ADENIYI, ADESOJI  
ADEDIRAN AKEEM,  
ADEDOYIN MATTHEW, ADEREMI  
ADEDOYIN-ADEYINKA  
OLUMOROTI ABIODUN  
ADEFEHINTI OLUWAKEMI, AJOKI  
ADEFOWOKAN TIMOTHY, OLATUNDE  
ADEFUNMILAYO TOPE, DAMILOLA  
ADEGBITE ADEDAMOLA,  
ADEGBOYEGA SAMUEL,  
ADEGOKE SAMSON, OLUTAYO  
ADEJARE ADESANMI, ADEDAMOLA  
ADEKOLA AHMAD, ADEKUNLE  
ADEKOLA DANIEL, OREOLUWA  
ADEKOYA TAIWO, JOHNSON  
ADEKUNJO IDOWU,

ADELANWA KUBURAT, AYOKA  
ADELE ABIODUN, IDRIS  
ADELEKE ADEBAYO, ADETUNJI  
ADELEKE OLUGBENGA, MOSES  
ADELEYE ABIODUN, OLUWATOYIN  
ADELOTAN HAKEEM, OLUROTIMI  
ADELUSI OLUFEMI, ISAAC  
ADELUSI TAIWO,  
ADEMILUYI ADEKUNLE, OLUWASEUN  
ADEMOH FATIMA, OYIZA  
ADENEKAN KOLAWOLE, ISAAC  
ADENEYE ADEWALE,  
ADENIJI IYINOLUWA, OLOHIJE ESTHER  
ADENIREGUN ABIOLA, ATINUKE  
ADENIYI BABATOPE,  
ADENIYI SAMUEL, AYODEJI  
ADENIYI WALE,  
ADENRELE RAHEEMOT, YETUNDE OMOTOLA  
ADENUGA PRECIOUS, ADEDAMOLA  
ADEOGBA ADEDAYO, A.  
& OLUWATOYIN O.(MR&MRS)  
ADEOLA OLUSHOLA,  
ADEOLU ADEOSUN,  
ADEOSUN ADEKUNLE, SEGUN  
ADEOTI COMFORT, OLUWAKEMI  
ADEREWA TINUKEMI,  
ADESANWO OLUGBENGA, MICHAEL  
ADESANYA AYoola, EMMANUEL  
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UKANDU CHESTER ONYEMAECHI  
UKO INIOBONG, SHEKINAH  
UKPABI NNENNAYA, SUCCESS  
UKPETENAN, FRANK, OBEHI  
UKWESA MERCY,  
UKWO GODWIN, IKPAI  
UMEILECHUKWU OBINNA, CHINEDU  
UMEObI CHUKWUDI ANDREW  
UMEUGOJI CHINYERE, B  
UMUNNA NGOZI, BEATRICE  
UNAEGBU DONATUS, EJIKEME  
UNION DIAGNOSTIC & CLINICAL SERV. PLC  
UNUBUN ALEXANDER, OMOEGBE  
USMAN MUNIRAH,  
UTHMAN OLUFUNMI, M.  
UZEBU EKUASE,  
UZOH DENNIS, IHENACHO  
UZUEGBU CHINONSO, GOLDEN  
VEN (DR), / PROF (MRS) AO MALOMO  
VINCENT O, VALENTINA  
VINE FOODS LTD  
WADI BRIDGET, CHIYERE  
WASIMO VENTURES LIMITED  
WILLIAMS ALADE,  
WILLIAMS EMMANUEL,  
WILLIAMS JOHN, ADEBAYO  
WOKOMA BENONI, SOGBEYE  
WONSIRIM HYCIENTH, IHEANYICHUKWU  
YAKUBU ALI,  
YAKUBU SHERIFF,  
YEKINNI ADISA, AKINGBOROWA  
YINUSA AMUDA, YUSUF  
YUSUF BALLA-JOSE,  
YUSUF OLAITAN, LUKMAN  
YUSUF OLUKUNLE, ISAAC  
YUSUF OMOSHOLA,  
ZEKERI YAHAYA

## Oil lubricates the economy Mansard provides the c<sup>o</sup>ver

Underwriting energy risks requires technical know-how and strong financial capital ...little wonder Oil and Gas companies are choosing the Mansard Cover.

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In May 2013, Mansard Insurance plc opened Mansard Place, Victoria Island's new and premium commercial property.







**MANSARD**

INSURANCE

# PROXY FORM

MANSARD INSURANCE PLC

RC 133276

22nd ANNUAL GENERAL MEETING to be held at Federal Palace Hotel, No 6-8 Ahmadu Bello Way, Victoria Island, Lagos on Thursday, April 24, 2014 at 10:00 a.m

I/We..... being a member/members of Mansard Insurance plc hereby appoint\*.....or failing him Mr. Victor Osibodu, or failing him Mr. Tosin Runsewe, as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on April 24, 2014 and at any adjournment thereof.

Dated this .....day of .....2014.

Signature of Shareholder .....

Name of Shareholder.....

## ADMISSION CARD

Twenty Second Annual General Meeting of MANSARD INSURANCE PLC will hold at the Federal Palace Hotel, No 6-8 Ahmadu Bello Way, Victoria Island, Lagos on Thursday, April 24, 2014 at 10:00 a.m

Name of Shareholder (in BLOCK LETTERS).....

.....

Shareholder's Account No.....

Number of shares.....

## IMPORTANT

1. Before posting the above form of proxy, please tear off this part and retain it. A person attending the Annual General Meeting of the Company or his proxy should produce this card to secure admission to the meeting.
2. A member of the Company is entitled to attend and vote at the Annual General Meeting of the Company. He is also entitled to appoint a proxy to attend and vote instead of him, and in this case, the above card may be used to appoint a proxy.
3. In line with the current practice, the names of two (2) of the Directors of the Company have been entered on the form of proxy to ensure that someone will be at the Meeting to act as your proxy. You may however wish to insert in the blank space on the form (marked " \* ") the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of one (1) of the Directors named.
4. The above form of proxy, when completed, must be deposited at the office of the Registrar, DataMax Registrars Limited, No 2C, Gbagada Expressway, Gbagada Phase 1, Lagos, not less than forty-eight (48) hours before the time fixed for the meeting.
5. It is a requirement of the law under the Stamp Duties Act, Cap. A8, Laws of the Federation of Nigeria, 2004, that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear a stamp duty of Fifty (50) Kobo.
6. If the form of proxy is executed by a Company, it should be sealed under its Common Seal or under the hand and seal of its Attorney.

Signature of the person attending.....

NUMBER OF SHARES:		
RESOLUTIONS	FOR	AGAINST
To receive the Audited Financial Statements for the year ended December 31, 2013, and the Reports of the Directors, Auditor and Audit Committee thereon.		
To declare a dividend.		
To re-elect a Director		
To authorize Directors to fix the remuneration of the Auditor		
To elect members of the Audit Committee		
To authorize Directors subject to regulatory approval to invest in or acquire any business entity in furtherance to the objects of the Company including but not limited to a Pension Fund Administrator.		
To authorize Directors subject to regulatory approval to appoint such advisers, professionals and parties that they deem necessary, upon such terms and conditions that the Directors may deem appropriate with regard to the aforementioned investments and acquisitions.		
To authorize Directors to do or procure to be done, all such acts and things on behalf of the Company as they consider necessary, expedient or desirable in connection with the above stated resolutions.		
Please indicate with an "X" in the appropriate box how you wish your votes to be cast on the resolutions set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.		



# OUTSTANDING RATINGS

Our Credit Ratings are a testimony to our good business profile and strong underwriting performance.



**A+** from Agosto & Co for Credit Risk

**A+** from Global Credit Rating Company for Claims Paying Ability

**B** from AM Best Company for Financial Strength

**bb+** from AM Best Company for Issuer Credit Rating

**These ratings are the highest given to any insurance company in Nigeria.**

*Agusto & Co. is Nigeria's foremost research, credit rating and credit risk management company.*

*Global Credit Rating Company is an authoritative source for ratings and research services in South America, Eastern Europe, Asia, Africa, and the Middle East.*

*A.M. Best Company, founded in 1899 is the world's oldest and most authoritative source for insurance rating and information.*

## MANSARD INSURANCE PLC

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## Corporate Directory

### Executive Suite

Tosin Runsewe  
Yetunde Ilori  
Adekunle Ahmed

Tejumade Coker  
Assistant Manager

Latifah Aliu  
Assistant Manager

Akinmaderin Osofisan  
Manager

Olanike Olaniyan  
Manager

Vincent Anosike  
Assistant Manager

Ariyibi Kehinde  
Assistant Manager

### Institutional Business Division

Akinlolu Akinyele  
Manager

Oluwamuyiwa Omoyele  
Manager

Adebola Surakat  
Manager

James Awojobi  
Manager

Gabriel Njoku  
Deputy Manager

Nkechi Osawemen  
Deputy Manager

Emonefe Isodje  
Deputy Manager

Ayodeji Alamutu  
Assistant Manager

Leonard Oyinbo  
Assistant Manager

Hanim Windibiziri  
Assistant Manager

### Retail Business Division

Abayomi Onifade  
General Manager

Rantimi Ogunleye  
Senior Manager

Edison Emoabino  
Manager

Chukwuemeka Albert  
Deputy Manager

Olusoji Osunsedo  
Deputy Manager

Olushola Stephen  
Assistant Manager

Abayomi Olota  
Assistant Manager

Alfred Egbai  
Assistant Manager

### Technical Division

Lekan Oyinlade  
Deputy General Manager

Adeyemi Adeneye  
Deputy Manager

Omowoma Oroka  
Deputy Manager

Adebowale Adesona  
Deputy Manager

Olaniyi Abijo  
Assistant Manager

### Claims and Risk Management Division

Henry Akwara  
Assistant General Manager

Olufemi Aluko  
Manager

Babatunde Braimah  
Manager

Patience Ugboajah  
Deputy Manager

Adekunle Omotoye  
Deputy Manager

Adeseye Ajibulu  
Deputy Manager

Omowunmi Adewusi  
Deputy Manager

### Operations & Technology Division

Ndukwe Anagha  
Assistant General Manager

Yusuf Omoshola  
Deputy Manager

Morenike Hassan  
Deputy Manager

Olanrewaju Ogunleye  
Assistant Manager

Kunle Ojekale  
Assistant Manager

Folake Ajibola  
Assistant Manager

### Financial Control and Corporate Services Division

Rashidat Adebisi  
Deputy General Manager

Emeka Muonaka  
Manager

Ngozi Ola-Israel  
Manager

Oyekanmi Akinpeloye  
Deputy Manager

Olachi Ekechukwu  
Assistant Manager

Oluwadamilola Ogedengbe  
Assistant Manager

### Marketing and Corporate Communications

Taiwo Adeleye  
Assistant General Manager

Omosolape Odeniyi  
Assistant Manager

### Systems and Control Group

Olusola Odumuyiwa  
Assistant General Manager

Tosin Taiwo  
Assistant Manager

Bruno Akpaibor  
Assistant Manager

### Investor Relations and Liability Management

Opeyemi Ojedele - Akinwonmi  
Deputy Manager

### Mansard Investments Limited

Deji Tunde-Anjous  
Chief Executive Officer

Jumoke Odunlami  
Assistant Vice President

Babajide Lawani  
Analyst

Mosope Oguntoyinbo  
Analyst

Oluwagbemileke Sule  
Analyst

### Mansard Health Limited

Tope Adeniyi  
Chief Executive Officer

Nte Uran-York  
Assistant General Manager

Funlola Jide-Aribaloye  
Assistant General Manager

Chidi Onyedika  
Deputy Manager

Adeolu Adeosun  
Assistant Manager

## Corporate Addresses

### HEAD OFFICE

Mansard Insurance PLC  
Santa Clara Court,  
Plot 1412, Ahmadu Bello Way,  
Victoria Island, Lagos.

### REGIONAL OFFICES

**ABUJA**  
Plot 1568 Muhammadu Buhari way  
Area 11, Garki  
Abuja.

**IBADAN**  
11B, Jimoh Odotola Road,  
Ibadan, Oyo State.

**PORT HARCOURT**  
Plot 12 Ezimgbu Link Road,  
Off Stadium Road, GRA Phase IV  
Port Harcourt, Rivers State

**ENUGU**  
Plot 1, Ogui Road, Enugu, Enugu State.

### MANSARD WELCOME CENTRES

**ABUJA**  
Plot 1568 Muhammadu Buhari way  
Area 11, Garki,  
Abuja

**ALAUUSA**  
DN Meyer Building  
Plot 34, Mobolaji Johnson Avenue  
Behind 7Up Bottling Company  
Alausa-Ikeja, Lagos.

**ONIKAN**  
3/5, Boyle Street,  
Onikan, Lagos.

**PORT HARCOURT**  
Plot 12 Ezimgbu Link Road,  
Off Stadium Road, GRA Phase IV  
Port Harcourt, Rivers State

**YABA**  
176, Herbert Macaulay,  
Adekunle, Yaba, Lagos.

**FESTAC**  
Plot 248, Block B  
Amuwo-Odofin, Festac Link Road,  
Amuwo-Odofin, Lagos.

**IKOTA – LEKKI**  
Suite K4-6 & K15-17  
Road 5, Ikota Shopping Complex  
Ikota, Ajah, Lagos.

**IKORODU ROAD**  
177 Ikorodu Road Onipanu, Lagos.  
12, Ezimbu Bypass, Off Aba Road,

**APAPA**  
No. 31 Calcutta Crescent Apapa.

**OGBA**  
18 Ijaiye Road Ogba, Ikeja, Lagos.

**ALABA**  
H40/51 Igbede Road,  
Alaba International Market,  
Ojo, Alaba.

**AHMADU BELLO WAY-V/I**  
Plot 1412, Ahmadu Bello Way,  
Victoria Island, Lagos.

**OPEBI**  
4th Floor, Adebola House,  
38, Opebi Road, Ikeja, Lagos.

**SURULERE**  
82 Adeniran Ogunsanya Street,  
Lagos

# NOTES

Life Insurance | General insurance | Investments | Health Maintenance

# Mansard Motor Insurance Plan

A complete cover you can count on

- Prompt Claim Settlement
- Simplified Processes
- Quality Service



**MANSARD** Motor Options

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