CORNERSTONE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2016

Cornerstone

Consolidated and Separate Statement of Financial Position
As at September 30, 2016

	Note	2016 Group N'000	2015 Group N'000	2016 Company N'000	2015 Company N'000
ASSETS					
Cash and cash equivalents	5	5,401,270	6,527,576	2,521,465	3,687,778
Financial assets	6	9,213,867	7,519,010	8,667,091	6,527,604
Trade receivable	7	183,917	(0)	182,265	(0)
Other receivables and prepayments	8	147,195	213,395	216,948	452,634
Other Assets	8b	(0)	290,138	(0)	290,138
Reinsurance assets	9	2,888,750	1,611,105	2,752,538	1,497,638
Deferred acquisition cost	10	290,125	219,308	249,552	197,082
Investment in subsidiaries	11	(0)	-	2,954,748	2,954,748
Finance lease receivables	12	70	70	-	-
Investment properties	13	1,302,992	1,302,994	816,992	816,994
Property, plant and equipment	14	2,144,132	2,070,529	785,700	770,413
Intangible assets	15	80,521	40,041	74,050	36,245
Deferred tax assets	21b	292,000	242,583	175,803	187,843
Statutory deposits	16	800,000	800,000	500,000	500,000
Assets classified as held for sales	11.5	132031	132031		
Total Assets		**22,876,868**	**20,968,779**	**19,897,153**	**17,919,118**
Liabilities:					
Investment contract liabilities	17	2,187,949	1,712,048	2,187,949	1,712,048
Insurance contract liabilities	18	7,544,289	5,619,757	6,957,670	4,862,365
Trade payables	19	443,470	384,017	427,060	331,222
Other payables	20	668,733	826,647	785,270	616,759
Finance lease obligations	22	0	-	0	-
Income tax liabilities	21	243,376	340,539	248	246,725
Employees retirement benefit obligations	22	62,787	7,523	8,120	7,523
Liabilities directly associated with assets classified as held for sale	11.5	5,497	5,497		
Total Liabilities		11,156,101	8,896,027	**10,366,318**	**7,776,642**
EQUITY & LIABILITIES					
Share capital & reserves:					
Ordinary share capital	23	7,364,754	7,364,754	7,364,754	7,364,754
Share premium	23a	1,947,167	1,947,166	1,947,167	1,947,166
Treasury shares	23b	(48,175)	(48,175)	(48,175)	(48,175)
Contingency reserve	24a	1,810,612	1,519,802	1,702,408	1,519,802
AFS Fair value reserve	24b	(2,404,686)	(335,070)	(2,450,541)	(334,370)
Retained earnings	24c	2,886,685	1,459,866	1,015,222	(306,700)
Non Controlling interest(NCI)	29c	164,409	164,409	-	-
Total Equity		**11,720,767**	**12,072,752**	**9,530,835**	**10,142,477**
Total Equity & Liabilities		**22,876,868**	**20,968,779**	**19,897,153**	**17,919,118**

CORNERSTONE INSURANCE PLC
Group Managing Director

CORNERSTONE INSURANCE PLC
Head of Finance

Date: Sign:

Emmanuel Otitolaiye
Head, Finance & Performance Mgt. Group
FRC/2014/ICAN/00000008524

Ganiyu Musa
Group Managing Director
FRC/2013/ICAN/0000003110

Cornerstone Insurance Plc.
RC 163170
Authorised and Regulated by the National Insurance Commission.

REGISTERED ADDRESS
136, Lewis Street,
Lagos-Island, Lagos,
Nigeria
E enquiries@cornerstone.com.ng
cornerstone.com.ng

CORPORATE HEAD OFFICE
21, Water Corporation Drive,
Off Ligali Ayorinde,
Victoria Island, Lagos, Nigeria.
T +234-1-2806500
+234-1-2806526-7

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive income for the year ended 30 September , 2016

	Note	2016 Group N'000	2015 Group N'000	2016 Company N'000	2015 Company N'000
Gross Premium written	25	7,674,809	6,011,361	7,061,819	6,011,361
Change in unearned premium	25	(1,631,582)	(800,460)	(1,562,633)	(800,460)
Premium income		6,043,227	5,210,900	5,499,186	5,210,900
Reinsurance Expenses	25	(2,173,363)	(1,486,098)	(1,970,216)	(1,486,098)
Net premium income	25	3,869,864	3,724,803	3,528,970	3,724,802
Fees and commission income	26	314,023	220,757	294,796	220,757
Net underwriting income		4,183,887	3,945,560	3,823,767	3,945,559
Insurance claims and benefits paid- Gross (including loss adjustment expenses)	27	(3,510,939)	(2,277,159)	(3,531,767)	(2,277,159)
Insurance claims recoverable from reinsurance Companies	27	867,453	534,417	854,151	534,417
Net Claims expenses	27	(2,643,487)	(1,742,742)	(2,677,616)	(1,742,742)
Acquisition cost	28(a)	(789,318)	(647,749)	(707,599)	(647,749)
Maintenance cost	28(b)	(369,428)	(336,844)	(350,991)	(336,844)
Net Underwriting expenses	28	(1,158,747)	(984,593)	(1,058,590)	(984,593)
Investment income attributable to Policyholders' funds	29(a)	-	-	-	-
Underwriting result		381,654	1,218,225	87,562	1,218,224
Investment income attributable to Shareholders' fund	29(b)	609,309	1,000,561	383,559	1,002,841
Fair value changes in investment property	13	-	-	-	
Fair value changes in financial assets-FVTPL	29('c)	(2,069,616)	(83,493)	(2,116,171)	(83,493)
Operating income	29(d)	3,169,512	352,629	3,103,672	344,367
Profit/(Loss) from investment contract		(22,665)	(13,034)	(22,665)	(13,034)
Allowance for impairment losses	30	1	(14,876)	1	-
Management expenses	31	(2,483,872)	(1,760,485)	(2,038,269)	(1,737,450)
Results of operating activities		(415,678)	699,527	(602,312)	731,454
Finance costs	32	(68,582)	(27,047)	(9,331)	(5,224)
		(484,260)	672,479	(611,643)	726,230
Gain on bargain purchase	29(f)	-	-	-	-
Profit before tax		(484,260)	672,479	(611,643)	726,230
Income tax expense	33	48,426	(17,290)	-	(23,558)
Profit for the year from continuing operations		**(435,834)**	**655,190**	**(611,643)**	**702,673**
Retained profit for the year		(435,834)	655,190	(611,643)	702,673
Other Comprehensive Income net of tax					
Items that may not be reclassified subsequently to profit or loss:		-	-	-	-
Items that may be reclassified subsequently to profit or loss:					
Changes in fair value of AFS Investments					
Other Comprehensive Income, net of taxes		-	-	-	-
Total Comprehensive Income for the year		**(435,834)**	**655,190**	**(611,643)**	**702,673**
Profit for the year, attributable to:					
* Owners' of the company		(435,834)	655,190	(611,643)	702,673
* Non-controlling interests		-	-	-	-
Total Comprehensive Income, attributable to:					
* Owners' of the company		(435,834)	655,190	(611,643)	702,673
* Non-controlling interests		-	-	-	-
Earnings per share					
Basic and diluted	36	(3)	10	(4)	14

Consolidated and Separate Statement of Financial Position

Statement of Changes in Equity
for the year ended 30 September 2016

Group

	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	AFS Fair Value Reserve	General reserve	Treasury shares	Non-controlling interest	Total
2,264,656	N'000	N'000	N'000	N'000	N'000		N'000	N'000	N'000
As at 1 January 2016	7,364,754	1,947,166	1,519,802	1,459,866	(335,070)	1,124,796	(48,175)	165,026	12,073,369
Profit for the year	-	-	-	(435,834)		(435,834)			(435,834)
Changes in fair value of AFS Investments	-	-	-		-	-			-
Total Comprehensive Income for the year	**-**	**-**	**-**	**(435,835)**	**-**	(435,834)	**-**	**-**	**(435,834)**
Transactions with owners of the company recognised directly in equity									
Increase in share capital	-		290810.0005			-		156,682	447,492
Dividend paid:						-			-
Transfer to Contingency Reserve				-		-			-
As at 31 August 2016	**7,364,754**	**1,947,166**	**1,810,612**	**1,024,031**	**(335,070)**	688,961	**(48,175)**	**321,708**	**12,085,027**

	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	AFS Fair Value Reserve	General reserve	Treasury shares	Non-controlling interest	Total
	N'000	N'000	N'000	N'000	N'000		N'000		N'000
As at 1 January 2015	4,410,005	1,947,166	1,148,801	(569,969)	14,600	(555,369)	(48,175)	-	6,902,428
Profit for the year	-	-	-	946,482		946,482	-		946,482
Other Comprehensive Income:						-		-	-
Changes in fair value of AFS Investments	-	-	-		(92,497)	(92,497)	-	-	(92,497)
Total Comprehensive Income for the year	**-**	**-**	**-**	**946,482**	**(92,497)**	**853,985**			**853,985**
Transactions with owners of the company recognised directly in equity									
Dividend paid:	-	-	-	-	-	-	-	-	-
Transfer to Contingency Reserve	-	-	199,969	(199,969)			-	-	-
As at 31 Dec 2015	**4,410,005**	**1,947,166**	**1,348,770**	**176,544**	**(77,897)**	98,647	**(48,175)**	**-**	**7,756,413**

Treasury shares:
Included in other reserves is an amount of N=48,175,000 which represent the cost of the Company's shares bought for the purpose of staff share scheme which the Company intends to operate in the future.

Statement of Changes in Equity
for the year ended 31 December 2015

Company

	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	AFS Fair Value Reserve	Treasury shares	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
As at 1 January 2016	7,364,754	1,947,166	1,519,802	(306,700)	(334,370)	(48,175)	10,142,477
Profit for the year	-	-	-	(611,643)		-	(611,643)
Dividend paid							-
Changes in fair value of AFS Investments	-	-	-		-	-	-
Total Comprehensive Income for the year	-	-	-	**(611,643)**	-	-	**(611,643)**
Increase in share capital	-						-
Dividend paid	-	-	-	-	-	-	-
Transfer to Contingency Reserve	-	-	182,606	(182,606)	-	-	-
	-	-	-	-	-	-	-
As at 31 August 2016	**7,364,754**	**1,947,166**	**1,702,408**	**(1,100,949)**	(334,370)	**(48,175)**	**9,530,834**

	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	AFS Fair Value Reserve	Treasury shares	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
As at 1 January 2015	4,410,005	1,947,166	1,348,770	576,245	(77,197)	(48,175)	8,156,814
Profit for the year	-	-	-	(535,513)		-	(535,513)
Other Comprehensive Income:							-
Changes in fair value of AFS Investments	-	-	-		(257,173)	-	(257,173)
							-
Total Comprehensive Income for the year	-	-	-	**(535,513)**	**(257,173)**		**(792,686)**
Increase in share capital	**2,954,749**						2,954,749
Dividend paid				(176,400)			(176,400)
Transfer to Contingency Reserve	-	-	171,032	(171,032)		-	-
As at 31 Dec 2015	**7,364,754**	**1,947,166**	**1,519,802**	**(306,700)**	**(334,370)**	**(48,175)**	**10,142,477**

Life Business
Revenue Account
For the period ended September 30, 2016

Income	Individual Life N' 000	Group Life N' 000	2016 Total N' 000	2015 Total N' 000
Gross premium Income	83,552	1,359,761	1,443,313	1,998,857
Unearned premium		(172,514)	(172,514)	(143,316)
Net Premium	83,552	1,187,247	1,270,799	1,855,540
Reinsurance cost	(4,259)	(232,521)	(291,834)	(379,276)
Premium retained	79,293	954,726	978,965	1,476,265
Investment Income			-	1,117
Fee and Commission received	906	57,650	71,244	73,216
	80,199	1,012,376	1,050,209	1,549,480
Gross claims incurred	5,800	1,655,039	1,660,839	(1,198,603)
Less: reinsurance recoveries	-	(468,635)	(468,635)	192,076
Net claims incurred	**(5,800)**	**(1,186,405)**	**(1,192,205)**	**(1,006,527)**
Underwriting expenses	(51,933)	(195,390)	(247,323)	(424,824)
Underwriting profit	**22,466**	**(369,419)**	**(389,318)**	**119,246**

General Business Company revenue account
For the period ended 30 September 2016

	Motor	Fire	General Accident	Oil & Gas	Marine	Total 30 Sept 2016	Total 30 Sept 2015
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Income							
Direct premium	1,346,883	757,123	1,628,719	1,296,998	374,851	5,404,573	3,900,338
Inward premium	6,535	26,258	10,106	31	134	43,063	29,176
Gross premium written	1,353,418	783,381	1,638,825	1,297,028	374,984	5,447,636	3,929,514
(Increase)/decrease in unearned premium	(173,184)	(128,960)	(637,438)	(358,649)	(44,453)	(1,342,683)	652,153
Gross premium earned	**1,180,235**	**654,421**	**1,001,386**	**938,380**	**330,531**	**4,104,953**	4,581,667
Outward reinsurance premium	40,927	512,548	869,478	1,097,714	214,660	2,735,326	1,258,861
(Increase)/decrease in unexpired reinsurance cost	4,030	(96,104)	(541,129)	(390,077)	(41,514)	(1,064,795)	(152,039)
Reinsurance cost	44,957	416,444	328,348	707,637	173,145	1,670,531	1,106,822
Net premium earned	1,135,278	237,977	673,038	230,743	157,386	2,434,422	3,474,846
Commision earned	10,746	105,088	48,465	27,496	30,980	222,774	147,541
Total income	**1,146,024**	**343,065**	**721,503**	**258,238**	**188,366**	**2,657,196**	3,622,387
Expenses							
Gross Claims paid	819,892	327,207	266,154	15,906	40,715	1,469,874	1,205,663
Increase in outstanding claims provision	131,334	(56,218)	(47,110)	347,246	(22,425)	352,827	(149,581)
Gross claims incurred	951,226	270,989	219,044	363,152	18,290	1,822,701	1,056,082
Reinsurance claims recoveries	(150,176)	(163,621)	(31,397)	(45,516)	5,194	(385,517)	(342,341)
Net claims incurred	**801,049**	**107,368**	**187,647**	**317,636**	**23,484**	**1,437,184**	713,741
Aquisition cost	116,990	38,595	238,675	45,960	39,852	480,071	432,117
Maintenance cost	79,564	46,053	96,343	76,249	22,044	320,253	206,895
Underwriting expenses	196,554	84,648	335,017	122,209	61,896	800,324	639,011
Total Expenses	**997,604**	**192,016**	**522,664**	**439,845**	**85,380**	**2,237,508**	**1,352,753**
Underwriting profit/(loss)	**148,420**	**151,049**	**198,839**	**(181,606)**	**102,985**	**419,687**	**2,269,634**

ion and accounting policies

1.1 **Reporting entity**
Cornerstone Insurance Plc (the Company) was incorporated on 26th July 1991 as a private limited liability company and converted to a public limited liability company on 17 June 1997. The Company's principal activity continues to be the provision of risk underwriting and related financial services to its customers. Such service includes the provision of Life and Non-life insurance services for both corporate and individual customers.

The Company has two subsidiaries -Fin insurance Company limited and Cornerstone Leasing and Investment Limited. Cornerstone Leasing and Investment Limited commenced operations on 1 July 2004 and provides convenient asset acquisition options to both corporate organisations and individuals.

The financial statements of Cornerstone Insurance Plc have been prepared on a going concern basis. The directors of the company have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. The consolidated annual financial statements of the group for the year ended 31 December 2016 comprises the parent company and its subsidiaries.

1.2 **Principal activities**
Cornerstone Insurance Plc and its subsidiaries (the Group) are engaged in various business lines ranging from property-casualty insurance, life/health insurance, asset management and leasing.

The Group's products are classified at inception, for accounting purposes, as either Insurance contracts or Investment contracts.

A contract that is classified as insurance contract remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period; unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

1.3 **Going concern**

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

2 **Application of new and revised International Financial Reporting Standards(IFRS)**
New and amended standards adopted by the group

The group has applied the following standards and amendments for for their annual reporting period commencing 1 January 2016:

i) Annual Improvements to IFRSs 2010 to 2012 and 2011 to 2013 cycles - effective 1 July 2014

The following amendments were made by IASB:

IFRS 1 - confirms that first-time adopters can adopt standards that are not yet mandatory, but do not have to do so

IFRS 2 – clarifies the definition of 'vesting condition' and now distinguishes between 'performance condition' and 'service condition'

i) IFRS 3 - clarifies that an obligation to pay contingent consideration is classified as financial liability or equity under the principles in IAS 32 and that all non-equity contingent consideration (financial and non-financial) is measured at fair value at each reporting date.

IFRS 3 – clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement

IFRS 8 - requires disclosure of the judgements made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported.
IFRS 13 – confirms that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial.
IAS 16 and IAS 38 - clarifies how the gross carrying amount and accumulated depreciation are treated where an entity measures its assets at revalued amounts
IAS 24 - where an entity receives management personnel services from a third party (a management entity), the fees paid for those services must be disclosed by the reporting entity, but not the compensation paid by the management entity to its employees or directors.

IAS 40 - clarifies that IAS 40 and IFRS 3 are not mutually exclusive when distinguishing between investment property and owner-occupied property and determining whether the acquisition of an investment property is a business combination.

(ii). Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) – effective 1 July 2014

The amendments clarify the accounting for defined benefit plans that require employees or third parties to contribute towards the cost of the benefits.

Under the previous version of IAS 19, contributions were allowed to be deducted from the cost of the benefits earned in the year the contributions were paid. However, the treatment under the 2011 revised standard was not so clear. It could be quite complex to apply, as it requires an estimation of the future contributions receivable and an allocation over future service periods.

To provide relief, changes were made to IAS 19. These allow contributions that are linked to service, but that do not vary with the length of employee service (eg a fixed % of salary), to be deducted from the cost of benefits earned in the period that the service is provided.

b. New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements, except the following set out below:

i) IFRS 9 – Financial instruments – effective 1 January 2018

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

In December 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model.

With these amendments, IFRS 9 is now complete. The changes introduce:

a third measurement category (FVOCI) for certain financial assets that are debt instruments

a new expected credit loss (ECL) model which involves a three- stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

For financial years commencing before 1 February 2015, entities can elect to apply IFRS 9 early for any of the following:

the own credit risk requirements for financial liabilities
classification and measurement (C&M) requirements for financial assets
C&M requirements for financial assets and financial liabilities, or
C&M requirements for financial assets and liabilities and hedge accounting.
After 1 February 2015, the new rules must be adopted in their entirety.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

ii). IFRS 15 – Revenue from contract with customers – effective 1 January 2017

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.
A new five-step process must be applied before revenue can be recognised:
identify contracts with customers
identify the separate performance obligation
determine the transaction price of the contract
allocate the transaction price to each of the separate performance obligations, and
recognise the revenue as each performance obligation is satisfied.
•• Annual Improvements to IFRSs 2012–2014 Cycle – various standards.

•• Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).
•• Disclosure Initiative (Amendments to IAS 1)."

Key changes to current practice of IAS 18 and IAS 11 are:

Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.

Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognised if they are not at significant risk of reversal.
The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.

There are new specific rules on licenses, warranties, non- refundable upfront fees and, consignment arrangements.

there are also increased disclosures.

There is a choice of full retrospective application, or prospective application with additional disclosures.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.
IFRS 16 – Leases – effective 1 January 2019

Early adoption of this standard is permitted if IFRS 15 is also adopted at or before application of IFRS 16.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carried forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of this standard is currently being assessed.

iv).Annual Improvements to IFRSs 2012 to 2014 cycle – effective 1 January 2016

This annual improvements clarify the following:

IFRS 5 – when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such

IFRS 7 – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition

IFRS 7 – that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34

IAS 19 – that when determining the discount rate for post- employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise

IAS 34 – what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information.

The impact of this standard is currently being assessed.

v).Disclosure initiative – Amendments to IAS 1 – effective 1 January 2016

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

Notes – confirmation that the notes do not need to be presented in a particular order.
OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments. The impact of this standard is currently being assessed.
The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
IFRS 14 Regulatory Deferral Accounts.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).

Equity Method in Separate Financial Statements (Amendments to IAS 27).

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria for the financial year starting from 1 January, 2016.

The consolidated financial statements comply with the requirement of the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act, CAP 117 LFN 2004 and the Guidelines issued by the National Insurance Commission to the extent that they are not in conflict with the International Financial Reporting Standards (IFRS).

3.2 Basis of preparation

The Consolidated and separate financial statements for the year ended 31 December 2015 have been prepared in accordance with the International FInancial Reporting Standards and IFRS Inrepreparation comiittee (IFRIC) applicable to companies reporting under IFRS.

(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 designated at
fair value through profit or loss.
• available-for-sale financial assets are measured at
fair value.
• held for trading assets measured at fair value.
• investment property is measured at fair value.
• insurance liabilities measured at present value of
future cashflows.
• share based payment at fair value or an approximation
of fair value allowed by the relevant standard

The consolidated and separate financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange transactions except for certain investments whose valuation was based on observable input from asset managers.

3.3 Reporting currency

The consolidated and seperate financial statements are presented in Nigeria Naira (=N=) and are rounded to the nearest thousand ('000) unless otherwise stated.

3.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.
IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group accounting policies.
All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3.5 Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.
When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between: (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and; (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement, or when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3.6 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into currency units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in equity.

3.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less, these assets readily convertible into known amounts of cash.

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

3.8 Financial instruments

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.9 Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3.10 Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the consolidated statement of comprehensive income/income statement.

3.11 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that are not quoted in an active market, which the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

3.12 Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured). . Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on available for sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available for sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

Available for sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

3.13 Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available for sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3.14 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 quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges. The quoted market price used for financial assets held by the company is the current bid price.

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 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, MPR etc) existing at the dates of the statement of financial position.

The company uses widely recognised money market rates in determining fair values of non-standardised financial instruments of lower complexity like placements, and treasury bills. These financial instruments models are generally market observable.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

3.15 **Derecognition of financial assets**

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

3.16 **Trade receivables**

Receivables include amounts due from agents, brokers and insurance contract holders. Receivables arising under insurance contracts are measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

3.17 **Other receivables**

Other receivables principally consist of prepayments, accrued income and sundry debtors and are carried at amortised cost.

3.18.1 **Reinsurance contracts**

The Group enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same period as the related premiums for the Direct inwards reinsurance business being reinsured.

3.18.2 **Reinsurance Assets**

The Group cedes insurance risk in the normal course of business on the bases of our treaty and facultative agreements. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

The Group assesses its reinsurance assets for impairment at each reporting date or move frequently when an indication of impairment arises during the reporting year. 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 it 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.

Premiums, losses and other amounts relating to reinsurance treaties are recognized over the period from inception of a treaty to expiration of the related business.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets that are recognised based on the consideration paid less any explicit identified premiums or fees to be retained by the reinsured.

Investment income on these contracts is accounted for using the effective interest rate method when accrued.

3.18.3 **Impairment of reinsurance asset**

Reinsurance assets are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The impairment loss is recognised as an expense in the income statement. The asset is impaired if objective evidence is available to suggest that it is probable that the Group will not be able to collect the amounts due from reinsurers.

3.18.4 **Reinsurance recoveries**

Reinsurance recoveries in respect of incurred but not reported (IBNR) claims are assumed to be consistent with the historical recoveries on paid and outstanding claims, adjusted to reflect changes in the nature and extent of the Group's reinsurance programmes. An assessment is made of the recoverability of reinsurance having regard to available data on the financial strength of the reinsurance companies.

3.18.5 **Reinsurance liabilities**

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

Gains or losses on buying reinsurance are recognised in income at the date of purchase and are not amortised.

3.19 **Deferred charges**

3.19.1 Deferred acquisition costs and deferred origination costs

The incremental costs directly attributable to the acquisition of new business for other participating investment contracts are deferred by recognising an asset. For other insurance contracts, acquisition costs including both incremental acquisition costs and other indirect costs of acquiring and processing new business are deferred (deferred acquisition costs).

For investment contracts without discretionary features incremental costs directly attributable to acquiring the contracts are deferred (deferred original costs)

Where such business is reinsured the reinsurers' share is carried forward as deferred income.

Deferred acquisition costs and deferred origination costs are amortised systematically over the life of the contracts and tested for impairment at each reporting date. Any amount not recoverable is expensed. They are derecognised when the related contracts are settled or disposed of.

3.19.2 Deferred income - Reinsurance commissions

The Group recognises commissions receivable on outwards reinsurance contracts as a deferred income and amortised over the average term of the expected premiums payable.

3.19.3 Deferred expenses- Investment management services

The Group defers those incremental costs incurred during the financial period directly attributable to securing investment contracts without discretionary participation features (DPF), under which the Group renders investment management services (to the extent that these costs can be identified separately, measured reliably and it is probable that these costs will be recovered out of future revenue margins); and amortised over the average expected period.

Incremental cost is a cost that would not have been incurred if the Group had not secured the investment contracts without DPF. The other transaction costs are included in the financial liability in accordance with IAS 39.

For all deferred charges under an insurance contracts and investment contracts (with or without DPF), an impairment review is performed at the end of each reporting period, or more frequently, when an indication of impairment arises. When the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. The group equally assesses "future servicing rights" in order to establishing an onerous contract provision for each reporting period.

3.20 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.20.1 The Group as a lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

3.20.2 The Group as a lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.21 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

3.22 Property, plant and equipment

Group occupied properties are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on a straight line method to write down the cost of assets in equal installments over their estimated useful lives, at the following annual rates:

Asset Description	Years
Building	50
Motor Vehicles	4
Furniture and Fittings	5
Equipment	4
Plant and Machinery	5

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.23 Intangible assets

3.23.1 Software expenditure

An internally-generated intangible asset arising from the Group's software development is recognized if and only if all of the following conditions are met:

The technical feasibility of completing the intangible asset so that it will be available for use or sale;
* The intention to complete the intangible asset and use or sell it;
* The ability to use or sell the intangible asset;
* How the intangible asset will generate probable future economic benefits;
* The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
* The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Its estimated useful life of 3 years.

3.23.2 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3.23.3 Impairment of tangible and intangible assets other than goodwill

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.24 Statutory deposit

Statutory deposit represents a deposit of 10% of the regulatory share capital kept with the Central Bank of Nigeria. The amount held will increase or decrease in relation to the amount of paid up share capital in issue. The cash amount held is considered to be a restricted cash balance and stated at cost.

3.25 Non-life insurance contract liabilities

3.25.1 Provision for outstanding claims and incurred but not reported (IBNR) claims

Provisions for liabilities of non-life insurance contracts is made for outstanding claims and settlement expenses incurred at the reporting date including an estimate for the cost of claims incurred but not reported (IBNR) at that date. Included in the provision is an estimate of the internal and external costs of handling the outstanding claims.

Material salvage and other recoveries including reinsurance recoveries are presented as assets.

Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, environmental and pollution exposures, the ultimate cost of which may vary from the original assessment. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made and disclosed separately, if material.

The liability for Incurred But Not Reported (IBNR) claims is calculated at the end of the reporting period, using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability was not discounted for time value of money; and no further provision was made for equalisation or catastrophe reserves (as prohibited by IFRS 4).

These liabilities are derecognised when the obligation to pay a claim is extinguished (i.e. expires, discharged or cancelled).

3.25.2 Provision for unearned premiums and unexpired risks

The provision for unearned premiums represents that part of written premiums, gross of commission payable to intermediaries that is estimated to be earned in subsequent periods. The change in the provision is recorded in the income statement to recognise revenue over the period of the risk.

3.25.3 Liability adequacy

At each reporting date the Group performs a liability adequacy test on its insurance liabilities less related deferred acquisition costs and intangible assets to ensure that the carrying value is adequate, using current estimates of future cash flows, taking into account the relevant investment return. If that assessment shows that the carrying amount of the liabilities is inadequate, any deficiency is recognised as an expense to the income statement initially by writing off the intangible assets and subsequently by recognising an additional liability for claims provisions or recognising a provision for unexpired risks.

The unexpired risks provision is assessed in aggregate for business classes which are managed together.

3.25.4 Actuarial valuation of life fund

This is made up of the net liabilities on all policies in force as computed at the time of the actuarial valuation. Actuarial valuation of life fund is carried out annually for the purpose of determining the surplus or deficit at the end of the year. All deficits/surpluses arising thereon are charged/credited to the profit or loss.

3.25.5 Life insurance contract liabilities

Individual life

These contracts insure mainly against death. For the annual statement of accounts, the contracts are values using a gross premium valuation, taking into account the present value of expected future premium claim and associated expense cash flow.

Group life

These contracts insure against death on a group basis. These contracts are short term in nature and are typically renewed annually.

Insurance contracts with discretionary participation features

Cornerstone group issues endowment contracts that provide primarily savings benefits to policyholders but also transfer insurance risk. The benefit payable under each contract increases each year by a reversionary bonus. Bonus distribution to policyholders is at the discretion of Cornerstone's group management.
These contracts are valued on a gross premium valuation basis.

3.25.6 Investment contract

Receipts from investment contracts with guarantee returns (welfare scheme/deposit administration) and other businesses that are savings related are recognised as liabilities. Interest accruing from investment of the savings is recognised in the profit or loss account (deposit administration revenue account) in the year it is earned while guaranteed interest due to depositors is recognised as expense. The net result of deposit administration revenue account is transferred to statement of profit and loss account of the group. The policy liabilities are determined by the accrued benefits of relevant policy holders.

3.26 Financial liabilities and equity instruments

3.26.1 Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.26.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.26.3 Compound instruments

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to other equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained profits. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method.

Once the convertible security is not convertible to fixed number of ordinary shares, it cannot be considered a compound instrument.

3.26.4 Trade Payables

Trade Payables are measured on initial recognition at the fair value and subsequent measure at amortised cost, using the effective intereast rate method. The fair value of a non-interest bearing liability is its discounted repayment amount.If the due date of the liability is less one year discounting is ommited.

3.26.4.1 Other payables and accruals

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

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability, are substantially modified, such as exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement. Gains and losses are recognised in the income statements when the liabilities are derecognized.

3.26.5 Trust and managed funds

Trust and managed funds consist of investments held by the Group as Trust Manager on behalf of third parties.

3.27 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3.27.1 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:
* It has been acquired principally for the purpose of repurchasing it in the near term; or
* On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
* It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

* such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise; or
* the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
* it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the consolidated statement of comprehensive income/income statement.

3.27.2 Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.27.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.
Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

* The amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
* The amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

3.27.4 Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.27.5 Fair value of financial instrument

The fair value of non-derivative financial assets and liabilities with standard terms and conditions and traded at an active liquid market are determined by reference to quoted market prices. Financial assets in this category include listed equities, listed debt securities and mortgages. Financial liabilities include borrowing, net asset value attributable to unit-holders and liabilities for investment contracts without DPF.
The fair value of other non-derivative financial assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

3.28 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.
When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.29 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.29.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income/income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.
The current taxes include: Company Income Tax at 30% of taxable profit; Education Tax at 2% of assessable profit; Capital Gain Tax at 10% of chargeable gains; and Information Technology Development Levy at 1% of accounting profit before tax.

3.29.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.
Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.29.3 Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.30.1 **Retirement benefit costs**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

This is done in line with the Pension Reform Act 2014, whereby the minimum rate of Pension Contribution is 18% of monthly emolument, where 8% will be contributed by employee and 10% by employer.

Borrowing and finance costs

3.30.2

Borrowing costs comprise interest payable on loans and bank overdrafts as well as commission fees charged in respect of letters of credit. They are charged to profit or loss as incurred, except those that relate to qualifying assets. Arrangement fees in respect of financing arrangements including letters of credit are charged to borrowing costs over the life of the related facility.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that is an integral part of the EIR. The EIR amortisation is included in finance cost in the income statement

Borrowing costs directly attributable to the acquisition, construction or production of an asset ("qualifying asset") that necessarily takes a substantial period of time to get ready for use or sale are capitalized as part of the cost of the respective assets

3.31 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

3.32 Contingency reserves

3.32.1 Non-life business

The company maintains contingency reserves in accordance with the provision of section 21(2) of the Insurance Act, CAP 117 LFN 2004 to cover fluctuations in securities and variations in statistical estimates at a rate equal to greater of 3% of total premium or 20% of net profits until the accumulated amount reaches the greater of the minimum paid-up capital or 50% of the net premium.

3.32.2 Life business

Contingency reserves are done in accordance with the provisions of the Insurance Act, CAP II7 LFN 2004:
The contingency reserve is credited with the higher of an amount equal to 1% of the gross premium or 10% of the profits.

3.33 Treasury shares

Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in other capital reserves. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively

Contracts on own shares that require physical settlement of a fixed number of own shares for a fixed consideration are classified as equity and added to or deducted from equity. Contracts on own shares that require net cash settlement or provide a choice of settlement is classified as trading instruments. Changes in the fair value are reported in the income statement.

3.34 Contingent liabilities

A contingent liability is a possible obligation that arises from past event 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 recognized because if is not probable that an outflow of resources will be required to settle the obligation, or the amount cannot be reliability estimated.

3.35 Retained earnings

Retained earnings are the carried forward recognized income net of expenses plus current period profit attributable to shareholders.

3.36 Dividend

Dividend distribution to the shareholders of the group is recognised in the period in which the dividends are paid as a first interim dividend or is a second interim dividend approved by the group's shareholders at the group's annual general meeting.

Dividend for the year that are approved after the reporting date are dealt with as an event after the reporting date.

3.37 Premiums

3.37.1 Non-life business

Written premiums for non-life (general) insurance business comprise the premiums on contracts incepted in the financial year. Written premiums are stated gross of commissions that are payable to intermediaries and exclusive of taxes and duties on premiums.

Unearned premiums are those proportions of the premium which relate to periods of risk after the reporting date
Unearned premiums are calculated on time apportionment basis.

3.37.2 Life business

Gross recurring premiums on life and investment contracts with Discretionary Participation Features (DPF) are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.

3.37.3 Fees and commission income

Fee and commission income consists primarily of Agency and brokerage commission, reinsurance and profit commissions, policyholder administration fees and other contract fees. Reinsurance commissions receivable are deferred in the same way as acquisition costs. All other fee and commission income is recognized as the services are provided.

3.38 Insurance benefits and claims

3.38.1 Non-life business

Non-life insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

3.38.2 Reinsurance claims

The Group recognises reinsurance claims when the related gross insurance claims are recognised according to the terms of the relevant contracts.

3.38.3 Life business

3.38.4 **Gross benefits and claims**
Gross benefits and claims for life insurance contracts and for investment contracts with the Discretionary Participatory Feature (DPF) include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims and policyholder bonuses declared on DPF contracts. Changes in the gross valuation of insurance and investment contract liabilities with DPF are also included. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

3.39 **Investment income**
Investment income consists of dividends, interest and rent receivables, movements in amortized cost on debt securities and other loans and receivables, realized gains and losses, and unrealized gains and losses on fair value assets.

3.39.1 **Interest income**
Interest income is recognized in the statement of profit or loss and other comprehensive income as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument.

3.39.2 **Dividend income**
Dividend income from investments is recognized when the companys' rights to receive payment have been established.

3.39.3 **Rental income**
Rental income is recognized on an accrual basis.

3.39.4 **Realized gains and losses**
Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

3.39.5 **Unrealised gains and losses**
Unrealized gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

3.40 **Other expenses**
All other operating expenses are recognized directly in profit or loss as when incurred.

3.40.1 **Underwriting expenses**
Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance 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 charges in the accounting year in which they are incurred.

3.40.2 **Management expenses**
Management expenses are expenses other than claims and underwriting expenses. They include salaries and wages, depreciation expenses and other non-operating expenses. They are accounted for on an accrual basis.

4 ***Critical accounting judgments and key sources of estimation uncertainty***
In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

Critical judgments in applying the Group's accounting policies
The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Product classification and contract liabilities
The Group's Non-life insurance contracts are classified as insurance contracts. As permitted by IFRS 4, assets and liabilities of these contracts are accounted for under previously applied GAAP.
Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Valuation of liabilities of non-life insurance contracts
Estimates are made for both the expected ultimate cost of claims reported and claims incurred but not reported (IBNR) at the balance sheet date. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. In calculating the estimated liability, the Group uses a variety of estimation techniques based upon statistical analyses of historical experience which assumes past trends can be used to project future developments.

The carrying amount for non- life insurance contract liabilities at the reporting date is N4,031million (2015: N4,031million), and N1,576 million fc
Fair value of financial instruments using valuation techniques
The directors use their judgment in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the group uses valuation techniques to measure such instruments. These techniques use "market observable inputs" where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the group estimates the non-market observable inputs used in its valuation models.
The carrying amount of group's financial assets at the reporting date is N7,522 million (2015: N7,522million).

4b The following is an analysis of the Group's revenue and result by reportable segment in 2015

	Non life	Life Life	Halal Takaful	2015 Assets Mgt	Cornerstone Leassing	Eliminations	Consolidated
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Income:							
Gross written premiums	3,748,896	1,389,664	73,406	-			5,211,966
Less: Investment contracts				-			-
Gross premium income	3,748,896	1,389,664	73,406	-	-	-	5,211,966
Net changes in unearned premiums	49,296	(77,075)	2,911	-	-	-	(24,868)
Net insurance premium income	3,798,192	1,312,589	76,317			-	5,187,098
Insurance premium ceded to reinsurers	(1,458,291)	(380,094)	-	-	-		(1,838,385)
			-	-	-		-
Net Insurance Premium ceded to reinsurers	(1,458,291)	(380,094)	-	-	-	-	(1,838,385)
Net insurance premium revenue	2,339,901	932,495	76,317	-	-	-	3,348,713
Fees and commission income	171,629	81,287	-	-	-	-	252,916
	-	-	-	-	-		-
Net Income	**2,511,530**	**1,013,782**	**76,317**	**-**	**-**	**-**	**3,601,629**
Insurance claims and benefits paid- Gross (including loss adjustment expenses)	(1,078,538)	(625,093)	(18,511)	-	-	-	(1,722,142)
Insurance claims recoverable from reinsurance Companies	415,841	72,156	-			-	487,997
Net Claims expenses	(662,697) #	(552,937)	(18,511)	-	-	-	(1,234,145)
Underwriting expenses-Gross	(735,022)	(86,258)	(22,943)				(844,223)
Deferred underwriting expenses	(18,357)						(18,357)
Net Underwriting cost	(753,379)	(86,258)	(22,943)	-	-	-	(862,580)
Underwriting results	1,095,453	374,587	34,863	-	-	-	1,504,904
Investment income	570,505	326,719	25,413	91,762	30,387	(45,630)	999,156
Fair value changes in investment property	6,000	9,000					15,000
Fair value changes in financial assets-FVTPL	69,897	73,470	763				144,130
Exchange gain	460,005	346,072	6,049				812,126
Other operating income	73,014	17,118		161	17,952	(47,997)	60,248
Surplus transfer from invetment contract		5,745					5,745
	2,274,874	1,152,711	67,088	91,923	48,339	(93,627)	3,541,309
Allowance for impairment on receivables	(62,455)	(23,733)		(700)	(416,077)	59,897	(443,068)
Management expenses	(1,720,496)	(233,233)	(39,325)	(4,240)	(34,037)		(2,031,331)
Finance cost	(12,198)	(1,827)		(1,839)	(61,333)	47,997	(29,200)
Employee benefit expenses			-		-	-	-
Total Expenses	**(1,795,149)**	**(258,793)**	**(39,325)**	**(6,779)**	**(511,447)**	**107,894**	**(2,503,599)**
Segment profit or loss before taxation	**479,725**	**893,918**	**27,763**	**85,144**	**(463,108)**	**14,267**	**1,037,710**
Taxation	**(88,919)**	**(18,899)**		**(2,391)**	**19,001**		(91,208)
Segment profit or loss after tax	390,806	875,019	27,763	82753	(444,107)	14,267	946,502

Segment result represents the result of each segment without allocation of certain expenses, finance costs and income tax. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

(340)

4.c Revenue from major products and services

The Group's revenue from major products and services is disclosed in the segment revenue tables.

4.d Geographical information

The Group's revenue and information about its segment net assets by geographical location are as follows:

	Revenue 2016 N'000	Revenue 2015 N'000	Net assets 2016 N'000	Net assets 2015 N'000
Within Nigeria	7,331,633	6,011,361	11,720,767	7,756,413
Outside Nigeria	-	-	-	-
	7,331,633	6,011,361	11,720,767	7,756,413

4.e Information about major customers

The Group does not derive revenue from an individual policyholder or intermediary that represents 10% or more of the groups total revenue.

5 Cash and cash equivalents

		Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Cash	11,334	12,183	2,313	849.44781	706
Short-term deposits (including demand and time deposits)	2,868,470	5,389,087	6,525,263	2520616.349	3,687,072
Cash and cash equivalents (as per statement of financial statements and cash flows)		5,401,270	6,527,576	2,521,465	3,687,778

Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash, this includes current account with banks,short term placement with banks and cash at hand

Short–term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group. All deposits are subject to an average variable interest rate of 10.81% (2014: 13%).

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

6 Financial assets

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
6.a Classification – carrying amount				
Available-for-sale investments (AFS)				
Carried at fair value(listed security)	851,479	554,780	661444.5736	467,246
Fair value through other comprehensive income (unlisted security) (See note 6a(ii))	94,868	83,542	94867.6092	73,603
Carried at cost (unlisted securities) (See note 6a (i))	2,704,697	944,004	2678965.484	918,274
	3,651,043	1,582,326	3,435,278	1,459,122
Fair value through profit or loss (FVPT)				
Unlisted securities	3,881,649	4,330,746	3074771.12	3,510,998
Loans and receivables investments carried at amortised cost 6a(iii)	2,131,064	1,605,937	2157042.333	1,557,484
	9,663,755	7,519,010	8,667,091	6,527,604

6a(i) **Details of unlisted securities carried at cost include:**	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
CAPIC(see note i below)	1,466,083	779,020	1466082.713	779,020
Nigeria Oil & Gas Pool (NAL)	30,989	30,989	5257.5	5,258
Nigeria Liability Insurance Pool	6,646	6,646	6645.588	6,646
Energy & Allied Insurance Pool	63,248	39,850	63248	39,850
OAK Pension Limited	50,000	50,000	50000.00002	50,000
Sterling Assurance	37,500	37,500	37500	37,500
CAP PHOENIX CORNERSTONE LTD	1,050,231		1050231.182	
	2,704,697	944,004	2,678,965	918,273

The above financial assets have been assessed for impairment and there was no objective evidence that the asset is impaired.

6a(ii) Details of unlisted securities includes:	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Fair value through profi or loss				
MTN Nigeria Communication	3,881,649	4,330,746	3074771.12	3,510,998
Fair value through other comprehensive income:				
Consolidate Breweries	-	-	-	-
WAMCO Nigeria Limited	64,000	44,000	64000	44,000
Food concepts Limited	1,540	1,540	1540	1,540
ARMEthical Fund-TAKAFUL	23,114	21,848	23,114	21,849
Lotus Halal Equities ETF	6,214	6,214	6,214	6,214
Jaiz Bank		9,940	-	-
	94,868	**83,542**	94867.6092	**73,603**

6a(iii) Details of loan and receivables includes:	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Bonds	1,987,133	1,435,675	1,945,639	1,395,910
Loans to policyHolder	211,403	161,574	211,403	161,574
Advances and LPO financing	359,896	483,286	-	-
	2,558,432	2,080,535	2,157,042	1,557,484
Impairment	(427,369)	(474,598)	-	-
	2,131,064	1,605,937	2,157,042	1,557,484
Impairment provision				
At 1 January	474,598	467,999	-	-
Addition during the year(note 30)	(47,229)	6,599	-	-
At 31 May	427368.9256	**474,598**		

i This represent the company's investment in CAPIC, a real estate investment fund.

6a(iii) Movement in financial assets

	Fair value(Listed	Fair value(Unlisted se	Carried at cost (unl	Fair value through profit	Loans and receiv	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at 1 January	554,780	73,603	918,274	4,330,746	1,605,937	7,483,340
Addition during the year	115389	6214	125324	0	354873	601800
Disposal/Repayment during the year	-25926	-21294	0	0	-8684	-55904
Accrued interest	0		0	0	11555	11555
Fair value Gain/(loss)	0	364	0	0	0	364
Impairment losses	0		0	-656266	0	-656266
Impairment losses-OCI	-151216	-105957	0		0	-257173
Exchange gains/(loss)			28113	271806	22833	322752
Arising from Acquisition	87534	9940	25731	819749	39765	982719
Balance as at 31, December	580,561	(37,130)	1,097,442	4,815,609	2,026,279	8,482,761

	Opening balance	Additions	Interest	Exchange difference	Fair value gains/((loss)	Closing balance
Available-for-sale investments (AFS)	N'000	N'000	N'000	N'000	N'000	N'000
At fair value- General	241,581	30,565	-	-	-	208,151
At fair value- Life	236,258	84,824	-	-	-	248,338
At fair value- Takaful	42,292		-	-	-	11,294
Subsidiary	8,869	-	-	-	-	8,869
	528,999	115,389	-	-	-	476,651
LOANS AND RECEIVABLES						
General business	641,403	320,136	6,896	32,836	-	1,001,271
Life businesss	313,755	34,737		-	-	339,808
Takaful	54,832		-	-	-	54,832
Subsidiary	20,144	(20,144)		-	-	-
Loans to policy holders	109,822	57,470	4659			171,952
Advances and LPO financing	513,638					85,112
	1,653,594	392,199	11,555	32,836	-	1,652,975
Fair value through profit or loss(FVTPL)						
General business	1,887,232	-	-	131,325	69,897	1,772,594
Life businesss	1,938,060		-	183,667	73,470	1,863,193
Takaful	20,591	-	-	581	763	19,339
	3,845,883	-	-	315,573	144,130	3,655,126
Carried at cost						
General business	644,419	72,127	-	34,070	-	750,616
Life businesss	120,417	-	-	7,390	-	127,807
Takaful	-	-	-		-	-
	764,836	72,127	-	41,460	-	878,423
Carried at cost(see note 6a(ii)						
General business	141,200	-	-		340	45,540
Life business	30,994		-		-	-
Takaful	22,082		-	-	24	22,106
	194,276	-	-	-	364	67,646

6.b Carrying amount at 30 September 2016 - Group

	FINANCIAL INSTRUMENTS CLASSIFICATION BUCKETS					
	Fair Value			Amortised Cost		
	Available for sale N'000	Fair value through profit or loss N'000	Loans and Receivables N'000			Total N'000
Debt securities						
- Federal Government	-	-	390,836	-		390,836
- State Government	-	-	549,286			549,286
- Corporate	-	-	1,009,621			1,009,621
'-Individual loans			211,403			211,403
'-Loans and advances			(67,473)			(67,473)
		-	2,093,674	-	-	2,093,674
Equities						
- Listed	851,479	-				851,479
- Unlisted	2,799,564	3,881,649				6,681,213
	3,651,043	3,881,649	-	-	-	7,532,692
Total financial assets	3,651,043	3,881,649	2,093,674	-	-	9,626,366
Within one year	3,651,043	-	-			3,651,043
More than one year	-	3,881,649	2,093,674	-	-	5,975,323
	3,651,043	3,881,649	2,093,674	-	-	9,626,366

6.b Carrying amount at 31 December 2015- Group

	Available for sale	Fair value through profit or loss	Loans and Receivables			Total
Debt securities						
- Federal Government	-	-	125,946	-		125,946
- State Government	-	-	574,774			574,774
- Corporate	-	-	734,955			734,955
- Loans to policyholders			161,574			161,574
-Advances and LPO financing			8,688			8,688
		-	1,605,937	-	-	1,605,937
Equities						
- Listed	554,780	-				554,780
- Unlisted	1,027,546	4,330,746				5,358,292
	1,582,326	4,330,746	-	-	-	5,913,073
Total financial assets	1,582,326	4,330,746	1,605,937	-	-	7,519,010
Within one year		-				-
More than one year	1,582,326	4,330,746	1,605,937	-	-	7,519,010
	1,582,326	4,330,746	1,605,937	-	-	7,519,010

Carrying amount at 31 December 2016 - Company

	FINANCIAL INSTRUMENTS CLASSIFICATION BUCKETS					
	Fair Value			Amortised Cost		
	Available for sale N'000	Fair value through profit orloss N'000	Loans and Receivables N'000			Total N'000
Debt securities						
- Federal Government	-	-	390,836	-		390,836
- State Government	-	-	549,286			549,286
- Corporate	-	-	968,127			968,127
- Loans to policyholders			211,403			211,403
-Advances and LPO financing						
		-	2,119,653	-	-	2,119,653
Equities						
- Listed	94,868	-				94,868
- Unlisted	3,340,410	3,074,771				6,415,181
	3,435,278	3,074,771	-	-	-	6,510,049
Total financial assets	3,435,278	3,074,771	2,119,653	-	-	8,629,702
Within one year						-
More than one year	3,435,278	3,074,771	2,119,653	-	-	8,629,702
	3,435,278	3,074,771	2,119,653	-	-	8,629,702

Carrying amount at 31 December 2015 - Company

Debt securities						
- Federal Government	-	-	-	-		-
- State Government	-	-	119,050			119,050
- Corporate	-	-	572,968			572,968
- Loans to policyholders			161,574			161,574
		-	853,592	-	-	853,592
Equities						
- Listed	467,246	-				467,246
- Unlisted	991,876	3,510,998				4,502,874
	1,459,122	3,510,998	-	-	-	4,970,120
Total financial assets	1,459,122	3,510,998	853,592	-	-	5,823,712
Within one year						-
More than one year	1,459,122	3,510,998	853,592	-	-	5,823,712
	1,459,122	3,510,998	853,592	-	-	5,823,712

		Group		Company	
		2016	2015	2016	2015
		N'000	N'000	N'000	N'000
7	**Trade Recievable**				
	Due from policyholders	1,551,265	1,175,754	1,358,019	1,175,754
	Allowance for impairment	(1,367,347)	(1,175,754)	(1,175,754)	(1,175,754)
		183,917	(0)	**182,265**	(0)
7.1	Impairment provision				
	At 1 January	1367347.316	1175754	1175754	1,175,754
	Addition during the year(note 31)		-		-
	At 30 September 2016	1,367,347	1,175,754	1,175,754	1,175,754

All insurance receivables are designated as trade receivables and their carrying value approximate value at the statement of financial position date .

		Group		Company	
8	**Receivables and prepayments**	2016	2015	2016	2015
		N'000	N'000	N'000	N'000
	Due from Subsidiaries	(86)	-	171,800	249,661
	Other receivables**	285,570	115,563	152,478	49,307
	Receivables from Meristem	4,589	4,589	4,589	4,589
	Prepaid insurance	9,705	18,243	9,705	18,243
	Stock of stationery	5,496	5,496	5,496	5,496
	Investment in MV Exchange	10,000	10,000	10,000	10,000
	Rent prepayment	58,959	105,892	55,085	105,892
	Prepayments	134,182	73,036	111,887	72,600
		508,414	332,819	521,041	515,788
	Allowance for impairment (note 8.1)	(361,218)	(119,425)	(304,093)	(63,154)
		147,195	213,395	216,948	452,634
	Within one year	382,424	200,686	457,887	452,634
	More than one year	125,990	12,707	63,154	63,154
		508,414	213,393	521,041	515,788

** Other recievable is made up of receivable from Cornerstone asset management of N56M,receivable from Arian capital of 42m, all of which have been fully provided for.
The carrying amount is a reasonable approximation of fair value

8.1	**Impairment provision**				
	At 1 January	93,629	67,321	37,358	11,050
	Addition during the year(note 31)	25,796	26,308	25,796	26,308
	As At September 30 2016	119,425	93,629	63,154	37,358
8b	**Other Assets**				
	Receivable from Cappa & D'Alberto (note13)	290,138	551,166	290,138	551,166
	Impairment provision (note 30)	(290,138)	(261,028)	(290,138)	(261,028)
		(0)	290,138	(0)	290,138

		Group		Company	
9	**Reinsurance assets**	2016	2015	2016	2015
		N'000	N'000	N'000	N'000
	Reinsurer share of outstanding claims-General	505,274	614,384	461,464	570,574
	Reinsurer share of outstanding claims-Life	689,839	250,351	689,839	250,351
	Reinsurer share of Incurred but not reported-General	-	25,070		25,070
	Prepaid reinsurance-General	1,512,824	424,515	1,420,422	354,858
	Prepaid reinsurance-Life	-	200,542		200,542
	Reinsurance share of claims paid	516,468	431,898	516,468	431,898
		3,224,405	1,946,760	3,088,193	1,833,293
	Allowance for impairment (reinsurance receivable)	(335,655)	(335,655)	(335,655)	(335,655)
		2,888,750	**1,611,105**	**2,752,538**	**1,497,638**
	Within one year	2,888,750	1,946,760	2,752,538	1,833,293
	More than one year				
		2,888,750	**1,946,760**	**2,752,538**	**1,833,293**

Reinsurance assets are valued after an allowance for their recoverability and the carrying amount is a reasonable approximation of fair value.

*Prepaid reinsurance represents deferred portion of reinsurance cost(reinsurance portion of unearned premium).

10 Deferred acquisition Charges

Deferred acquisition costs (DAC)

	Group		Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
At 1 January 2016	219,308	227,131	197,082	227,131
Acquisition cost paid during the year	860,135	1,079,093	860,135	1,078,912
Total acquisition cost	1,057,218	1,306,224	1,057,218	1,306,043
Acquisition cost amortised(charged to statement of profit and loss)	(789,318)	(1,109,142)	(789,318)	(1,108,961)
Arising from acquisition		22,226	-	-
As At September 30 2016	290,125	219,308	249,552	197,082

Deferred Acquisistion Cost

The breakdown of deferred acquisition cost by class of business are as follows :

	Group		Company	
	2016	2015	2016	2015
Deferred acquisition cost-Fire	69,313	47,526	63,267	39,825
Deferred acquisition cost-Motor vehicle	99,544	76,305	90,622	69,039
Deferred acquisition cost-General Accident, Bond & Engineering	76,126	38,818	65,248	34,902
Deferred acquisition cost-Aviation & Marine	28,739	22,681	25,079	20,818
Deferred acquisition cost-Oil & Gas	16,403	33,979	5,336	32,499
	290,125	219,308	249,552	197,082

11 Investment in subisidiaries

	Company	
	2016	2015
	N'000	N'000
Cornerstone Assets Management Limited	202,232	202,232
Cornerstone Leasing & Investment limited	59,879	59,879
HALAL TAKAFUL LTD	200,000	
Fin Insurance company limited	2,954,748.19	2954748.191
	3,416,860	3,216,859

11.1 Movement in Impairment

At 1 January	(262,111)	(262,111)
Impairment losses	-	
At 30 September 2016	(262,111)	(262,111)
	3154749	2954748.191

11.2 Principal subsidiary undertakings

The Group is controlled by Cornerstone Insurance Plc "the Parent" incorporated in Nigeria. The controlling interests of Cornerstone Insurance Plc in the Group enti

Company name	Nature of business	Country of Origin	% of equity capital
Cornerstone Leasing & Investment Limited	Leasing Services	Nigeria	100.00%
Fin Insurance Company Limited	Non-Life Insurance	Nigeria	96.68%

The remaining interests in the group are held by minority shareholders.

11.3 Other Information on subsidiaries

i. Cornerstone Leasing and Investment Limited commenced operation on 1 July,2004 as part of the ultimate parent-company's strategic plan to provide world class leasing services. The company was formerly a subsidiary of Cornerstone Asset Management Limited who later in 2009 transferred its shareholding in the Company to the ultimate parent,Cornerstone Insurance Plc. Cornerstone Leasing and Investment provides convenent asset acquisition options to both corporate organisations and individuals

ii. FIN Insurance Company Limited is a private limited liability company incorporated in Nigeria and its primary activity is the provision of general insurance business. Cornerstone Insurance Plc acquired 96.68% equity interest in FIN Insurance Company Limited. The business acquisition is expected to increase the market share of the Non-Life Insurance business of the entity. As at the date of acquisition, the fair value of the total consideration transfered was N2.94 billion which represents the fair value of the 5.9 billion shares of Cornerstone Insurance Plc that was issued to the seller, CAPE III.

The table below summarises the information for relating to the Group's subsidiary that has material Non-Controlling Interest (NCI) before any intra-group eliminat

FIN Insurance Company Limited	2015
	N'000
NCI Percentage	3.32%
Cash and cash equivalents	2,610,607
Financial assets	1,172,694
Held -To Maturity	43,229
Reinsurance assets	113,466
Deferred acquisition cost	22,226
Other receivables and prepayments	3,956
Investment properties	396,000
Intangible assets	3,797
Property and equipment	1,388,090
Deferred tax asset	40,853
Statutory deposits	300,000
Total assets	6,094,918
Total liabilities	1,159,572
Carrying amount of NCI (see note 30c)	156,682

11.4 **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 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.

11.5 Discountinued operation

The management has announced a plan to discountinue the operations of Cornerstone Asset Management Limited.The decision is consistent with the Group's intention to focus its activities on redering insurance business.The Group is actively perfecting the process of winding up of the company and this is expected to be completed in year 2016.

As discribed above, the Group is currently concluding the winding up of Cornerstone Asset Management Limited and the directors of the company expects that the fear value of assets less costs to wind up will be higher than the aggregagate carrying amount of the related assets and liabilities. Therefore, no impa irment loss was recognised on the reclassification of assets and liabilities as held for sales as at 31December 2015.The major classes of assets and liabilities of Cornerstone Asset Management Limited at end of the reporting period are as follows:

		42369
	N'000	
Assets classified as held for sales		
Cash and cash equivalents		11,706
Financial Assets		
Loans and receivables		29,014
Property and equipment		26,652
Deferred tax assets		1
		64,658
		132031
Liabilities of Cornerstone Asset Management associated with assets classified as held for sales		
Other liabilities		4531
Income tax payable		966
		5497

There was no profit and cashflow for the year as the activities of Cornerstone Asset Management Limited have been Closed since january 2015

12 Finance lease receivables

The Group entered into finance lease arrangements for certain of its equipments and motor vehicles. All leases are denominated in Naira. The average term of finance leases entered into is 3 years.

Amounts receivable under finance leases

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
Not later than one year	-	-	-	-
Later than one year and not later than 5	222,008	229,493	229,309	227,494
Later than 5 years	-	-	-	
	222,008	229,493	229,309	227,494
Less: unearned finance income	(0)	(5,898)		
	222,008	223,595	229,309	227,494
Allowance for uncollectible lease				
- Specific allowance	(221,937)	(223,525)		
	70	70	229,309	227,494
Impairment Allowance				
At 1 January			223,525	130,872
Addition during the year(note 31)			(1,588)	74,896
At 31 December 2015			221,937	205,768

13 Investment Properties

	Group		Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
At 1 January	1,302,994	1,303,680	816,994	1,303,680
Additions during the year	(1)	-	(1)	-
Reclassification(see note 8b)		(551,166)		(551,166)
Fair value Gains/(Losses)		64,480		64,480
Arising on acquisition		486,000	-	-
At 31 December 2015	**1,302,992**	**1,302,994**	**816,992**	**816,994**

Investment properties are stated at fair value, which has been determined based on valuations performed by Jide Taiwo & Co (Estate Surveyors and Valuars-FRC/2012/0000000000254) as at 31 December 2015. The property is located at Plot 2 Block 2, Chief Yesufu Abiodun way, Oniru Chietancy Estate, Victoria Island Annex, Lagos. The valuer is an industry specialist in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by the International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are reported in profit or loss. The fair value gain on investment property recognised in the year amounted to N64.4 million.

In the course of the financial year, the construction contract with Cappa & D'Alberto Plc for the development of the company's investment property located in Oniru, Victoria Island, Lagos was cancelled and the contract amount was consequently transferred to other assets. Subsequent to year end, Cornerstone Insurance Plc received N290million of the contract amount from Cappa & D'alberto Plc and also engaged Business Contracting Limited (BCL) for the construction of the property.

14 Property and equipment

14a Property and equipment- Group

	Property	d Improvem	Motor Vehicles	Equipment	Furniture & Fittings	Total
Cost:	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2016	1,933,746	1,275	560,535	474,433	157,644	3,127,633
Additions during the year	3,356	-	163,563	36,643	14,125	217,687
Disposals during the year						
At 30 September 2016	1,937,102	1275	724,098	511,076	171,769	3,345,320
At 1 January 2016	257,202	1,275	334,871	352,726	111,029	1,057,103
Charge for the year	23,911		75,491	33,895	10,788	144,085
Disposals						
Arising from Acquisition						
At 30 September 2016	281,113	1,275	410,362	386,621	121,817	1,201,188
Carrying Amount:						
At 30 September 2016	1,655,989	-	313,736	124,455	49,952	2,144,132
As At December 31 2015	1,676,544	-	225,664	121,707	46,615	2,070,529

(i) The Group had no capital commitments as at the balance sheet date (2014: Nil). 1

No impairment assessment was performed during the year as there was no indication of impairment on any of the assets in use by the group.

(iii)

14a(i) Property and equipment- Group 2015

	Property	Leasehold	Motor Vehicles	Equipment	Furniture & Fittings	Total
Cost:	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
At 1 January 2015	488,258	1,275	396,458	296,841	98,713	1,281,545
Additions during the year	6,363		122,470	88,627	26,225	243,685
Disposals during the year	-		(70,148)	(577)	(28)	(70,753)
Arising from Acquisition	1,439,125		111,755	89,542	32,734	1,673,156
						-
At 31 December 2015	1,933,746	1275	560,535	474,433	157,644	3,127,633
At 1 January 2015	85,204	1,275	220,843	229,951	68,458	605,731
Charge for the year	10,607		86,767	37,358	11,436	146,168
Disposals			(68,308)	(353)	(27)	(68,688)
Arising from Acquisition	161,391		95,569	85,770	31,162	373,892
At 31 December 2015	257202	1275	334871	352726	111029	1057103
Carrying Amount:						
As At December 31 2015	1,676,544	-	225,664	121,707	46,615	2,070,530
As At December 31 2014	403,054	-	175,615	66,890	30,255	675,813

14 b Property and equipment- Company

	Property N'000	Leasehold Improvement N'000	Motor Vehicles N'000	Equipment N'000	Furniture & Fittings N'000	Total N'000
Cost:						
At 1 January 2016	494,621	1,275	443,854	383,972	124,883	1,448,607
Additions during the year	(1,275)		100,002	21,989	4,946	125,661
Disposals during the year						
At 30 September 2016	493,346	1,275	543,856	405,961	129,829	1,574,269
Accummulated Depreciation:						
At 1 January 2016	95,811	1,275	235,177	266,109	79,821	678,194
Charge for the year	6,629		63,182	30,687	9,877	110,375
Disposals						
At 30 September 2016	102,440	1,275	298,359	296,796	89,699	788,569
Carrying Amount:						
At 30 September 2016	390,906	-	245,497	109,165	40,131	785,700
As At December 31 2015	**398,810**	-	**208,677**	**117,863**	**45,062**	**770,413**

14 b(i) Property and equipment- Company

	Property N'000	Leasehold Improvement N'000	Motor Vehicles N'000	Equipment N'000	Furniture & Fittings N'000	Total N'000
Cost:						
At 1 January 2015	488,258	1,275	391,529	295,922	98,686	1,275,671
Additions during the year	6,363		122,470	88,627	26,225	243,685
Disposals during the year			(70,145)	(578)	(28)	(70,751)
At 31 December 2015	494,621	1,275	443,854	383,971	124,883	1,448,605
Accummulated Depreciation:						
At 1 January 2015	85,204	1,275	218,093	229,104	68,433	602,109
Charge for the year	10,607		85,392	37,358	11,416	144,773
Disposals	-	-	(68,308)	(353)	(27)	(68,688)
At 31 December 2015	95,811	1,275	235,177	266,109	79,822	678,194
Carrying Amount:						
As At December 31 2015	398,810	-	208,677	117,863	45,062	770,411
As At December 31 2014	**403,054**	-	**173,436**	**66,818**	**30,253**	**673,561**

15 **Intangible assets - Group/company**

201!	2016 GROUP N'000	2016 COMPANY N'000	2015 GROUP N'000	2015 COMPANY N'000	
Cost:					
At 1 January	130,744	111,362	93,429	93,429	
Additions	57,574	53,891	17,933	17,933	
Arising from acquisition			19,382		
At 30 September 2016	**188,317**	**165,253**	**130,744**	**111,362**	
Amortisation:					**165,253**
At 1 January	90,703	75,117	62,402	62,402	**91,203**
Charge for the year	17,094	16,086	12,715	12,715	
Arising from acquisition			15,586		188,317
At 31 December	**107,797**	**91,203**	**90,703**	**75,117**	**107,797**
					296,114
Carrying Amount:					**215,593**
As At August 31 2016	80,521	74,050	40,041	36,245	

16 Statutory Deposits

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Deposits with CBN	800,000	800,000	500,000	500,000
Analysis:				
Non-Life Business	600,000	300,000	300,000	300,000
Life Business	200,000	200,000	200,000	200,000
Arising from acquisition		300,000	-	-
	800,000	800,000	500,000	500,000

In line with section 10 (3) of the Insurance Act of Nigeria, a deposit of 10% of the regulatory share capital is kept with the Central Bank of Nigeria. The ai

17 Investment Contract Liabilities

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Financial guarantee contracts	2,187,949	1,712,048	2,187,949	1,712,048
At 1 January	1,550,973	1,322,472	1,550,973	1,322,472
Contribution	990,915	905,910	990,915	905,910
Withdrawals	(353,938)	(531,435)	(353,938)	(531,435)
Guaranteed interest		15,101		15,101
At 31 December	2,187,949	1,712,048	2,187,949	1,712,048
Current	2,187,949	1,712,048	2,187,949	1,712,048
Non-current	-	-	-	-

18.b(i) Carrying amount-Group

	Gross		Reinsurers' asset		Net	
	2016	2015	2016	2015	2016	2015
	N'000	N'000	N'000	N'000	N'000	N'000
Life:						
Participating life						
- Life Fund	1,023,373	1,023,373	200,542	172,620	822,831	561,440
- Claims Outstanding	779,466	523,078	250,351	113,923	272,727	314,780
Annuity Fund					-	-
- Life Fund Annuity	159,166	29,711	-		29,711	7,742
Total life	1,962,005	1,576,162	450,893	286,543	1,125,270	883,962
Non-life:						
Outstanding claims	2,279,871	1,466,959	570,574	581,688	1,709,297	746,902
IBNR		315,594	25,070	162,494	(25,070)	170,587
IBNR-Takaful	-	12,437				
Arising from Aquisition		564,485	43,810		(43,810)	
	2,279,871	2,359,475	639,454	744,182	1,665,487	917,489
Unearned premiums	3,226,181	1,449,127	354,858	573,072	2,871,322	968,164
Unexpired risks	76,233	42,086	-		42,201	27,695
Arising from consolidation		192,907	69,656		(69,656)	
	3,302,413	1,684,120	424,514	573,072	2,843,868	995,859
Total non-life	5,582,284	4,043,595	950,502	1,317,254	4,509,355	1,913,348
Total liabilities	7,544,289	5,619,757	1,401,395	1,603,797	5,634,624	2,797,310
Within one year	7,544,289	5,619,757	1,401,395	1,603,797	5,634,624	2,797,310
More than one year	-	-	-	-	-	-
	7,544,289	5,619,757	1,401,395	1,603,797	5,634,624	2,797,310

18.b(ii) Carrying amount-Company

	Gross		Reinsurers' asset		Net	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Life:						
Participating life						
- Life Fund	1,023,373	1,023,373	-	172,620	1,023,373	850,753
- Claims Outstanding	779,466	523,078	689,839	113,923	89,628	409,155
Annuity Fund					-	-
- Life Fund Annuity	331,679	29,711	-	-	331,679	29,711
- Claims Outstanding	-	-	-	-	-	-
Total life	**2,134,519**	**1,576,162**	**689,839**	**286,543**	**1,444,681**	**1,289,619**
Non-life:						
Outstanding claims	1,955,107	1,466,959	461,464	581,688	1,493,643	885,271
IBNR		315594	-	162,494	-	153,100
IBNR Takaful		12,437	-	-	-	-
	1,955,107	**1,794,990**	**461,464**	**744,182**	**1,493,643**	**1,038,371**
Unearned premiums	2,791,811	1,449,127	1,420,422	573,072	1,371,388	876,055
Unexpired risks	76,233	42,086	-	-	76,233	42,086
	2,868,043	1,491,213	**1,420,422**	573,072	**1,447,621**	918,141
Total non-life	**4,823,151**	**3,286,203**	**1,881,887**	**1,317,254**	**2,941,264**	**1,956,512**
Total liabilities	**6,957,670**	**4,862,365**	**2,571,725**	**1,603,797**	**4,385,945**	**3,246,131**
Within one year	6,689,549	4,694,560	2,366,325	1,502,596	4,323,224	3,179,527
More than one year	268,121	167,805	205,400	101,201	62,721	66,604
	6,957,670	**4,862,365**	**2,571,725**	**1,603,797**	**4,385,945**	**3,246,131**

19 Trade payables

	Group		Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
Reinsurance premium payable	320,953	221,488	318,634	220,442
Premium deposit received	122,517	162,529	108,426	110,780
	443,470	384,017	427,060	331,222
Within one year	228,333	228,333	198,733	198,733
More than one year	152,222	152,222	228,327	132,489
	380,554	380,555	427,060	331,222

20 Other payables

Accrued expenses	315,694	367,730	254,750	218,742
Stale cheques	222,092	159,186	222,092	159,186
Payable to staff	105,149	92,354	103,149	92,354
National Housing Funds	14,314	4,918	11,984	4,814
PAYE	20,118	15,028	20,888	14,713
Witholding Tax	21,428	19,200	17,442	19,200
ECOWAS BROWN CARD	8,909	8,798	8,909	8,798
Honeywell Oil and Gas ltd.	37,855	37,855	37,855	37,855
SO&U SAACHI	4,967	4,967	4,967	4,967
FORTE ASSET MGT	-	-	-	-
Other liabilities	(81,794)	116,611	103,234	56,131
	668,733	826,647	785,270	616,759

21 a Income taxes

	Group 2016 N'000	2015 N'000	Company 2016 N'000	2015 N'000
a) Per Statement of Profit or Loss and Other Coı				
- Recognised in profit or loss:				
Income tax based on the taxable profit/loss for t	158,536	101,059	-	80,959
Education tax	-	-	-	-
Information technology development levy(NITD.	-	13,902	-	
Current tax charge/(Income) for the year	158,536	114,961	-	80,959
Deferred taxation	-	(23,753)	-	
Income tax expense	158,536	91,208	-	80,959
b) Current Tax Liabilities/(Assets) as per Statem				
At 1 January	340.539	88,471	246.725	87,199
Charge for the year	158,536	216,086	-	215,413
Payment during the year	(255,698)	(56,608)	(246,477)	(55,887)
Arising from acquisition		92,590	-	-
At 31 December 2015	243,376	340,539	248	246,725

The charge for income tax in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21 LFN 2004 as amended and Education Tax Act, CAP E4 LFN 2004.

21 b Deferred Taxation

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax li

	Group		Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
Deferred tax assets:				
Deferred tax asset to be recovered after more than 12 months	-	-	-	-
Deferred tax asset to be recovered within 12 months	242,583	264,122	187,843	187,843
Deferred tax on asset held for sales	49,417	(61,456)	(12,040)	
Arising from acquisition		39,917	-	-
	292,000	242,583	175,803	187,843

The net movement on the deferred income tax account is as follows:

	Group		Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
At 1 January	264,122	260,336	187,843	175,804
Charge to profit or loss	-	3,786		
Tax charged to equity net of transfers to retained earnings				12,039
At 31 December	264,122	264,122	187,843	187,843

The charge for income tax in these financial statements is based on the provision of the Companies income Tax Act CAP C21 LFN 2004 as amended and EducationTax Act. CAP E4 LFN 2004.

22 Employees' Retirement Obligations

	Group 2016 N'000	2015 N'000	Company 2016 N'000	2015 N'000
Pensions (outstanding liability)	62,787	7,523	8,120	7,523
Pension:				
At 1 January	7,523	11,565	7,523	8,145
Pension Expense for the reporting period		89149	89149	89149
Payment made during the year	55,264	(93,191)	(89,771)	(89,771)
Arising from acquisition			-	-
Net Employees' Retirement Obligations	62,787	7,523	6,901	7,523

The Company operates defined contribution pension plan based on the New Pension Act 2014.All pension contributions are remitted to the relevant registered PFAs

23 Share Capital andShare Premium

Issued capital comprises:

	2016 N'000	2015 N'000	2016 N'000	2015 N'000
14,729,507,615 fully paid ordinary shares (31 December 2014: 8,820,010,000) of 50k each	**10,964,754**	**7,364,754**	**7,364,754**	**7,364,754**
Movement in share capital				
At 1 January	7,364,754	7,364,754	7,364,754	7,364,754
Addition during the year(5,909,497,615 @50k/1)		-		-
At 31 December	7,364,754	7,364,754	7,364,754	7,364,754

The total number of issued and fully paid ordinary shares as at year ended 31 December 2015 was 14,729,507,615 (2014: 8,820,010,000) with a par value of 50k per share.

The additions to the fully paid ordinary shares during the year represent the nominal value of the 5,909,497,615 ordinary shares issued in respect of CAPE III; being the consideration paid for the acquisition of Fin Insurance Company Limited. See note 11 and note 30a for additional disclosures on the acquisition of Fin Insurance Company Limited.

23a Share premium

At 31 December	1,947,167	1,947,166	1,947,167	1,947,166

23b Treasury shares

At 31 December	48,175	48,175	48,175	48,175

24a Contigency reserves

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
At 1 January	1,519,802	1,348,770	1,519,802	1,348,770
Transfer from retained earnings	182,606	171,032	182,606	171,032
At 31 December	**1,702,408**	**1,519,802**	**1,702,408**	**1,519,802**

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.

24b Retained earnings

At 1 January	98,647	(555,369)	(646,290)	499,048
Transfer to contigency reserves	(182,606)	(199,969)	(182,606)	(171,032)
Statement of Comprehensive income	(642,796)	853,985	(611,644)	(797,906)
Dividend paid	-	-		(176,400)
At 31 December	**(726,755)**	**98,647**	**(1,440,540)**	**(646,290)**

25 Net insurance premium income

	2016	2015	2016	2015
Non-life insurance premiums	6,060,627	3,929,514	5,447,636	3,929,514
Life insurance premiums	1,443,313	1,982,127	1,443,313	1,982,127
Halal Takaful Insurance	170,870	99,720	170,870	99,720
Gross written premiums	7,674,809	6,011,361	7,061,819	6,011,361
Investment contract Liabilities	(0)	-	(0)	-
	7,674,809	6,011,361	-	6,011,361
Change in unearned premiums	(1,631,582)	(800,460)	(1,562,633)	(800,460)
Gross earned premiums	6,043,227	5,210,900	5,499,186	5,210,900
Non-life reinsurance premiums	2,965,980	1,258,861	2,740,091	1,258,861
Life reinsurance premiums	291,834	379,276	291,834	379,276
Takaful reinsurance premiums	3,087		3,087	
Gross written reinsurance premiums	3,260,901	1,638,137	3,035,011	1,638,137
Change in reinsurance unearned premiums	(1,087,538)	(152,039)	(1,064,795)	(152,039)
Reinsurers' share of gross earned premiums	2,173,363	1,486,098	1,970,216	1,486,098
Net insurance premium income	3,869,864	3,724,801	3,528,970	3,724,802

26 Fee and commission income

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Reinsurance commissions and profit commission	314,023	220,757	294,796	220,757

Group

27 Net Claims expenses

2016

	Gross paid N'000	Movement in outstanding cliams N'000	Total N'000	Reinsurance's share N'000	Net N'000
Life business	1,660,839.5	-	1,660,839	(468,634.77)	1,262,021
Non-life business	1,689,236	113,106	1,802,342	(398,819)	1,802,342
Takaful	47,757		47,757		47,757
	3,397,833	113,106	3,510,939	(867,453)	3,112,121

Company

27 Net Claims expenses

2016

	Gross paid N'000	Movement in outstanding cliams N'000	Total N'000	Reinsurance's share N'000	Net N'000
Life business	1,660,839		1,660,839	(468,635)	1,192,205
Non-life business	1,470,343	352,827	1,823,170	(385,517)	1,437,653
Takaful	47,757		47,757		47,757
	3,178,940	352,827	3,531,767	(854,151)	2,677,615

2015

	Gross N'000	IBNR N'000	Total N'000	Reinsurance's share N'000	Net N'000
Life business	1,094,112	104,491	1,198,603	(192,076)	1,006,527
Non-life business	1,205,663	(149,581)	1,056,082	(342,341)	713,741
Takaful	22,473	-	22,473		22,473
	2,322,248	(45,090)	2,277,159	(534,417)	1,742,741

28 Underwriting Expenses (Fees, commissions and other acquisition expenses)

	Group		Company	
28(a) Acquisition cost	**2016** N'000	**2015** N'000	**2016** N'000	**2015** N'000
Aquisition cost- General	632,631	532,882	532,565	532,882
Aquisition cost- Life	195,022	194,246	195,022	194,246
Aquisition cost- Takaful	32,482	21,386	32,482	21,386
	860,135	748,515	760,069	748,515
Changes in deferred underwriting expenses	(70,817)	(100,766)	(52,470)	(100,766)
	789,318	647,749	707,599	647,749
28(b) Maintenance cost				
Maintenance cost- General	338,667	206,894	320,229	206,894
Maintenance cost- Life	29,635	129,950	29,635	129,950
Maintenance cost- Takaful	1,126		1,126	
	369,428	336,844	350,991	336,844
28 (c) Investment contract liability cost				
Aquisition cost- deposit administration	22,665	-	22,665	
Maintenance- deposit administration	-	-		
	22,665	-	22,665	-
28(d) Guaranteed interest	-	-		
Total	**1,181,412**	**984,593**	**1,081,255**	**984,593**

29 Investment income

	Group		Company	
	2016 **N'000**	**2015** **N'000**	**2016** **N'000**	**2015** **N'000**
29(a) Investment income -Attributable to policyholders fund				
Interest income				
	-	-	-	-
29(b) Investment income -Attributable toShare holders fund				
Dividend income	12,923	578,604	10,856	578,604
Interest income	596,386	424,383	372,703	424,237
Others	-		-	
	609,309	1,002,987	383,559	1,002,841
29(c) Intesest income-Investment contract liabilities	-			
29d Fair value changes in financial assets-FVTPL	(2,069,616)	(83,493)	(2,116,171)	(83,493)

IAS 39 requires fair value changes for financial assets carried at fair value through profit or loss to be recocgnised in the profit or loss account.Financial instrument designated as FVTPL by the Company relates to NGN3,511 million(2014 NGN 3,892million)investment in MTN shares -see note 6a(ii) of financial statement Fair value changes for the year ended 31 December 2015 recognised in the profit or loss account amounted to NGN(656,266) (2014 NGN144,130. Fair value were determined by reverence to market observable data under IFRS 13 Level 2 fair value hierachy.

29e Operating income				
Exchange gain/(Loss)	3,044,736	274,934	2,993,717	274,934
Miscellaneous income	114,486	58,624	107,736	58,009
Income from disposal of PPE	5,854	11,424	2,219	11,424
Other operating income	4,436	7,647		
	3,169,512	**352,629**	**3,103,672**	**344,367**
	2016 **N'000**	**2015** **N'000**	**2016** **N'000**	**2015** **N'000**

29f	Gain on bargain purchase		-		-

Business Combinations

Acquisition of FIN Insurance Company Limited

On 16 December, 2015 (the acquisition date), the Company acquired through a share for share exchange, 96.68% of the Voting rights in the Fin Insurance Company Limited, a company involve in Non- Life Insurance business.

As a result, FIN Insurance Company Limited became a subsidiary of Cornerstone Insurance Plc as the company obtained control of FIN Insurance Company Limited. The Company intends to expand the earning power in the insurance business by gaining more customers in the markets and also to increase its eminence.

The following table summarizes the estimated fair values of the consideration paid, the non- controlling interests and all the assets and liabilities assumed at the date of acquisition.

Fair value of consideration paid	2,954,749	
Fair value on non-controlling interest (NCI)	156,682	
Total	3111430.681	
Fair value of assets acquired and liabilities assumed		
Cash and cash equivalents	2,609,613	
Financial assets	1,172,694	
Held -To Maturity	39,765	
Trade receivables	-	
Reinsurance assets	113,466	
Deferred acquisition cost	22,226	
Other receivables and prepayments	3,061	
Investment properties	486,000	
Intangible assets	3,797	
Property and equipment	1,058,090	
Deferred tax asset	88,411	
Statutory deposits	300,000	
Total assets	5897122.936	
Liabilities		
Insurance contract liabilities	757,392	
Trade payables	1,046	
Provision and other payables	236,595	
Current income tax liabilities	87,651	
Deferred tax liability	-	
Retirement benefits obligation	95,100	
Total liabilities	1,177,784	
Net Assets	4719338.965	
Gain on bargain purchase	-1607908.284	1,903,755

The business acquisition resulted in a bargain purchase transactions because the fair values of the assets acquired and liabilities assumed exceeded the total fair values of the consideration paid and the fair of other non-controlling interest held by N1.8 billion. The Company recognized the amount as a gain and recorded the amount separately as gain on bargain purchase in the consolidated Statement ofprofit or loss for the year ended 31 December 2015.

Although the entity effectively gained control of Fin Insurance Company Limited on 16 December, 2015,the amounts of revenue and profit or loss since the acquisition date and pro formal results of operations for the above business combinations are not presented because the effects are not material to the consolidated financial statements.

The balances per the statement of the financial position have been consolidated in this financial statements.

29d Non-Contolling Interest in Equity

	Group2015
Arsing from acquisition during the year	156,682

Non controlling interest represents 3.32% (108,560,000 ordinary shares) of the equity holding of the Company's Subsidiary, FIN Insurance Comp

30 Allowance for impairment losses

	Group 2016 N'000	2015 N'000	Company 2016 N'000	2015 N'000
Allowance on investment in subsidiary (note 11.1)	-	-	-	
Allowance on finance lease (note 12)			-	
Impairmet of financial assets				
Allowance on receivable (note 8.1)	-			
Allowance on other assets (note 8b)	-	-		
	(1)	-	(1)	-

31 Management expenses

	Group 2016 N'000	2015 N'000	Company 2016 N'000	2015 N'000
Depreciation (note 14)	169,534	100,921	135,142	99,873
Amortisation of computer software (note 15)	17,093	9,569	16,085	9,569
Directors' costs	49,245	26,080	45,458	26,080
Advertising and corporate promotional expenses	134,521	80,570	124,208	80,570
Administrative expenses	295,274	225,730	212,898	222,554
Rents and rates	52,982	30,308	45,682	30,308
Consultancy fees	222,991	147,043	179,484	146,360
Maintenance expenses	117,717	112,961	97,718	112,388
Staff training and development	48,399	11,187	44,301	11,187
Auxiliary staff costs	186,317	84,385	144,118	83,665
Statutory due	51,530	90,677	48,453	90,677
Audit fees	8,493		-	
AGM Expenses	15,105	5,619	14,541	5,619
Subscription	13,058	1,055	8,021	
Others	61,956	10,560	46,081	10,505
Wages and Salaries***	991,675	784,935	833,301	770,227
Defined contribution pension costs	47,980	38,884	42,777	37,867
Transaction costs*	-	-		
	2,483,872	1,760,485	2,038,269	1,737,450

0

***Wages and salaries is made up of:				
Salaries	991,675	784,935	833,301	770,227
Allowances	47,980	38,884	42,777	37,867
Total	1,039,655	823,819	876,078	808,094

*Transaction costs relates to expenses incurred in connection with the acquisition of Fin Insurance Company Limited. These costs include finders fees, legal fees and advisory fees.

32 Finance Costs

Interest on Financial liabilities at amortised cost	55,322	24,226	-	0
Bank charges	13,260	5,248	9,331	5223.94413
	68,582	29,474	9,331	5,224

33 Income tax expense/income

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Current tax expense/(income) in respect of the current yeai	158,536	17,290		23,558
Under provision of tax in prior years				
Education levy				
Information technology development levy (ITDL)				
Total current tax	**158,536**	**17,290**	-	**23,558**
Deferred tax expense recognised in the current year	-			
Income tax expense	**158,536**	**17,290**	-	**23,558**

34 Profit for the year

Profit for the year has been arrived at after charging/(crediting)

	2016 N'000	2015 N'000
Net foreign exchange gain	2,993,717	812,126
Depreciation of property and equipment	144,085	120,057
Amortisation of intangible assets	17,094	14,975
Staff costs and other expenses	1,039,655	993,688
Auditors' remuneration	24,200	24,200
Impairment on receivables	(1)	436,708
NAICOM Levy	51,530	43,273

35 Share-based payments

Employee share option plan of the Company

Details of the employee share option plan of the Company:

The Group has a share option scheme for executives and senior employees of the Company and its subsidiaries. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, executives and senior employees with more than five years' service with the Group may be granted options to purchase ordinary shares. Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be

As at 31st December 2015, no staff of the group had exercised the options.

36 Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows.

	Group 2016 per kobo	2015 per kobo	Company 2016 per kobo	2015 per kobo
Earnings per share- basic & diluted	(3)	10	(4)	14

36.1 Basic/diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows.

	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Profit for the year attributable to owners of the Company	1,426,820	655,190	1,504,528	702,673
Earnings used in the calculation of basic earnings per	**1,426,820**	**655,190**	**1,504,528**	**702,673**
Profit for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	-	-	-
Others	-	-	-	-
Earnings used in the calculation of basic earnings per share from continuing operations	**1,426,820**	**655,190**	**1,504,528**	**702,673**

Diluted earnings provides a measure of the interest of each ordinary share in the performance of an entity while giving effect to all dilutive potential ordinary shares outstanding during a period. There exist no potential ordinary share of the company outstanding during the year ended 31 December, 2015 and the comparative year, consequently diluted and basic earnings per share are the same.

	2015	2014
Weighted average number of ordinary shares for the purpose of basic earnings per share	**14,729,508**	**8,820,010**
Treasury shares	(96,350)	(96,350)
	14,633,158	**8,723,660**