

**NEM INSURANCE PLC**

***MANAGEMENT ACCOUNTS***

***FOR THE PERIOD ENDED***

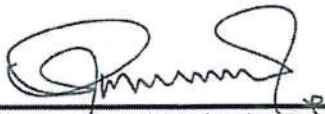
***31ST MARCH, 2018***

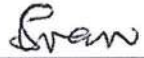
NEM INSURANCE PLC

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2018

	NOTES	Mar-18 N'000	Dec-17 N'000
<b>Assets</b>			
Cash and Cash equivalents	1	3,474,116	3,325,340
Financial Assets	2	6,793,759	5,916,920
Trade receivables	3	-	723,535
Reinsurance assets	4	2,382,458	2,382,458
Deferred Acquisition cost	5	704,372	587,244
Other Receivables and Prepayments	6	1,493,653	183,755
Investment in an Associate	7	392,501	392,501
Investment in a Subsidiary	7a	142,500	142,500
Investment Properties	8	676,555	676,555
Statutory Deposit	9	320,000	320,000
Intangible asset	10	6,420	10,270
Property and equipment		3,066,142	2,861,500
Deferred Tax asset	11	83,305	83,305
<b>Total assets</b>		<b>19,535,781</b>	<b>17,605,884</b>
<b>Liabilities</b>			
Insurance contract liabilities	12	7,093,795	6,518,667
Trade payables	13	426,329	73,694
Other payables	13.1	742,511	604,712
Retirement benefit obligations	14	76,345	91,910
Income tax liability	15	688,557	560,622
Deferred tax liability	15	-	-
		<b>9,027,537</b>	<b>7,849,605</b>
<b>Equity</b>			
Issued share capital	16	2,640,251	2,640,251
Share premium	17	272,551	272,551
Contingency reserve	18	3,304,961	3,154,568
Retained earnings	19	4,278,601	3,677,029
Available for sale reserve	20	(128,734)	(128,734)
Other Res.-employee benefit act.surplus	21	140,614	140,614
<b>total Equity</b>		<b>10,508,244</b>	<b>9,756,280</b>
<b>Total equity and liabilities</b>		<b>19,535,781</b>	<b>17,605,885</b>

These accounts were signed by the director and Chief Financial Officer stated below on 13/04/2018

  
 Mr. Tope Smart (GMD/CEO)  
 FRC/2013/CIIN/00000001331

  
 Miss. Stella Omoraro (CFO)  
 FRC/2013/ICAN/00000001238

NEM INSURANCE PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2018

	Notes	MARCH, 2018 N'000	Mar-17 N'000
Gross premiums written	22	5,673,050	5,187,889
Decrease/(Increase) in unearned income		<u>(689,119)</u>	<u>(2,559,035)</u>
Gross premiums earned	22	4,983,931	2,628,854
Reinsurance expenses	23	<u>(1,726,731)</u>	<u>(911,708)</u>
Net premiums income		3,257,200	1,717,146
Fee and commission income	24	<u>387,482</u>	<u>235,067</u>
Net underwriting income		<b>3,644,682</b>	<b>1,952,213</b>
Claims expenses	25	(806,560)	439,907
Underwriting expenses	26	<u>(1,317,221)</u>	<u>(885,634)</u>
Underwriting profit		1,520,901	1,506,486
Investment Income	27	136,045	67,840
NetFair value gain	28	-	-
Other income	29	9,848	6,735
Profit /(loss) on disposal of Assets		-	-
Share of profit in Associate		-	-
Other operating and admin. Expenses	31	<u>(776,893)</u>	<u>(865,605)</u>
Profit before tax		889,901	715,456
Income taxes	15.2	<u>(137,935)</u>	<u>(110,896)</u>
Profit after tax		751,966	604,560
<b>Other Comprehensive Income</b>			
Fair value loss on Available for sale	21	-	-
Actuarial (LOSS)/profit on defined benefit plan	22	-	-
		<u>751,966</u>	<u>604,560</u>

NEM INSURANCE PLC

UNDERWRITING RESULT PER CLASS OF BUSINESS  
FOR THE PERIOD ENDED 31ST MARCH, 2018

	MOTOR N'000	MARINE N'000	FIRE N'000	GEN.ACCID N'000	OIL & GAS N'000	TOTAL N'000	Mar-17 N'000
Direct Business Premium	1,758,770	407,755	1,227,992	1,119,521	1,054,101	5,568,139	5,109,048
Reinsurance Inward	21,410	21,446	54,880	5,946	1,229	104,911	78,840
Gross Premium	1,780,180	429,201	1,282,872	1,125,467	1,055,330	5,673,050	5,187,888
(Increase)/Decrease in Unexpired Risk	(148,989)	100,269	(111,008)	(60,969)	(468,422)	(689,119)	(2,559,034)
Gross Premium Earned	1,631,191	529,470	1,171,864	1,064,498	586,908	4,983,931	2,628,854
Reinsurance Expenses	(9,897)	(222,149)	(629,230)	(612,984)	(252,471)	(1,726,731)	(911,707)
Net Premium Earned	1,621,294	307,321	542,634	451,514	334,437	3,257,200	1,717,147
Commission Received	2,456	52,183	173,048	159,795	-	387,482	235,066
<b>Total Income</b>	<b>1,623,750</b>	<b>359,504</b>	<b>715,682</b>	<b>611,309</b>	<b>334,437</b>	<b>3,644,682</b>	<b>1,952,213</b>
Direct Claim Paid	(581,257)	(44,747)	(364,513)	(413,515)	(16,219)	(1,420,251)	(1,083,318)
Increase/Decrease in prov.for O/S Claims	(42,415)	(49,536)	167,882	33,590	4,469	113,990	849,857
Gross Claim Paid	(623,672)	(94,283)	(196,631)	(379,925)	(11,750)	(1,306,261)	(233,461)
Reinsurance Claim Recovery	21,985	36,814	315,589	125,313	-	499,701	673,369
Net Claim Incurred	(601,687)	(57,469)	118,958	(254,612)	(11,750)	(806,560)	439,908
Underwriting Expenses	(396,693)	(166,055)	(303,100)	(295,963)	(155,410)	(1,317,221)	(885,634)
Total Deduction	(998,380)	(223,524)	(184,142)	(550,575)	(167,160)	(2,123,781)	(445,726)
<b>Underwriting Profit</b>	<b>625,370</b>	<b>135,980</b>	<b>531,540</b>	<b>60,734</b>	<b>167,277</b>	<b>1,520,901</b>	<b>1,506,487</b>

Notes to the Financial Statements

1 CASH AND CASH EQUIVALENTS

	2018 N'000	2017 N'000
Cash and bank balances	1,020,603	1,060,850
Deposit/Bank acceptances	2,453,513	2,264,490
	<u>3,474,116</u>	<u>3,325,340</u>

2 FINANCIAL ASSETS

The financial assets are as summarised below:

	2017 N'000	2017 N'000
Financial assets at fair value through prof	1,410,188	1,347,461
Fair value through other compr.income	5,206,086	4,388,095
Held to maturity	177,485	181,365
	<u>6,793,759</u>	<u>5,916,920</u>

3 TRADE RECEIVABLES

Opening Balance	723,535	668,040
Gross Premium written during the period	5,673,050	13,416,270
Premium received in the period	(6,396,585)	(13,360,775)
Closing balance	<u>-</u>	<u>723,535</u>

4 REINSURANCE ASSETS

Opening Balance	2,382,458	1,725,098
For the year reinsurance assets	-	657,360
Transfer to Impairment	-	-
	<u>2,382,458</u>	<u>2,382,458</u>

5 DEFERRED ACQUISITION COST

At January	587,245	488,195
Acquisition during the quarter	1,033,758	2,664,169
Apportionment during the quarter	(916,631)	(2,565,119)
	<u>704,372</u>	<u>587,245</u>

6 OTHER RECEIVABLES AND PREPAYMENT

Prepayments	87,317	9,559
Accrued Income	-	86,197
Deposit for software	2,500	2,500
Other debtors	1,318,961	-
Other receivables	84,875	85,498
	<u>1,493,653</u>	<u>183,755</u>

7a. INVESTMENT IN ASSOCIATE

Cost of Investment	392,501	193,308
Addition during the year	-	27,692
Share of Associate profit	-	171,501
Investment in subsidiary	<u>392,501</u>	<u>392,501</u>

7b. INVESTMENT IN SUBSIDIARY

As at 1 January	142,500	142,500
Addition in the year	-	-
Transfer to Associate	-	-
	<u>142,500</u>	<u>142,500</u>

8 INVESTMENT PROPERTIES

Opening Balance	676,555	442,558
Addition	-	259,668
Revaluation(loss)/ gain	-	(25,671)
Closing Balance	<u>676,555</u>	<u>676,555</u>

Investment properties are held at fair value, which has been determined based on valuations performed independent valuations performed by independent valuation experts, Diya Fatimilehin & Co. property plaza, Muri Okunola Street, Victoria Island

Lagos. The valuers are the industry specialists in valuing these types of investment properties. The fair value is supported by market evidence and represent the amount at which the assets could be exchanged between knowledgeable, willing buyers and knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the statement of comprehensive income.

This is an investment in land building held primarily for generating income or capital appreciation and occupied substantially for use in the operations of the company. This is carried in the statement of financial position at their market value.

#### 9 STATUTORY DEPOSIT

This represents the amount deposited with the Central Bank of Nigeria as at December 31, 2013 in accordance with section 9(1) and section 10(3) of Insurance Act 2003. Statutory deposit are measured at cost

	320,000	320,000
<b>10 INTANGIBLE ASSET</b>		
Cost		
At January 1,	61,596	58,329
Addition	-	3,267
Written off	-	-
Reclassification from non-current asset	-	-
As at Dec. 31	<u>61,596</u>	<u>61,596</u>
Amortisation		
At January 1,	51,326	50,673
Written off	-	-
Amortisation during the year	3,850	653
As at Dec. 31	<u>55,176</u>	<u>51,326</u>
Net Book Value	<u>6,420</u>	<u>10,270</u>

#### 12 INSURANCE CONTRACT LIABILITIES

Outstanding Claims reserve	1,697,405	1,592,296
Incurred but not reported	<u>1,264,000</u>	<u>1,483,100</u>
Total outstanding Claims(including IBNR)	2,961,405	3,075,396
Unearned premium Reserve	<u>4,132,390</u>	<u>3,443,271</u>
ok	7,093,795	6,518,667

#### 13 TRADE PAYABLES

426,329                      73,694

#### OTHER PAYABLES

Accruals	124,000	149,043
Unclaimed Divided payable	287,636	287,636
Other Creditors	<u>330,875</u>	<u>168,033</u>
	<u>742,511</u>	<u>604,712</u>

#### 13.1 OTHER CREDITORS

Frontline Trust	220,190	70,430
NEM Assets Management Ltd	18,568	24,776
FSDH	1,749	6,995
Information technology levy	65,269	65,269
Union Dues	266	-
NHF	547	-
Provision for Leave allowance	4,482	-
Personal Retirement Scheme	3,030	-
P A Y E	2,952	-
NEM Cooperative	12,697	-
Honda Motor Spare parts	1,125	-
Deferred income	-	563
	<u>330,875</u>	<u>168,033</u>

#### 14 RETIREMENTS BENEFITS OBLIGATIONS

As at January 1,	91,910	84,824
Addition	(15,565)	7,086
Gain-employee benefit actuarial surplus	-	-
Gratuity	<u>76,345</u>	<u>91,910</u>

## 15 TAXATION

### 15.1 Per Financial Position

At January 1,	560,522	426,473
Income tax for the year	138,035	345,584
Paid during the year	<u>(10,000)</u>	<u>(211,435)</u>
At December, 31	<u>688,557</u>	<u>560,622</u>

### 15.2 Per Income Statement

Income tax	(124,293)	243,897
Education tax	(13,642)	35,098
Prior year under-adjustment	0	<u>66590</u>
	(137,935)	345,585
Deferred tax	-	<u>(26,086)</u>
137935	<u>(137,935)</u>	<u>319,499</u>

### 15.3 DEFERRED TAX

At January 1,	83,305	(57,220)
Charge for the year	-	<u>(26,086)</u>
	<u>83,305</u>	<u>(83,305)</u>

## 16 ISSUED SHARED CAPITAL

Authorised share:		
8,400,000,000 ordinary shares of 50k each	<u>4,200,000</u>	<u>4,200,000</u>

ordinary shares issued and fully paid:

At January 1, 5,280,502,913 ordinary shares of 50k each		
At December 31,	<u>2,640,251</u>	<u>2,640,251</u>

## 17 SHARE PREMIUM

	<u>272,551</u>	<u>272,551</u>
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Premium from the issue of shares are reported in share premium

## 18 CONTINGENCY RESERVE

As at January 1,	3,154,568	2,599,514
Transfer from retained earnings	<u>150,393</u>	<u>555,054</u>
	<u>3,304,961</u>	<u>3,154,568</u>

Contingency reserve is calculated in accordance with the provisions of Section 21(2) of the Insurance Act, 2003 at the higher of 3% of the total premium or 20% of total profit after tax. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50% of net premium

## 19 RETAINED EARNINGS

As at 1 January	3,677,028	1,891,400
profit for the year	601,573	2,763,122
Transfer to contingency reserve		(555,054)
dividend paid		<u>(422,440)</u>
	<u>4,278,601</u>	<u>3,677,028</u>

Retained earnings consist of undistributed profits/loss from previous years

## 20 AVAILABLE FOR SALE RESERVE

Opening Balance	<u>(128,734)</u>	(138,249)
Fair value loss	-	9,515
	<u>(128,734)</u>	<u>(128,734)</u>

The fair value reserve shows the effect from the fair value measurement of financial instruments of the category available for sale. Any gains or losses are not recognised in the comprehensive income statements until the asset has been sold or impaired.

## 21 OTHER RESERVE

Opening Balance	140,614	166,499
(Loss)/Gain during the year	-	<u>(25,885)</u>
	<u>140,614</u>	<u>140,614</u>

This represents actuarial gains on employee retirement benefit

## 22 GROSS PREMIUM WRITTEN

The analysis of gross premium by business class is as follows:

Fire	1,227,992	1,119,340
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Oil and Gas	1,054,101	263,083
General accident	1,119,521	1,274,774
Marine	407,755	445,473
Motor	1,758,770	2,006,378
Inward reinsurance	104,911	78,840
Gross premium written	5,673,050	5,187,888
(Increase) in unearned premium	(689,119)	(2,559,034)
Gross premium income	4,983,931	2,628,854
Re-insurance Outward	(1,726,731)	(911,708)
	3,257,200	1,717,146
<b>23 RE-INSURANCE EXPENSE</b>		
Motor	(9,897)	6,422
Marine	(222,149)	183,324
Fire	(629,230)	350,511
General accident	(612,984)	350,638
Oil and Gas	(252,471)	20,812
	(1,726,731)	911,707
<b>24 FEE AND COMMISSION INCOME</b>		
Fee income represents commission received on direct business and transactions ceded to re-insurance during the year under review		
Motor	2,456	739
Marine	52,183	47,230
Fire	173,048	95,187
General accident	159,795	91,910
Oil and Gas	-	-
	387,482	235,066
<b>25 CLAIMS EXPENSES</b>		
The analysis of claim expenses by business class is as follows:		
Motor	(601,687)	(444,359)
Marine	(57,469)	356,975
Fire	118,958	14,905
General accident	(254,613)	367,246
Oil and Gas	(11,749)	145,140
	(806,560)	439,907
Claims expenses consist of claims paid during the financial year together with the movement in the provision for outstanding claims.		
<b>26 UNDERWRITING EXPENSES</b>		
Commission expense	(916,631)	528,469
Maintenance expense	(400,590)	357,165
	(1,317,221)	885,634
<b>26.1 COMMISSION EXPENSE</b>		
The analysis of commission expenses by business class is as follows:		
Motor	224,439	150,110
Marine	115,981	59,681
Fire	251,024	177,806
General accident	215,845	130,138
Oil and Gas	109,342	10,734
	916,631	528,469
<b>26.2 MAINTENANCE EXPENSE</b>		
Motor	172,254	153,581
Marine	50,074	44,646
Fire	52,077	46,431
General accident	80,118	71,433
Oil and Gas	46,068	41,074
	400,591	357,165
Underwriting expenses consist of acquisition and maintenance expenses which include commission and policy expenses, proportion of staff cost and insurance supervision levy. Underwriting expenses for insurance contracts are recognised as expense when incurred		
<b>27 INVESTMENT INCOME</b>		
Dividend income	18,675	27,542
Interest from fixed deposit	89,211	20,340
Interest from Held to Maturity	664	-
Interest from statutory deposit	27,495	19,958
	136,045	67,840



<b>28 FAIR VALUE GAIN THROUGH PROFIT OR LOSS</b>		
Fin. assets at fair val throu p.or l at beg of the yr	(1,347,461)	(820,809)
Addition during the year	-	-
	<u>(1,347,461)</u>	<u>(820,809)</u>
Fin. assets at fair val throu p.or l at end of the yr	1,347,461	820,809
	-	-
<b>29 OTHER INCOME</b>		
Sundry Income	3,164	226
Rental Income	6,684	6,509
	<u>9,848</u>	<u>6,735</u>
<b>30 OTHER OPERATING &amp; ADMINISTRATIVE EXPENSES</b>		
Auditors Remuneration	(2,400)	2,280
Employee Benefits	(340,453)	366,811
Other Management Expenses	(339,491)	418,017
Depreciation & Amortisation of Int. Assets	(94,549)	78,497
	<u>(776,893)</u>	<u>865,605</u>

11)

11. FIXED ASSET SCHEDULE

	Land & Building Under Const-Oniru N'000	Land & Building N'000	Partitioning N'000	Plant & Machinery N'000	Motor Vehicle N'000	Furniture & Fittings N'000	Office Equipment N'000	Total N'000
At 1st January 2018	839,874	1,516,629	284,379	144,140	483,229	134,776	364,453	3,773,480
Additions	50,000			5,440	235,734	896	3,271	295,341
Reclassification								
Disposal/Transfer								
At 31st March, 2018	889,874	1,516,629	284,379	149,580	724,963	135,672	367,724	4,068,821
<b>Depreciation/Amortisation</b>								
At 1st January 2018		90,439	168,562	92,935	267,608	81,833	210,603	911,980
Charge for the year		7,583	14,219	7,479	36,248	6,784	18,386	90,699
Depreciation on Disposal								
At 31st March, 2018		98,022	182,781	100,414	303,856	88,617	228,989	1,002,679
<b>Net Book Value</b>								
At 31st March, 2018	889,874	1,418,607	101,598	49,166	421,107	47,055	138,735	3,066,142
At 31st December, 2017	839,874	1,426,190	115,817	51,205	221,621	52,943	153,850	2,861,500

**NEM INSURANCE PLC**

**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31ST MARCH, 2018**

	Mar-18 N'000	Dec-17 N'000
<b>Cash flow from Operating Activities</b>		
Premium received from policy holders	4,311,135	13,360,775
Reinsurance premium paid	(1,726,731)	(3,373,580)
Fees and Commission Received	387,482	658,353
Direct Claims Paid	(1,420,251)	(5,011,489)
Claims Received from Reinsurers	589,939	2,831,102
Commission Paid	(916,631)	(2,664,169)
Maintenance Expense paid	(400,590)	(1,599,056)
Cash paid to and on behalf of Employees	(240,453)	(1,346,838)
Other operating expense paid	(341,891)	(1,231,885)
Company Income Tax Paid	(10,000)	(211,435)
	<u>232,009</u>	<u>1,411,777</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets - FVPL	(50,000)	(5,000)
Short term placement above 90 days	122,780	(1,386,112)
Proceed from Redemption of HTM	3,283	11,343
Purchase of HTM	-	-
Investment Income received	136,045	709,944
Purchase of investment property	-	(36,405)
Investment in Associate	-	(27,692)
Purchase of intangible asset	-	(3,267)
Purchase of plant and equipment	(295,341)	(386,476)
Proceeds from disposal on PPE	-	1,063
<b>Net cash outflow for investment activities</b>	<u>(83,233)</u>	<u>(1,122,602)</u>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Dividends paid to equity holders of the parents	-	(422,440)
Unclaimed Dividend received	-	(5,970)
<b>Net cash outflow for financing activities</b>	<u>-</u>	<u>(428,410)</u>
<b>Total cash (outflow)/inflow</b>	148,776	(139,235)
<b>Cash and cash equivalent at January 1</b>	<u>3,325,340</u>	<u>3,464,575</u>
<b>Cash and cash equivalent at Dec. 31</b>	<u>3,474,116</u>	<u>3,325,340</u>
<b>Represented by:</b>		
<b>Cash and cash equivalent at Dec. 31</b>	<u>3,474,116</u>	<u>3,325,340</u>

STATEMENT OF CHANGE IN EQUITY

	<i>Issued</i> Share Capital	Share Premium	Retained Earnings	AFS Reserve	Other Reserves	Contingency Reserves	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At January 1, 2018	2,640,251	272,551	3,677,029	(128,734)	140,614	3,154,568	9,756,280
Profit for the year	-	-	751,965	-	-	-	751,965
Transfer to Contingency reserves	-	-	(150,393)	-	-	150,393	-
<b>Other Comprehensive Income</b>							
Actuarial gain on defined benefit plan							
Gains on revaluation of investment propty	-	-	-				
Distribution to owners							
Dividend paid during the year							-
<b>As at 31st March, 2018</b>	<b>2,640,251</b>	<b>272,551</b>	<b>4,278,601</b>	<b>(128,734)</b>	<b>140,614</b>	<b>3,304,961</b>	<b>10,508,245</b>
As at December 31, 2017	2,640,251	272,551	3,677,029	(128,734)	140,614	3,154,568	9,756,280