CONTINENTAL REINSURANCE PLC

LAGOS, NIGERIA

REPORT OF THE DIRECTORS

AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

CONTINENTAL REINSURANCE PLC

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FOR THE YEAR ENDED 31 DECEMBER 2014

Contents

CONTINENTAL REINSURANCE PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that present fairly, in all material respects, the state of financial affairs of the Company and its subsidiaries at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company and its subsidiaries:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004;

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

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

The Directors accept responsibility for the preparation and fair presentation of the annual consolidated financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and the Financial Reporting Council of Nigeria Act, No. 6, 2011 .

The Directors are of the opinion that the consolidated financial statements present fairly, in all material respects, the state of the financial affairs of the Company and its subsidiaries and of its profit. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the consolidated financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company and its subsidiaries will not remain a going concern for at least twelve months from the date of this statement.

....	....
Mr. David S. Sobanjo	Dr. Olufemi Oyetunji
Director	Managing Director/CEO
FRC/2013/CIIN/00000002149	FRC/2013/NSA/00000000685

.... 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CONTINENTAL REINSURANCE PLC

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Continental Reinsurance Plc ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, the Financial Reporting Council of Nigeria Act No. 6, 2011 and for such internal control as the Directors determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CONTINENTAL REINSURANCE PLC – Continued

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

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

ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;

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

iv) in our opinion, the consolidated financial statements have been properly prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 so as to present fairly the state of affairs and profit or loss of the Company and its subsidiaries.

Kayode Famutimi, FCA, FRC/2012/ICAN/0000000155
For: Ernst & Young
Lagos, Nigeria

…. April 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General information

a. The consolidated financial statements of Continental Reinsurance Plc and its subsidiaries (collectively, the Group) for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on …. February 2015.

Continental Reinsurance Plc (the Company or the parent) was incorporated in 1985 as a professional reinsurance limited liability company under the Companies Act 1968 and obtained license to transact non-life Reinsurance business on 10 December 1986. It commenced business operation in January 1987. The Company subsequently obtained the license to transact life reinsurance business in September 1989 and commenced life reinsurance business in January 1990. In 1999, the Company was converted to a public limited liability company and in May 2007, its shares were listed on the Nigerian Stock Exchange. In January 2005, the Company opened a business office in Douala Cameroon, Nairobi, Kenya in year 2007 (this was converted to a subsidiary in January 2013) and Abidjan Cote d' Ivoire in March 2012. In 2014, the Company acquired a subsidiary in Gaborone, Botswana. The registered office address of the Company is St Nicholas House (8th Floor), 6 Catholic Mission Street, Lagos, Nigeria.

The Company is regulated by the National Insurance Commission of Nigeria (NAICOM).

b. Principal activity

The Group is licensed to carry out both life and non - life reinsurance business. The Group provides cover in all classes of reinsurance, basically non-life and life treaty and facultative reinsurance, backed by retrocessionaires in the London and African reinsurance markets. The products and services by the Group cuts across accident, energy, fire, marine, liability, individual and group life.

The Group also has investment portfolio with diversified investment focus aimed at improving its profitability, meet future claim obligations, and limit the Group's exposure to investment risk, preserve shareholders' capital in order to maximize total return on investment.

In addition, the Group also provides top-class specialized training and development programmes to its esteemed clients in various classes of insurance and reinsurance including fire, energy, business interruption, international reinsurance, life and pension, motor and general accident and engineering/bond insurance.

2. Summary of significant accounting policies

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

2.2 Basis of preparation
These consolidated financial statements are the financial statements of Continental Reinsurance Plc ("the Company'') and its subsidiaries, Continental Reinsurance Limited, Kenya and Continental Reinsurance Limited, Botswana ("the Group").

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations, the Company and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act No. 6, 2011, Insurance Act 2003 and its interpretations issued by the National Insurance Commission in its Insurance Industry Policy Guidelines is included where appropriate.

2.2 Basis of preparation (continued)

The consolidated and company financial statements comprise the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except where otherwise stated.

The Group classifies its expenses by the nature of expense method.

The consolidated financial statements are presented in Naira, which is the Group's presentation currency. The figures shown in the consolidated financial statements are stated in thousands. The disclosures on risks from financial instruments are presented in the financial risk management report contained in Note 42.

The consolidated statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities. Cash and cash equivalents include highly liquid investments.

The cash flows from operating activities are determined by using the direct method and the net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, as well as changes from receivables and liabilities in the corresponding note. Cash transactions from investing or financing activities are shown separately from operating activities. Income tax paid is classified as operating cash flows.

The cash flows from investing and financing activities are determined by using the direct method. The Group's assignment of the cash flows to operating, investing and financing category depends on the Group's business model (management approach).

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

2.3 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group 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 into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.4 New Standards and Improvements

The following new standards and amendments became effective as of 1 January 2014.

- Investment Entities – Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of interest in other Entities* and IAS 27 *Separate Financial Statements*
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 *Financial Instruments: Presentation*
- Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 *Impairment of Assets*
- IFRIC 21 *Levies*
- *Improvements to IFRSs – 2010-2012 Cycle: Amendments to IFRS 13 – Short-term receivables and payables*

None of these standards and amendments impact the Group's consolidated financial statements.

The accounting policies adopted in the preparation of the 2014 consolidated financial statements are consistent with those followed in the preparation of the Group's 2013 financial statements, except for the adoption of new standards or interpretations effective as of 1 January 2014.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's consolidated financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below:

Judgements
In the process of applying the Group's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments – Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and, therefore, accounts for the contracts as operating leases.

Estimates and assumptions
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 described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of available-for-sale investments
The Group reviews its debt securities classified as available-for-sale investments at each reporting date to assess whether they are impaired.

The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be verified from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair value. The judgements include considerations of liquidity and model inputs such as volatility for discount rates, prepayment rates and default rate assumptions for asset-backed securities.

2.5 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)
Valuation of Insurance contract liabilities
Life insurance contract liabilities:
The liability for life insurance contracts is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to the profit or loss over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment write-offs to the profit or loss.

The main assumptions used relates to mortality, morbidity, investment returns, expenses, lapse and surrender rates and discount rates. The Group bases mortality and morbidity on standard industry mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences.

Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation, if appropriate.

Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders.

Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

The carrying value at the reporting date of life insurance contract liabilities for the Group is ₦1,252,418,000 (2013:₦1,108,507,000) and Company ₦1,124,687,000 (2013:₦1,041,004,000).

Non-life insurance contract liabilities:
For non-life insurance contract, estimates have to be made for the expected ultimate cost of all future payments attaching to incurred claims at the reporting date. These include incurred but not reported ("IBNR") claims. Due to the nature of reinsurance business, it takes a significant period of time before ultimate costs of claims can be established with certainty and therefore considerable judgement, experience and knowledge of the business is required by management in the estimation of amounts due to contract holders. Actual results may differ resulting in positive or negative change in estimated liabilities.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods. These methods primarily use historical claim settlement trends as a base for assessing future claims settlement amounts. Historical claims developments are mainly analysed by underwriting year, by type and line of business and by geographical territory. Large claims are separately addressed using loss adjusters' reports and historical large claims development patterns.

Additional qualitative judgement is required as significant uncertainties remain such as future changes in inflation, economic conditions, attitude to claiming, foreign exchange rates, judicial decisions and operational process.

2.5 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)
Valuation of Insurance contract liabilities (continued)
Similar judgements, estimates and assumptions are employed in the assessment of losses attaching to unearned premium exposures. The methods used are based on time apportionment principles together with significant judgement to assess the adequacy of theses liabilities and the attached uncertainty.

The carrying value at the reporting date of non-life contract liabilities for the Group is ₦9,532,275,000 (2013:₦8,764,872,000)and Company ₦7,879,1619,000 (2013:₦7,920,155,000)

Pipeline reinsurance premium
For non-life reinsurance contracts, estimates have to be made for expected future premium from policies already written but not reported at the reporting date. Due to the nature of reinsurance business, in particular treaty business, it takes a significant period of time before all premiums are reported for a given underwriting period. Therefore considerable judgement, experience and knowledge of the business is required by management in the estimation of pipeline premiums due from contract holders. Actual results may differ resulting in positive or negative change in estimated pipeline premium income.

The pipeline premiums are estimated by using the Chain Ladder technique. This technique primarily uses historical reporting trends as a base for assessing future premium amounts. Historical premiums developments are mainly analysed by underwriting year, by type and line of business and by geographical territory. Estimated premium income information is also used to supplement the results of this technique.

Additional qualitative judgement is required as significant uncertainties remain such as future changes in inflation, economic conditions, foreign exchange rates, industry developments and operational process.

Deferred tax assets and liabilities
Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors such as experience of previous tax audits and differing interpretations by the taxable entity.

The carrying value at the reporting date of net deferred tax liability for the Group is ₦83,623,000 (2013:₦49,091,000) and Company ₦45,039,000 (2013:₦41,946,000). Further details on taxes are disclosed in Note 9 to the financial statements.

Valuation of pension benefit obligation
The cost of defined benefit pension plans and other post-employments benefits and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates are contained in Note 27 to the financial statements.

The carrying value at the reporting date of gratuity benefit obligation for the Group is ₦184,379,000 (2013:₦45,900,000) and Company ₦184,379,000 (2013:₦45,900,000).

2.5 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)
Valuation of investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2014. A valuation methodology based on discounted cash flow model was used as there is a lack of comparable market data because of the nature of the properties.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of the investment properties are further explained in Note 20 to the consolidated financial statements.

2.6 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

2.6 Standards and interpretations issued but not yet effective (continued)

Annual improvements *2010-2012 Cycle*

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 3 *Business Combinations*

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 8 *Operating Segments*

The amendments are applied retrospectively and clarifies that:

► An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'

► The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 24 *Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual improvements *2011-2013 Cycle*

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 3 *Business Combinations*

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

► Joint arrangements, not just joint ventures, are outside the scope of IFRS 3

► This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

IFRS 13 *Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

2.6 Standards and interpretations issued but not yet effective (continued)

IAS 40 *Investment Property*

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

IAS 1 Disclosure Initiative - Amendments to IAS 1 - effective date: 1 January 2016

2.7 Insurance Contracts

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts defined in IFRS 4 may also transfer financial risk.

In accordance to IFRS 4, the Group has continued to apply the accounting polices it applied in accordance with pre-change over from Nigerian GAAP.

Recognition and measurement

The Group's Insurance contracts are classified into three broad categories, depending on the duration of the risk and the type of risk insured, namely Individual Life, Group Life and General insurance.

a. Individual life

These contracts insure mainly against death. The reserve is calculated by determining an Unexpired Premiums Reserve (UPR) and an Outstanding Claims Reserve (OCR). The UPR represents the unexpired portion of premiums received for cover within the year, assuming an allowance for expenses. The OCR represents the claims reserve for claims that were received, but not yet paid, or which may have emerged but have not been received due to delayed reporting.

b. Group life

These contracts insure against death on a Company basis. These contracts are short-term in nature and are typically renewed annually. For these contracts, gross premiums are recognised as revenue when due.

c. General insurance

These contracts provide Fire, Accident, Marine, Liability and Energy insurance. For these contracts, gross premiums are recognised as revenue when due.

2.7.1 Gross premium

Premium is recognized as income when offers from ceding companies are confirmed via credit notes. This comprises premiums generated on contracts entered into during the year as well as premiums and adjustments on contracts entered into in earlier years but confirmed in the current accounting year. Also, premium for the year includes estimates for pipeline or premium not yet advised by the ceding companies for contracts in-force at the end of the year. Pipeline premiums are estimated on the basis of latest available information and historic premium development patterns.

All written premiums are recorded on underwriting year basis and a provision is made for unearned income as Reserve for Unexpired Risk for the portion of premium relating to the current underwriting year that have not expired by the end of the accounting year.

Earned Premium Income represents Gross Premium less change in reserve for unearned Premium during the year.

2.7 Insurance Contracts (continued)

2.7.2 Retrocession

Retrocession premium represents the cost of outward reinsurance for the year. The retrocession programme is on underwriting year basis with appropriate reserves calculated using the same basis as reserve for unexpired risks.

Retrocession recoveries represent that portion of claims paid/payable on risks ceded out in respect of which recoveries are received/ receivable from the retrocessionaire. Retrocession recoveries are disclosed separately as an asset and charged against Gross Claims Incurred to arrive at Net Claims Incurred.

Retrocession assets are assessed annually for impairment and the carrying amount reduced with impairment through profit or loss.

2.7.3 Gross Claims

Gross claims represent estimates of claims and claims handling expenses accrued during the accounting year. Gross claims incurred are made up of gross claims and changes in Reserve for outstanding claims (including IBNR) during the year.

2.7.4 Reserve for unexpired risks

The portion of the Non-life gross written premium which has not yet been earned by the end of the accounting year is accounted for as Reserve for Unexpired Risks.

This is calculated using current underwriting year gross written premium for all classes of business assuming premium earning patterns based on historical pattern and business knowledge.

2.7.5 Reserve for outstanding claim

Reserve for outstanding claims represents provisions made to account for estimated cost of all claims and the related claims handling expenses incurred but not paid at the reporting date. This includes the cost of claims incurred but not reported (IBNR) using best available information.

A full provision is made for the estimated cost of all claims notified but not settled at the reporting date, using the best information available at that time. Provision is also made for the cost of claims incurred but not reported (IBNR) until after the reporting date. Similarly, provision is made for “unallocated claims expenses” being the estimated administrative expenses that will be incurred after the reporting date in settling all claims outstanding as at the date, including IBNR. Differences between the provision for outstanding claims at a reporting date and the subsequent settlement are included in profit or loss of the following year.

Based on the best available information, this reserve is calculated using standard actuarial methods and historical claims experience.

2.7 Insurance Contracts (continued)

2.7.6 Liability Adequacy Test

Liabilities from insurance policies are tested by certified professional actuary at each reporting date for adequacy of the insurance liabilities recognised in the financial statements. During this process, up-to-date estimates of current valuation parameters are examined, taking into account all future cash flows associated with the insurance policies, to determine whether the recognised liabilities are adequate. If these tests determine that the carrying amount of the insurance liabilities is negative, taking into account capitalised acquisition costs and/or capitalised policy portfolio values, the entire shortfall is immediately recognised in profit or loss.

2.7.7 Actuarial valuation of Life insurance contract liabilities

Actuarial valuation of life insurance contract liabilities is carried out annually by certified professional actuary for the purpose of determining the surplus or deficit at the end of the year. All surpluses or deficits arising there from are charged to profit or loss.

2.7.8 Deferred Acquisition Costs

Acquisition costs comprise all direct and indirect costs arising from the writing of reinsurance contracts. Deferred acquisition costs (DAC) comprise commissions and other variable costs directly connected with acquisition or renewal of reinsurance contracts.

Deferred acquisition costs represent a proportion of commission and other acquisition costs, which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. DAC is amortised over the premium payment period in proportion to the premium revenue recognised.

2.8 Underwriting expenses

Underwriting expenses comprises acquisition, maintenance and management expenses.

2.8.1 Acquisition expenses

Acquisition expenses are those costs incurred in obtaining and renewing insurance contracts. These include commissions paid and policy expenses.

2.8.2 Maintenance expenses

Maintenance expenses are those costs incurred in servicing existing policies/contracts and these include brokerage fees and charges.

2.8.3 Management and administration expenses

Management and administration expenses are expenses other than claims, acquisition and maintenance expenses. These include salaries and emoluments, other staff costs, depreciation and amortisation, professional fees, investment expenses and other non-operating costs.

Management expenses are those expenses that relate to underwriting business which are apportioned and charged thereto. These include salaries and emoluments of underwriting staff.

Administration expenses are those expenses that cannot be directly attributable to underwriting business and charged to the profit or loss in the accounting period in which they are incurred. These include professional fees, investment expense, and other non-operating costs, and depreciation and amortisation.

2.9 Investment income

Investment income comprises interest earned on short-term deposits, rental income, dividend and income earned on trading of securities. Investment income is accounted for on an accrual basis.

Interest income

Interest income and expense for all interest-bearing financial instruments are recognised within ‘securities discount and similar income’ and ‘securities discount and similar expense’ in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend Income

Dividends are recognised in profit or loss in ‘Other income’ when the entity’s right to receive payment is established.

2.10 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’).

The consolidated financial statements are presented in thousands. Naira is the Group's presentation and also the parent company’s functional currency.

(b) Transactions and balances

Foreign currency transactions are transactions denominated, or that require settlement, in a foreign currency and these are translated into the functional currency spot rate prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange prevailing at the reporting date. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in profit or loss.

Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Translation differences on non-monetary financial instruments held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments measured at fair value through other comprehensive income are included in the fair value reserve in other comprehensive income.

2.11 Cash and cash equivalents

Cash and cash equivalents are balances that are held for the primary purpose of meeting short-term cash commitments. Hence this includes cash in hand and cash equivalents that are readily convertible to known amount of cash are subject to insignificant risk of changes in value and whose original maturity is three months or less.

This includes cash-on-hand, deposit held at call with banks and other short-term highly liquid investments which originally matures in three months or less.

2.12 Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities – which include derivative financial instruments – have to be recognised in the statement of financial position and measured in accordance with their assigned category.

2.12.1 Financial assets

The Group classifies financial assets into the following IAS 39 categories: (a) financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition and the classification depends on the purpose for which the investments were acquired.

(a) Recognition and measurement

The Group uses settlement date accounting for regular way contracts when recording financial asset transactions.

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of other income when the Group's right to receive payments is established. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.

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

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as at fair value through profit or loss upon initial recognition.

The Group had no assets classified as held-for-trading at the end of the year.

2.12 Financial assets and liabilities (continued)

2.12.1 Financial assets (continued)

(b) Financial assets at fair value through profit or loss - continued

The Group designates certain financial assets upon initial recognition at fair value through profit or loss (fair value option). This designation cannot subsequently be changed. According to IAS 39, the fair value option is only applied when any of the following conditions are met:

• the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise; or

• the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis; or

• the financial assets consists of debt host and an embedded derivatives that must be separated.

The fair value option is applied to the externally managed portfolios that are part of a portfolio. The performance of the managed fund is evaluated on a fair value basis in accordance with an investment strategy and information on this is provided to the key management personnel.

Financial assets for which the fair value option is applied are recognised in the statement of financial position as 'Financial assets designated at fair value'. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains on financial instruments designated at fair value through profit or loss'.

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

(1) those that the Group intends to sell immediately or in the short-term, which are classified as held-for-trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;

(2) those that the Group upon initial recognition designates as available-for-sale; or
(3) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the statement of financial position as loans and receivables.

2.12 Financial assets and liabilities (continued)

2.12.1 Financial assets (continued)

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

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

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Interest on held-to-maturity investments is included in profit or loss and reported as 'Interest and similar income'. In the case of an impairment, the impairment loss is been reported as a deduction from the carrying value of the investment and recognised in profit or loss as 'impairment of financial assets'. Held-to-maturity investments include sovereign, sub-national and corporate bonds.

(e) Available-for-sale financial assets
Available-for-sale (AFS) investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the other comprehensive income is recognised in profit or loss. However, interest is calculated using the effective interest rate method, and foreign currency gains and losses on monetary assets classified as available-for-sale are recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss in 'Dividend income' when the Group's right to receive payment is established. AFS financial assets includes debt and equity (quoted and unquoted) instruments. See Note 41.3(c) for valuation methods and assumptions.

2.12.2 Financial liabilities
The Group's holding in financial liabilities does not include financial liabilities at fair value through profit or loss (including financial liabilities held-for-trading and those that designated at fair value). Other financial liabilities are subsequently measured at amortised cost. Financial liabilities are derecognised when extinguished.

Initial recognition and measurement
All financial liabilities are recognised initially at fair value minus directly attributable transaction costs.

The Group's financial liabilities include reinsurance creditors and other liabilities.

2.12 Financial assets and liabilities (continued)

2.12.2 Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classifications as follows:

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held-for-trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading, unless designated as an effective hedging instrument.

Gains and losses arising from changes in fair value of financial liabilities classified held-for-trading are included in profit or loss and are reported as ‘Net gains/(losses) on financial instruments classified as held-for-trading’. Interest expenses on financial liabilities held-for-trading are included in ‘Net interest income’.

The Group did not have any financial liabilities that meet the classification criteria at fair value through profit or loss and did not designate any financial liabilities as at fair value through profit or loss.

(b) Other liabilities measured at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are subsequently measured at amortised cost.

2.12.3 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 (for example, NSE) and broker quotes from Financial Markets Dealers Association (FMDA).

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. If the above criteria are not met, the market is regarded as being inactive. For example a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

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

2.12 Financial assets and liabilities (continued)

2.12.3 Determination of fair value (continued)

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, and related controls and procedures applied, management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

In cases where fair value of unquoted equities cannot be determined reliably, net asset valuation technique or cost is applied.

2.12.4 Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

> The rights to receive cash flows from the asset have expired;

> The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised 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 an 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 profit or loss.

2.13 Offsetting financial instruments

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

2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

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

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded in profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'finance cost' in profit or loss.

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

2.14 Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)
Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Available-for-sale financial assets
For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss – is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

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

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

2.15 Impairment of non-financial assets
Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there have separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably.

2.15 Impairment of non-financial assets (continued)

Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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

2.16 Reinsurance receivables

Reinsurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, reinsurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of reinsurance 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 statement of profit or loss.

Reinsurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.12.4, have been met.

2.17 Investment properties

Property held for long-term rental yields and/or capital appreciation that is not occupied by the Group is classified as investment property. Investment property comprises of land and buildings.

Investment property is measured initially at its cost, including transaction costs. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs.

Investment property is subsequently measured at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent valuation expert.

Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss as "Net fair value gains on financial assets designated at fair value through profit or loss" in the year in which they arise.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition.

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

2.17 Investment properties (continued)

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

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

2.18 Property, plant and equipment

All property, plant and equipment is initially recorded at cost. They are subsequently stated at historical cost less accumulated depreciation and impairment losses with the exception of freehold land (included in as part of freehold property) which is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

An asset is recognised when it is probable that economic benefits associated with the item flow to the Group and the cost item can be reliable measured.

All repairs and maintenance cost are charged to other operating expenses in the financial period in which they occur.

Depreciation is calculated on assets using the straight-line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. The principal annual rates used for the purpose are:

		%
-Motor vehicles	-	25
-Furniture and fittings	-	20
-Computer equipment	-	$33^{1/3}$
-Office partitioning	-	20

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property, plant and equipment were impaired as at 31 December 2014 (2013: nil).

Property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is recognized in other income in the profit or loss in the year the asset is derecognized.

2.19 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as lessor

Leases in which the Group does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.20 Intangible assets

Intangible assets comprise computer software licenses, which are with finite lives, are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

The Group chooses to use the cost model for the measurement after recognition.

Amortisation is calculated on a straight line basis over the useful lives as follows:

- Computer Software: 5 years

2.21 Reinsurance creditors

Reinsurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received given less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

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

2.22 Income tax

(a) Current income tax

Income tax payable/(receivable) is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense/(income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Where the Group has tax losses that can be relieved against a tax liability for a previous year, it recognises those losses as an asset, because the tax relief is recoverable by refund of tax previously paid. This asset is offset against an existing current tax balance.

Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the statement of financial position.

The Group does not offset income tax liabilities and current income tax assets.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities, provisions for pensions and other post-retirement benefits and carry-forwards and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

The tax effects of carry-forwards of unused losses, unused tax credits and other deferred tax assets are recognised when it is probable that future taxable profit will be available against which these losses and other temporary differences can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

Deferred tax related to fair value re-measurement of equity instruments, which are recognised in other comprehensive income, is also recognised in other comprehensive income and subsequently in the consolidated statement of profit or loss and other comprehensive income together with the deferred gain or loss.

2.23 Employment benefits

Defined contributory scheme

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

In line with the Pension Reform Act 2004, the Group operates a defined contribution scheme; employees are entitled to join the scheme on confirmation of their employment. The employee and the Group contribute 7.5% of the employee's total emoluments (basic, housing and transport allowances). The Group's contribution each year is charged against income and is included in staff cost. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Defined benefit staff gratuity scheme

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Re-measurements arising from actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in periods in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Group has a Gratuity Scheme for its employees managed by Trustees. The scheme is non-contributory and employees qualify for benefits after five years service. Provision for gratuity is made when it is determined that there is a shortfall in the assets funding liabilities.

2.24 Provisions

Provisions are liabilities that are uncertain in amount and timing.

Provision are recognised when the Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

2.25 Equity

Ordinary share capital
The Company has issued ordinary shares that are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

Dividends on ordinary share capital
Proposed dividends are recognised as a liability in the period in which they are declared and approved by the Company's shareholders at the Annual General Meeting.

Dividends for the year that are declared after the reporting date are dealt with as event after reporting date.

Dividends proposed but not yet declared are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act.

2.26 Contigency reserves

Contigency reserves are done in accordance with the provisions of the Insurance Act, CAP II7 LFN 2004:

a. For general business the contigency reserve is credited with the higher of an amount not less than 3% of the total premium or 20% of the net profits until the reserves reaches the greater of the minimum paid up capital or 50% of net premium.

b. For life business the contigency reserve is credited with the higher of an amount equal to 1% of the gross premium or 10% of the profits.

2.27 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. This, however, is applicable to the Company but not the Group as this is the first year in which consolidated financial statements is prepared for it (the Group).

2.28 Group information

Information about subsidiary
The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	%equity interest 2014	%equity interest 2013
Continental Reinsurance Limited, Nairobi	Life and non-life reinsurance business	Kenya	70	100
Continental Reinsurance Limited, Gaborone	Life and non-life reinsurance business	Botswana	60	nil

2.29 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group's executive committee as its chief operating decision maker.

CONTINENTAL REINSURANCE PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Group 2014 ₦'000	Group 2013 ₦'000	Company 2014 ₦'000	Company 2013 ₦'000
Insurance premium revenue	1.1	16,153,740	15,036,612	13,069,529	13,848,129
Insurance premium ceded to retrocessionaires	1.2	(1,959,233)	(1,685,709)	(1,644,607)	(1,590,406)
Net insurance premium revenue		14,194,507	13,350,903	11,424,922	12,257,723
Insurance Benefits					
Insurance claims and loss adjustment expenses	2.1	7,369,473	6,376,258	6,013,823	5,912,103
Insurance claims and loss adjustment expenses recoverable from retrocessionaire	2.1	(489,306)	(114,213)	(485,414)	(103,537)
Net insurance benefits and claims		6,880,167	6,262,045	5,528,409	5,808,566
Underwriting expenses	2.2	5,947,275	5,411,036	4,938,265	4,798,351
Insurance benefits and underwriting expenses		12,827,442	11,673,081	10,466,674	10,606,917
Underwriting profit		1,367,065	1,677,822	958,248	1,650,806
Interest income	3	940,442	1,001,601	838,546	762,620
Net fair value gains/(loss) on financial assets designated at fair value through profit or loss	4	48,437	38,591	(7,467)	37,344
Fair value gains on investment properties	4	83,559	71,112	83,559	71,112
Other income	5	353.462	291,930	351,913	291,339
Foreign exchange (loss)/gain		(391,497)	202,013	(460,617)	202,013
Administrative expenses	6.1	(572,385)	(376,372)	(280,864)	(340,521)
Impairment of financial assets	6.2	(241,114)	(673,303)	(203,324)	(673,303)
Profit before income tax		1,587,969	2,233,394	1,279,994	2,001,410
Income tax expense	8	(732,325)	(479,994)	(618,471)	(414,953)
Profit for the year		855,644	1,753,400	661,523	1,586,457
Other comprehensive income					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Remeasurement gains on available for sale financial assets	7	75,972	448,675	74,498	445,066
Reclassification adjustments to gains on available for sale financial assets included in profit or loss	7	(54,841)	(87,519)	(54,841)	(87,519)
Exchange difference on translation of foreign operation		(69,329)	(32,394)	-	-
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:					
Actuarial (loss)/gain on defined benefit plans	26.2	(86,935)	7,444	(86,935)	7,444
Income tax relating to component of other comprehensive income	9.1	26,081	(2,233)	26,081	(2,233)
Other comprehensive (loss)/income for the year, net of tax		(109,052)	333,973	(41,197)	362,758
Total comprehensive income for the year		746,592	2,087,373	620,326	1,949,215

CONTINENTAL REINSURANCE PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME -Continued

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Group 2014 ₦'000	Group 2013 ₦'000	Company 2014 ₦'000	Company 2013 ₦'000
Profit attributable to:					
Equity holders of the parent		820,382	1,753,400	661,523	1,586,457
Non-controlling interests		35,262	-	-	-
		855,644	1,753,400	661,523	1,586,457
Total comprehensive income attributable to:					
Equity holders of the parent		711,109	2,087,373	620,326	1,949,215
Non-controlling interests		35,483	-	-	-
		746,592	2,087,373	620,326	1,949,215
Earnings per share:					
Basic (kobo)	10	8	17	6	15
Diluted (kobo)	10	8	17	6	15

See accompanying summary of significant accounting policies and notes to the financial statements which form an integral part of these financial statements.

CONTINENTAL REINSURANCE PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		Group 2014	Group 2013	Company 2014	Company 2013
Assets	Notes	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	11	4,844,323	5,673,748	3,303,155	5,605,227
Financial assets					
-Financial asset designated as fair value through profit or loss	12	1,227,512	170,285	171,524	170,285
-Loans and other receivables	13	234,910	379,174	207,802	370,833
-Available-for-sale investments	14.1	2,406,037	2,259,534	2,356,882	2,213,919
-Held to maturity investments	14.2	4,878,062	5,830,270	4,372,487	4,732,522
Reinsurance receivables	15	6,743,336	6,292,066	5,274,202	5,613,677
Retrocession assets	16	477,628	358,106	335,935	279,247
Deferred acquisition costs	17	1,759,685	1,428,293	1,383,416	1,213,441
Other assets	18	981,264	365,839	1,214,437	546,073
Investment in subsidiaries	19	-	-	1,722,633	987,405
Investment properties	20	2,926,956	1,746,800	2,926,956	1,746,800
Intangible assets	21	1,214	9,667	1,214	9,667
Property, plant and equipment	22	726,717	611,628	613,858	553,200
Statutory deposits	23	1,000,000	1,000,000	1,000,000	1,000,000
Total assets		28,207,644	26,125,410	24,884,501	25,042,296
Liabilities					
Insurance contract liabilities	24	10,784,693	9,873,379	9,004,306	8,961,159
Reinsurance creditors	25	1,404,170	1,169,024	1,175,735	1,169,024
Other liabilities	26	535,096	311,142	457,106	288,057
Retirement benefit obligations	27	184,379	45,900	184,379	45,900
Current income tax payable	8	458,813	391,381	391,277	388,875
Deferred tax liabilities	9	64,113	49,091	45,039	41,946
Total liabilities		13,431,264	11,839,917	11,257,842	10,894,961
Equity					
Share capital	28	5,186,372	5,186,372	5,186,372	5,186,372
Share premium	29	3,915,451	3,915,451	3,915,451	3,915,451
Contingency reserve	30	2,785,131	2,420,096	2,705,666	2,349,131
Retained earnings	31	1,714,433	2,519,174	1,526,328	2,423,196
Available-for-sale reserve	32.1	297,704	276,794	292,842	273,185
Foreign currency translation reserve	32.2	(101,723)	(32,394)	-	-
Equity attributable to holders of parent		13,797,368	14,285,493	13,626,659	14,147,335
Non-controlling interest	33	979,012	-	-	-
Total equity		14,776,380	14,285,493	13,626,659	14,147,335
Total liabilities and equity		28,207,644	26,125,410	24,884,501	25,042,296

…………………………………	…………………………………	…………………………………
Mr. David S. Sobanjo	Dr. Olufemi Oyetunji	Mr. Musa Kolo
Director	Managing Director/CEO	Chief Financial Officer
FRC/2013/CIIN/00000002149	FRC/2013/NSA/00000000685	FRC/2012/ICAN/00000000473

See accompanying summary of significant accounting policies and notes to the financial statements which form an integral part of these financial statements.

Continental Reinsurance Plc

Consolidated statement of changes in equity
for the year ended 31 December 2014

		Attributable to the equity holders of the parent							
Group	Notes	Share capital (Note 28)	Share premium (Note 29)	Contingency reserve (Note 30)	Retained earnings (Note 31)	Available-for-sale reserve (Note 32.1)	Foreign currency translation reserve (Note 32.2)	Non controlling interest	Total equity
		=N='000	=N='000	=N='000	=N='000	=N='000	=N='000		=N='000
As at 1 January 2014		5,186,372	3,915,451	2,420,096	2,519,174	276,794	(32,394)	-	14,285,493
At acquisition		-	-	-	-	-	-	885,297	885,297
Change in shareholding		-	-	-	(58,232)	-	-	58,232	-
Profit for the year		-	-	-	820,382	-	-	35,262	855,644
Other comprehensive income		-	-	-	(60,854)	20,910	(69,329)	221	(109,052)
Total comprehensive income/(loss)		5,186,372	3,915,451	2,420,096	3,220,470	297,704	(101,723)	979,012	15,917,382
Transfer of contingency reserve		-	-	365,035	(365,035)	-	-	-	-
Dividends declared	25.1	-	-	-	(1,141,002)	-	-	-	(1,141,002)
At 31 December 2014		5,186,372	3,915,451	2,785,131	1,714,433	297,704	(101,723)	979,012	14,776,380
As at 1 January 2013		5,186,372	3,915,451	1,873,319	2,344,587	(84,362)	-	-	13,235,367
Profit for the year		-	-	-	1,753,400	-	-	-	1,753,400
Other comprehensive income		-	-	-	5,211	361,156	(32,394)	-	333,973
Total comprehensive income/(loss)		5,186,372	3,915,451	1,873,319	4,103,198	276,794	(32,394)	-	15,322,740
Transfer of contingency reserve		-	-	546,777	(546,777)	-	-	-	-
Dividends declared	25.1	-	-	-	(1,037,247)	-	-	-	(1,037,247)
At 31 December 2013		5,186,372	3,915,451	2,420,096	2,519,174	276,794	(32,394)	-	14,285,493

See accompanying summary of significant accounting policies and notes to the financial statements which form an integral part of these financial statements.

Continental Reinsurance Plc

Consolidated statement of changes in equity - Continued
for the year ended 31 December 2014

		Attributable to the equity holders of the parent					
Company	Notes	Share capital (Note 27)	Share premium (Note 28)	Contingency reserve (Note 29)	Retained earnings (Note 30)	Available-for-sale reserve (Note 31.1)	Total equity
		=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
As at 1 January 2014		5,186,372	3,915,451	2,349,131	2,423,196	273,185	14,147,335
Profit for the year		-	-	-	661,523	-	661,523
Other comprehensive income		-	-	-	(60,854)	19,657	(41,197)
Total comprehensive income		5,186,372	3,915,451	2,349,131	3,023,865	292,842	14,767,661
Transfer of contingency reserve		-	-	356,535	(356,535)	-	-
Dividends declared	25.1	-	-	-	(1,141,002)	-	(1,141,002)
At 31 December 2014		5,186,372	3,915,451	2,705,666	1,526,328	292,842	13,626,659
As at 1 January 2013		5,186,372	3,915,451	1,873,319	2,344,587	(84,362)	13,235,367
Profit for the year		-	-	-	1,586,457	-	1,586,457
Other comprehensive income		-	-	-	5,211	357,547	362,758
Total comprehensive income		5,186,372	3,915,451	1,873,319	3,936,255	273,185	15,184,582
Transfer of contingency reserve		-	-	475,812	(475,812)	-	-
Dividends declared	25.1	-	-	-	(1,037,247)	-	(1,037,247)
At 31 December 2013		5,186,372	3,915,451	2,349,131	2,423,196	273,185	14,147,335

See accompanying summary of significant accounting policies and notes to the financial statements which form an integral part of these financial statements.

Continental Reinsurance Plc

Consolidated statement of cash flows
for the year ended 31 December 2014

	Notes	Group 2014 =N='000	Group 2013 =N='000	Company 2014 =N='000	Company 2013 =N='000
Cash flows from operating activities					
Premium received from policy holders		16,838,375	16,776,161	14,039,884	12,621,228
Retrocession receipts in respect of claims		507,181	137,622	485,414	103,537
Acquisition costs paid		(4,878,966)	(4,035,537)	(3,956,261)	(3,036,060)
Retrocession premium paid		(1,988,327)	(2,113,971)	(1,685,709)	(1,590,406)
Cash paid to and on behalf of employees		(1,231,477)	(922,878)	(1,021,258)	(694,310)
Other operating cash receipts/payments		(1,072,053)	(1,649,380)	(1,130,510)	(1,242,158)
Claims paid		(7,803,905)	(7,278,592)	(6,833,619)	(5,479,466)
		-			
Income taxes paid	8	(623,790)	(447,032)	(586,895)	(391,642)
		-			
Net cash (used in)/provided by operating activities	34	(252,962)	466,393	(688,954)	290,723
Cash flows from investing activities					
Purchase of property, plant and equipment	22	(201,341)	(604,873)	(131,687)	(532,738)
Purchase of investment properties		(1,096,597)		(1,096,597)	-
Purchase of intangible assets	22	-	(4,364)	-	(4,364)
Proceeds from disposal of property, plant and equipment		4,012	6,929	3,779	6,929
Purchase of investment securities		(1,767,464)	(854,702)	(491,454)	(856,273)
Proceeds on redemption /sales of investments		2,717,508	666,287	1,107,354	666,287
Interest received		846,214	739,489	838,546	735,880
Dividend received		148,027	96,223	148,027	96,223
Investment in subsidary		-	-	(735,228)	-
Net cash from/(used in) investing activities		650,359	44,989	(357,260)	111,944
Cash flows from financing activities					
Dividends paid to equity holders parent	26.1	(1,141,002)	(1,021,857)	(1,141,002)	(1,021,857)
Net cash used in financing activities		(1,141,002)	(1,021,857)	(1,141,002)	(1,021,857)
Net decrease in cash and cash equivalents		(743,605)	(510,475)	(2,187,216)	(619,190)
Cash and cash equivalents at beginning of year		6,630,640	7,147,778	6,526,753	7,147,778
Effect of exchange rate changes on cash and cash equivalents		(8,675)	(6,663)	(2,345)	(1,835)
Cash and cash equivalents at end of year	35	5,878,360	6,630,640	4,337,192	6,526,753

See accompanying summary of significant accounting policies and notes to the financial statements which form an integral part of these financial statements.

		Group 2014 =N='000	Group 2013 =N='000	Company 2014 =N='000	Company 2013 =N='000
1	Revenue				
1.1	Insurance premium revenue				
	Premium revenue arising from insurance contracts issued				
	Life insurance contracts				
	– Gross Premium	2,073,934	2,790,593	1,937,588	2,602,090
	– Change in life insurance contract liabilities (Note 24.3)	(71,130)	5,742	(71,130)	73,245
	Non life insurance contracts	-			
	– Gross Premium	14,362,844	13,068,203	11,238,629	11,451,162
	– Change in unearned premium provision	(211,908)	(827,926)	(35,558)	(278,368)
	Total Premium revenue arising from insurance contracts issued	16,153,740	15,036,612	13,069,529	13,848,129
1.2	Insurance premium ceded to retrocessionaires				
	Premium revenue ceded to retrocessionaire on insurance contracts issued				
	Life insurance contracts	380,354	408,464	359,902	390,314
	Non life insurance contracts	1,578,879	1,277,245	1,284,705	1,200,092
	Total Premium revenue ceded to retrocessionaire on insurance contracts issued	1,959,233	1,685,709	1,644,607	1,590,406
	Net insurance premium revenue	14,194,507	13,350,903	11,424,922	12,257,723
2	Insurance benefits and underwriting expenses				
2.1	Insurance claims and loss adjustment expenses				
	Life insurance contracts	1,461,997	1,241,525	1,350,957	1,167,101
	Non life insurance contracts	5,907,476	5,134,733	4,662,866	4,745,002
	Total cost of policyholder benefits	7,369,473	6,376,258	6,013,823	5,912,103
	Insurance claims and loss adjustment expenses recoverable from retrocessionaire	(489,306)	(114,213)	(485,414)	(103,537)
	Net insurance benefits and claims	6,880,167	6,262,045	5,528,409	5,808,566
2.2	Underwriting expenses				
	Amortisation of deferred expenses (Note 17)	3,897,913	3,631,383	3,009,305	3,172,141
	Costs incurred for the maintenance of insurance contracts	271,430	242,710	271,431	242,710
	Management expenses (See Note 6.1)	1,777,932	1,536,943	1,657,529	1,383,500
	Total underwriting expenses	5,947,275	5,411,036	4,938,265	4,798,351
	Total insurance benefits and underwriting expenses	12,827,442	11,673,081	10,466,674	10,606,917
3	Interest income				
	Cash and bank balances interest income	480,757	562,012	412,323	355,112
	Held-to-maturity and loans and receivables interest income	331,989	334,052	298,527	301,971
	Statutory deposits interest income	127,696	105,537	127,696	105,537
	Interest income	940,442	1,001,601	838,546	762,620
4	Net fair value gains/(loss) on assets at fair value through profit or loss				
	Net fair value gains on financial assets designated at fair value through profit or loss	48,437	38,591	(7,467)	37,344
	Fair value gains on investment properties	83,559	71,112	83,559	71,112
	Total	131,996	109,703	76,092	108,456

5	Other (loss)/income	Group 2014 =N='000	Group 2013 =N='000	Company 2014 =N='000	Company 2013 =N='000
	Available-for-sale:				
	– Dividends	148,529	96,355	148,027	96,223
	– Gain on disposal of available-for-sale securities	54,841	87,519	54,841	87,519
	Rental income on investment properties (Note 20)	88,837	65,106	88,837	65,106
	Other income	61,255	42,950	60,208	42,491
		353,462	291,930	351,913	291,339

6	Operating expenses				
6.1	Management and administrative expenses				
	Management expenses (Note 2.2)	1,777,932	1,536,943	1,657,529	1,383,500
	Administrative expenses	572,385	376,372	280,864	340,521
		2,350,317	1,913,315	1,938,393	1,724,021
	Management and administrative expenses comprises the following:				
	Depreciation and amortisation (Note 21 and 22)	89,969	101,585	73,831	87,720
	Auditor's remuneration	23,936	19,004	14,000	14,000
	Employee benefits expenses (Note 6.1.1)	942,589	827,487	836,879	769,401
	Loss on disposal of property, plant and equipment	5,559	11,358	5,559	11,358
	Other operating expenses	1,288,265	953,881	1,008,124	841,542
	Total management and administrative expenses	2,350,317	1,913,315	1,938,393	1,724,021
6.1.1	*Employee benefit expense*				
	Wages and salaries (local)	742,966	596,777	648,857	596,777
	Wages and salaries (other regions)	108,198	49,857	108,198	-
	Pension:	-			
	- Defined Benefit Staff Gratuity Plan	63,903	150,677	63,903	150,677
	- Defined Contributory Plan	27,521	30,176	15,921	21,947
		942,589	827,487	836,879	769,401

The amount of Employer's pension contribution included amount of =N=15,921,609 (2013:=N=7,217,207) paid on group life scheme in compliance with the 2004 Pencom Act. Also included in pensions are amounts for the regional offices, Cameroun and Nairobi offices. The applicable law is different from that of Nigeria Pencom Act.

6.2	Impairment of financial assets	Group 2014 =N='000	Group 2013 =N='000	Company 2014 =N='000	Company 2013 =N='000
	Reinsurance receivables (reversals)/charge (Note 15.1)	(167,406)	523,190	(205,196)	523,190
	Loans and other receivables (Note 13.1)	225,378	150,113	225,378	150,113
	Available for sale financial assets	69,500	-	69,500	-
	Other assets (Note 18)	113,642	-	113,642	-
		241,114	673,303	203,324	673,303

7	Net gain on available for sale financial assets				
	Net gain/(loss) on available-for-sale financial assets				
	– Equity instruments	70,758	465,172	70,516	462,309
	– Debt Instruments	5,214	(16,497)	3,983	(17,243)
	Remeasurement gains on available-for-sale financial assets	75,972	448,675	74,498	445,066
	Reclassification adjustments to gains included in profit or loss	(54,841)	(87,519)	(54,841)	(87,519)
	Total net remeasurement gains on available for sale financial assets	21,131	361,156	19,657	357,547

Continental Reinsurance Plc

Notes to the consolidated financial statements - Continued

		Group	Group	Company	Company
8	Taxation	2,014	2013	2014	2013
	Per consolidated statement of profit or loss :	=N='000	=N='000	=N='000	=N='000
	Income tax based on profit for the year	467,592	412,332	365,667	354,436
	Education tax	25,610	24,464	25,610	24,464
	Back duty charge on prior years*	198,020	-	198,020	-
		691,222	436,796	589,297	378,900
	Deferred tax expense (Note 9.1)	41,103	43,198	29,174	36,053
	Income tax expense	732,325	479,994	618,471	414,953
	Per consolidated statement of financial position:				
	At 1 January	391,381	401,617	388,875	401,617
	Charged to profit or loss	691,222	436,796	589,297	378,900
	Payments during the year	(623,790)	(447,032)	(586,895)	(391,642)
		458,813	391,381	391,277	388,875
		-		-	
	Reconciliation of tax charge				
	Profit before income tax	1,587,969	2,233,394	1,279,994	2,001,410
	Tax at Nigerian's statutory income tax rate of 30%	476,391	670,018	383,998	600,423
	Non-deductible expenses	299,913	46,583	287,168	42,421
	Tax exempt income	(250,897)	(246,849)	(259,613)	(238,133)
	Back duty charge on prior years	198,020	-	198,020	-
	Education tax levy	25,610	24,464	25,610	24,464
	Tax rate differential on fair value gains	(16,712)	(14,222)	(16,712)	(14,222)
	At effective income tax rate of Group 46% (2013:21%) and Company 48% (2013:21%)	732,325	479,994	618,471	414,953
9	Deferred taxation				
	Deferred income tax (assets)/liabilities are attributable to the following items:				
	Deferred tax liabilities				
	Property, plant and equipment	29,311	11,640	10,237	4,495
	Investment properties	58,855	50,499	58,855	50,499
		88,166	62,139	69,092	54,994
	Deferred tax assets				
	Employee benefits	(24,053)	(13,048)	(24,053)	(13,048)
		(24,053)	(13,048)	(24,053)	(13,048)
	Net	64,113	49,091	45,039	41,946
9.1	*Movements in temporary differences during the year:*				
	As at 1January	49,091	3,660	41,946	3,660
	Recognised in profit or loss on:				
	Property, plant and equipment	17,671	2,120	5,742	(5,025)
	Investment properties	8,356	7,111	8,356	7,111
	Employee benefits	15,076	33,967	15,076	33,967
	Total recognised in profit or loss	41,103	43,198	29,174	36,053
	Total recognised in other comprehensive income on:				
	Employee benefits	(26,081)	2,233	(26,081)	2,233
	At 31 December	64,113	49,091	45,039	41,946

**Back duty charge on prior years*

This relates to additional tax liability which arose as a result of tax audit exercise carried out by the Federal Inland Revenue Services (FIRS) on previous years financials covering 2007 to 2011.

10 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary share holders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations:	Group 31 December 2014	Group 31 December 2013	Company 31 December 2014	Company 31 December 2013
Net profit attributable to ordinary shareholders (=N='000)	820,382	1,753,400	661,523	1,586,457
Weighted average number of shares for the year ('000)	10,372,744	10,372,744	10,372,744	10,372,744
Basis and diluted earnings per ordinary share (kobo)	8	17	6	15

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

11 Cash and cash equivalents

	Group 2014 =N='000	Group 2013 =N='000	Company 2014 =N='000	Company 2013 =N='000
Cash in hand	110	281	110	281
Balances held with local banks:				
- Current account	353,597	375,101	119,463	306,580
- Domiciliary account	9,841	225,555	9,839	225,555
Balances held with foreign banks	517,685	285,172	517,685	285,172
Placements with banks and other financial institutions	3,963,090	4,787,639	2,656,058	4,787,639
	4,844,323	5,673,748	3,303,155	5,605,227

Placements with banks and other financial institutions are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company. All placements are subject to average variable interest rate obtainable in the market.

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

The cash and cash equivalents position for cash flow purposes is as disclosed in Note 34.

12 Financial assets designated at fair value through profit or loss

	Group 2014 =N='000	Group 2013 =N='000	Company 2014 =N='000	Company 2013 =N='000
Managed Funds				
External Portfolio Management	1,227,512	170,285	171,524	170,285
	1,227,512	170,285	171,524	170,285

The external portfolio management involves funds held and managed by fund and stock managers on behalf of the Group as a trading portfolio. The underlying instruments includes equities.

		Group 2014 =N='000	Group 2013 =N='000	Company 2014 =N='000	Company 2013 =N='000
13	Loans and other receivables				
	Staff loans and advances	234,910	212,960	207,802	212,960
	Other advances	375,491	316,327	375,491	307,986
	Impairment on other receivables (Note 13.1)	(375,491)	(150,113)	(375,491)	(150,113)
	Total loans and other receivables	234,910	379,174	207,802	370,833
13.1	Reconcilliation of impairment on loans and other receivables:				
	At 1 January	150,113	48,217	150,113	48,217
	Written off during the year	-	(48,217)	-	(48,217)
	Charge for the year : other advances (Note 6.2)	225,378	150,113	225,378	150,113
	At 31 December	375,491	150,113	375,491	150,113
14	Investment Securities				
	Analysis of investment securities				
	Equity	2,133,706	1,992,832	2,110,689	1,971,443
	Debt	5,150,393	6,096,972	4,618,680	4,974,998
		7,284,099	8,089,804	6,729,369	6,946,441
	Analysis by class				
14.1	Available-for-sale:				
	Equity instruments	2,133,706	1,992,832	2,110,689	1,971,443
	Debt instruments	272,331	266,702	246,193	242,476
	Total available-for-sale	2,406,037	2,259,534	2,356,882	2,213,919
14.2	Held-to-maturity				
	Debt instruments	4,878,062	5,830,270	4,372,487	4,732,522
	Total Investment securities	7,284,099	8,089,804	6,729,369	6,946,441
	Equity Instruments				
	Securities at Available-for-sale - Fair value				
	Quoted	1,027,724	1,117,909	1,004,707	1,096,520
	Unquoted	1,105,982	874,923	1,105,982	874,923
	Total equity instruments	2,133,706	1,992,832	2,110,689	1,971,443

These equities instruments are measured at fair value and classified as available-for-sale.

14 Investment Securities (continued)	Group 31 December 2014	Group 31 December 2013	Company 31 December 2014	Company 31 December 2013
Debt Instruments	=N='000	=N='000	=N='000	=N='000
Securities at Available-for-sale -Fair value				
Government bonds	272,331	266,702	246,193	242,476
	272,331	266,702	246,193	242,476
Securities at held-to-maturity - amortised cost				
Listed	2,753,697	3,279,934	2,461,055	2,412,515
Unlisted	2,124,365	2,550,336	1,911,432	2,320,007
	4,878,062	5,830,270	4,372,487	4,732,522
Total debt instruments	5,150,393	6,096,972	4,618,680	4,974,998

None of these investment securities have been pledged to third party as collateral.

15 Reinsurance receivables	Group 31 December 2014 =N='000	Group 31 December 2013 =N='000	Company 31 December 2014 =N='000	Company 31 December 2013 =N='000
Due from ceding companies	6,425,841	7,439,798	5,167,350	6,761,409
Due from ceding companies (Pipeline)	2,480,366	2,032,850	2,342,828	2,032,850
Premium reserves retained by ceding companies	- 105,182	161,237	(5,713)	161,237
	9,011,389	9,633,885	7,504,465	8,955,496
Impairment on reinsurance receivables (Note 15.1)	(2,268,053)	(3,341,819)	(2,230,263)	(3,341,819)
	6,743,336	6,292,066	5,274,202	5,613,677
15.1 Reconcilliation of impairment on reinsurance receivables				
At 1 January	3,341,819	2,818,629	3,341,819	2,818,629
Written off during the year	(906,360)	-	(906,360)	-
(Credit)/charge for the year (Note 6.2)	(167,406)	523,190	(205,196)	523,190
At 31 December	2,268,053	3,341,819	2,230,263	3,341,819
16 Retrocession Assets				
Retrocessionaires’ share of claims recoverable	131,006	92,758	87,453	82,204
Retrocessionaires’ share of Reserve for Outstanding Claims	79,779	109,197	79,779	40,892
Retrocessionaires' share of life insurance contract liabilities	266,843	156,151	168,703	156,151
Total retrocession assets (Note 24)	477,628	358,106	335,935	279,247

At 31 December 2014, the Company conducted an impairment review of the reinsurance assets but no impairment loss resulted from this exercise. The carrying amounts disclosed above approximate fair value at the reporting date.

17	Deferred acquisition costs	Group 31 December 2014 =N='000	Group 31 December 2013 =N='000	Company 31 December 2014 =N='000	Company 31 December 2013 =N='000
	At 1 January	1,428,293	1,077,360	1,213,441	1,077,360
	Expenses deferred	4,229,305	3,982,316	3,179,280	3,308,222
	Amortisation (Note 2.2)	(3,897,913)	(3,631,383)	(3,009,305)	(3,172,141)
	At 31 December	1,759,685	1,428,293	1,383,416	1,213,441

18	Other Assets				
	Prepayments	34,762	44,862	27,493	39,411
	Deposit for property (Note 18.1)	332,382	-	332,382	-
	Due from stockbrokers (Note 18.2)	50,639	212,907	50,639	212,907
	Intercompany balances	-	-	728,064	189,576
	Withholding tax receivable	14,353	13,216	14,353	13,216
	Others (Note 18.3)	734,920	167,004	247,298	163,113
		1,167,056	437,989	1,400,229	618,223
	Impairment on others	(185,792)	(72,150)	(185,792)	(72,150)
		981,264	365,839	1,214,437	546,073
	Reconciliation of impairment on others				
	At 1 January	72,150	72,150	72,150	72,150
	Charge for the year (Note 6.2)	113,642	-	113,642	-
	At 31 December	185,792	72,150	185,792	72,150

18.1 This relates to deposit made for property in Douala which is yet to be concluded upon at the reporting date.

18.2 This relates to amount due as proceeds on disposal/redemption of financial assets which remained outstanding at year end.

18.3 Included in this account are costs incurred for the purpose of increase in share capital of the Company which management believes are recoverable.

19	Investment in subsidiaries	Group 31 December 2014 =N='000	Group 31 December 2013 =N='000	Company 31 December 2014 =N='000	Company 31 December 2013 =N='000
	Continental Reinsurance Limited, Nairobi, Kenya			1,022,859	987,405
	Continental Reinsurance Limited, Gaborone, Botswana			699,774	-
				1,722,633	987,405
	Movement in this account is as shown below:				
	Opening			987,405	-
	Additional investment in Continental Reinsurance Limited, Kenya			35,454	987,405
	Investment in Continental Reinsurance Limited, Botswana			699,774	-
	Closing			1,722,633	987,405

20	Investment Properties				
	Opening	1,746,800	1,661,000	1,746,800	1,661,000
	Additions (acquisition)	1,096,597	14,688	1,096,597	14,688
	Fair value adjustments	83,559	71,112	83,559	71,112
	Closing	2,926,956	1,746,800	2,926,956	1,746,800

20 Investment Properties (continued)

Investment properties are stated at fair value, which has been determined based on valuations performed by Fola Oyekan & Associates, a professional firm of Estate Surveyors and Valuers who are accredited independent valuers, as at 31 December 2014 and 31 December 2013. These valuers are specialists in valuing these types of investment properties. The fair value of the properties has not been determined on transactions observable in the market because of the nature of the property and the lack of comparable data. Instead, a valuation model, based on discounted cash flows, in accordance with that recommended by the International Valuation Standards Committee has been applied. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the profit or loss.

The Company enters into operating leases for all of its investment properties. The rental income arising during the year amounted to =N=88,836,943.97 (year ended 31 December 2013: =N=65,105,506.45) which is included in other income. Direct operating expenses arising in respect of such properties during the year are included in administrative expenses.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. The Company has no contractual obligations to purchase, construct or develop investment property or for repairs or enhancement.

	Group 31 December 2014 =N='000	Group 31 December 2013 =N='000	Company 31 December 2014 =N='000	Company 31 December 2013 =N='000
Rental Income derived from investment properties	88,837	65,106	88,837	65,106
Direct operating expenses (including repairs & Maintenance) generating income	(9,800)	(20,830)	(9,800)	(20,830)
Profit arising from investment properties carried at fair value	79,037	44,276	79,037	44,276

The fair value disclosure on investment properties is as follows:	*Fair value measurement using*			
	Quoted prices in active market Level 1	*Significant observable inputs Level 2*	*Significant unobservable inputs Level 3*	*Total*
Date of valuation - 31 December 2014	*=N='000*	*=N='000*	*=N='000*	*=N='000*
Investment properties	-	-	2,926,956	2,926,956

During the reporting period ending 31 December 2014, there were no transfers between level 1 and level 2 and in and out of level 3.

Description of valuation techniques used and key inputs to valuation on investment properties

Winged Duplexes

Valuation technique	*Significant unobservable inputs*	*Range (weighted average)*
Income capitalization using DCF Analysis	Estimated rental per wing per annum	=N=9.65m to =N=12.48m (=N=10.40m)
	Average annual growth	4%
	Average annual probable vacancy rate	1.4%
	Discount rate (equated yield)	8.7% - 9.3% (10.16%)

20 Investment Properties (continued)

Description of valuation techniques used and key inputs to valuation on investment properties (continued)

Three bedroom flats

Valuation technique	*Significant unobservable inputs*	*Range (weighted average)*
Income capitalization using DCF Analysis	Estimated rental per wing per annum	=N=0.47m to =N=3.5m (=N=3.06m)
	Average annual growth	4% - 4.5% (4.07%)
	Average annual probable vacancy rate	1.4%
	Discount rate (equated yield)	9.0% - 9.44% (8.46%)

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

21 Intangible assets - Group and Company

	Computer software =N='000	Total =N='000
Cost:		
At 1 January 2013	54,699	54,699
Cost capitalised	4,364	4,364
At 31 December 2013	59,063	59,063
Cost capitalised	-	-
At 31 December 2014	59,063	59,063
Accumulated amortisation and impairment:		
At 1 January 2013	37,624	37,624
Amortisation	11,772	11,772
At 31 December 2013	49,396	49,396
Amortisation	8,453	8,453
At 31 December 2014	57,849	57,849
Carrying amount:		
At 31 December 2014	1,214	1,214
At 31 December 2013	9,667	9,667

22 Property, plant and equipment

The Group	Freehold property =N='000	Motor vehicles =N='000	Furniture and fittings =N='000	Office partitioning =N='000	Computer equipment =N='000	Total =N='000
Cost/Valuation:						
At 1 January 2013	2,524	164,602	73,748	57,015	56,033	353,922
Additions	430,158	94,161	63,355	-	17,199	604,873
Disposals	(2,524)	(58,974)	(3,734)	-	(2,550)	(67,782)
Exchange difference	-	99	143	-	75	316
At 31 December 2013	430,158	199,888	133,512	57,015	70,757	891,329
Additions	29,397	85,258	48,162	22,859	15,665	201,341
Disposals		(43,883)	(4,603)	-	(4,318)	(52,804)
Exchange difference	501	326	249	132	139	1,347
At 31 December 2014	459,555	241,589	177,320	79,874	82,243	1,041,213
Accumulated depreciation:						
At 1 January 2013	-	95,432	56,560	45,366	41,869	239,227
Charge for the year	-	52,764	18,208	4,599	14,242	89,812
Disposal	-	(44,732)	(3,079)	-	(1,686)	(49,497)
Exchange difference		78	56	-	25	159
At 31 December 2013	-	103,541	71,745	49,965	54,450	279,701
Charge for the year	-	42,936	19,581	4,599	14,400	81,516
Disposal	-	(38,651)	(4,599)	-	(3,684)	(46,934)
Exchange difference		63	56	45	49	213
At 31 December 2014	-	107,889	86,783	54,564	65,215	314,496
Net book value:						
At 31 December 2014	459,555	133,700	90,536	25,310	17,028	726,717
At 31 December 2013	430,158	96,347	61,766	7,050	16,307	611,628

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21 Property, plant and equipment

The Company	Freehold property =N='000	Motor vehicles =N='000	Furniture and fittings =N='000	Office partitioning =N='000	Computer equipment =N='000	Total =N='000
Cost/Valuation:						
At 1 January 2013	2,524	164,602	73,748	57,015	56,033	353,922
Additions	430,158	67,338	24,488	-	10,754	532,738
Disposals	(2,524)	(58,974)	(3,734)		(2,550)	(67,782)
At 31 December 2013	430,158	172,966	94,502	57,015	64,237	818,878
Additions	29,397	45,129	36,403	13,586	7,172	131,687
Disposals	-	(43,883)	(4,603)	-	(3,995)	(52,481)
At 31 December 2014	459,555	174,212	126,302	70,601	67,414	898,084
						-
Accumulated depreciation:						-
At 1 January 2013	-	95,432	56,560	45,366	41,869	239,227
Charge for the year	-	45,980	13,300	4,599	12,069	75,948
Disposal	-	(44,732)	(3,079)	-	(1,686)	(49,497)
At 31 December 2013	-	96,680	66,781	49,965	52,252	265,678
Charge for the year	-	37,380	13,995	2,803	11,200	65,378
Disposal	-	(38,651)	(4,599)	-	(3,580)	(46,830)
At 31 December 2014	-	95,409	76,177	52,768	59,872	284,226
Net book value:						
At 31 December 2014	459,555	78,803	50,125	17,833	7,542	613,858
At 31 December 2013	430,158	76,286	27,721	7,050	11,985	553,200

23 Statutory deposits	Group 31 December 2014 =N='000	Group 31 December 2013 =N='000	Company 31 December 2014 =N='000	Company 31 December 2013 =N='000
At 31 December	1,000,000	1,000,000	1,000,000	1,000,000

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

24 Insurance contract liabilities	Group 31 December 2014 =N='000	Group 31 December 2013 =N='000	Company 31 December 2014 =N='000	Company 31 December 2013 =N='000
Unearned Premium (Note 24.1)	5,979,095	5,338,434	4,615,879	4,580,322
Outstanding Claims (Note 24.2)	3,553,180	3,426,438	3,263,740	3,339,833
	9,532,275	8,764,872	7,879,619	7,920,155
Life (Note 24.3)	1,252,418	1,108,507	1,124,687	1,041,004
Total insurance liabilities	10,784,693	9,873,379	9,004,306	8,961,159
Total retrocessionaire's share of insurance liabilities (Note 16)	(477,628)	(358,106)	(335,935)	(279,247)
Net insurance contracts	10,307,065	9,515,273	8,668,371	8,681,912
24.1 Reserve for Unearned Premium				
At 1 January	5,338,434	4,301,953	4,580,322	4,301,953
Increase in the year (Note 1.1)	14,362,844	13,068,203	11,238,629	11,451,162
Released during the year	(13,722,183)	(12,031,722)	(11,203,072)	(11,172,793)
At 31 December	5,979,095	5,338,434	4,615,879	4,580,322
24.2 Reserve for Outstanding Claims				
At 1 January	3,426,438	3,808,324	3,339,833	3,808,324
Incurred in the current accident year	5,907,476	5,134,733	4,662,866	4,745,002
Paid during the year	(5,780,734)	(5,516,619)	(4,738,959)	(5,213,493)
At 31 December	3,553,180	3,426,438	3,263,740	3,339,833

24	Insurance contract liabilities (continued	Group 31 December 2014	Group 31 December 2013	Company 31 December 2014	Company 31 December 2013
24.3	*Insurance liabilities on life policy holders*	=N='000	=N='000	=N='000	=N='000
	At 1 January	1,108,507	1,127,174	1,041,004	1,127,174
	Increase/(decrease) in retrocessionaire's	72,781	(12,925)	12,553	(12,925)
	Accretion/(decretion) (Note 1.1)	71,130	(5,742)	71,130	(73,245)
	At 31 December	1,252,418	1,108,507	1,124,687	1,041,004
25	Reinsurance creditors				
	Due to retrocessionaires	157,152	319,555	157,152	319,555
	Due to ceding companies	1,247,018	849,469	1,018,583	849,469
		1,404,170	1,169,024	1,175,735	1,169,024

This represents the amount payable to insurance and reinsurance companies.

26	Other liabilities	Group 31 December 2014	Group 31 December 2013	Company 31 December 2014	31 December 2013
		=N='000	=N='000	=N='000	=N='000
	Sundry creditors	179,461	166,859	179,461	166,859
	Rent received in advance	71,953	40,999	71,953	40,999
	Accrued expenses	134,772	16,892	72,921	16,892
	Dividend payable (Note 26.1)	36,384	36,341	36,384	36,341
	Information technology development levy	12,800	20,014	12,800	20,014
	Others	99,726	30,037	5,950	6,952
	Intercompany balance	-	-	77,637	-
		535,096	311,142	457,106	288,057
26.1	Dividends paid and proposed				
	At 1 January	36,341	20,951	36,341	20,951
	Declared during the year	1,141,045	1,037,247	1,141,045	1,037,247
	Paid during the year	(1,141,002)	(1,021,857)	(1,141,002)	(1,021,857)
		36,384	36,341	36,384	36,341
	Proposed for approval at the annual general meeting (not recognised as a liability as at 31 December): at 11kobo per share (2013: 11 kobo).			1,141,002	1,141,002
27	Retirement benefit obligations				
	Defined contribution scheme (Note 26.1)	-	2,407	-	2,407
	Defined benefit gratutity scheme (Note 26.2)	184,379	43,493	184,379	43,493
		184,379	45,900	184,379	45,900

27 Retirement benefit obligations - continued

27.1 Defined contribution scheme

In accordance with the provisions of the Pensions Act 2004, the Group and its staff commenced a contributory pension scheme in January 2005. The contribution by employees and the Company are 7.5% and 7.5%, respectively, of the employees' basic salary, housing and transport allowances. The contribution made and transfered to the pension fund administrator during the year are as follows;

	Group 31 December 2014 =N='000	Group 31 December 2013 =N='000	Company 31 December 2014 =N='000	Company 31 December 2013 =N='000
Balance at beginning of year	2,407	-	2,407	-
Provisions during the year	23,995	21,947	23,995	21,947
Transfer to PFA	(26,402)	(19,540)	(26,402)	(19,540)
Balance at end of year	-	2,407	-	2,407

27.2 Defined benefit staff gratutity scheme

The Group operates a defined benefit staff gratuity plan where qualifying employees receive a lump sum payment based on the number of years served after an initial qualifying period of five years and gross salary on date of retirement.

Statement of financial position obligatior	Group 31 December 2014 =N='000	Group 31 December 2013 =N='000	Company 31 December 2014 =N='000	Company 31 December 2013 =N='000
The amounts recognised in the statement of financial position are				
Present value of funded obligations	356,651	378,645	356,651	378,645
Fair value of plan assets	(172,272)	(335,152)	(172,272)	(335,152)
Deficit of funded plans	184,379	43,493	184,379	43,493
Unrecognised net (gain)/loss	-	-		-
Unrecognised past service costs	-	-		-
(Asset)/liability in the consolidated statement of financial position	184,379	43,493	184,379	43,493
The movement in the defined benefit obligation over the year is as follows:				
At beginning of the year	378,645	436,837	378,645	436,837
Service cost	52,120	55,435	52,120	55,435
Member contribution	-	-	-	-
Interest cost	49,226	51,239	49,226	51,239
Actuarial (Gains)/Loss	(19,137)	(34,297)	(19,137)	(34,297)
Benefit paid	(104,203)	(130,569)	(104,203)	(130,569)
At end of the year	356,651	378,645	356,651	378,645

27 Retirement benefit obligations (continued)

	Group 31 December 2014 =N='000	Group 31 December 2013 =N='000	Company 31 December 2014 =N='000	Company 31 December 2013 =N='000
Defined benefit staff gratutity scheme (				
The amounts recognised in the profit or loss are as follows:				
Current service cost	52,120	55,435	52,120	55,435
Net interest	11,783	15,311	11,783	15,311
Total, included in staff costs	63,903	70,746	63,903	70,746
The amounts recognised in other comprehensive income				
Re-measurement (gain)/loss on net defined benefit plans	86,935	(7,444)	86,935	(7,444)
The movement in the plan assets over the year is as follows:				
Assets at fair value - opening	335,152	272,727	335,152	272,727
Interest return	37,443	35,928	37,443	35,928
Employer contribution	9,952	183,919	9,952	183,919
Benefit paid	(104,203)	(130,569)	(104,203)	(130,569)
Actuarial loss	(106,072)	(26,853)	(106,072)	(26,853)
At end of the year	172,272	335,152	172,272	335,152
Composition of Plan assets				
Cash	36.03%	9.6%	36.03%	9.6%
Equity	98.8%	61%	98.8%	61.1%
Bonds	37.3%	29%	37.3%	29.4%
The principal actuarial assumptions were as follows:				
Average long term discount rate (p.a.)	15%	13%	15%	13%
Average long term rate of inflation (p.a.)	10%	10%	10%	10%
Average long term pay increase (p.a.)	10%	12%	10%	12%

A quantitative sensitivity analysis for significant assumption as at 31 December 2014 is as shown below:

Assumptions		Discount rate	Salary	Mortality
Sensitivity level		=N='000	=N='000	=N='000
Impact on defined benefit obligation	+1%	(21,158)	24,649	742
	-1%	23,787	(22,202)	(670)

28 Share capital

	Group 31 December 2014 =N='000	Group 31 December 2013 =N='000	Company 31 December 2014 =N='000	Company 31 December 2013 =N='000
Authorised				
15,000,000,000 Ordinary shares of 50k each	7,500,000	7,500,000	7,500,000	7,500,000
Issued and fully paid				
10,372,744,312 Ordinary shares of 50k each	5,186,372	5,186,372	5,186,372	5,186,372

29 Share premium

	Group 31 December 2014 =N='000	Group 31 December 2013 =N='000	Company 31 December 2014 =N='000	Company 31 December 2013 =N='000
At 31 December	3,915,451	3,915,451	3,915,451	3,915,451

Premiums from the issue of shares are reported in share premium.

30 Contingency reserve

The statutory contingency reserve has been computed in accordance with Section 21 (1) of the Insurance Act, Cap I17 LFN 2004. The composition on the account are as follows:

	Group 31 December 2014 =N='000	Group 31 December 2013 =N='000	Company 31 December 2014 =N='000	Company 31 December 2013 =N='000
Non - Life	2,601,160	2,255,501	2,184,536	2,184,536
Life	183,971	164,595	164,595	164,595
Total	2,785,131	2,420,096	2,705,666	2,349,131
Movement in this account is as shown below:				
Opening	2,420,096	1,873,319	2,349,131	1,873,319
Addition during the year	365,035	546,777	356,535	475,812
Closing	2,785,131	2,420,096	2,705,666	2,349,131

31 Retained earnings:

Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.

32 Other reserves

32.1 Available-for-sale reserve:

The fair value available-for-sale reserve shows the effects from the fair value measurement of financial instruments of the category available-for-sale. Any gains or losses are not recognised in the profit or loss until the asset has been sold or impaired.

32.2 Foreign currency translation reserve:

Foreing currency translation reserve comprise the exchange differences arising on translation of its subsidiary. Gains or losses arising therefrom is recognised in other comprehensive income.

33 Non-Controlling interests

During 2014 financial year, British American Asset Management (BAAM) invested additional capital in Continental Reinsurance Limited, Kenya (Cre Limited, Kenya); subsidary of Continetal Reinsurance Plc (Cre Plc), the transaction was not a disposal but capital injection. Formerly, Cre Plc had 100% shareholding in Cre Limited, Kenya, with the accomodation of capital set out below, the shareholding of Cre Plc was watered down to 70%. The accomodation of BAAM was to fulfill regulatory requirement that there should be equity particpation from indigenious companies or citizen from Kenya when a foreign entity is investing in Kenya.

Also as set out below, Cre Plc and Botswana Insurance Company Limited co-founded Continental Reinsurance Limted, Botwana, this led to Cre Plc having shareholding of 60% and Botswana Insurance Company Limited 40% in Continental Reinsurance Limited, Botswana.

The Non-Controlling interest in the two subsidaries is hereby presented below:

	Continental Reinsurance Limited, Kenya =N='000	Continental Reinsurance Limited, Botswana =N='000	Total
At acquistion	418,781	466,516	885,297
Change in shareholding	58,232	-	58,232
Profit for the year	25,432	9,830	35,262
			-
Other comprehensive income	221	-	221
	502,666	476,346	979,012

34 Reconciliation of profit before taxation to net cashflows (outflow)/inflow from operating activities	Group 31 December 2014 =N='000	Group 31 December 2013 =N='000	Company 31 December 2014 =N='000	Company 31 December 2013 =N='000
Profit before income tax	1,587,969	2,233,394	1,279,994	2,001,410
Adjustments for:				
– Depreciation and amortization (Note 6.	89,969	101,585	73,831	87,720
– Increase/(decrease) in provision for bad and doubtful balances	241,130	523,190	203,324	523,190
– Profit on disposal of investments	(54,841)	(87,519)	(54,841)	(87,519)
– Loss on disposal of property, plant and equipment	5,545	11,358	5,570	11,358
– Interest received	(846,244)	(762,620)	(838,546)	(762,620)
– Dividend received	(148,027)	(96,223)	(148,027)	(96,223)
–Unrealised foreign exchange loss/(gain)	(67,498)	(202,013)	-	(202,013)
–Fair value loss on investment property and financial assets designated at fair	(131,996)	(112,065)	(76,092)	(108,456)
Changes in operating assets/liabilities				
–Reinsurance debtors	(34,244)	(1,266,807)	(571,990)	(672,075)
–Prepayments and other assets	(533,476)	20,962	(124,189)	(491,023)
–Retrocession assets	(116,333)	499,900	(56,688)	499,900
–Reinsurance creditors and other liabiliti	615,076	433,424	(62,323)	448,462
–Deferred acquisition costs	14,217	(136,081)	169,975	(136,081)
–Provision for unexpired risks	(159,341)	278,369	35,557	278,369
–Outstanding claims	(266,452)	(381,886)	(76,093)	(468,491)
–Retirement benefit obligations	138,479	(143,543)	138,479	(143,543)
Income tax paid (Note 8)	(586,895)	(447,032)	(586,895)	(391,642)
Net cash (used in)/generated from operating activities	(252,962)	466,393	(688,954)	290,723

35 Cash and cash equivalents for purposes of the consolidated statement of cashflows	Group 31 December 2014 =N='000	Group 31 December 2013 =N='000	Company 31 December 2014 =N='000	Company 31 December 2013 =N='000
Cash in hand	110	281	110	281
Balances held with other banks:	-			
- Current account	353,597	375,101	119,463	306,580
- Domiciliary account	9,841	225,555	9,839	225,555
Balances held with foreign banks	517,685	285,172	517,685	285,172
- Placements with banks and other financial institutions	3,963,090	4,787,639	2,656,058	4,787,639
Treasury bills	1,034,037	956,892	1,034,037	921,526
	5,878,360	6,630,640	4,337,192	6,526,753

36 Related party transactions

Transaction with related parties

The Group entered into transactions with related paries during the year in the normal course of business. The purchase from related parties are made at normal market prices.

	Group 2014	Group 2013	Company 2014	Company 2013
Purchase of actuarial services:	=N='000	=N='000	=N='000	=N='000
Alexander Forbes Consulting Actuaries Nigeria Ltd.	2,947	2,947	3,904	2,947

There were no outstanding balances due from/to this related party at the reporting date.

Loans and advances to related parties

The following facilities were due from the Managing Director('MD')/Chief Executive Officer and the Executive Director ('ED') - Life at the end of the year:

	MD	ED Non - life	ED Life	2014	2013
	=N='000	=N='000	=N='000	=N='000	=N='000
Mortgage loan	-	-	-	-	4,137
Personal loan	-	1,087	-	1,087	19,955
Car loan	-	4,329	-	4,329	125
	-	5,416	-	5,416	24,217

These loans were given in line with the conditions of service of the Directors. Under the terms of the mortgage loan, repayment is to be made over the mortgage period from 2004. For other loans, 100% repayment is through deductions from salaries plus cash payment of balance upon cessation of employment.

The carrying amounts of loans and advances to related parties as disclosed above approximate fair value at the reporting date. There was no allowance for impairment on them at the reporting date and no bad debt expense in the year (2013: Nil).

36 Related party transactions (continued)

Compensation of key management personnel

Key management personnel of the Group includes all directors, executives and non-executive, and senior management. The summary of compensation of key management personnel for the year is , as follows:

	Group 2014	Group 2013	Company 2014	Company 2013
Short-term employee benefits:	=N='000	=N='000	=N='000	=N='000
Salaries and allowances	284,176	243,987	252,412	203,065
Long-term employee benefits:	-	-	-	
Post employment pension benefits	21,751	14,708	13,942	8,365
	305,927	258,695	266,354	211,430

The number of directors who received fees and other emoluments (excluding pension contributions and certain benefit) in the following ranges was:

	Number	Number	Number	Number
Below =N=1,000,000	-	2	-	-
=N=1,000,001 - =N=4,000,000	-	3	-	-
=N=4,000,001 - =N=7,000,000	-	-	-	-
=N=7,000,001 and above	2	3	2	3
	2	8	2	3

Employees
The average number of persons employed by the Company during the year was as follows:

Managerial and Senior Staff	62	50	55	46
Junior Staff	7	6	1	1
	69	56	56	47

Staff cost	=N='000	=N='000	=N='000	=N='000
Salaries and allowances	590,389	324,022	464,224	277,630
Staff pension	29,920	30,081	18,323	21,947
Staff gratuity	1,213	133,632	-	133,632
	621,522	487,735	482,547	433,209

36 Related party transactions (continued)

Staff cost (continued)

The number of employees of the Company, other than directors, who received emoluments in the following ranges (excluding pension contribtions and certain benefits) were:

	Group 2014 Number	Group 2013 Number	Company 2014 Number	Company 2013 Number
N500,000 - N1,000,000	10	13	9	12
N1,000,001 - N1,500,000	14	4	11	2
N1,500,001 - N2,000,000	3	6	2	4
N2,000,001 - N2,500,000	4	8	1	8
N2,500,001 - N3,000,000	5	2	4	2
N3,000,001 - Above	33	23	29	19
	69	56	56	47

37 Contingencies and commitments

Contingent liabilities

There were no contingent liabilities at the end of the year (2013: Nil).

Capital commitment and operating leases

There were no capital commitments at the end of the year (2013: Nil).

The Company has entered into commercial property leases on its investment property portfolio. These cancellable leases have remaining terms of between one and two years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market

	2014 =N='000	2013 =N='000
Within one year	60,038	37,630
After one year but not more than five years	11,915	3,369
	71,953	40,999

		2014	2013
38	Compliance with regulatory bodies	=N='000	=N='000
	Penalties:		
a	The Company contravened certain sections of the Financial Reporting Council of Nigeria (FRCN) Act 2011 with respect to late submission of the 2013	2,000	-
b	The Company contravened certain sections of the Security Exchange Commission (SEC) Act with respect to late filling of 2013 accounts.	15,335	-
b	The Company contavened certain sections of 2011 operational guidelines issued by the National Insurance Commission (NAICOM). Details of contravention and penalty paid are as shown below:		
	Late rendition of quarterly returns	2,750	-
	Non compliance with NAICOM guideline on retrocession placement	63,308	-
		83,393	-

39 Events after reporting date

There were no events after reporting date which would have a material effect on the state of affairs of the Group as at 31 December 2014 or the profit for the year then ended that have not been adequately provided for or disclosed.

40 Admissible assets

The admissible assets representing insurance contract liabilities are included in the consolidated statement of financial position as follows:

	Non-life		Life	
	=N='000	=N='000	=N='000	=N='000
Cash and cash equivalents:				
Cash and bank balances	-			
Bank placements	2,588,449		67,610	
Total cash and cash equivalents		2,588,449		67,610
Investment properties		1,644,200		193,000
Investment securities:				
Quoted equities	689,597		254,034	
Unquoted equities	-		-	
Corporate Bonds	586,575		310,044	
Government bonds	2,467,800		344,121	
Total investment securities		3,743,972		908,199
Total assets representing insurance contract liabilities		7,976,621		1,168,809
Total insurance contract liabilities		7,879,619		1,124,687
Balance due to shareholders' funds		97,002		44,122

41 Segment information

For management reporting purposes, the Company is organised into business units based on Life and Non-Life products and geography (regions).

Life assurance business can be either Individual or Group and covers the mortality aspect of the life contract which is annual. Revenue from this segment is derived mainly from reassurance premium and becomes fully earned after the year of cover.

The Non-Life reinsurance business covers general insurance to individuals and businesses. The general insurance products covered include motor, household, commercial and business interruption insurance, and indemnification of other parties that suffer damage resulting from the policyholders' accident, e.g., employees' liability claims.

Also, segment information is presented in respect of the company's geographic segments.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance and reporting is based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. However, income taxes are not allocated to operating segments.

31 December 2014	Life insurance =N='000	Non-life insurance =N='000	Eliminations =N='000	Total segments =N='000
Gross Premium	2,073,934	14,362,844	-	16,436,778
Change in Reserve for unearned premium	(71,130)	(211,908)	-	(283,038)
Earned premium income	2,002,804	14,150,936	-	16,153,740
Less: Retrocession costs	(380,354)	(1,578,879)	-	(1,959,233)
Net premium written	1,622,450	12,572,057	-	14,194,507
Expenses				
Gross claims paid	1,461,997	5,946,363	-	7,408,360
Change in Reserve for outstanding claims.			-	-
Ceded Outstanding Claims Reserve	-	(38,887)	-	(38,887)
Claims incured	1,461,997	5,907,476	-	7,369,473
Retrocession recoveries	(246,372)	(242,934)	-	(489,306)
Net claims incurred	1,215,625	5,664,542	-	6,880,167
Underwriting expenses:				
Acquisition and maintenance cost	459,048	3,710,296	-	4,169,344
Depreciation and amortisation	13,817	76,152	-	89,969
Management and Administration expenses	265,961	2,235,501	-	2,501,462
	738,826	6,021,949	-	6,760,775
Underwriting (loss)/profit carried forward	(332,001)	885,566	-	553,565

41 Segment information (continued)

	Life insurance	Non-life insurance	Eliminations	Total segments
31 December 2014 (continued)	=N='000	=N='000	=N='000	=N='000
Underwriting (loss)/profit brought forward	(332,001)	885,566	-	553,566
Investment Income	97,098	937,305	-	1,034,403
Results of operating activities	(234,903)	1,822,871	-	1,587,969
Income tax expense	(8,258)	(724,067)	-	(732,325)
Profit for the year	(243,161)	1,098,804	-	855,644
Segment assets	4,731,027	25,751,370	(2,274,753)	28,207,644
Segment liabilities	2,232,204	11,860,467	(602,831)	13,489,840
				58,576
31 December 2013				
Gross Premium	2,790,593	13,068,203	-	15,858,796
Change in Reserve for unearned premium	5,742	(827,926)	-	(822,184)
Earned premium income	2,796,335	12,240,277	-	15,036,612
Less: Retrocession costs	(408,464)	(1,277,245)	-	(1,685,709)
Net premium written	2,387,871	10,963,032	-	13,350,903
Expenses				
Gross claims paid	1,154,920	5,141,120	-	6,296,040
Change in Reserve for outstanding claims.	86,605	(468,490)	-	(381,885)
Ceded Outstanding Claims Reserve	-	462,104	-	462,104
Claims incured	1,241,525	5,134,734	-	6,376,259
Retrocession recoveries	(4,800)	(109,414)	-	(114,214)
Net claims incurred	1,236,725	5,025,320	-	6,262,045
Underwriting expenses:				
Acquisition and maintenance cost	692,895	3,181,198	-	3,874,093
Depreciation and amortisation	16,686	84,899	-	101,585
Management and Admin expenses	417,157	2,067,875	-	2,485,032
	1,126,738	5,333,972	-	6,460,710
Underwriting profit	24,408	603,740	-	628,148
Investment Income	268,346	1,336,900	-	1,605,246
Results of operating activities	292,754	1,940,640	-	2,233,394
Income tax expenses	(107,669)	(372,325)	-	(479,994)
Profit for the year	185,085	1,568,315	-	1,753,400
Segment Assets	4,636,814	22,656,235	(1,167,639)	26,125,410
Segment liabilities	1,006,258	11,013,893	(180,234)	11,839,917

41 Segment information (continued)

The segment information provided to the Company Executive Board for the reportable segments for the year ended 31 December 2014 is as follows:	Nigeria =N='000	Cameroon =N='000	Kenya =N='000	Abidjan =N='000	Tunis =N='000	Botswana =N='000	Total =N='000	Eliminations =N='000	Consolidated =N='000
Gross premium	10,433,612	1,360,224	2,387,632	1,098,943	505,629	650,738	16,436,778	-	16,436,778
Change in reserve for unearned premium	(64,766)	(185,055)	(118,087)	(44,012)	(123,677)	252,559	(283,038)	-	(283,038)
Earned premium income	10,368,846	1,175,169	2,269,545	1,054,931	381,952	903,297	16,153,740	-	16,153,740
Retrocession costs	(1,352,656)	(161,609)	(167,267)	(88,749)	(37,851)	(151,101)	(1,959,232)	-	(1,959,232)
Net premium written	9,016,190	1,013,560	2,102,278	966,182	344,101	752,196	14,194,508	-	14,194,508
Expenses									
Gross claims paid	4,861,246	410,932	1,047,851	500,658	272,489	239,091	7,332,266	-	7,332,266
Change in reserve for outstanding claims	97,226	(77,135)	161,313	(3,585)	(195,795)	94,070	76,094	-	76,094
Ceded outstanding claims reserve	(38,887)	-	-	-	-	-	(38,887)	-	(38,887)
Claims incured	4,919,585	333,797	1,209,164	497,073	76,694	333,161	7,369,473	-	7,369,473
Retrocession recoveries	(479,955)	(2,239)	(7,049)	(63)	-	-	(489,306)	-	(489,306)
Net claims incurred	4,439,630	331,558	1,202,115	497,010	76,694	333,161	6,880,167	-	6,880,167
Underwriting expenses:									
Acquisition and maintenance cost	2,533,594	345,297	698,341	294,460	81,870	215,782	4,169,344	-	4,169,344
Depreciation and amortisation	61,312	5,742	11,353	4,639	2,134	4,789	89,969	-	89,969
Management and Admin expenses	1,712,441	180,415	257,715	145,760	67,065	138,066	2,501,462	-	2,501,462
	4,307,347	531,454	967,409	444,859	151,069	358,637	6,760,775	-	6,760,775
Underwriting profit	269,214	150,548	(67,246)	24,313	116,339	60,398	553,566	-	553,566
Investment Income	710,379	61,177	152,523	49,426	22,741	38,156	1,034,403	-	1,034,403
Results of operating activities	979,593	211,725	85,277	73,740	139,080	98,554	1,587,969	-	1,587,969
Income tax expenses	(618,493)	(29,201)	(90,293)	(10,170)	(19,182)	(23,561)	(790,901)	-	(790,901)
Profit for the year	361,100	182,524	(5,016)	63,569	119,898	74,993	797,068	-	797,068
Segment Assets	19,413,638	2,521,376	3,430,093	2,037,053	937,258	2,142,979	30,482,397	(2,274,753)	28,207,644
Segment liabilities	9,023,099	1,086,783	1,710,201	878,026	403,984	990,578	14,092,671	(602,831)	13,489,840

41 Segment information (continued)

The segment information provided to the Company Executive Board for the reportable segments for the year ended 31 December 2013 is as follows:

	Nigeria =N='000	Cameroun =N='000	Kenya =N='000	Abidjan =N='000	Total =N='000	Eliminations =N='000	Consolidated =N='000
Gross Premium	10,501,544	973,482	2,573,282	1,810,488	15,858,796	-	15,858,796
Change in Reserve for unearned premium.	(536,296)	292,729	(245,045)	(333,572)	(822,184)	-	(822,184)
Earned premium income	9,965,248	1,266,211	2,328,237	1,476,916	15,036,612	-	15,036,612
Retrocession costs	(1,270,448)	(88,305)	(166,557)	(160,399)	(1,685,709)	-	(1,685,709)
Net premium written	8,694,800	1,177,906	2,161,680	1,316,517	13,350,903	-	13,350,903
Expenses							
Gross claims paid	4,571,646	217,403	1,068,421	438,570	6,296,040	-	6,296,040
Change in Reserve for outstanding claims.	(317,329)	(419,987)	(13,232)	368,662	(381,886)	-	(381,886)
Ceded outstanding claims reserve	530,409	-	(68,305)	-	462,104	-	462,104
Claims incured	4,784,726	(202,584)	986,884	807,232	6,376,258	-	6,376,258
Retrocession recoveries	-	(8,618)	(10,676)	(94,919)	(114,213)	-	(114,213)
Net claims incurred	4,784,726	(211,202)	976,208	712,313	6,262,045	-	6,262,045
Underwriting expenses:							
Acquisition and maintenance cost	2,456,207	257,141	712,327	448,418	3,874,093	-	3,874,093
Depreciation and amortisation	71,103	7,369	17,147	5,966	101,585	-	101,585
Management and Admin expenses	1,737,205	152,240	303,166	292,422	2,485,033	-	2,485,033
	4,264,515	416,750	1,032,640	746,806	6,460,711	-	6,460,711
Underwriting profit	(354,441)	972,358	152,832	(142,602)	628,147	-	628,147
Investment Income	1,186,922	90,384	253,624	74,317	1,605,247	-	1,605,247
Results of operating activities	832,481	1,062,742	406,456	(68,285)	2,233,394	-	2,233,394
Income tax expenses	(122,614)	(265,782)	(108,675)	17,077	(479,994)	-	(479,994)
Profit for the year	709,867	796,960	297,781	(51,208)	1,753,400	-	1,753,400
Segment Assets	18,533,244	3,789,313	3,417,872	1,552,620	27,293,049	(1,167,639)	26,125,410
Segment liabilities	7,927,796	868,354	2,161,550	1,062,451	12,020,151	(180,234)	11,839,917

42 Management of financial and insurance risk

Continental Reinsurance Plc issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Group manages them.

42.1 Management of Insurance risk

Continental Reinsurance Plc defines Insurance risk as the risk of loss arising from inadequate pricing, from uncertainties relating to the occurrence, amount and timing of insurance liabilities or from adverse changes in claim reserves development.

Continental Reinsurance Plc provide covers in all classes of reinsurance basically, non-life and life treaty and facultative reinsurance.

The Group is exposed to underwriting risk through the reinsurance contracts that are underwritten. The risks within the underwriting risk arises from its products which include Accident, Energy, Marine, Liability and life, both individual and group life.

To manage this risk, the underwriting function is conducted in accordance with a set of guidelines, which are defined in line with the Group's risk appetite statement. This risk is further mitigated by increasing diversification by region and by class and also by a retrocession programme, which takes into account the Group's risk exposure profile by class of business.

Loss reserves are the largest liability on the statement of financial position and are inherently uncertain. Differences in actual losses and reserves can have a material impact on future profitability. The sensitivity of the reserves could be potentially significant given the nature of the assumptions and variables included in its estimation procedure.

The sensitivity analysis for insurance risk illustrates how reserves could fluctuate because of changes in assumptions included in its calculation at the reporting date.

Applying the Normal Distribution approach to the non-life reserves indicates that at the 75th percentile, the reserves would be equivalent to NGN 4.12bn, ie a deterioration of NGN0.51bn over the best estimate.

The company has an in-house experienced actuarial team, which reviews reserves on a quarterly basis with the operations team. The company also carries out independent reserves reviews for both life and non-life Business.

42.1 Management of Insurance risk (continued)

The Company’s insurance risk by region and by class is shown on the table below:

Insurance Risk By Region *Group* 2014	Gross Written Premium (=N='000)	Ceded to Retrocess-ionaire (=N='000)	Net Written Premium (=N='000)	Percentage (GWP)	Percentage (Retro)
Anglophone west	10,188,989	1,352,659	8,836,330	62%	69%
Eastern Africa	2,441,222	241,914	2,199,308	15%	12%
Southern Africa	841,772	76,342	765,430	5%	4%
Central Africa	1,360,223	161,609	1,198,614	8%	8%
Northern Africa	505,629	37,960	467,669	3%	2%
Francophone West	1,098,944	88,749	1,010,195	7%	5%
Total	16,436,778	1,959,233	14,477,545	100%	100%
2013					
Anglophone west	10,501,545	1,270,449	9,231,096	66%	75%
Eastern Africa	1,892,882	103,408	1,789,474	12%	6%
Southern Africa	680,399	63,148	617,251	4%	4%
Central Africa	973,482	88,305	885,177	6%	5%
Northern Africa	285,408	27,549	257,859	2%	2%
Francophone West	1,525,080	132,850	1,392,230	10%	8%
Total	15,858,796	1,685,709	14,173,087	100%	100%
Company					
2014					
Anglophone west	10,188,989	1,352,659	8,836,330	77%	82%
Eastern Africa	22,432	3,631	18,801	0%	0%
Southern Africa	-	-	-	0%	0%
Central Africa	1,360,223	161,609	1,198,614	10%	10%
Northern Africa	505,629	37,960	467,669	4%	2%
Francophone West	1,098,944	88,749	1,010,195	8%	5%
Total	13,176,217	1,644,607	11,531,610	100%	100%
2013					
Anglophone west	10,501,545	1,270,448	9,231,097	75%	80%
Eastern Africa	87,338	8,106	79,232	1%	1%
Southern Africa	680,399	63,148	617,251	5%	4%
Central Africa	973,482	88,305	885,177	7%	6%
Northern Africa	285,408	27,549	257,859	2%	2%
Francophone West	1,525,080	132,850	1,392,230	11%	8%
Total	14,053,252	1,590,406	12,462,846	100%	100%

42.1 Management of Insurance risk (continued)

The Group's insurance risk by product is shown on the table below:

Insurance Risk By Product

Group 2014	Gross Written Premium (=N='000)	Ceded to Retrocess-ionaire (=N='000)	Net Written Premium (=N='000)	Percentage (GWP)	Percentage (Retro)
Accident	3,182,209	216,469	2,965,740	19%	11%
Energy	2,114,961	552,116	1,562,845	13%	28%
Fire	5,991,247	652,714	5,338,533	36%	33%
Group Life	1,861,395	357,458	1,503,937	11%	18%
Individual Life	284,471	43,446	241,025	2%	2%
Liability	1,399,898	23,595	1,376,303	9%	1%
Marine	1,602,597	113,435	1,489,162	10%	6%
Total	16,436,778	1,959,233	14,477,545	100%	100%
2013					
Accident	2,881,480	181,236	2,700,244	18%	11%
Energy	2,301,624	415,936	1,885,688	15%	25%
Fire	5,588,761	615,732	4,973,029	35%	37%
Group Life	2,657,662	362,412	2,295,250	17%	21%
Individual Life	65,428	9,054	56,374	0%	1%
Liability	1,088,844	1,339	1,087,505	7%	0%
Marine	1,274,997	100,000	1,174,997	8%	6%
Total	15,858,796	1,685,709	14,173,087	100%	100%
Company					
2014					
Accident	1,846,015	114,912	1,731,103	14%	7%
Energy	2,114,961	531,171	1,583,789	16%	32%
Fire	4,670,287	546,725	4,123,563	35%	33%
Group Life	1,725,205	318,775	1,406,430	13%	19%
Individual Life	212,383	41,127	171,256	2%	3%
Liability	1,106,700	-	1,106,700	8%	0%
Marine	1,500,666	91,894	1,408,772	11%	6%
Total	13,176,217	1,644,604	11,531,613	100%	100%
Company					
2013					
Accident	1,860,085	142,218	1,717,867	13%	9%
Energy	2,301,624	415,936	1,885,688	16%	26%
Fire	5,091,043	569,846	4,521,197	36%	36%
Group Life	2,538,364	360,623	2,177,741	18%	23%
Individual Life	63,726	9,054	54,672	0%	1%
Liability	1,017,736	-	1,017,736	7%	0%
Marine	1,180,674	92,729	1,087,945	8%	6%
Total	14,053,252	1,590,406	12,462,846	100%	100%

42.1 Management of Insurance risk (continued)

Group

Non-life Claims development triangle

Months/ Years	12	24	36	48	60	72	84	96	108
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2006	322,931	585,286	879,416	911,364	923,271	925,910	927,973	927,709	928,089
2007	268,943	502,348	763,905	837,893	870,610	874,206	890,841	915,532	
2008	561,732	2,037,252	2,789,045	2,942,534	3,027,955	3,161,242	3,166,730		
2009	761,783	1,612,655	2,161,483	2,349,797	2,618,300	2,656,360			
2010	848,906	2,094,862	2,435,854	2,667,725	2,941,440				
2011	941,952	2,275,503	3,139,104	4,125,773					
2012	1,530,087	3,453,121	4,133,416						
2013	1,595,242	3,728,907							
2014	1,814,575								

Life Claims development triangle

Months/ Years	12	24	36	48	60	72	84	96	108
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2006	35,517	73,659	79,182	82,476	82,476	82,476	82,476	82,476	82,476
2007	84,845	105,402	107,546	118,454	118,454	118,454	118,454	118,454	
2008	420,276	691,171	725,373	727,536	727,536	727,536	727,536		
2009	308,126	514,514	589,528	593,189	593,189	594,767			
2010	364,487	686,230	723,131	724,079	745,206				
2011	572,378	1,206,677	1,254,870	1,277,979					
2012	398,108	789,713	974,445						
2013	724,746	1,356,008							
2014	548,312								

42.1 Management of Insurance risk (continued)

Company

Non-life Claims development triangle

Months/ Years	12	24	36	48	60	72	84	96	108
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2006	322,931	585,286	879,416	911,364	923,271	925,910	927,973	927,709	928,089
2007	268,943	502,348	763,905	837,893	870,610	874,206	890,841	915,532	
2008	561,732	2,037,252	2,789,045	2,942,534	3,027,955	3,161,242	3,166,730		
2009	761,783	1,612,655	2,161,483	2,349,797	2,618,300	2,656,360			
2010	848,906	2,094,862	2,435,854	2,667,725	2,941,440				
2011	941,952	2,275,503	3,139,104	4,125,773					
2012	1,530,087	3,453,121	4,133,416						
2013	1,336,644	2,721,133							
2014	1,333,048								

Life Claims development triangle

Months/ Years	12	24	36	48	60	72	84	96	108
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2006	35,517	73,659	79,182	82,476	82,476	82,476	82,476	82,476	82,476
2007	84,845	105,402	107,546	118,454	118,454	118,454	118,454	118,454	
2008	420,276	691,171	725,373	727,536	727,536	727,536	727,536		
2009	308,126	514,514	589,528	593,189	593,189	594,767			
2010	364,487	686,230	723,131	724,079	745,206				
2011	572,378	1,206,677	1,254,870	1,277,979					
2012	398,108	789,713	974,445						
2013	716,968	1,327,875							
2014	515,833								

Continental Reinsurance Plc

Notes to the consolidated financial statements - Continued

42.2 Financial risk management

The Group is exposed to a range of financial risks through its financial assets and liabilities.

The Group's principal financial instruments are cash and cash equivalents, loans and receivables including reinsurance receivables, investment securities held to maturity, investment securities available-for-sale, financial asset designated at fair value through profit and loss and retrocession contracts.

In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts.

The main risks arising from these financial instruments are interest rate risk, foreign currency risk, credit risk, market price risk and liquidity risk. The Board reviews and approves an investment policy to manage these risks on an annual basis.

42.2 Financial risk management (continued)

The following tables indicate the contractual timing of cash flows in respect of arising from financial instruments and non-financial assets impacted by this risk:

The Group At 31 December 2014	Carrying amount	No stated maturity	0 - 90 days	91 - 180 days	180 - 365 days	1 - 5 years	> 5 years
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Financial assets							
Cash and cash equivalents	4,844,323		4,844,323	-	-	-	-
Reinsurance receivables	6,743,336		3,724,327	588,679	715,156	1,138,580	576,594
Loans and other receivables	234,910		234,910	-	-	-	-
Retrocession assets	477,628		477,628	-	-	-	-
Other assets	946,502		946,502	-	-	-	-
Financial asset designated at fair value	1,227,512		1,227,512	-	-	-	-
Debt Securities - *held to maturity*							
Listed	2,628,657		-	-	-	2,628,657	-
Unlisted	2,249,405		-	-	-	2,249,405	-
Debt Securities - *available for sale*	-						
Listed	272,331		272,331	-	-	-	-
Equities - *available for sale*	-						
Listed	1,102,347		1,102,347	-	-	-	-
Unlisted	1,031,359		1,031,359	-	-	-	-
Statutory deposits	1,000,000		-	-	-	-	1,000,000
Non financial asset							
Investment properties	2,926,956		-	-	-	-	2,926,956
	25,685,266		13,861,239	588,679	715,156	6,016,642	4,503,550
Financial liabilities							
Other liabilities	350,617		350,617	-	-	-	-
Reinsurance creditors	1,404,170		1,404,170	-	-	-	-
	1,754,787		1,754,787	-	-	-	-

Note: Other assets excludes prepayments whilst other liabilities exclude statutory deductions and

42.2 Financial risk management (continued)

The following tables indicate the contractual timing of cash flows arising from financial instruments and non-financial assets impacted by this risk:

The Group At 31 December 2013	Carrying amount =N='000	No stated maturity =N='000	0 - 90 days =N='000	91 - 180 days =N='000	180 - 365 days =N='000	1 - 5 years =N='000	> 5 years =N='000
Financial assets							
Cash and cash equivalents	5,673,748		5,673,748	-	-	-	-
Reinsurance receivables	6,292,066		1,703,229	542,947	1,173,077	2,470,741	402,072
Loans and other receivables	379,174		379,174	-	-	-	-
Retrocession assets	358,106		358,106	-	-	-	-
Other assets	320,977		320,977	-	-	-	-
Financial asset designated at fair value	170,285		170,285	-	-	-	-
Debt Securities - *Held to maturity*							
Listed	3,180,939		-	-	-	3,180,939	-
Unlisted	2,649,331		-	-	-	2,649,331	-
Debt Securities - *available for sale*							
Listed	266,702		266,702	-	-	-	-
Equities - *available for sale*							
Listed	1,117,909		1,117,909	-	-	-	-
Unlisted	874,923		874,923	-	-	-	-
Statutory deposits	1,000,000		-	-	-	-	1,000,000
Non financial asset							
Investment properties	1,746,800		-	-	-	-	1,746,800
	24,030,960		10,865,053	542,947	1,173,077	8,301,011	3,148,872
Financial liabilities							
Other liabilities	220,092		220,092	-	-	-	-
Reinsurance creditors	1,169,024		1,169,024	-	-	-	-
	1,389,116		1,389,116	-	-	-	-

The Company At 31 December 2014							> 5 years =N='000
Financial assets							
Cash and cash equivalents	3,303,155		3,303,155	-	-	-	-
Reinsurance receivables	5,274,202		3,014,103	367,427	359,597	956,482	576,593
Loans and other receivables	207,802		207,802	-	-	-	-
Retrocession assets	335,935		335,935	-	-	-	-
Other assets	1,186,944		1,186,944	-	-	-	-
Financial asset designated at fair value	171,524		171,524	-	-	-	-
Debt Securities - *Held to maturity*							
Listed	2,336,040		-	2,336,040	-		-
Unlisted	2,036,447		-	-	122,166	1,914,281	-
Debt Securities - *available for sale*							
Listed	246,193		-	-	-	246,193	-
Equities - *available for sale*							
Listed	1,079,330		1,079,330	-	-	-	-
Unlisted	1,031,359		1,031,359	-	-	-	-
Statutory deposits	1,000,000		-	-	-	-	1,000,000
Non financial asset							
Investment properties	2,926,956		-	-	-	-	2,926,956
	21,135,887		10,330,152	2,703,467	481,763	3,116,956	4,503,549
Financial liabilities							
Other liabilities	288,766		288,766	-	-	-	-
Reinsurance creditors	1,175,735		1,175,735	-		-	-
	1,464,501		1,464,501	-	-	-	-

Note: Other assets excludes prepayments whilst other liabilities exclude statutory deductions and

42.2 Financial risk management (continued)

The Company At 31 December 2013 Financial assets	Carrying amount =N='000	No stated maturity =N='000	0 - 90 days =N='000	91 - 180 days =N='000	180 - 365 days =N='000	1 - 5 years =N='000	> 5 years =N='000
Cash and cash equivalents	5,605,227		5,605,227	-	-	-	-
Reinsurance receivables	5,613,677		1,024,840	542,947	1,173,077	2,470,741	402,072
Loans and other receivables	370,833		370,833	-	-	-	-
Retrocession assets	279,247		279,247	-	-	-	-
Other assets	506,662		506,662	-	-	-	-
Financial asset designated at fair value	170,285		170,285	-	-	-	-
Debt Securities - *Held to maturity*							
Listed	2,412,515		-	-	-	2,412,515	-
Unlisted	2,320,007		-	-	-	2,320,007	-
Debt Securities - *available for sale*							
Listed	242,476		242,476	-	-	-	-
Equities - *available for sale*							
Listed	1,096,520		1,096,520	-	-	-	-
Unlisted	874,923		874,923	-	-	-	-
Statutory deposits	1,000,000		-	-	-	-	1,000,000
Non financial asset	-						
Investment properties	1,746,800		-	-	-	-	1,746,800
	22,239,172		10,171,013	542,947	1,173,077	7,203,263	3,148,872
Financial liabilities							
Other liabilities	220,092		220,092	-	-	-	-
Reinsurance creditors	1,169,024		1,169,024	-		-	-
	1,389,116		1,389,116	-	-	-	-

Note: Other assets excludes prepayments whilst other liabilities exclude statutory deductions and
Please refer to the maturity profile table on Note 42.2.3 on Liquidity risks, for the maturity analysis of financial instruments only.

Maturity analysis on expected maturity basis

The Group At 31 December 2014	Current =N='000	Non-current =N='000	Total =N='000
Cash and cash equivalents	4,844,323	-	4,844,323
Financial asset designated as fair value	1,227,512	-	1,227,512
Loans and other receivables	234,910	-	234,910
Available-for-sale investments	2,406,037	-	2,406,037
Held to maturity investments	-	4,878,062	4,878,062
Reinsurance receivables	5,028,163	1,715,173	6,743,336
Retrocession assets	477,628	-	477,628
Deferred acquisition costs	1,759,685	-	1,759,685
Other assets	981,264	-	981,264
Investment properties	-	2,926,956	2,926,956
Intangible assets	-	1,214	1,214
Property, plant and equipment	-	726,717	726,717
Statutory deposits	-	1,000,000	1,000,000
Total assets	16,959,522	11,248,122	28,207,644
Liabilities			
Insurance contract liabilities	10,784,693		10,784,693
Reinsurance creditors	1,404,170	-	1,404,170
Other liabilities	535,096	-	535,096
Retirement benefit obligations	184,379	-	184,379
Current income tax	458,813	-	458,813
Deferred taxation	-	64,113	64,113
Total liabilities	13,367,151	64,113	13,431,264
Net maturity mismatch	*3,592,371*	*11,184,009*	*14,776,380*

Continental Reinsurance Plc

Notes to the consolidated financial statements - Continued

42.2 Financial risk management (continued)

Maturity analysis on expected maturity basis (continued)

The Group	Current	Non-current	Total
At 31 December 2013	=N='000	=N='000	=N='000
Cash and cash equivalents	5,673,748	-	5,673,748
Financial asset designated as fair value	170,285	-	170,285
Loans and other receivables	379,174	-	379,174
Available-for-sale investments	2,259,534	-	2,259,534
Held to maturity investments	-	5,830,270	5,830,270
Reinsurance receivables	3,419,253	2,872,813	6,292,066
Retrocession assets	358,106	-	358,106
Deferred acquisition costs	1,428,293	-	1,428,293
Other assets	365,839	-	365,839
Investment properties	-	1,746,800	1,746,800
Intangible assets	-	9,667	9,667
Property, plant and equipment	-	611,628	611,628
Statutory deposits	-	1,000,000	1,000,000
Total assets	14,054,232	12,071,178	26,125,410
Liabilities			
Insurance contract liabilities	8,558,709	1,314,670	9,873,379
Reinsurance creditors	1,169,024	-	1,169,024
Other liabilities	311,142	-	311,142
Retirement benefit obligations	45,900	-	45,900
Current income tax	391,381	-	391,381
Deferred taxation	-	49,091	49,091
Total liabilities	10,476,156	1,363,761	11,839,917
Net maturity mismatch	*3,578,076*	*10,707,417*	*14,285,493*

The Company			
At 31 December 2014			
Cash and cash equivalents	3,303,155	-	3,303,155
Financial asset designated as fair value	171,524	-	171,524
Loans and other receivables	207,802	-	207,802
Available-for-sale investments	2,356,882	-	2,356,882
Held to maturity investments	-	4,372,487	4,372,487
Reinsurance receivables	3,741,127	1,533,075	5,274,202
Retrocession assets	335,935	-	335,935
Deferred acquisition costs	1,383,416	-	1,383,416
Other assets	1,214,437	-	1,214,437
Investment properties	-	2,926,956	2,926,956
Intangible assets	-	1,214	1,214
Property, plant and equipment	-	613,858	613,858
Statutory deposits	-	1,000,000	1,000,000
Investment in subsidiary	-	1,722,633	1,722,633
Total assets	12,714,278	12,170,223	24,884,501
Liabilities			
Insurance contract liabilities	9,004,306		9,004,306
Reinsurance creditors	1,175,735	-	1,175,735
Other liabilities	457,106	-	457,106
Retirement benefit obligations	184,379	-	184,379
Current income tax	391,277	-	391,277
Deferred taxation	-	45,039	45,039
Total liabilities	11,212,803	45,039	11,257,842
Net maturity mismatch	*1,501,475*	*12,125,184*	*13,626,659*

42.2 Financial risk management (continued)

Maturity analysis on expected maturity basis (continued)

The Company	Current	Non-current	Total
At 31 December 2013	=N='000	=N='000	=N='000
Cash and cash equivalents	5,605,227	-	5,605,227
Financial asset designated as fair value	170,285	-	170,285
Loans and other receivables	370,833	-	370,833
Available-for-sale investments	2,213,919	-	2,213,919
Held to maturity investments	-	4,732,522	4,732,522
Reinsurance receivables	2,740,864	2,872,813	5,613,677
Retrocession assets	279,247	-	279,247
Deferred acquisition costs	1,213,441	-	1,213,441
Other assets	546,073	-	546,073
Investment properties	-	1,746,800	1,746,800
Intangible assets	-	9,667	9,667
Property, plant and equipment	-	553,200	553,200
Statutory deposits	-	1,000,000	1,000,000
Investment in subsidiary	-	987,405	987,405
Total assets	13,139,889	11,902,407	25,042,296
Liabilities			
Insurance contract liabilities	7,920,155	1,041,004	8,961,159
Reinsurance creditors	1,169,024	-	1,169,024
Other liabilities	288,057	-	288,057
Retirement benefit obligations	45,900	-	45,900
Current income tax	388,875	-	388,875
Deferred taxation	-	41,946	41,946
Total liabilities	9,812,011	1,082,950	10,894,961
Net maturity mismatch	*3,327,878*	*10,819,457*	*14,147,335*

42.2.1 Sensitivities

The sensitivity analysis below are based on a change in one assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated - for example, change in interest rate and change in market values.

(a) Sensitivity analysis - interest rate risk

The Group defines interest rate risk as the risk of loss arising from changes in interest rates that will affect future profitability or fair values of financial instruments. The Group is exposed to this risk on some of its investments and mitigates this risk by actively monitoring changes in interest rate in all countries where it has cash and interest-bearing investments.

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

A 100 basis point movement in interest rates will result in additional interest income or less for the Group of =N=91.134 million and Company =N=72.747 million (2013: Group =N=105.007 million and Company =N=79.952).

(b) Sensitivity analysis - Market price risk

Market risk is the risk that the value of a financial asset will fluctuate as a result of change in market prices (other than those arising from interest rate risk and currency risk) whether those changes are caused by factors specific to the individual security or its issuer or factors affecting the all securities traded in a market.

The Group equity price risk exposure relates to financial assets whose value fluctuate as a result of changes in market prices. The Group also has unquoted equities classified as available-for-sale whose fair value is determined using a valuation technique because of the lack of active market for these instruments.

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market.

42.2.1 Sensitivities (continued)

(b) Sensitivity analysis - Market price risk (continued)

A 1% movement in market prices will result in an unrealised gain or loss for the Group of =N=10.273 and Company =N=10.047 million (December 2013: Group =N=17.923 million, Company =N=15.442 million

Management monitors movements of financial assets and equity price risk movements on a monthly basis by assessing the expected changes in the different portfolios due to parallel movements of a 10% increase or decrease in the Nigeria All share index with all other variables held constant and all the Group's equity instruments in that particular index moving proportionally.

(c) Sensitivity analysis - currency risk

Foreign currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group carries out an asset liability matching exercise to ensure an adequate currency match between assets and liability so that any net movement in currency is minimal on the financial statements.

A 1% movement in foreign exchange rate in USD against the Naira will result in =N=39.4 million gain or loss for the Group and Company of =N=36.36 (2013: Group =N=35.23 million and Company =N=35.093). In Euro, Group =N=2.34 million and Company =N=2.09 million (2013: Group =N=2.412 million and Company =N=2.073 million). And in other currencies, Group =N=83.57 million and Company =N=40.69 million (2013: Group =N=39.581 million and Company =N= 21.154 million).

In addition, the Group's retrocession programme is denominated in US dollars and provides a stable hard currency platform to hedge against the fluctuations of the various African currencies.

The Group	Naira	USD	Euro	CFA	KSHS	Other	Total
31 December 2014	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Assets							
Cash and cash equivalents	1,452,941	354,490	4,717	1,393,926	406,658	1,231,591	4,844,323
Reinsurance receivables	972,271	2,092,426	229,834	2,058,537	462,477	927,791	6,743,336
Investment securities	5,141,420	1,493,829	-	-	554,729	94,121	7,284,099
Liabilities							
Other liabilities	535,096	-	-	-	-	-	535,096
31 December 2013							
Assets							
Cash and cash equivalents	4,879,240	458,759	-	164,113	68,521	103,115	5,673,748
Reinsurance receivables	2,160,732	1,665,618	241,199	842,799	678,389	703,329	6,292,066
Investment securities	5,293,391	1,398,634	-	-	1,143,363	254,416	8,089,804
Liabilities							
Other liabilities	311,142	-	-	-	-	-	311,142
The Company							
31 December 2014							
Assets							
Cash and cash equivalents	1,452,941	343,007	4,717	1,393,926	14,521	94,043	3,303,155
Reinsurance receivables	972,271	1,798,762	203,920	2,058,537	-	240,712	5,274,202
Investment securities	5,141,420	1,493,829	-	-	75,890	18,230	6,729,369
Liabilities							-
Other liabilities	457,106	-	-	-	-	-	457,106
31 December 2013							
Assets							
Cash and cash equivalents	4,879,240	445,055	-	164,113	-	116,819	5,605,227
Reinsurance receivables	2,160,732	1,665,618	207,280	842,799	-	737,248	5,613,677
Investment securities	5,293,391	1,398,634	-	-	-	254,416	6,946,441
Liabilities							-
Other liabilities	288,057	-	-	-	-	-	288,057

Continental Reinsurance Plc

Notes to the consolidated financial statements - Continued

42.2.2 Credit Risk

Credit Risk is the risk that one party to a financial instrument will fail to honour its obligations and cause the Group to incur a financial loss. Credit risk arises mainly from 3 sources: retrocession, reinsurance receivables and cash and investment securities.

On retrocession, the Group mitigates credit risk by applying minimum security standards for all its retrocession programmes in terms of the credit rating of the retrocessionaires, and the proportion ceded to each retrocessionaire. The Group has a diverse panel of retrocessionaires to avoid concentration risk. The credit rating profile of our retrocessionaires by product is shown below:

Credit Rating	Fire and Engineering	Marine and Aviation	Motor, Accident and Liability	Energy
AA+	0%	0%	0%	0%
A+	41%	7%	30%	19%
A	13%	65%	5%	74%
A-	30%	28%	55%	7%
BBB-	1%	0%	0%	0%
B++	3%	0%	0%	0%
B+	11%	0%	10%	0%
B	1%	0%	0%	0%
Total	100%	100%	100%	100%

The overdue premiums are considered by the Group on case by case basis. If an overdue premium is recognised by the Group as uncollectible, a notification is sent to the cedants(ceding companies) and the reinsurance agreement is assigned for monitoring from the date of notification. The uncollectible portion of the premium receivable are considered as impaired and charged through the statement of comprehensive income.

On insurance receivables, the Group has a credit control policy which is enforced by a credit control unit and which forms part of the underwriting process. In addition, the Group re-assesses its insurance receivables on a regular basis and makes adequate provisions based on ageing and credit quality. The table below shows the ageing of receivables:

	Maximum exposure			
Maximum exposure to credit risk before collateral held or other credit enhancement	Group 2014	Group 2013	Company 2014	Company 2013
	=N='000	=N='000	=N='000	=N='000
Cash and cash equivalents	4,844,323	5,673,748	3,303,155	5,605,227
Reinsurance receivables	6,743,336	6,292,066	5,274,202	5,613,677
Loans and other receivables	234,910	379,174	207,802	370,833
Debt securities	5,150,393	6,096,972	4,618,680	4,974,998
Total assets bearing credit risk	16,972,962	18,441,960	13,403,839	16,564,735

Age analysis for past due and impaired - The Group

	Cash and cash equivalents	Reinsurance receivables	Loans and other receivables	Debt securities	Total
31 December 2014	=N='000	=N='000	=N='000	=N='000	=N='000
Neither past due nor impaired	4,844,323	5,028,162	234,910	5,150,393	15,257,788
Past due but not impaired	-	1,715,174	-	-	1,715,174
Impaired	-	2,268,053	375,491	-	2,643,544
Gross	4,844,323	9,011,389	610,401	5,150,393	19,616,506
Impairment allowance - collective	-	(2,268,053)	(375,491)	-	(2,643,544)
Net	4,844,323	6,743,336	234,910	5,150,393	16,972,962
31 December 2013					
Neither past due nor impaired	5,673,748	3,893,533	221,301	6,096,972	15,885,554
Past due but not impaired	-	2,398,534	-	-	2,398,534
Impaired	-	3,341,818	307,986	-	3,649,804
Gross	5,673,748	9,633,885	529,287	6,096,972	21,933,892
Impairment allowance - collective	-	(3,341,819)	(150,113)	-	(3,491,932)
Net	5,673,748	6,292,066	379,174	6,096,972	18,441,960

42.2.2 Credit Risk

Age analysis for past due and impaired - The Company

31 December 2014	Cash and cash equivalents =N='000	Reinsurance receivables =N='000	Loans and other receivables =N='000	Debt securities =N='000	Total =N='000
Neither past due nor impaired	3,303,155	3,741,126	207,802	4,618,680	11,870,763
Past due but not impaired	-	1,533,076	-	-	1,533,076
Impaired	-	2,230,263	375,491	-	2,605,754
Gross	3,303,155	7,504,465	583,293	4,618,680	16,009,593
Impairment allowance - collective	-	(2,230,263)	(375,491)	-	(2,605,754)
Net	3,303,155	5,274,202	207,802	4,618,680	13,403,839
31 December 2013					
Neither past due nor impaired	5,605,227	3,218,928	212,960	4,974,998	14,012,113
Past due but not impaired	-	2,394,750	-	-	2,394,750
Impaired	-	3,341,818	307,986	-	3,649,804
Gross	5,605,227	8,955,496	520,946	4,974,998	20,056,667
Impairment allowance - collective	-	(3,341,819)	(150,113)	-	(3,491,932)
Net	5,605,227	5,613,677	370,833	4,974,998	16,564,735

(a) Financial assets neither past due nor impaired

The credit quality of the portfolio of insurance receivables and other loans and receivables,debt securities and other financial asset exposed to credit risk that were neither past due nor impaired can be assessed by reference to the capacity of the business to pay on written businsses. The Group does not rate any of its financial assets measured at amortised cost.

The assets above are analysed in the table below using Standard & Poors (S&P) rating (or equivalent when not available from S&P)

The Group	AA+ =N='000	A+ =N='000	A =N='000	BBB- =N='000	Below BBB =N='000	Not rated =N='000	Total =N='000
31 December 2014							
Cash and cash equivalents	-	4,844,323	-	-	-	-	4,844,323
Reinsurance receivables	-	-	-	-	-	6,743,336	6,743,336
Loans and other receivables	-	-	-	-	-	234,910	234,910
Debt securities	-	3,026,027	2,124,365	-	-	-	5,150,393
31 December 2013							
Cash and cash equivalents	-	5,673,748	-	-	-	-	5,673,748
Reinsurance receivables	-	-	-	-	-	3,893,533	3,893,533
Loans and other receivables	-	-	-	-	-	379,174	379,174
Debt securities	-	3,546,636	2,550,336	-	-	-	6,096,972
The Company							
31 December 2014							
Cash and cash equivalents	-	3,303,155	-	-	-	-	3,303,155
Reinsurance receivables	-	-	-	-	-	5,274,202	5,274,202
Loans and other receivables	-	-	-	-	-	207,802	207,802
Debt securities	-	2,707,248	1,911,432	-	-	-	4,618,680
31 December 2013							
Cash and cash equivalents	-	5,605,227	-	-	-	-	5,605,227
Reinsurance receivables	-	-	-	-	-	3,219,828	3,219,828
Loans and other receivables	-	-	-	-	-	370,833	370,833
Debt securities	-	2,654,991	2,320,007	-	-	-	4,974,998

(b) Age Analysis financial assets past due but not impaired

The Group	< 90 days	91-180 days	181-270 days	271-365 days	1-2 yr	2-3 yrs	Total
31 December 2014	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Life	101,102	22,036	34,447	597	121,939	136,579	416,700
Non-Life	3,623,225	566,643	618,212	61,900	892,599	564,057	6,326,636
Total	3,724,327	588,679	652,659	62,497	1,014,538	700,636	6,743,336
Profile	55%	9%	10%	1%	15%	10%	100%

42.2.2 Credit Risk (continued)

(b) Age Analysis financial assets past due but not impaired (continued)

The Group

31 December 2013	< 90 days =N='000	91-180 days =N='000	181-270 days =N='000	271-365 days =N='000	1-2 yr =N='000	2-3 yrs =N='000	Total =N='000
Life	344,595	233,639	168,940	204,024	413,389	261,959	1,626,547
Non-Life	1,052,013	431,606	526,860	455,754	1,199,057	1,000,229	4,665,519
Total	1,396,608	665,245	695,800	659,778	1,612,446	1,262,188	6,292,066
Profile	22%	11%	11%	10%	26%	20%	100%

The Company 31 December 2014	< 90 days =N='000	91-180 days =N='000	181-270 days =N='000	271-365 days =N='000	1-2 yr =N='000	2-3 yrs =N='000	Total =N='000
Life	76,470	19,560	24,902	46,273	319,969	93,246	580,420
Non-Life	2,937,633	347,866	224,600	63,823	733,280	386,579	4,693,781
Total	3,014,103	367,426	249,502	110,096	1,053,249	479,825	5,274,201
Profile	57%	7%	5%	2%	20%	9%	100%
31 December 2013							
Life	315,068	223,973	154,815	203,725	413,389	261,959	1,572,929
Non-Life	707,951	318,974	362,268	452,269	1,199,057	1,000,229	4,040,748
Total	1,023,019	542,947	517,083	655,994	1,612,446	1,262,188	5,613,677
Profile	18%	10%	9%	12%	29%	22%	100%

Impaired financial assets

At 31 December 2013, the Group impaired reinsurance receivables was =N=2,280,654,000, Company =N=2,230,263,000 (2013:=N=3,341,818,000).

For assets to be classified as 'past–due and impaired' contractual payments must be in arrears for more than 90 days. No collateral is held as security for any past due or impaired assets.

The Group records impairment allowances for loans and receivables in a separate impairment allowance account. See Note 15.1 for the reconciliation of allowance for reinsurance receivables account.

42.2.2.1 Concentration of credit risk

Concentration risk (including geographical risk) includes identification of the concentration of risks insured by Continental Reinsurance Plc utilize data analysis, software and market knowledge to determine the concentration of its risks by insurance class, geographic location, exposure to a client or business. The assessment of the concentration risk are consistent with the overall risk appetite as established by the Group.

Continental Reinsurance monitors concentration of credit risk by geographical and nature of business. An analysis of concentrations of credit risk for reinsurance receivables are set out below:

(a) Geographical sectors

At 31 December	Group 2014 =N='000	Group 2013 =N='000	Company 2014 =N='000	Company 2013 =N='000
Nigeria	2,275,405	2,431,183	2,275,405	2,431,183
Cameroon	1,428,669	1,758,031	1,428,669	1,758,031
Kenya	1,765,770	1,086,269	537,744	407,880
Abidjan + Tunis	789,022	717,232	789,022	717,232.00
Garborone	484,470	299,351	243,362	299,351.00
Total	6,743,336	6,292,066	5,274,202	5,613,677

42.2.2.1 Concentration of credit risk (continued)

(b) Business Class

At 31 December	Group 2014 =N='000	Group 2013 =N='000	Company 2014 =N='000	Company 2013 =N='000
Life operation	464,653	1,626,547	426,157	1,572,929
Non life Facultative	4,117,958	2,788,626	3,372,549	2,351,286
Non life Treaty	2,160,725	1,876,893	1,475,496	1,689,462
Total	6,743,336	6,292,066	5,274,202	5,613,677

42.2.3 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its insurance liabilities as they fall due. The Group mitigates this risk by having an investment strategy which focuses on liquidity and capital preservation before investment returns.

In addition, the actuarial team carries out an asset liability matching exercise to ensure that the Group will meet its liquidity requirements. Finally the Group's asset allocation is defined to enable insurance liabilities to be paid from current assets.

The table below presents the cash flows receivable/payable by the Group and the Company. The amounts disclosed in the table are the contractual undiscounted cash flows. All liabilities are presented on a contractual cash flow basis except for the insurance liabilities, which are presented with their expected cash flows.

The Group

31 December 2014	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 yrs	Over 5 years	Total
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Financial assets							
Cash and cash equivalents	4,844,323	-	-	-	-	-	4,844,323
Reinsurance receivables	3,398,123	326,204	588,679	715,156	1,138,580	576,594	6,743,336
Loans and other receivables	150,418	4,038.00	11,267.00	12,115.00	57,072.00	-	234,910
Other assets	946,502					-	946,502
Retrocession assets	477,628					-	477,628
Debt Securities at amortised cost	350,779	197,795	1,576,771	46,574	2,310,038	396,105.25	4,878,062
Debt Securities at available for sale		26,135			246,196		272,331
Total relevant financial assets	10,167,773	554,172	1,576,771	46,574	2,556,234	396,105	18,397,092
Financial liabilities							
Other liabilities	350,617	-	-	-	-	-	350,617
Total financial liabilities	350,617	-	-	-	-	-	350,617
Insurance contract liabilities				10,784,693			10,784,693
31 December 2013							
Financial assets							
Cash and cash equivalents	5,673,748	-	-	-	-	-	5,673,748
Reinsurance receivables	918,144	480,286	665,245	1,355,578	2,470,741	402,072	6,292,066
Loans and other receivables	379,174	-	-	-	-	-	379,174
Other assets	320,977					-	320,977
Retrocession assets	358,106					-	358,106
Debt Securities at amortised cost	236,332	586,581	332,561	944,062	4,453,175	-	6,552,711
Debt Securities at available for sale	2,792	5,585	8,377	17,220	328,160	-	362,134
Total relevant financial assets	7,889,273	1,072,452	340,938	961,282	4,781,335	-	19,938,916
Financial liabilities							
Other liabilities	220,092	-	-	-	-	-	220,092
Total financial liabilities	220,092	-	-	-	-	-	220,092
Insurance contract liabilities	-	8,558,709	-	-	1,314,670	-	9,873,379

42.2.3 Liquidity Risk (continued)

The Company	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than 5 yrs	Over 5 years	Total
31 December 2014	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Financial assets							
Cash and cash equivalents	3,303,155	-	-	-	-	-	3,303,155
Reinsurance receivables	2,718,173	295,930	367,427	359,597	956,482		4,697,609
Loans and other receivables	123,309	4,038.00	11,267	12,115	57,072	-	207,801
Other assets	1,186,944	-	-	-	-	-	1,186,944
Retrocession assets	335,935	-	-	-	-	-	335,935
Debt Securities at amortised cost	350,779	197,795	1,576,771	46,574	1,943,450	257,118	4,372,487
Debt Securities at available for sale					246,193		246,193
Total relevant financial assets	8,018,295	497,763	1,576,771	46,574	2,189,643	257,118	14,350,124
Financial liabilities							
Other liabilities		-	-	-	-	-	-
Total financial liabilities	-	-	-	-	-	-	-
Insurance contract liabilities				9,004,306			9,004,306
31 December 2013							
Financial assets							-
Cash and cash equivalents	5,605,227	-	-	-	-	-	5,605,227
Reinsurance receivables	656,085	368,755	542,947	1,173,077	2,470,741	402,072	5,613,677
Loans and other receivables	370,833	-	-	-	-	-	370,833
Other assets	506,662	-	-	-	-	-	506,662
Retrocession assets	279,247	-	-	-	-	-	279,247
Debt Securities at amortised cost	236,332	586,581	332,561	944,062	3,355,427	-	5,454,963
Debt Securities at available-for-sale	2,792	5,585	8,377	17,220	303,934	-	337,908
Total relevant financial assets	7,657,178	960,921	883,885	2,134,359	6,130,102	402,072	18,168,517
Financial liabilities							
Other liabilities	220,092	-	-	-	-	-	220,092
Total financial liabilities	220,092	-	-	-	-	-	220,092
Insurance contract liabilities	-	7,920,155	-	-	1,041,004	-	8,961,159

42.3 Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value	At 31 December 2014		At 31 December 2013	
	Group		Group	
	Carrying value	Fair value	Carrying value	Fair value
	=N='000	=N='000	=N='000	=N='000
Financial assets				
Cash and cash equivalents	4,844,323	4,844,323	5,673,748	5,673,748
Reinsurance receivables	6,743,336	6,743,336	6,292,066	6,292,066
Loans and other receivables	234,910	234,910	379,174	379,174
Other assets	981,264	981,264	365,839	365,839
Retrocession assets	477,628	477,628	358,106	358,106
Debt securities at amortised cost				
Listed	2,753,697	2,753,697	3,279,934	3,340,082
Unlisted	2,124,365	2,124,365	2,550,336	2,387,493
Financial liabilities				
Other liabilities	535,096	535,096	239,579	239,579

42.3 Fair value of financial assets and liabilities (continued)

(a) Financial instruments not measured at fair value (	At 31 December 2014		At 31 December 2013	
	Company		Company	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets	=N='000	=N='000	=N='000	=N='000
Cash and cash equivalents	3,303,155	3,303,155	5,605,227	5,605,227
Reinsurance receivables	5,274,202	5,274,202	5,613,677	5,613,677
Loans and other receivables	207,802	207,802	370,833	370,833
Other assets	1,214,437	1,214,437	546,073	546,073
Retrocession assets	335,935	335,935	279,247	279,247
Debt securities at amortised cost				
Listed	3,279,934	3,279,934	2,412,515	2,471,393
Unlisted	2,550,336	2,550,336	2,320,007	2,158,429
Financial liabilities				
Other liabilities	457,106	457,106	220,440	220,440

Note: Financial liabilities carrying amounts approximates their fair value

(b) Financial instruments measured at fair value

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The Group	Level 1	Level 2	Level 3	Total
31 December 2014	=N='000	=N='000	=N='000	=N='000
Financial assets				
Financial asset designated at fair value	1,227,512	-	-	1,227,512
Debt securities at available for sale				
Listed	272,331	-	-	272,331
Equity securities at available for sale				
Listed	1,027,724	-	-	1,027,724
Unlisted	-	1,105,982		1,105,982
31 December 2013				
Financial assets				
Financial asset designated at fair value	170,285	-	-	170,285
Debt securities at available for sale				
Listed	266,702	-	-	266,702
Equity securities at available for sale				
Listed	1,117,909	-	-	1,117,909
Unlisted	-	504,400	370,523	874,923
The Company				
31 December 2014				
Financial assets				
Financial asset designated at fair value	171,524	-	-	171,524
Debt securities at available for sale				
Listed	246,193	-	-	246,193
Equity securities at available for sale				
Listed	1,004,707	-	-	1,004,707
Unlisted	-	1,105,982		1,105,982

42.3 Fair value of financial assets and liabilities (continued)

(b) Financial instruments measured at fair value (continued)	Level 1	Level 2	Level 3	
The Company	=N='000	=N='000	=N='000	
31 December 2013				
Financial assets				
Financial asset designated at fair value	170,285	-	-	170,285
Debt securities at available for sale				
Listed	242,476	-	-	242,476
Equity securities at available for sale				
Listed	1,096,520	-	-	1,096,520
Unlisted	-	504,400	370,523	874,923

(c) Fair valuation methods and assumptions
Financial assets and liabilities

(i) Cash and cash equivalents
Cash and cash equivalents represent cash and placement held with banks for short-term. The carrying amount of these balances approximates their fair value.

(ii) Other assets and other liabilities
Other assets represent monetary assets which usually has a short recycle period and other liabilities represents amount outstanding on account payables. And as such the fair values of these balances approximate their carrying amount.

(iii) Equity and Bond prices
Listed equities were fair valued using quoted prices from the Nigeria Stock Exchange. Available-for-sale bond portfolio were measured using prices from Financial Market Dealer Association (FMDA)

Unlisted equities were fair valued using recent market prices from Over-the-counter market and in some instances, net asset valuation technique. For unlisted bonds, valuation is done using market information of bonds with similar credit characteristics.

(iv) Other assets and liabilities including loans and receivables
Other assets and liabities represent financial instruments which usually has a short recycle period and as such the carrying amount of these instruments represent their fair values.

42.4 Capital management and Solvency Margin

Continental Reinsurance Plc capital management strategy focus on the creation of shareholders' value whilst meeting the crucial and equally important objective of providing an appropriate level of capital to protect stakeholders' interests and satisfy regulators.

The Group's objectives when managing capital are as follows:
To ensure that capital is, and will continue to be, adequate for the safety, soundness and stability of the Company;
To generate sufficient capital to support the Company's overall business strategy;
To ensure that the Company meets all regulatory capital ratios and the prudent buffer required by the Board.

Solvency and the use of regulatory capital are monitored periodically by the company's management, employing techniques based on the guidelines developed by the NAICOM, for supervisory purposes. Regulatory capital requirements are designed to monitor capital adequacy and to protect policyholders.

The National Insurance Commission requires each registered insurance company to:
(a) hold the minimum level of the regulatory capital of and
(b) maintain a minimum ratio of solvency margin of 15% .

During the period under review, all businesses within the Group complied with the solvency margin regulation as stated by National Insurance Commission.

Continental Reinsurance Plc

Consolidated Statement of Value added
for the year ended 31 December 2014

	Group 2014 =N='000	%	Group 2013 =N='000	%	Company 2014 =N='000	%	Company 2013 =N='000	%
Net premium income:								
- Local	9,016,190		8,694,800		9,016,190		8,694,800	
- Foreign	5,178,318		4,656,103		2,408,732		3,562,923	
Other income	1,342,341		1,605,247		1,182,992		1,364,428	
	15,536,849		14,956,150		12,607,914		13,622,151	
Claims, commission, charges and management expenses								
- local	(6,430,005)		(7,070,091)		(6,430,005)		(7,070,091)	
- imported	(6,473,517)		(4,703,579)		(3,974,405)		(3,673,515)	
	2,633,327	100.0	3,182,480	100.0	2,203,504	100.0	2,878,545	100.0
Applied as follows:								
To pay employees:								
- Salaries, pension and other allowances	942,589	35.8	827,487	26.0	836,879	38.0	769,401	26.7
To pay Government:								
- Income tax	691,222	26.1	436,796	13.7	589,297	26.6	378,900	13.2
- Information technology levy	12,800	0.5	20,014	0.6	12,800	0.6	20,014	0.7
Retained for growth:								
- Depreciation and amortistion	89,969	3.4	101,585	3.2	73,831	3.4	87,720	3.0
- Deferred taxation	41,103	1.6	43,198	1.4	29,174	1.3	36,053	1.3
- Profit for the year	855,644	32.5	1,753,400	55.1	661,523	30.0	1,586,457	55.1
	2,633,327	99.9	3,182,480	100.0	2,203,504	99.9	2,878,545	100.0

Value added is the wealth created by the efforts of the Company and subsidiary and its employees and its allocation between employees, shareholders, government and re-investment for the future creation of further wealth.

Continental Reinsurance Plc

Five-year financial summary

STATEMENT OF FINANCIAL POSITION AS AT	<----------------------	----------------------	IFRS	----------------------	---------------------->
	<----------------------	----------------------	31 DECEMBER	----------------------	---------------------->
	2014	2013	2012	2011	2010
	=N='000	=N='000	=N='000	=N='000	=N='000
ASSETS					
Cash and cash equivalents	3,303,155	5,605,227	6,263,827	5,815,044	5,655,176
Financial asset held for trading	171,524	170,285	132,942	108,956	175,031
Loans and other receivables	207,802	370,833	192,575	153,584	144,706
Available-for-sale investments	2,356,882	2,213,919	1,910,396	1,736,086	1,876,705
Held to maturity investments	4,372,487	4,732,522	4,359,087	5,076,223	4,056,865
Reinsurance receivables	5,274,202	5,613,677	5,427,732	4,602,289	3,988,642
Retrocession assets	335,935	279,247	779,147	146,974	101,470
Deferred acquisition costs	1,383,416	1,213,441	1,077,360	975,157	930,234
Other assets	1,214,437	546,073	1,113,603	181,718	34,638
Investment properties	2,926,956	1,746,800	1,661,000	1,653,500	1,557,834
Intangible assets	1,214	9,667	17,075	4,913	9,239
Property, plant and equipment	613,858	553,200	114,695	103,423	106,687
Investments in subsidiary	1,722,633	987,405	-	-	-
Statutory deposits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total assets	24,884,501	25,042,296	24,049,439	21,557,867	19,637,227
LIABILITIES					
Insurance contract liabilities	9,004,306	8,961,159	9,237,451	7,747,320	6,686,979
Reinsurance creditors	1,175,735	1,169,024	754,969	722,385	275,970
Other liabilities	457,106	288,057	252,265	345,897	356,866
Retirement benefit obligation	184,379	45,900	164,110	3,893	75,690
Current income tax payable	391,277	388,875	401,617	381,624	336,074
Deferred tax liabilities	45,039	41,946	3,660	41,470	31,448
Total liabilities	11,257,842	10,894,961	10,814,072	9,242,589	7,763,027
EQUITY					
Share capital	5,186,372	5,186,372	5,186,372	5,186,372	5,186,372
Share premium	3,915,451	3,915,451	3,915,451	3,915,451	3,915,451
Retained earnings	1,526,328	2,423,196	2,344,587	1,986,024	1,662,242
Contigency reserve	2,705,666	2,349,131	1,873,319	1,435,136	1,094,207
Available-for-sale reserve	292,842	273,185	(84,362)	- 207,705	15,928
Total equity	13,626,659	14,147,335	13,235,367	12,315,278	11,874,200
Total liabilities and equity	24,884,501	25,042,296	24,049,439	21,557,867	19,637,227

Continental Reinsurance Plc

Five year financial summary (continued)

INCOME STATEMENT	<------------IFRS------------>				NGAAP
FOR YEAR ENDED	<------------31 DECEMBER				------------>
	2014	2013	2012	2011	2010
	=N='000	=N='000	=N='000	=N='000	=N='000
Gross premium	13,176,217	14,053,252	14,053,252	11,647,038	11,644,720
Profit before income tax	1,279,994	2,001,410	1,699,731	1,829,729	1,585,000
Income tax expense	(618,471)	(414,953)	(414,953)	(387,150)	(354,766)
Profit after taxation	661,523	1,586,457	1,284,778	1,442,579	1,230,234
Appropriations:					
Transfer to contingency reserve	356,535	475,812	438,183	340,929	321,526
Transfer to retained earnings	304,988	1,110,645	1,110,645	1,101,650	908,708
Earnings per share (kobo)	6	15	12	14	12
Net assets per share (kobo)	131	136	128	119	115

Note: Earnings and dividend per share were computed based on the profit for the year and on the number of issued and fully paid ordinary shares at the end of the year. Net assets per share were computed on the number of issued and fully paid ordinary shares at the end of the respective years.