

Industrial And General Insurance Plc
2016 Financial Statements



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
ASSETS				
Cash and cash equivalents	2,038,861	2,790,712	75,255	245,544
Financial Assets;				
At Fair value through Profit or Loss	359,703	398,789	10,555	13,393
Available for sale	2,882,333	1,396,167	371,628	202,658
Held to Maturity	515,488	346,697	-	-
Loans and Receivables	393,081	384,867	359,745	355,139
Trade receivables	1,528,200	441,449	6,684	13,124
Reinsurance Assets	3,715,955	3,686,538	2,923,151	2,709,529
Deferred acquisition costs	204,615	216,306	114,076	135,838
Other receivables and Prepayments	861,348	967,499	375,190	424,011
Loans and advances	175,266	539,873	-	-
Investment in Subsidiaries	-	-	3,418,582	5,590,678
Non-current Assets held for sale	3,218,947	3,222,112	-	-
Investment Property	26,401,864	25,326,450	16,856,266	15,915,506
Deferred Income Tax	28,245	32,808	-	-
Intangible Assets	64,447	238,488	-	-
Property plant and equipment	6,933,904	6,671,407	4,942,912	4,670,928
Statutory deposits	588,175	556,345	500,000	500,000
TOTAL ASSETS	49,910,432	47,216,507	29,954,044	30,776,348
LIABILITIES				
Insurance Contract Liabilities	16,681,506	12,637,126	9,530,056	8,942,173
Investment Contract Liabilities	14,068,469	12,176,417	8,913,994	8,649,161
Trade payables	1,408,794	1,668,853	781,827	1,312,637
Other payables and Accruals	6,826,829	5,699,033	2,657,925	2,456,983
Placement from other banks	-	-	-	-
Income tax payable	1,848,709	1,754,462	1,506,612	1,484,161
Dividend payable	92,775	11,227	-	-
Deferred tax liabilities	2,121,376	1,741,915	782,566	854,951
Deposit for shares	1,144,256	1,169,783	-	-
Loans and Borrowings	1,578,901	3,146,421	5,499	124,106
TOTAL LIABILITIES	45,771,615	40,005,237	24,178,479	23,824,172
NET ASSETS	4,138,817	7,211,270	5,775,565	6,952,176
EQUITY				
Share capital	7,115,619	7,115,619	7,115,619	7,115,619
Share premium	8,530,781	8,530,781	8,530,781	8,530,781
Assets revaluation reserve	5,258,209	4,830,206	4,826,118	4,509,788
Fair value reserve	629,681	362,816	66,676	132,833
Contingency reserve	3,059,067	2,891,889	2,771,939	2,695,929
Capital reserve	73,619	64,214	-	-
Retained earnings	(20,098,484)	(17,210,912)	(17,535,568)	(16,032,774)
Foreign Exchange Reserve	(55,791)	218,521	-	-
Statutory (regulatory) reserve	238,681	114,032	-	-
SHAREHOLDERS' FUNDS	4,751,382	6,917,166	5,775,565	6,952,176
NON-CONTROLLING INTEREST	(612,565)	294,104	-	-
	4,138,817	7,211,270	5,775,565	6,952,176

The Group Financial Statements for the year ended 31 December 2016 were approved by the Board of Directors on 7 October 2019 and signed on its behalf by

Rachel Yoke Emenike  
Managing Director  
FRC/2015/CIIN/00000013299

Professor Oladapo Afolabi  
Director  
FRC/2017/IPAN/00000015950

Tolu Delano  
Chief Finance Officer  
FRC/2019/ANAN/00000019788

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED AT 31 DECEMBER 2016

	GROUP 2016 N'000	GROUP 2015 N'000	Company 2016 N'000	Company 2015 N'000
INCOME				
Gross premium written	7,693,288	7,743,350	3,020,008	3,455,994
Changes in unearned premium	(163,795)	172,045	180,608	25,661
Gross Premium Income	7,529,493	7,915,395	3,200,616	3,481,655
Reinsurance cost	(1,733,033)	(1,562,775)	(995,184)	(969,035)
Net Premium Income	5,796,460	6,352,620	2,205,432	2,512,620
Fees and commission income	353,206	457,768	125,219	120,723
Net underwriting income	6,149,666	6,810,388	2,330,651	2,633,343
Claims expenses (Gross)	4,636,568	3,567,337	2,355,702	1,722,448
Recovered & recoverable from reinsurers	(476,688)	(989,645)	(420,774)	(547,575)
Net claims incurred	4,159,880	2,577,692	1,934,928	1,174,873
Underwriting expenses	1,519,635	2,743,245	449,666	1,346,458
Changes in contract liabilities	(767,041)	693,989	(767,041)	605,641
	4,912,474	6,014,926	1,617,553	3,126,972
Underwriting Profit	1,240,932	795,462	713,098	(493,629)
Investment income	788,871	552,240	464,127	181,805
Gain on disposal of investment securities	-	45,334	-	-
Interest income	239,520	156,432	-	-
Other income	790,102	531,542	406,868	212,385
Fair value gain through Profit or loss	(108,332)	1,788,560	1,443,952	1,555,092
Loss on investment contract	(569,505)	(439,888)	(569,505)	(529,179)
Net operating income	2,377,848	3,429,682	2,458,540	926,474
Finance cost	(391,808)	(394,288)	(258,881)	(213,822)
Management expenses	(5,456,568)	(5,262,426)	(2,839,429)	(3,418,948)
Impairment of receivables and Investments	(249,431)	(1,587,455)	(722,096)	(1,059,145)
Loss before taxation	(3,719,959)	(3,814,487)	(1,361,866)	(3,765,441)
Taxation	(106,243)	(532,476)	(64,918)	(408,790)
Loss after taxation from Continuing operations	(3,822,462)	(4,346,963)	(1,426,784)	(4,174,231)
Discontinued Operations:				
Profit/(Loss) on discontinued operations	-	-	-	-
Income tax on discontinued operations	-	-	-	-
Loss after tax on discontinued operations	-	-	-	-
Loss for the year	(3,826,202)	(4,346,963)	-	-
Attributable to Shareholders	(2,706,616)	(4,373,305)	-	-
Attributable to non-controlling interest	(1,121,586)	26,342	-	-
Other comprehensive income (net of tax)				
Items within OCI that may be reclassified to Profit or Loss:				
Fair value gain on available for sale assets	458,184	(240,805)	(66,157)	-
Exchange difference on translation of foreign operations	(380,484)	(48,027)	-	-
Income tax relating to items that may be reclassified subsequently to profit or loss	-	68,855	-	-
	77,700	(219,977)	-	-
Items within OCI that will not be reclassified to Profit or Loss:				
Actuarial surplus/ transfer from life fund	98,480	55,702	-	-
Fair value gain on property	605,181	780,221	351,478	316,330
Income tax relating to items that will not be reclassified su	(35,148)	(199,925)	(35,148)	-
	668,513	635,998	250,173	316,330
Other comprehensive income for the year, net of income t	746,213	416,021	(1,176,611)	(3,857,901)
Attributable to Shareholders	(2,175,265)	(3,931,392)	-	-
Attributable to non-controlling interest	(904,724)	450	-	-
	(15,29)	(27,63)	(8,27)	(26,55)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INDUSTRIAL AND GENERAL INSURANCE PLC

**Opinion**  
We have audited the accompanying consolidated and separate financial statements of Industrial and General Insurance Plc ("the Company") and its subsidiaries (together referred to as "the Group") which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity, consolidated and separate statements of cash flows for the year then ended and the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Industrial and General Insurance Plc as at 31 December 2016 and the consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004, the Insurance Act CAP 117 LFN 2004, circulars and guidelines issued by the National Insurance Commission (NAICOM), National Health Insurance Scheme Act, 2011 and the Financial Reporting Council of Nigeria Act, 2011.

**Basis for Opinion**  
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**  
We draw your attention to the following notes in the financial statements.

(i) Note 3(a)(vi) which indicates that, as of 31 December, 2016, the Company had deficiencies in asset cover (Hypothecation of assets) for Shareholder and Policyholders' funds for General Business, Life Business Policyholders' fund and Deposit Administration Fund of N1.11 billion (2015: N1.734 billion), N982 million (2015: N2.40 billion) and N5.794 billion (2015: N4.23 billion) respectively.

(ii) Note 3(g)(ii) which indicates that, as of 31 December, 2016, the company had a negative solvency margin of N3.801 billion (2015: positive N1.36 billion) which was below the minimum requirement of N5 billion for composite (life and general) business by N8.801 billion (2015: N3.64 billion).

These conditions as set forth in the notes mentioned above, indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

The note also explains the Directors' remedial plans which formed the basis for preparing the financial statements using accounting policies applicable to going concern.

Our opinion is not modified in respect of this matter.

**Key Audit Matters**  
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
<b>Insurance and Investment contract liabilities</b>	
Under IFRS 4, the Group is required to perform liability adequacy test on its insurance liabilities to ensure the carrying value of the liabilities is adequate.	Our procedures included the following among others:
Liability Adequacy test are carried out separately for the Life and Non-Life business of the Group, as well as the subsidiary.	<ul style="list-style-type: none"><li>We reviewed the methodology and processes adopted by management for making reserves in the books of the company.</li><li>Tested entity's control around reserving process and maintenance of data for valuation of insurance contract liabilities.</li><li>We reviewed and benchmarked the valuation method of the insurance contract liabilities with the recommended approach by NAICOM and industry best practice.</li><li>We validated the data used in the valuation of the insurance contract liabilities.</li><li>We involved Deloitte Actuarial Specialists in the review of the assumptions and estimates used by management and assessment of the adequacy of the insurance liabilities in line with Liability Adequacy Test ("LAT") based on requirement of IFRS 4.</li><li>We ensured the appropriateness of the journals posted, footed and agreed the figures disclosed in the financial statements to the figures stated in the actuarial valuation after thorough review of the basis and assumptions.</li><li>For the purposes of our audit, we focused our audit effort on the insurance contract liabilities valuation in relation to the assumptions and estimates made by management.</li></ul>
As disclosed in notes 19 and 20 to the consolidated and separate financial statements, the insurance and investment contract liabilities for the Group amounted to N16.68 billion and N14.07 billion (Company: N9.53 billion and N8.91 billion) [2015: Group – N12.64 billion and N12.18 billion; and Company – N8.94 billion and N8.65 billion].	We concluded that the actuarial valuation of the insurance contract liabilities appeared appropriate based on our review of the data, assumptions and basis of estimates.
The Company usually involves an actuary in the determination of its insurance liability on a yearly basis after considering the accuracy and integrity of data used in the valuation. Necessary adjustments are made in the financial statements to reflect the liabilities determined by the actuary.	
The insurance and investment contract liabilities were significant to our audit because the balance is material to the financial statements. Also, the valuation of insurance and investment contract liabilities entails the use of assumptions and estimates which may be subject to management bias in the considerations of data used for the actuarial valuation of the insurance contract liabilities.	
<b>Other Information</b> The directors are responsible for the other information. The other information comprises the Directors' Report and Audit Committee's Report, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.	
Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.	
In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.	
Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.	
<b>Responsibilities of the Directors for the Consolidated and Separate Financial Statements</b> The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act CAP 117 LFN 2004, circulars and guidance issued by the National Insurance Commission (NAICOM), National Health Insurance Scheme Act, 2011, Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.	
In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.	
<b>Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements</b> Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.	
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:	
<ul style="list-style-type: none"><li>Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.</li><li>Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.</li><li>Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.</li><li>Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.</li><li>Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.</li><li>Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.</li></ul>	
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.	
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.	
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.	
<b>Report on Other Legal and Regulatory Requirements</b> In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004 and Section 28(2) of Insurance Act 117 LFN 2004, we expressly state that:	
<ul style="list-style-type: none"><li>i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.</li><li>ii) The Group has kept proper books of account, so far as appears from our examination of those books.</li><li>iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.</li></ul>	
<b>Contraventions</b> The Company contravened certain sections of Insurance Act 117 LFN 2004, NAICOM circulars and guidelines with respect to its activities in 2016. The particulars thereof and penalties paid are as disclosed in note 60 to the financial statements.	
 For: Deloitte & Touche Chartered Accountants Lagos, Nigeria 30 October, 2020 Engagement partner: Yetunde Odetayo, FCA FRC/2013/ICAN/0000000823	