


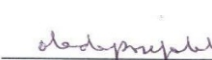

Industrial And General Insurance Plc
2017 Financial Statements



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017

	Group		Company	
	2017	2016	2017	2016
	N'000	Resated N'000	N'000	Resated N'000
Assets				
Cash and cash equivalents	1,033,072	2,038,861	77,970	75,255
Financial Assets:				
At fair value through profit or loss	584,918	359,703	13,557	10,555
Available for sale	859,018	2,882,333	456,289	371,628
Held to maturity	457,772	515,488	-	-
Loans and receivables	386,491	393,081	347,615	359,745
Trade receivables	759,669	1,248,366	-	6,684
Reinsurance assets	3,869,108	3,715,955	3,278,041	2,923,151
Deferred acquisition costs	153,900	204,615	78,224	114,076
Loans and advances to customers	251,305	175,266	-	-
Other receivables and prepayments	763,820	947,528	167,906	461,370
Investment in subsidiaries	-	-	3,333,919	3,418,582
Intangible ssets	-	64,447	-	-
Deferred tax assets	-	28,245	-	-
Investment properties	23,239,950	26,401,864	17,379,877	16,856,266
Property plant and equipment	6,422,413	6,933,904	5,263,674	4,942,912
Statutory deposits	575,014	588,175	500,000	500,000
	39,356,451	46,497,831	30,897,072	30,040,224
Non-current assets held for sale	4,660,826	3,218,947	-	-
Assets classified as discontinued operations	5,733,010	5,733,010	-	-
Total assets	49,750,287	55,449,788	30,897,072	30,040,224
Equity				
Ordinary 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	5,489,812	5,258,209	5,159,421	4,826,118
Fairvalue reserve	174,262	629,681	66,676	66,676
Contingency reserve	3,743,134	3,059,067	2,845,224	2,771,939
Loss sustained	(17,573,896)	(20,348,021)	(18,271,688)	(17,785,105)
Capital reserve	131,557	73,619	-	-
Foreign exchange reserve	(340,811)	(55,791)	-	-
Statutory(regulatory) reserve	162,473	238,681	-	-
Shareholder's fund	7,432,930	4,501,845	5,446,032	5,526,028
Non-controlling interests	39,007	(612,563)	-	-
Total equity	7,471,937	3,889,282	5,446,032	5,526,028
Liabilities				
Insurance contract liabilities	11,059,906	16,681,506	9,508,882	9,530,056
Investment contract liabilities	10,539,992	14,068,469	8,766,506	8,913,995
Trade payables	1,367,203	1,239,107	686,995	817,670
Loans and borrowings	1,779,587	1,800,012	350,274	226,610
Other payables and accruals	6,784,952	6,979,343	3,667,010	2,791,969
Income tax payable	1,881,814	1,793,426	1,482,919	1,451,329
Deferred tax liabilities	1,876,396	2,121,376	988,446	782,566
Deposit for shares	1,255,489	1,144,256	-	-
	36,545,338	45,827,496	25,451,040	24,514,195
Liabilities classified as discontinued operations	5,733,010	5,733,010	-	-
Total liabilities	42,278,348	51,560,506	25,451,040	24,514,195
Total equity and liabilities	49,750,287	55,449,788	30,897,072	30,040,224

The consolidated financial statements were approved by the Board of Directors on 16 December 2021 and signed on its behalf by:

 Rachel Yoke Emenike Managing Director FRC/2015/CIIN/00000013299	 Professor Oládapo Afolabi Director FRC/2017/IPAN/00000015950	 Tolu Delano Chief Finance Officer FRC/2019/ANAN/00000019788
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017	2016	2017	2016
	N'000	Resated N'000	N'000	Resated N'000
Continuing operations				
Gross premium written	5,396,208	7,693,288	2,580,000	3,020,008
Changes in unearned premium	605,969	(163,795)	290,212	180,608
Gross Premium Income	6,002,177	7,529,493	2,870,212	3,200,616
Reinsurance costs	(1,992,087)	(1,733,032)	(1,313,127)	(995,183)
Net Premium Income	4,010,090	5,796,461	1,557,085	2,205,433
Fees and commission income	325,003	353,206	145,983	125,219
Net underwriting income	4,335,093	6,149,667	1,703,068	2,330,652
Claims expenses (Gross)	(1,559,253)	(4,720,309)	(1,021,256)	(2,355,703)
Changes in claims recoveries	548,236	560,428	494,580	420,774
Net claims incurred	(1,011,017)	(4,159,881)	(526,676)	(1,934,929)
Underwriting expenses	(2,460,704)	(1,519,635)	(891,320)	(449,666)
Changes in contract liabilities	189,147	767,041	210,168	767,041
Underwriting profit	1,052,519	1,237,192	495,240	713,098
Investments incomes	343,532	621,860	189,930	297,117
(Loss)/profit on disposal of Investment properties	(180,062)	125,000	(180,062)	125,000
Net interest income	33,668	219,941	43,777	43,442
Other operating incomes	2,482	851,692	(70,144)	406,373
Gain/(loss) on investment contract	597,152	(569,505)	413,212	(670,196)
Fair value gain/(loss) through profit or loss	1,848,998	(108,332)	1,417,895	1,443,952
Impairment charge	(598,528)	(249,431)	(512,474)	(722,096)
Management and administrative expenses	(2,999,684)	(6,067,484)	(1,824,660)	(3,288,046)
Net operating profit/(loss)	100,077	(3,939,067)	(27,286)	(1,651,356)
Finance costs	(104,779)	(85,712)	(191,792)	(15,330)
Loss before income tax	(4,702)	(4,024,779)	(219,078)	(1,666,686)
Income tax expense	(282,060)	(50,960)	(194,220)	(9,635)
Loss from continuing operations	(286,762)	(4,075,739)	(413,298)	(1,676,321)
Attributable to:				
Equity shareholders	(263,322)	(2,954,153)	(413,298)	(1,676,321)
Non-controlling interests	(23,440)	(1,121,586)	-	-
	(286,762)	(4,075,739)	(413,298)	(1,676,321)
Other Comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Fairvalue gain on available for sale assets	46,809	458,184	-	(66,157)
Exchange differences on translating foreign operations	(457,750)	(380,484)	-	-
Income tax relating to item that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be reclassified subsequently to profit or loss:				
Actuarial surplus/transfer from life fund	-	98,480	-	-
Fairvalue gain on property, plant and equipment	782,600	605,181	762,497	351,478
Income tax relating to item that will not be reclassified subsequently to profit or loss	(76,476)	(35,148)	(76,250)	(35,148)
Other comprehensive income for the year, net of tax	295,183	746,213	686,247	250,173
Total comprehensive loss for the year	8,421	(3,329,526)	272,949	(1,426,148)
Attributable to:				
Equity shareholders	186,136	(2,385,409)	272,949	(1,426,148)
Non-controlling interests	(177,715)	(944,117)	-	-
	8,421	(3,329,526)	272,949	(1,426,148)
Basic and diluted earnings/(loss) per share (Kobo)	1.31	(16.76)	1.92	(10.02)

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

<p>Opinion</p> <p>We have audited the consolidated financial statements of Industrial and General Insurance Plc. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position at 31 December 2017, 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 ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.</p> <p>In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and with the requirements of the Financial Reporting Council of Nigeria Act, No 6, 2011, Companies and Allied Matters Act, Cap C20, LFN 2004, the Insurance Act, Cap 117, LFN 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM).</p> <p>Basis for Opinion</p> <p>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 Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p> <p>Material Uncertainty Related to Going Concern</p> <p>We draw your attention to the following notes in the financial statements:</p> <p>(i) Note 3(c)(vi) which indicates that, as of 31 December, 2017, the Company had deficiencies in asset cover (Hypothecation of assets) for Policyholders' funds for General Business, Life Business Policyholders' fund and Deposit Administration Fund of N1.12 billion (2016: N1.11 billion), N1.66 billion (2016: N982.6 million) and N5.698 billion (2016: N5.79 billion) respectively.</p> <p>(ii) Note 3(h)(iii) which indicates that, as of 31 December, 2017, the company had a negative solvency margin of N6.580 billion (2016 : N4.137 billion) which was below the minimum requirement of N5 billion for composite (life and general) business by N11.580 billion (2016 : N9.137 million).</p> <p>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.</p> <p>The note also explains the Directors' remedial plans which formed the basis for preparing the financial statements using accounting policies applicable to going concern.</p> <p>Our opinion is not modified in respect of this matter.</p> <p>The note also explains the Directors' remedial plans which formed the basis for preparing the financial statements using accounting policies applicable to going concern.</p> <p>Our opinion is not modified in respect of this matter.</p> <p>The following summarises how the matter was addressed in the audit:</p> <ul style="list-style-type: none">We checked adverse market conditions, trends and events and also performed other risk assessment procedures to identify any adverse events or conditions.We asked management whether they have identified any events or conditions that may cast significant doubts on the company's ability to continue as a going concern.We reviewed all court cases against the Group in order to obtain reasonable assurance that no litigation threatens the going concern of the Group either by suppliers, government, customers employees aggrieved third parties or shareholder of the Group.We reviewed minutes of board meetings held for all the quarters in the reporting period to assess any issues that could border on regulatory or legal challenges as it relates to the going concern of the Group.We obtained assurance from management that significant accounting and reporting judgments are supported by a degree of rigor and analysis appropriate to the circumstances of the Group. <p>Other Matters</p> <p>We drew attention to the following matters:</p> <ul style="list-style-type: none">The consolidated financial statements of Industrial and General Insurance Plc. for the year ended 31 December 2016, was audited by another auditors who expressed an unmodified opinion on those statements on 16 October, 2019. <p>Key audit matters</p> <p>Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended 31 December 2017, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p>	
<p>Key audit matters</p> <p>a) Valuation of Insurance and Investment Contract Liabilities</p> <p>The Group and the Company has significant life and non-life insurance and investment contract liabilities for the Group N11.03 billion and N10.54 while Company N9.5 billion and N8.77 (2016: Group N16.68 billion and N14.27 billion-Company N9.53 billion and N8.91 billion). The valuation of insurance contract liabilities involves high estimation uncertainties and significant judgment over uncertain future outcomes.</p> <p>Provisions for reported claims are based on historical experience, however, the eventual liabilities may differ from the estimates. Furthermore, the estimated liability for claims that have occurred but are yet to be reported in respect of non-life insurance contracts involve economic assumptions about inputs such as inflation rate, ultimate loss ratio and discount rates, hence the eventual outcome is uncertain.</p> <p>The actuarial assumptions used in the valuation of life insurance contract liabilities are judgmental, particularly with respect to mortality rates, claims handling expenses, maintenance expenses and discount rates.</p> <p>The level of complexity, the assumptions and judgment involved in estimating these amounts make insurance contract liabilities a matter of significance to our audit.</p> <p>The Group's accounting policy on the valuation of insurance and investment contract liabilities and related disclosures are shown in notes 25 (accounting policies), note 21 (critical accounting estimates and judgments) and notes 28 and 29 (insurance and investment contract liabilities).</p>	<p>How the matter was addressed in the audit</p> <p>Our approaches in relation to management's valuation of insurance contract liabilities using a firm of Actuaries include:</p> <ul style="list-style-type: none">We evaluated the design, implementation and operating effectiveness of key controls instituted by the Group which includes management review of data used for the valuation of insurance and investment contract liabilities.We tested the accuracy and completeness of the underlying data used in actuarial valuations by checking the claims paid, outstanding claims and underwriting data recorded in the Group's books.We engaged our actuarial specialists to challenge the appropriateness of the methodology used by the Group's external actuary in calculating the insurance and investment contract liabilities. This involved an assessment of the appropriateness of the valuation methods taking into account available industry data and specific product features of the Group.With the assistance of our actuarial specialists, we evaluated the reasonableness of the actuarial assumptions used by the Group's external actuary and performed liability adequacy tests on insurance and investment contract liabilities including assumptions and estimates on the projected cash flows, basic chain ladder runoff period, inflation rate, mortality and discount rate by comparing them to Group specific data, available industry data and market experience.We considered the Group's valuation methodology and assumptions for consistency between reporting periods as well as indicators of possible management bias. We were also assisted by our actuarial specialists in this regard.
<p>b) Valuation of Investment properties and land & buildings in property, plant & equipment</p> <p>The valuation of the Group's investment properties is a key audit matter due to the significance of the balance and judgment required in assessing the key valuation assumptions and methodology.</p> <p>The investment properties are valued annually using the income approach. Key assumptions in the valuation methodology include capitalization rate, vacancy rate, estimated expenses and future rental income.</p> <p>The Group's accounting policy on investment properties and related disclosures are shown in notes 20 (accounting policy), note 2v (critical accounting estimates and judgments) and note 16 (investment properties). Also, its policy on properties, plant and equipment and related disclosures are shown in note 23 (accounting policy), note 2vi (critical accounting estimates and judgments) and note 17 (property, plant and equipment).</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">We assessed the appropriateness of the valuation methodology adopted by giving due consideration to the requirements of the relevant accounting standards and the Group accounting policies.We challenged key assumptions applied in the valuation of the properties, including the capitalization rates, vacancy rate, estimated expenses and future rental income, by comparing the assumptions to publicly available market information, historical data, market experience and properties specific attributes such as location and asset condition.
<p>Other Information</p> <p>The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report, Audit Committee's Report, Corporate Governance Report and Company Secretary's report which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.</p> <p>Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the consolidated 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 financial statements or the audit, or otherwise appears to be materially misstated.</p> <p>If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.</p> <p>Responsibilities of the Directors and those charged with Governance for the consolidated financial statements</p> <p>The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) and with the requirements of the Financial Reporting Council of Nigeria Act, No 6, 2011, Companies and Allied Matters Act, Cap C20, LFN 2004, the Insurance Act, Cap 117, LFN 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM) 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.</p> <p>In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, and to disclose or, if necessary, to prepare the consolidated financial statements on a basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.</p> <p>Those charged with governance are responsible for overseeing the Group's financial reporting process.</p> <p>Auditor's responsibilities for the audit of the consolidated financial statements</p> <p>Our objective is 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 detect a material misstatement. 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 financial statements.</p> <p>As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:</p> <ul style="list-style-type: none">Identify and assess the risks of material misstatement of the consolidated 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.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 Company's internal control.Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 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 to cease to continue as a going concern.Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.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 financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. <p>We communicate with the Audit Committee 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.</p> <p>We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.</p> <p>From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated 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 public interest benefits of such communication.</p> <p>Report on other legal and regulatory requirements</p> <p>Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C20, LFN 2004 and Section 28(2) of the Insurance Act, Cap 117, LFN 2003.</p> <p>In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.</p> <p>Contraventions and Penalties</p> <p>The Company paid penalties in respect of contravention of the requirements of the National Insurance Commission of Nigeria's Operational Guidelines during the year ended 31 December 2017. Details of penalties paid are disclosed in note 56 to the financial statements.</p>	
<p>Ayodeji K. Sonukan, FCA FRC/2013/ICAN/0000002431 For: PKF Professional Services Chartered Accountants Lagos, Nigeria Date: 07 February 2022</p> <p> Ayodeji K. Sonukan, FCA FRC/2013/ICAN/0000002431 For: PKF Professional Services Chartered Accountants Lagos, Nigeria Date: 07 February 2022</p> <p></p>	