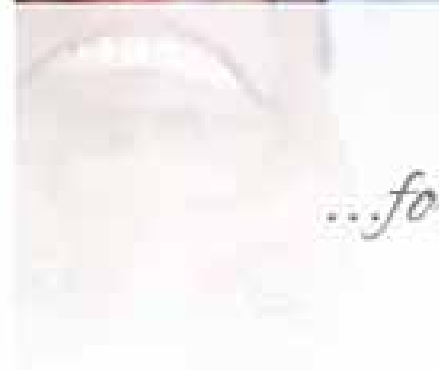
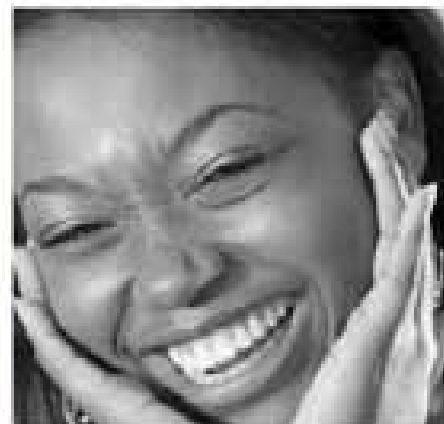


GUARANTY TRUST ASSURANCE PLC  
ANNUAL REPORT TWO THOUSAND AND NINE



*...for life and living*



Guaranty Trust Assurance plc



## **Our Vision**

We are team of risk and investment managers providing our customers with effective solutions, assuring their financial security with our superior strength and capacity.

## **Our Mission**

We are driven to innovate and excel, consistently creating exceptional value for our stakeholders.

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## Results at a Glance

	2009 N' Million	2008 N' Million	Variance Increase (Decrease) N' Million	% Growth
<b>Major Profit and Loss Account items</b>				
Gross Premium Written	5,377,502	4,143,899	1,233,603	30%
Gross Premium Earned	3,998,367	2,873,178	1,125,189	39%
Underwriting Profit	1,064,173	866,999	197,174	23%
Investment and Other Income	1,536,233	2,319,526	(783,293)	-34%
Total Expenses	1,287,805	1,185,183	102,622	9%
Profit Before Tax	1,312,601	2,001,342	(688,741)	-34%
<b>Major Balance Sheet items</b>				
Total Assets	17,171,354	16,706,891	464,463	3%
Insurance Fund	1,595,323	932,372	662,951	71%
Deposit Administration	1,115,094	586,386	528,708	90%
Statutory Contingency Reserve	745,687	561,068	184,619	33%
Shareholders' Funds	12,625,340	12,526,162	99,177	1%

# Corporate Information



# Corporate Information

## REGISTERED OFFICE

Heritage Plaza  
Plot 928, Bishop Aboyade Cole Street,  
Victoria Island, Lagos  
Phone: 01 - 2701560 - 5, 4613284  
Email: info@gtapl.com  
Website: www.gtassur.com

## AUDITORS

Messrs. KPMG Professional Services

## REINSURERS

African Reinsurance Corporation  
Munich Reinsurance Company Ltd  
Continental Reinsurance Plc.  
General Insurance Corporation of India

## ACTUARIES

HR Nigeria Ltd

## BANKERS

Guaranty Trust Bank Plc.  
First Bank of Nigeria Plc.

## REGISTRAR & TRANSFER OFFICE

GTB Registrars Limited  
7, Anthony Village Road,  
Anthony Village, Lagos.

## REGIONAL OFFICES

### ABUJA

Plot 1072 J.S. Tarka/Faskari Street,  
Garki Area 3, Abuja  
09-2346248-54, 2346301

### IBADAN

11B Jimoh Odutola Road  
Ibadan, Oyo State  
02-2413779, 2413795, 2413677, 2413876

### KADUNA

7/10 Murtala Muhammed Square, Kaduna,  
Kaduna State  
062-240103-9

### KANO

145 Murtala Muhammed Way, Kano,  
Kano State  
064-6388551-5

### PORT HARCOURT

44 Trans Amadi Industrial Layout,  
Port Harcourt  
Rivers State  
084-237512-2

### ENUGU

Plot 1, Ogui Road, Enugu, Enugu State  
042-253061, 254085, 254072, 254073

## AGENCY OFFICES

### Lagos Island

3/5 Boyle Street, Onikan  
01-8548089, 8548139, 9500771

### Lagos Mainland

DN Meyer Building  
Plot 34, Mobolaji Johnson Street,  
Alausa, Ikeja  
01-9500774, 9500811

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of GUARANTY TRUST ASSURANCE PLC will hold at the Grand Ball Room, Lagos Oriental Hotel, 3, Lekki Road, Victoria Island, Lagos, on Thursday, June 24, 2010 at 10:00 a.m. to transact the following business:

## ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended December 31, 2009 and the Reports of the Directors, Auditors and Audit Committee thereon;
2. To declare a dividend;
3. To elect/re-elect Directors;
4. To authorize the Directors to fix the remuneration of the Auditors;
5. To elect members of the Audit Committee.

## SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolution as ordinary resolution:

6. "That the firm of J.K. Randle International be and is hereby appointed as an External Consultant to conduct the Annual Board Performance Appraisal for the Company".

## PROXY

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. For the appointment to be valid, the completed and duly stamped proxy form must be deposited at the office of the Registrar, GTB Registrars Limited, No. 7, Anthony Village Road, Anthony Village, Lagos, not less than 48 hours before the time fixed for the meeting. A blank proxy form is attached to the Annual Report.

BY ORDER OF THE BOARD



### OSA. AIWERIOGHENE

Ag. Company Secretary  
Plot 928, Bishop Aboyade Cole Street  
Victoria Island,  
Lagos.

May 19, 2010



# Notice of Annual General Meeting

## NOTES

### 1. Dividend

If approved, dividend will be payable on June 24, 2010 to shareholders whose names are registered in the Register of Members as at the close of business on June 9, 2010. Shareholders who have completed and submitted the e-dividend mandate forms will receive a direct credit of the dividend into their bank accounts as indicated on the e-dividend mandate form immediately after the Annual General Meeting.

The dividend warrants for shareholders who have not completed the e-dividend mandate form will be posted on June 24, 2010. Shareholders are advised to complete the e-dividend mandate form in the Annual Report and submit to the Registrar, GTB Registrars Limited, through any Guaranty Trust Bank plc branch.

### 2. Closure of Register

The Register of Members will be closed on June 10, 2010 to enable the Registrar prepare for payment of dividend.

### 3. Audit Committee

In accordance with Section 359(5) of the Companies and Allied Matters Act, 1990, any shareholder may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least 21 days before the Annual General Meeting.



# Chairman's Statement



A professional portrait of Victor Gbolade Osibodu, a middle-aged Black man with short hair, wearing a dark grey suit, a white shirt, and a striped tie. He is looking slightly to the right of the camera with a neutral expression. The background is a solid, warm orange-brown color. A semi-transparent orange box is overlaid at the bottom of the image, containing a quote and his name and title.

*"we have further strengthened the governance and risk frameworks of the Company to ensure an even development and growth on a platform of risk containment and management practices that are consistent with global best practices".*

Victor Gbolade Osibodu  
Chairman

I welcome you to the 18th Annual General Meeting of Guaranty Trust Assurance plc, and present to you a review of our operating environment and a summary of the Company's performance for the financial year ended December 31, 2009.

### Operating Environment

Whilst the global economy (led by China and India) seemed to commence recovery from the meltdown which started in 2007 and exacerbated during 2008, the contagion finally hit our shores with a great impact. In August 2009, the nation woke up to the news that 5 local banks (3 of them being amongst the largest Nigerian banks) were technically insolvent.

Consequently, the Executives of these banks were removed from their positions. This threw the entire financial market and I daresay the economy into a period of uncertainty. The immediate task at hand was the herculean one of recovering bad debts from debtors. The Central Bank and the affected banks took some unusual steps to recover some of these debts.

The announcement within a few weeks of some other banks being adjudged equally insolvent naturally made the bad situation worse. As a result of this, credit availability to the real sector was affected negatively and this in turn affected transactions in both the financial and real sectors.

The Capital market went south as the Nigerian Stock Exchange All Share Index (NSE ASI) declined during the year by 33.78% to close at 20,827.17 thereby recording one of the sharpest declines seen in recent times. On the other hand, the Central Bank kept its Monetary Policy Rate (MPR) constant at 6% during the year, a move calculated to bring about a lowering of interest rates. The economy itself stayed on a stable path with average oil prices remaining fairly constant. Average price in January was \$77.62 per barrel and declined marginally to \$75.11 per barrel in December 2009.

Exchange rate also remained fairly stable with the Naira depreciating only slightly from N147.60/\$1 in January 2009 to N148.33/\$1 in December 2009. Whilst year on year inflation was recorded at a moderate 12%, GDP growth rate at 6.7% was even more impressive especially given the background of the state of the nation's banking system.

Politically, we had reason to join the rest of the country in praying for our dear President, Alhaji Umaru Musa Yar'Adua, who took ill suddenly and had to be flown abroad for medical treatment on November 23, 2009. We thank God for granting our nation peace and stability whilst our leader was away recuperating in Saudi Arabia.

However, before he travelled, our President was able to achieve the unprecedented in the Niger Delta area. His offer of Amnesty was accepted by most of the militants thereby ushering in a new era of peace and hopefully,

prosperity and economic progress in the Niger Delta. Our prayers are with the Federal Government in its peace initiatives and also with our kin in the Niger Delta at this time.

### Financial Results

During the year which I would like to classify as stormy, your Company was able to record many positive indices. We recorded a gross premium income of N5.38 billion for the financial year under review as against N4.14 billion recorded for the corresponding period in 2008 representing a growth of 30% over the previous year. Though this was our lowest growth rate since 2004, it was a remarkable performance in the light of the overall performance of the economy as a whole. Premium Earned grew by 41% from N1.68 billion in 2008 to N2.37 billion in 2009, whilst Underwriting Profit grew by 23% from N866 million to N1.06 billion over the corresponding period.

Our investment income suffered a decline of 31% from N2.045 billion in 2008 to N1.4 billion in 2009. This was as a result of the downturn in the investment climate especially the massive drop in the NSE ASI of 33.78% in 2009. Most of the decline we suffered came as a result of losses sustained in the capital market.

Consequent upon the reduced investment performance, your Company suffered a decline in our Profit before Tax figure of 34% from N2 billion in 2008 to N1.31 billion in 2009. We hope to reverse this trend significantly in 2010.

### Share Capital

Subsequent to our application to the Securities and Exchange Commission to increase our capital base via a Rights issue exercise in 2008, I am happy to inform you that we received approval for this in February 2009. As promised earlier, we immediately followed up with an application to list the Company's shares on the Nigerian Stock Exchange and were able to achieve this on the historic date (in your Company's annals at least!) of November 19, 2009. Since then, your Company's shares have been traded actively on the floor of the exchange with a moderate level of liquidity.

### Board of Directors

In July 2009, Mr. Kolapo Omidire resigned from the Board. You will recall that Mr. Omidire had two stints on our Board; the first between March 2003 and June 2004 (seven months out of this period was as our Acting Managing Director) and the second between February 2006 and July 2009 in a non-executive capacity. Please join me in expressing our gratitude to Mr. Omidire for his contributions to the development of our Company. We wish him well in his future endeavours.

In November 2009, the Board appointed Mrs. Aku Odinkemelu to the Board in replacement of Mr. Omidire and also appointed Mr. Sola Adeeyo, a reputable businessman and former finance professional to the Board as an

Independent Director. This was in compliance with the Code of Corporate Governance issued by the National Insurance Commission (NAICOM).

Please join me in welcoming Mr. Adeeyo and Mrs. Odinkemelu to the Board of Guaranty Trust Assurance plc.

### **Subsidiary**

During the year under review, our young subsidiary Assur Asset Management Limited (AAML) continued to carry out its activities in investment management. It closed the year with Funds Under Management (FUM) of N13.79 billion, a growth of 6.5% from FUM of N12.95 billion in 2008. It also grew its Profit before Tax from N13.9 million in 2008 to N142.92 million in 2009. We shall continue to position this Company to emerge as a leader in its area of operation within the next few years.

### **Dividend**

In spite of the inclement economic environment and the dip in our financial performance, our commitment to deliver exceptional value for our shareholders led the Board to declare an interim dividend of 5k per share which was paid in December. Your Board has also proposed a final dividend of 4k bringing the total dividend to 9k for the 2009 financial year. It is important to note that this year's dividend is being paid on an enlarged paid up capital base of 10 billion shares against 8.75 billion shares that received dividend in 2008.

The Board and Management are committed to delivering superior returns to shareholders through the continued growth of your Company and consistent dividend payment.

### **Staff**

We have continued to invest in the development of our staff in order to ensure they remain at the cutting edge of innovation and service delivery in the nation's insurance industry. In return, our staff have continued to show unalloyed loyalty and commitment to the Company and our vision of building the nation's pre-eminent Risk and Investment Management Institution. Please join me in appreciating the young men and women who toil daily to place your Company on the leadership roll in our industry.

### **Future Outlook**

The storm of 2009 has left indelible marks in the sands of time in our nation's economic history. Erstwhile great institutions have fallen whilst others have tethered but remain standing. The nation's economy however continues to grow on the back of non-oil sector especially the agricultural industry and also against the background of increased oil production and our newly found peace in the Niger delta.

The storm has only left your Company stronger than ever before, not just because we weathered it quite well but because we have further

strengthened the governance and risk frameworks of the Company to ensure an even development and growth on a platform of risk containment and management practices that are consistent with global best practices.

We shall also continue to broaden our distribution channels to boost sales and bring our innovative products to more Nigerians from all walks of life. In this regard, we shall also be improving our visibility to our teeming existing and potential customers across the country.

Finally, my sincere appreciation goes to our customers for their loyal patronage and to you shareholders for your continued support to the Company.

May the Lord in his infinite mercies continue to bless Guaranty Trust Assurance plc.

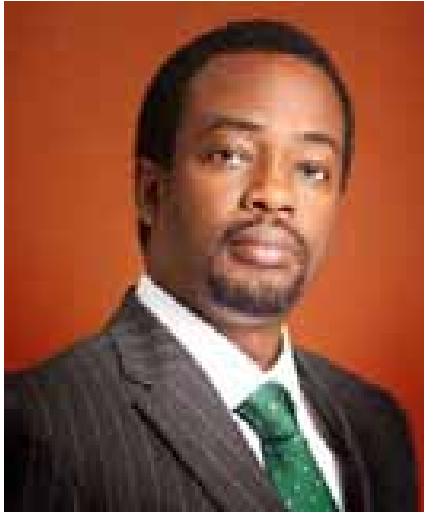
Thank you

**Mr. Victor Gbolade Osibodu**

Chairman

# From the Executive Suite





*"...We achieved the overall growth in our business by focusing on building key relationships with our core corporate customers and their brokers whilst broadening the retail service platform using information technology as leverage. ..."*

*Tosin Runsewe*  
Chief Client Officer

### Your Haven, Fortified

That 2009 was probably the stormiest year in the recent history of Nigeria's financial industry should not elicit much debate. Here are the facts; the Nigerian Stock Exchange All Share Index (ASI) went down by 33.78% and emerged as one of the world's worst performing bourse, eight Nigerian banks (three of them amongst the nation's largest) were adjudged technically insolvent after a special audit by the Central Bank of Nigeria and many debtors (corporate and individuals) were unveiled before the public eye in an unprecedented move calculated at spurring them to repay huge outstanding debts.

Analysts were largely of the opinion that it was a good time for the financial services industry, especially the banking system to take stock, restructure and reposition for the future. Restructuring would entail retooling risk management systems, corporate governance practices and raising additional capital somewhere down the line.

This extreme situation was however alleviated by the sound management of the economy assisted by decent commodity prices especially in the oil market. Inflation remained at 12% whilst the Naira exchange rate remained stable, opening the year at N147/\$1 and closing the year at N148/\$1.

Our GDP was estimated to have grown remarkably at 6.7% in spite of the obvious challenges.

How did we respond to all these at GTAssur? In several ways; we retooled our already robust risk management structure through the introduction of an Enterprise-wide Risk Management (ERM) system and improved our investment analysis/ decision-making framework to ensure we continued to achieve superior performance whilst complying with all regulations and global best practices.

Although we felt the impact of the storm on our growth which slowed to 30% on the Gross Premium Income (N5.38 billion against N4.14 billion in 2008) and on our investment income which dipped by 31% (N1.4 billion against N2.05 billion in 2008) thereby affecting our profitability negatively, the fundamentals of our business model remained quite strong.

We continued to expand our retail distribution channels (Bancassurance and Agency). The expansion and deepening of the sales processes have led to the Retail Business Division contributing 18% of our total production compared to 13% in 2008. Retail sales growth was underpinned by a 51% growth in our motor portfolio from N866.77 million in 2008 to N1.31 billion in 2009. Our Energy & Special Risks Business grew by 62% over the

previous year whilst our Corporate Business Group grew their gross premium income by a modest 33%. Our Public Sector Business unfortunately declined by 59% due to the cancellation of some government related life policies.

We achieved the overall growth in our business by focusing on building key relationships with our core corporate customers and their brokers whilst broadening the retail service platform using information technology as leverage.

Overall, our efforts at strengthening the organisation were rewarded by the award of Aa- risk rating by Agosto & Co., an improvement on the A+ rating we had from 2007. The new rating is the highest ever given to an insurance company in Nigeria and it is a testimony of our strength as viewed by independent analysts.

Indeed, 2009 has been stormy but we have weathered the storm and are positioned for sustained growth and profitability. Looking into the future, we believe growth and profitability shall be driven by our people, innovative products and an improved operational platform.

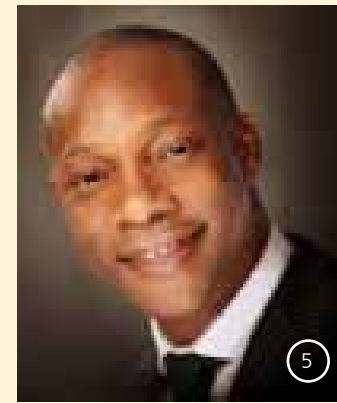
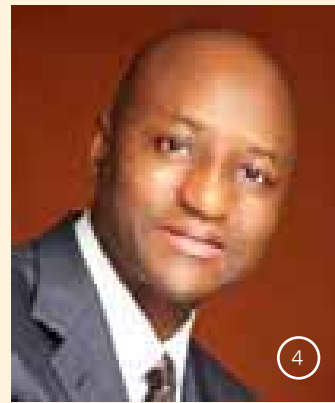
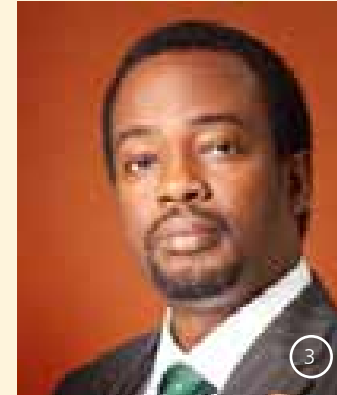
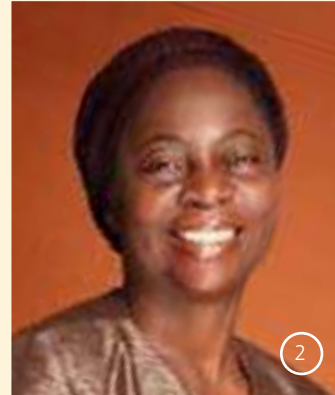
The financial discipline put in place over the last few years will ensure that our efficiency ratios remain amongst the best in our industry. Overall, we

have been fortified!

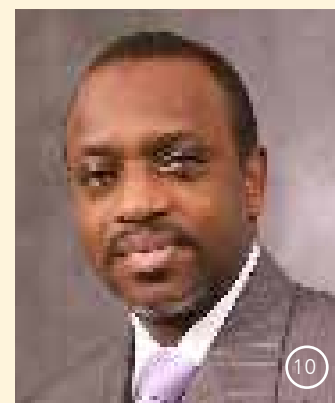
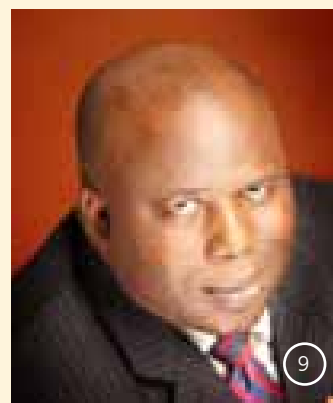
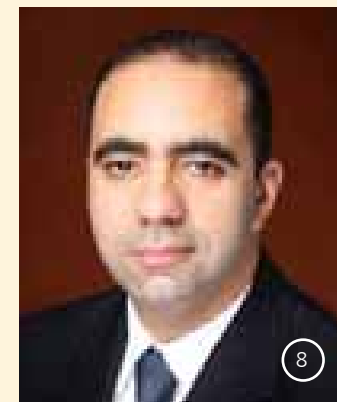
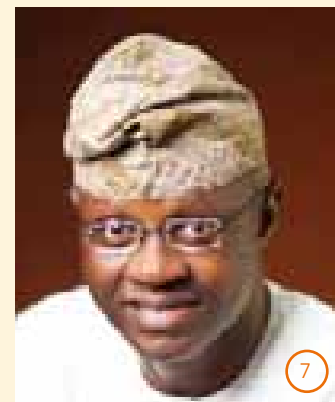
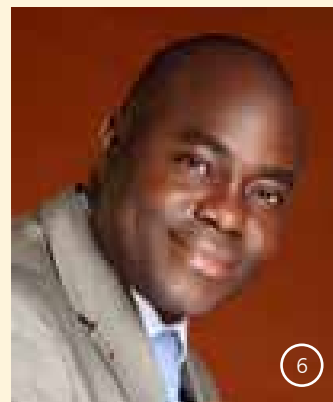
I wish to thank our customers for their continued loyalty and kind patronage and also, our shareholders for their unwavering support in building this great institution. Lastly, my deep appreciation goes to my colleagues (the Assur Team!) for their commitment and hard work without which our journey through the storm might have been much more difficult.

**Tosin Runsewe**  
Chief Client Officer

# The Board

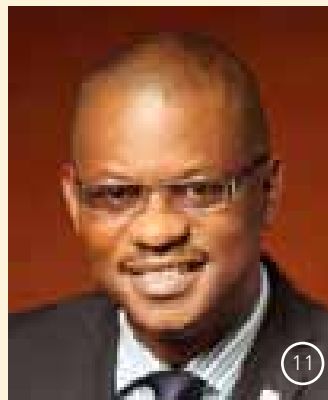
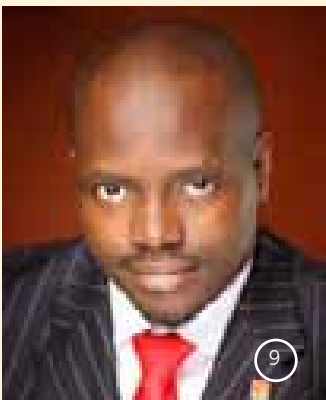
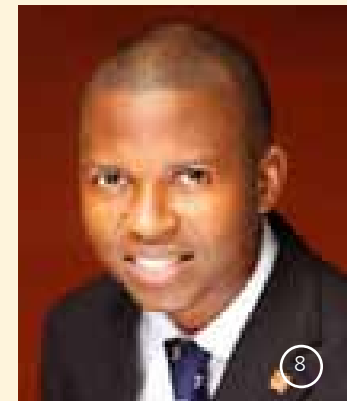
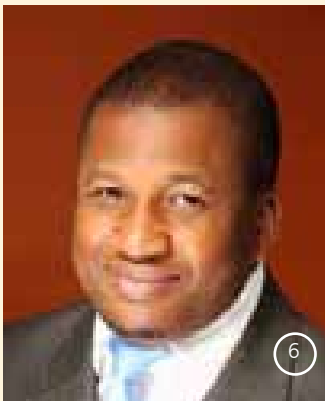
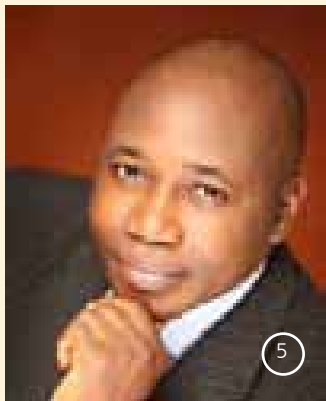
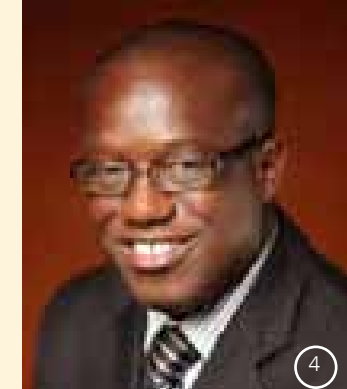
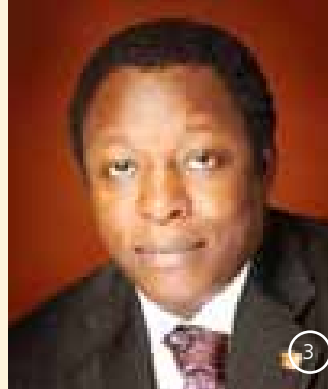
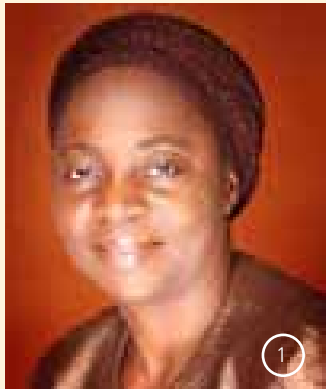


1. Victor G. Osibodu - Chairman
2. Yetunde Ilori
3. Tosin Runsewe
4. Tayo Aderinokun
5. Segun Agbaje
6. Demola Odeyemi
7. Victor Akinbayo
8. Hakim Khelifa - Tunisian
9. Osa. Aiwerioghene
10. Olusola Adeeyo
11. Aku Odinkemelu

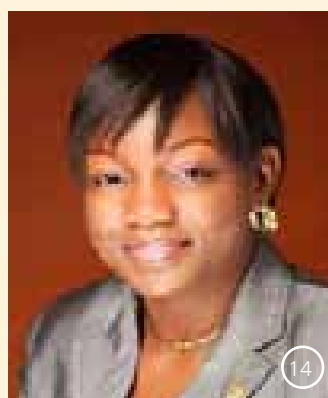
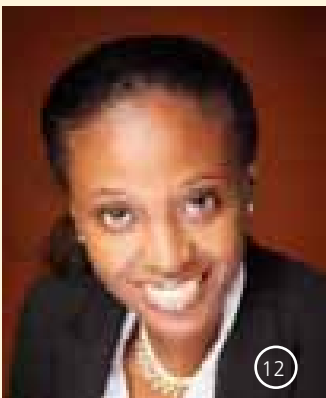




# The Management Team



1. Yetunde Ilori
2. Tosin Runsewe
3. Owolabi Salami
4. Michael Oyebola
5. Kunle Ahmed
6. Victor Inyang
7. Polycarp Didam
8. Babatope Adeniyi
9. Yomi Onifade
10. Lekan Oyinlade
11. Henry Akwara
12. Anne Okwechime
13. Rantimi Ogunleye
14. Rashidat Adebisi





*“ Indeed, 2009 has been stormy but we have weathered the storm and are positioned for sustained growth and profitability. Looking into the future, we believe growth and profitability shall be driven by our people, innovative products and an improved operational platform. ”*

# Directors' Report

For the year ended 31 December, 2009



**Directors' Report**

for the year ended 31 December, 2009

The Directors are pleased to present their annual report on the affairs of Guaranty Trust Assurance Plc ("the Company") and subsidiary companies ("the Group"), together with the group audited financial statements and the auditor's report for the year ended 31 December 2009.

**Legal Form**

The Company was incorporated on 23 June 1989 as a private limited liability company called "Heritage Assurance Limited" and issued with a composite insurance license by the National Insurance Commission in March 2004. The Company's name was changed to Guaranty Trust Assurance Limited in September 2004, following the acquisition of a majority shareholding by Guaranty Trust Bank Plc. In March 2006, the Company became a public limited liability company following the increase in the number of members beyond the maximum required for a private company. The name of the Company was accordingly changed to Guaranty Trust Assurance Plc. In November 2009, the Company became listed on the Nigerian Stock Exchange.

**Principal Activity**

The Company's principal activity continues to be provision of risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services for both corporate and individual customers.

**Subsidiaries**

The Company has two wholly owned subsidiaries: Assur Asset Management Limited and Barista Property Development Company Limited (a special purpose entity). Assur Asset Management Limited was incorporated as a private limited liability company on 9 January, 2008 and its principal activity involves the provision of portfolio management services to both individual and corporate clients. Barista Property Development Company Limited was incorporated on 7 July, 2008 to provide property development and investment services to both individual and corporate clients. The financial results of all the subsidiaries have been consolidated in these financial statements.

**Operating Results.**

The following is a summary of the Group's and Company's operating results:

	<b>Group 2009 N'000</b>	<b>Group 2008 N'000</b>	<b>Company 2009 N'000</b>	<b>Company 2008 N'000</b>
Gross Premium Income	<u>5,377,502</u>	<u>4,143,899</u>	<u>5,377,502</u>	<u>4,143,899</u>
Profit before taxation	1,312,601	2,001,342	1,173,520	1,987,413
Taxation	(796,013)	(125,312)	(749,694)	(122,193)
Profit after taxation	516,588	1,876,030	423,826	1,865,220
Transfer to contingency reserve	<u>(184,619)</u>	<u>(324,756)</u>	<u>(184,619)</u>	<u>(324,756)</u>
Retained earnings for the year	331,968	1,551,274	239,206	1,540,464
Retained earnings, beginning of year	2,016,941	765,667	2,006,131	765,667
Final dividend paid -2008/2007	<u>(1,312,500)</u>	<u>(300,000)</u>	<u>(1,312,500)</u>	<u>(300,000)</u>
Interim dividend paid-2009	<u>(500,000)</u>	-	<u>(500,000)</u>	-
Retained earnings, end of year	<u>536,409</u>	<u>2,016,941</u>	<u>432,837</u>	<u>2,006,131</u>
Earnings per share – basic	<u>4k</u>	<u>33k</u>	<u>3k</u>	<u>33k</u>

### Dividends

The Board authorized the payment of the sum of N500,000,000 (5 kobo per share) as interim dividend in the course of the 2009 financial year, and now recommends for the approval of shareholders the payment of a final dividend of N400,000,000 (4 kobo per share), together totaling N900,000,000 as dividend paid to shareholders in the 2009 financial year. The dividends are subject to deduction of withholding tax.

### Changes on the Board

Since the conclusion of the last Annual General Meeting, Mr. Kolapo Omidire resigned as a Director of the Company with effect from July 13, 2009, while Mr. Sola Adeeyo and Mrs. Aku Odinkemelu were appointed as Independent Non-Executive Director and Non-Executive Director respectively, both with effect from November 24, 2009. Their appointments will be presented for approval at this Meeting.

### Directors and their Interests

The directors of the Company who held office during the year together with their direct and indirect interest in the share capital of the Company are as follows:

	Number of Ordinary Shares	
	31/12/09	31/12/08
Mr. Victor Gbolade Osibodu - Chairman	155,859,375	133,750,000
Mrs. Yetunde Illori	6,414,875	1,000,000
Mr. Tosin Runsewe	41,764,375	29,962,500
Mr. Tayo Aderinokun	187,565,625	158,750,000
Mr. Segun Agbaje	17,812,500	15,000,000
Mr. Demola Odeyemi	9,975,000	8,400,000
Mr. Victor Akinbayo	27,143,281	19,550,000
Mr. Hakim Khelifa (Tunisian)	Nil	Nil
Mrs. Aku Odinkemelu**	688,750	Nil
Mr. Sola Adeeyo** - Independent Director	Nil	Nil
Mr. Kolapo Omidire*	5,964,487	5,022,727

\* Resigned with effect from July 13, 2009

\*\* Appointed with effect from November 24, 2009

### Major Shareholding

The Company made a rights issue of 1,250,000,000 ordinary shares of 50 kobo each at N1.25k in the prior year and the shares were fully subscribed. Following approval by the Securities and Exchange Commission on 3 February 2009, the Company capitalized proceeds realized from the rights issue during the year. According to the Register of Members, no shareholder other than the under-mentioned held more than 5% of the issued share capital of the Company as at 31 December 2009:

	<u>No. of Shares</u>	<u>% Holding</u>
Guaranty Trust Bank Plc	6,767,594,311	67.68%
AfricInvest Limited	537,668,673	5.38%

### Analysis of Shareholding

The analysis of the distribution of the shares of the Company at the end of the financial year is as follows:

<u>Share Range</u>	<u>No. of Shareholders</u>	<u>% of Shareholders</u>	<u>No. of Holdings</u>	<u>% of Holdings</u>
1 - 1,000	27	2.65	16,480	-
1001 - 5,000	36	3.53	114,200	-
5,001 - 10,000	24	2.35	216,437	-
10,001 - 50,000	96	9.41	2,882,604	0.03
50,001 - 100,000	58	5.69	5,073,602	0.05
100,001 - 500,000	204	20.00	59,411,765	0.59
500,001 - 1,000,000	183	17.94	156,837,771	1.57
1,000,001 - 8,000,000,000	392	38.43	9,775,447,141	97.76
<b>Total</b>	<b>1,020</b>	<b>100.00</b>	<b>10,000,000,000</b>	<b>100.00</b>

### Fixed Assets

Information relating to changes in fixed assets during the year is given in Note 10 to the financial statements.

### Donations and Charitable Gifts

The Company identifies with the aspirations of the community as well as the environment within which it operates and made charitable donations to the under-listed organizations amounting to N450,000 (December 2008: N189,500) during the year as follows:

### Organizations:

	<u>2009</u>	<u>2008</u>
	<u>N</u>	<u>N</u>
Chartered Insurance Institute of Nigeria	100,000	-
Ile Aanu Olu Pre-School For Physically Challenged Children	100,000	-
Living Fountain Orphanage, Victoria Island	100,000	-
Motherless Babies Home, Lekki	100,000	-
Victoria Island Primary School	50,000	139,500
Kuramo Senior College, Victoria Island	-	50,000
	<u>450,000</u>	<u>189,500</u>

### Employment of Disabled Persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of the applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. As at 31 December 2009, the Company had no disabled persons in its employment.

### Health, Safety and Welfare of Employees

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organized to keep employees alert at all times. Employees are adequately insured against occupational hazards.

In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

### Employee Involvement and Training

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsored its employees for various training courses both in Nigeria and abroad in the year under review.

### Contracts

In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interest in contracts deliberated by the Company during the year under review.

### Acquisition of Own Shares

The Company did not purchase any of its own shares during the year under review.

### Post Balance Sheet Events

There was no material event subsequent to year end that could impact on the financial statements.

### Auditors

The Auditors, KPMG Professional Services have indicated their willingness to continue in office as auditors.

In accordance with Section 357(2) of the Companies and Allied Matters Act of Nigeria, 1990, a resolution will be proposed at the Annual General Meeting to authorise the Directors to determine their remuneration.

### BY ORDER OF THE BOARD



### OSA. AIWERIOGHENE

Acting Company Secretary  
Plot 928, Bishop Aboyade Cole Street  
Victoria Island,  
Lagos  
20 April, 2010

# Corporate Governance Report

## Introduction

Guaranty Trust Assurance plc affirms its commitment to continue to adhere to the principles of excellent corporate governance practices. As a publicly quoted company, the Company strives to carry out its business operations on the principles of integrity and professionalism whilst enhancing shareholders value through transparent conduct at all times.

Corporate Governance principles were formally codified by the Securities and Exchange Commission ("SEC") in a publication titled "Code of Corporate Governance in Nigeria". The publication outlines a code of best practices for the Board of Directors of public and privately owned companies, shareholders, disclosures and transparency in financial matters, including the composition and terms of reference for Audit Committees.

The "Code of Good Corporate Governance for the Insurance Industry in Nigeria" ("the Code") was issued by the National Insurance Commission (NAICOM) in February 2009. The Code sets out and recommends various structures and control systems geared towards ensuring that both members of the Board and management of insurance companies in Nigeria engage in transparent and good corporate governance practices in line with modern trends.

At Guaranty Trust Assurance plc, we have ensured that our corporate governance practices are in line with the recommendations of SEC and in accordance with the Code. We have ensured that our business operations are transparent in accordance with international best practices. Some of our key corporate governance indicators are stated below.

## Board of Directors

The Board of Directors of Guaranty Trust Assurance plc is comprised of ten (10) members, including the Chairman, six (6) Non-Executive Directors, one (1) Independent Director and two (2) Executive Directors. The Directors are listed in the Directors Report in this Annual Report.

The Board of Directors is responsible for the efficient operation of the Company and ensures that the Company fully discharges its legal, financial and regulatory responsibilities. The Board is also responsible to shareholders for creating and delivering sustainable shareholder value through the management of the Company's business.

The powers reserved for the Board include the approval of quarterly, half-year and full year financial statements, significant changes in the accounting policy and practice, the appointment and removal of Directors and the

Company Secretary, change in the Company's capital structure, major acquisitions, mergers and disposal of capital acquisitions.

The Board also reviews corporate performance, monitors the implementation of corporate strategy and sets the Company's performance objectives. The Board monitors the effectiveness of its governance practices, manages potential conflict and provides general direction to Management.

Membership of the Board comprises of a mix of Executive and Non-Executive Directors. Majority of Board Members are Non-Executive Directors. The positions of the Chairman of the Board and the Chief Executive Officer are separate and held by different persons. The Chairman and the Chief Executive Officer are not members of the same extended family.

## The Chairman of the Board

The Chairman has the overall responsibility of ensuring that the Board directs the Company effectively.

The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities.

The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information regarding the Company's performance to enable the Board take informed decisions, monitor effectively and provide advice to promote the success of the Company. The Chairman also facilitates and promotes effective relationships and open communications, both inside and outside the Boardroom, between Executive and Non-Executive Directors. The Chairman strives to ensure that any disagreements on the Board are resolved amicably.

## The Chief Executive Officer

The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer (CEO), who is responsible for leading management and for making and implementing operational decisions. The CEO is responsible to the Board of Directors and ensures that the Company complies strictly with regulations and policies of both the Board and Regulatory Authorities. The CEO ensures that optimisation of the Company's resources is achieved at all times and has the overall responsibility for the Company's financial performance.

## Independent Director

In line with the NAICOM code of corporate governance practices, the Board has an independent Director who does not represent any particular shareholding interest nor hold any business interest in the Company.



**Annual Board Appraisal**

The Code of good Corporate Governance for the Insurance Industry recognizes the fact that good corporate governance framework must be anchored on an effective and accountable Board of Directors whose performance is assessed periodically. Accordingly, the Code provides that there shall be an Annual Board Performance Appraisal to be carried out by an external consultant. The Directors have accordingly appointed the firm of J. K. Randle International to carry out the Annual Board Performance Appraisal. The appointment will be presented for approval at this Meeting in accordance with the requirements of the Code.

**Board Meetings**

Board meetings are held quarterly, although additional meetings are convened as may be required. The Board meets to discuss and consider quarterly reports and other issues within its schedule of duties and gives general policy directives to Management. The Directors are given sufficient notice for the meetings. The notice period given is usually at least one month. Material decisions may be taken by the Board between meetings by way of written resolution as provided in the Company's Articles of Association.

The Board met four (4) times during the period under review.

S/N	Name of Director		No. of Board meetings attended
1.	Mr. Victor Osibodu	Chairman	4
2.	Mrs. Yetunde Ilori	Director	3
3.	Mr. Tosin Runsewe	Director	4
4.	Mr. Tayo Aderinokun	Director	3
5.	Mr. Segun Agbaje	Director	4
6.	Mr. Victor Akinbayo	Director	4
7.	Mr. Demola Odeyemi	Director	3
8.	Mr. Hakim Khelifa	Director	2
9.	Mr. Kolapo Omidire *	Director	2
10.	Mrs. Aku Odinkemelu **	Director	1
11	Mr. Olusola Adeeyo **	Director	-

\* Resigned with effect from July 13, 2009

\*\*Appointed with effect from November 24, 2009.

## BOARD COMMITTEES

### Board Investment Committee

The Board Investment Committee is responsible for the approval of investment decisions and portfolio limits for Management of the Company. The Committee is also responsible for ensuring that there are internal control procedures to mitigate the risks in the area of investment whilst safeguarding the quality of the Company's risk assets.

Due to the volume of transactions that require the Board Investment Committee approval on securing approval on portfolio limits, full information on all potential investment is disclosed to the Committee at the meetings convened for that purpose. The Committee met twice during the 2009 financial year.

The Committee is made up of the following members:

Name		Attendance
Mr. Victor Osibodu	Chairman	2
Mr. Segun Agbaje	Member	2
Mr. Demola Odeyemi	Member	1
Mr. Hakim Khelifa	Member	1
Mr. Tosin Runsewe	Member	2

### Board Audit and Risk Management Committee

The Board Audit and Risk Management Committee's role is to set up and review the Company's risk policies, monitor the implementation of the Enterprise-wide Risk Management framework as approved by the Board of Directors, design a contingency plan for specific risks and ensure the integrity of the Company's audit process, financial reporting and compliance with all relevant policies and procedures laid down by the Regulators and the Board of Directors. This includes a review of the Company's annual and interim financial statements, approval of

the annual audit plan of the internal auditor, review of the audit scope and plan of the external auditors and audit report with emphasis on the internal weaknesses of the Company as observed by both the internal and external auditors.

The Committee's terms of reference also include various aspects of risk management and compliance. The Committee met twice during the 2009 financial year.

The Committee is made up of the following members:

Name	Status	Attendance
Mr. Tofarati Augusto	Outgoing Chairman (Shareholders Representative)	2
Mr. Gbola Akinola	Shareholders Representative	1
Mr. Demola Odeyemi	Non-Executive Director	2
Mr. Kolapo Omidire**	Non-Executive Director	1
Mr. Olusola Adeeyo*	Incoming Chairman (Independent Director)	-

\*\*Resigned with effect from July 13, 2009

\* Appointed with effect from November 24, 2009.

### Shareholders

The Company is driven by its desire to deliver significant returns on its shareholders investment. The shareholders have an opportunity to express their concerns (if any) and opinions on the Company's financial results and all other issues at the Annual General Meeting of the Company. The Meetings are conducted in a fair and transparent manner where the regulators such as the National Insurance Commission, the Nigerian Stock Exchange, the Securities and Exchange Commission and the Corporate Affairs Commission are invited.

To ensure timely and effective communication with shareholders on all matters of the Company, the Investor Relations Unit deals directly with all enquiries from shareholders and it is communicated to Management and the Board. The Company also despatches its Annual Reports, providing highlights of all the Company's activities to its shareholders.

## ENTERPRISE RISK MANAGEMENT POLICY

### Risk Management Philosophy

Our risk management philosophy is the set of shared beliefs, values, attitudes and practices that characterize how we consider risk and optimize the risk-return trade off in everything we do from strategy development and implementation to our day to day activities.

Our risk management philosophy is characterized by:

- Employing the best risk management practices applicable in our operating environment with a view to identifying, measuring, monitoring, controlling and reporting every material risk prevailing in our business operation.
- Seeking to be the reference point for risk management in the industry while maximizing our value to stakeholders.
- Managing risk rather than avoiding it and ensuring that risk controls would not constitute an impediment to the achievement of our strategic goals.
- Continuous review of our activities to determine the level of risks inherent in them in order to adopt appropriate risk response at all times.
- Basing decisions on careful analysis of the implications of risk to our strategic goals and operating environment.

### **Risk Management Framework**

The Board of Directors is responsible for the establishment and oversight of the Company's Risk Management framework via its sub-committees; the Board Audit & Risk Management Committee and Investment Strategy Committee. These committees are responsible for developing and monitoring risk policies in specified risk areas and report regularly to the Board of Directors on their activities. The Board Committees are supported by different Management Committees in identifying and monitoring risks arising from the day to day activities of the Company. These committees (Management Underwriting & Investment committee, IT Steering Committee and Other Ad-hoc Committees) meet on a regular basis while others are set up on ad-hoc basis as dictated by the circumstances and prevailing conditions.

The Board Audit & Risk Management Committee assists the Board in reviewing and obtaining reasonable assurance that the internal control and management information systems are operating effectively to produce accurate, appropriate and timely management and financial information. The Board Investment Strategy Committee is responsible for setting the company's investment strategy, investment risk appetite and reviews the company's approval limit policy and reports on a quarterly basis.

### **Risk Management Overview**

The company implemented a functional Enterprise-wide Risk Management system to exploit upsides and manage downsides of risks identified in its business operation. The system uses a holistic approach to identify, assess, treat, communicate and monitor the four major risk areas - Operational, Investment, Insurance and Strategic - in Guaranty Trust Assurance.

### **ERM Vision**

The company's Enterprise-wide Risk Management vision is; "To be a reference point in Risk Management by adopting best practices in managing risk" Guaranty Trust Assurance plc has adopted the following risk principles to achieve its ERM vision:

- GTAssur will not take any action that will compromise its integrity. It shall identify, measure, manage, control and report as practical as possible all risks.
- GTAssur will at all times comply with all government regulations and uphold international best practice.
- GTAssur will build and entrench an enduring risk culture, which shall pervade the entire organization.

### **Our Risk Appetite**

Risk Appetite is defined as the level of risk the company is prepared to accept (tolerate) to achieve its strategic objectives. Guaranty Trust Assurance will measure its risk appetite in terms of quantitative and qualitative measures. These will include moderate Earnings at Risk (EaR) and use of policies, procedures and controls to monitor exposure to risks.

### **Risk Governance Structure**

The ERM framework governance structure comprises of three distinct layers:

- 1) Board Committees (Audit & Risk Management Committee and Investment Strategy Committee)
- 2) The Executive Management Committees (Management Underwriting & Investment Committee and other Adhoc Committee)
- 3) Risk Management Responsibilities per risk area (ERM unit, SYSCON, Credit Control and Other Business Units).

# Statement of Directors' Responsibilities in Relation to the Financial Statements

**For the year ended 31 December, 2009**

In accordance with the provisions of the Companies and Allied Matters Act of Nigeria, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Group and the Company, and of the profit at the end of the financial year.

The responsibilities include ensuring that:

- a) the Company 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 of Nigeria, Insurance Act, 2003 and National Insurance Commission operational Guidelines and Circulars;
- b) appropriate and adequate internal controls are established to safeguard its assets and to prevent and detect fraud and other irregularities;
- c) the Company prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied; and
- d) it is appropriate for the financial statements to be prepared on a going concern basis.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the Nigerian Statements of Accounting Standards.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit for the year then ended. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of 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 will not remain a going concern for at least twelve months from the date of this statement.

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:**



Mr. Gbolade Osibodu  
20 April, 2010



Mrs. Yetunde Ilori  
20 April, 2010

# Report of the Audit and Risk Management Committee

**For the year ended 31 December, 2009**

To the members of **Guaranty Trust Assurance Plc**

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit and Risk Management Committee of Guaranty Trust Assurance Plc hereby report as follows:

- We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December, 2009 were satisfactory and reinforce the Company's internal control systems
- We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses thereon and with the effectiveness of the Company's system of accounting and internal control.



**Mr. Tofarati Augusto**

Chairman, Audit and Risk Management Committee

19 April 2010

**Members of the Audit Committee are:**

1. Mr. Tofarati Augusto - Chairman
2. Mr. Demola Odeyemi
3. Mr. Gbola Akinola
4. Mr. Sola Adeeyo

**In attendance:**

Mr. Najeem Adekunle - Secretary

**KPMG Professional Services**

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# Independent Auditor's Report

To the members of **Guaranty Trust Assurance Plc**

**Report on the Financial Statements**

We have audited the accompanying group financial statements of Guaranty Trust Assurance Plc ("the Company") and its subsidiary companies (together "the Group") which comprise the balance sheets as at 31 December 2009, the profit and loss accounts, statements of cash flows, value added statements for the year then ended, the statement of accounting policies, notes to the financial statements and the five year financial summary, as set out on page 33-87.

**Directors' Responsibility for the Financial Statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, and relevant National Insurance Commission (NAICOM) guidelines and circulars. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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, these financial statements give a true and fair view of the financial position of Guaranty Trust Assurance Plc ("the Company") and its subsidiaries (together "the Group") as at 31 December 2009, and of the Group and Company's financial performance and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, Insurance Act of Nigeria and relevant NAICOM guidelines and circulars.

### **Report on Other Legal and Regulatory Requirements**

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us. Additionally, the Company's balance sheet and profit and loss account are in agreement with the books of accounts.

**KPMG**

20 April 2010  
Lagos, Nigeria





# Statement of Accounting Policies



## Statement of Accounting Policies

The following is a summary of the significant accounting policies adopted by the Company and its subsidiaries (together referred to as “the Group”) in the preparation of its financial statements. These accounting policies have been consistently applied for all years presented.

### 1. Basis of accounting

Life Business: The financial statements for life business have been prepared using the fund method.

General Business: The financial statements for general insurance business have been prepared using the annual basis of accounting and under the historical cost convention.

### 2. Basis of consolidation

#### i. Subsidiaries

The group financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. The consolidated subsidiaries are Assur Asset Management Limited and Barista Property Development Company Limited.

#### ii. Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealized gains or losses arising from intra-group transactions are eliminated in preparing the group financial statements.

#### iii. Investment in subsidiaries

Investment in the subsidiaries is stated in the Company’s separate financial statements at cost. Allowance is made for any permanent diminution in the value of investments in subsidiaries.

#### iv. Special purpose entities

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective. The financial statements of special purpose entities are included in the Group’s consolidated financial statements, where the substance of the relationship is that the Group controls the special purpose entity.

### 3. Cash and bank balances

Cash and bank balances represent the Company’s balances held with banks in Nigeria and cash in hand.

### 4. Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis at rates calculated to write-off the cost of each asset over its estimated useful life, at the following annual rates:

Motor vehicles	-	25%
Furniture & fittings	-	20%
Office equipment	-	20%
Leasehold improvements	-	10%
Land & buildings	-	2%
Computer equipment	-	33.33%
Computers software	-	20%

Capital work in progress is not depreciated.  
Gains or losses arising from the disposal of fixed assets are included in the profit and loss account.

#### 5. Gross premium

Gross premium is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance cover. All written premium relating to risk for period not falling within the accounting period is carried forward as unearned premium.

#### 6. Net premium

Net premium represents the total amount invoiced to policy holders less reinsurance. It is recognized as income from the date of attachment of risks.

#### 7. Claims expenses

All claims paid and incurred are charged against revenue as expense when incurred. Reinsurance recoveries are recognized when the re-insurer accepts liability for the claims.

#### 8. Underwriting expenses

Underwriting expenses for insurance contracts are recognized as expenses when incurred, with the exception of acquisition costs, which are recognized on a time apportionment basis in respect of risks.

#### 9. Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the writing of insurance 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. It is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium.

#### 10. Management expenses

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

#### 11. Trade debtors

Debtors are stated after deducting allowance made for specific debts considered doubtful of recovery. In accordance with the National Insurance Commission (NAICOM) guidelines, allowance is made for potential bad debts as follows:

Period outstanding	% Allowance required
Up to 3 months	Nil
3 - 6 months	25%
6 - 9 months	50%
9 - 12 months	75%
Above one (1) year	100%

#### 12. Other debtors and prepayments

Other debtors are stated after deduction of amounts considered bad or doubtful of recovery. Subsequent recoveries are credited to the profit and loss account.

Prepayments are carried at cost less amortized amounts.

### **13. Foreign currency transactions**

Transactions in foreign currencies are recorded in Naira at the rate ruling on the date of the transaction. Assets and liabilities in foreign currencies are translated to Naira at the rate ruling at the balance sheet date. All differences arising from the conversion of balances in foreign currencies to the Naira are taken to profit and loss account.

### **14. Technical reserves**

These are computed in accordance with the provisions of Section 20, 21, and 22 of the Insurance Act 2003 as follows:

#### **(a) General insurance business**

Reserve for unexpired risks In accordance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unexpired risks is calculated on a time apportionment basis in respect of the risks accepted during the year.

#### **Reserves for outstanding claims**

In accordance with Section 20 (1) (b) of Insurance Act 2003, the reserve for outstanding claims is maintained at the total amount of outstanding claims plus 10% thereof to cover claims incurred but not reported at the balance sheet date.

#### **Contingency reserve**

In accordance with Section 21 (1) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premiums, or 20% of the profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

#### **(b) Life business**

General reserve fund

This is made up of net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation and an additional 25% of net premium for every year between valuation dates.

Contingency reserves

In accordance with Section 22 (1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit.

### **15. Long-term investments**

Quoted investments

Quoted investment are stated at their revalued amount. Differences between cost and revalued amount are transferred to revaluation reserve account. However, where the revalued amounts fall below the cost at the balance sheet date, allowance is made in the profit and loss account for such deficit.

Unquoted investments

These are stated at cost. Where in the opinion of the Directors, the value of any unquoted investment falls below its cost, an appropriate allowance for diminution in value thereof is charged against the profit and loss account.

**16. Trading properties**

Trading properties are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The costs of trading properties are determined on the basis of specific identification of their individual cost.

**17. Short-term investments**

Short-term investments are stated at the lower of cost and market value. The carrying cost is determined on an item by item basis. The amount by which cost exceeds market value (unrealized loss) is charged to the profit and loss account. Realized gains or losses on disposal of short-term investments are taken to the profit and loss account. Interest receivable on investments is accrued and credited to the profit and loss account.

**18. Investment income**

Investment income comprises income earned on short term deposits and income earned on trading of securities. It is accounted for on an accrual basis.

**19. Investment expense**

Investment expenses are expenses incurred in buying, holding and selling all types of investments. They are accounted for on accrual basis.

**20. Dividend distribution**

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the year in which the dividend is approved by the Company's shareholders.

**21. Taxation**

Income tax expenses/credits are recognized in the profit and loss account. Current income tax is the expected tax payable on the tax income for the year using the statutory tax rate at the balance sheet date.

**22. Deferred taxation**

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**23. Pension**

The Company operates a defined contributory pension scheme for eligible employees. Employees and the Company contribute 7.5% each of the qualifying staff's salary in line with the provisions of the Pension Reform Act 2004.

**24.Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**25.Segment reporting**

A segment is a distinguishable component of the Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's formats for segment reporting are based on business segments.

**26.Contingent liabilities**

The Company provides financial guarantees and bonds to third parties at the request of customers in the form of bid and performance bonds or advance payments guarantees. The amounts reported in the financial statements represent the maximum loss that would be recognized if counter parties failed completely to perform as contracted. Commission and fees charged to customers for services rendered are recognized at the time the services or transactions are effected.

**27.Deposit administration**

Receipts for deposit administration and other business of a savings nature are recognized as liabilities. Interest accruing to the life assure from investment of the savings is recognized in the profit and loss account in the year it is earned while interest paid and due to depositors is recognized as an expense.

**28.Gross premium earned**

Gross premium earned is written premium after deducting the unearned portion of the premium.

**29.Claims handling expenses**

Claims handling expenses are charged against revenue as expense when incurred.

# Balance Sheet

As at 31 December, 2009

	Notes	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
<b>Assets:</b>					
Cash and bank balances	1	459,435	350,267	434,537	350,224
Short-term investments	2	8,657,009	10,465,401	10,511,556	11,404,514
Trade debtors	4(a)	809,546	562,687	809,546	562,687
Other debtors and prepayments <sup>4(e)</sup>		1,200,682	2,272,227	1,194,448	2,335,155
Deferred acquisition cost	5	98,682	74,731	98,682	74,731
Long-term investments	6	2,015,625	38,500	2,565,625	638,500
Trading properties	7	2,519,241	1,611,293	-	-
Deferred tax asset	8(a)	1,106	36,846	1,106	36,846
Statutory deposit	9	500,000	500,000	500,000	500,000
Fixed assets	10	910,028	794,939	897,343	788,010
<b>Total assets</b>		<b>17,171,354</b>	<b>16,706,891</b>	<b>17,012,843</b>	<b>16,690,667</b>
<b>Liabilities:</b>					
Creditors and accruals	11	673,538	2,195,566	662,582	2,193,271
Outstanding claims	12	388,040	267,293	388,040	267,293
Insurance fund	13	1,595,323	932,372	1,595,323	932,372
Deposit administration	14	1,115,094	586,386	1,115,094	586,386
Taxation payable	15a	582,424	169,073	540,956	166,836
Deferred taxation	8(b)	191,595	30,039	189,080	29,157
<b>Total liabilities</b>		<b>4,546,014</b>	<b>4,180,729</b>	<b>4,491,075</b>	<b>4,175,315</b>
<b>Net assets</b>		<b>12,625,340</b>	<b>12,526,162</b>	<b>12,521,768</b>	<b>12,515,352</b>
<b>Capital and reserves:</b>					
Share capital	16(a)	5,000,000	4,375,000	5,000,000	4,375,000
Share premium	17	3,843,243	3,073,153	3,843,243	3,073,153
Statutory contingency reserve	18	745,687	561,068	745,687	561,068
Capital reserve	19	2,500,000	2,500,000	2,500,000	2,500,000
Retained earnings	20	536,410	2,016,941	432,838	2,006,131
Shareholders' funds		<b>12,625,340</b>	<b>12,526,162</b>	<b>12,521,768</b>	<b>12,515,352</b>
Contingent liabilities	21	142,212	32,267	142,212	32,267

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:**

Mr. Gbolade Osibodu.  Chairman

Mrs. Yetunde Ilori  Director

Approved by the Board of Directors on 20 April 2010. The statement of accounting policies and accompanying notes form an integral part of these financial statements.

# Profit and Loss Account

For the year ended 31 December, 2009

	Notes	Group 2009 N'000	Group 2008 N'000	Company 2009 N'000	Company 2008 N'000
<b>Income</b>					
Gross Premium Written		5,377,502	4,143,899	5,377,502	4,143,899
Gross premium earned	22	3,998,367	2,873,178	3,998,367	2,873,178
Reinsurance cost	23	(1,626,336)	(1,190,530)	(1,626,336)	(1,190,530)
Premium earned		2,372,031	1,682,648	2,372,031	1,682,648
Commission received		160,119	120,102	160,119	120,102
<b>Total income</b>		<b>2,532,150</b>	<b>1,802,750</b>	<b>2,532,150</b>	<b>1,802,750</b>
<b>Expenses</b>					
Claims incurred		(947,637)	(585,259)	(947,637)	(585,259)
Underwriting expenses		(520,340)	(350,492)	(520,340)	(350,492)
<b>Underwriting profit</b>		<b>1,064,173</b>	<b>866,999</b>	<b>1,064,173</b>	<b>866,999</b>
Investment income	24	1,402,216	126,734	1,305,362	56,031
Shareholders share of Life					
Fund valuation surplus	13.2	32,358	243,618	32,358	243,618
Profit from deposit administration		101,659	30,618	101,659	30,618
Gain on disposal of real estate		-	1,918,556	-	1,918,556
		2,600,406	3,186,525	2,503,552	3,115,822
Allowance for bad debt	4(b)	(103,516)	(96,508)	(103,516)	(96,508)
Management expenses	25	(1,184,289)	(1,088,675)	(1,226,516)	(1,031,901)
<b>Profit before taxation</b>		<b>1,312,601</b>	<b>2,001,342</b>	<b>1,173,520</b>	<b>1,987,413</b>
Taxation	15(b)	(796,013)	(125,312)	(749,694)	(122,193)
<b>Profit after taxation</b>		<b>516,588</b>	<b>1,876,030</b>	<b>423,826</b>	<b>1,865,220</b>
<b>Appropriation</b>					
Transfer to contingency reserve	18	184,619	324,756	184,619	324,756
Transfer to retained earnings	20	331,969	1,551,274	239,207	1,540,464
		516,588	1,876,030	423,826	1,865,220
Earnings per share- basic	27	4k	33k	3k	32k
Declared dividend per share - Final		15k	6k	15k	6k
Declared dividend per share - Interim		5k	-	5k	-



# Statements of Cash Flows

For the year ended 31 December, 2009

		<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>Notes</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Cash flows from operating activities</b>					
Operating profit before changes in working capital	28	<u>2,053,323</u>	<u>261,815</u>	<u>1,908,325</u>	<u>246,696</u>
<b>Changes in working capital</b>					
Trade debtors		(350,374)	(187,556)	(350,374)	(187,556)
Other debtors and prepayments		1,139,794	(1,539,311)	1,140,706	(1,602,239)
Deferred acquisition cost		(23,951)	(5,366)	(23,951)	(5,366)
Statutory deposit		-	-	-	-
Outstanding claims		120,747	118,761	120,747	118,761
Creditors and accruals		(1,584,944)	1,760,270	(1,530,689)	1,757,975
Deposit administration		<u>528,708</u>	<u>249,872</u>	<u>528,708</u>	<u>249,872</u>
Net changes in working capital		<u>(170,020)</u>	<u>396,670</u>	<u>(114,853)</u>	<u>331,447</u>
Tax paid	15a	<u>(185,366)</u>	<u>(227,927)</u>	<u>(179,911)</u>	<u>(227,927)</u>
<b>Net cash flows from operating activities</b>		<u>1,697,937</u>	<u>430,558</u>	<u>1,613,561</u>	<u>350,216</u>
<b>Cash flows from investing activities</b>					
Proceeds from sale of fixed assets		326	6,827	326	6,827
Purchase of fixed assets	10	(234,375)	(229,484)	(225,958)	(221,365)
Purchase of investment	6(b)	(1,977,125)	(2,892,737)	(1,927,125)	(3,492,737)
Proceeds from disposal of investments		-	3,373,418	-	3,373,418
Dividend income		147,961	248,766	147,961	248,766
Purchase of trading securities		<u>1,535,657</u>	<u>(839,295)</u>	<u>1,535,657</u>	<u>(830,705)</u>
<b>Net cash flows from investing activities</b>		<u>(527,556)</u>	<u>(332,505)</u>	<u>(469,139)</u>	<u>(915,796)</u>
<b>Cash flows from financing activities</b>					
Share issue expenses	17	(167,410)	(36,025)	(167,410)	(36,025)
Dividend paid	20	(1,812,500)	(300,000)	(1,812,500)	(300,000)
Proceeds from share capital increase	16	1,562,500	4,687,500	1,562,500	4,687,500
<b>Net cash flows from financing activities</b>		<u>(417,410)</u>	<u>4,351,475</u>	<u>(417,410)</u>	<u>4,351,475</u>
Net increase in cash and bank balances		752,971	4,449,528	727,012	3,785,895
Cash and cash equivalents, beginning of year		7,661,375	3,211,847	6,997,742	3,211,847
<b>Cash and cash equivalents, end of year</b>	3	<u>8,414,346</u>	<u>7,661,375</u>	<u>7,724,754</u>	<u>6,997,742</u>

# General Business Balance Sheet

As at 31 December, 2009

	Notes	2009 N' 000	2008 N' 000
<b>Assets:</b>			
Cash and bank balances	1.1	236,507	67,031
Short-term investments	2.1	7,025,143	8,639,546
Trade debtors	4.1(a)	735,096	517,064
Other debtors and prepayments	4.1(c)	1,248,331	2,259,019
Deferred acquisition cost	5	98,682	74,731
Long-term investments	6.1	2,265,625	638,500
Statutory deposit	9	300,000	300,000
Fixed assets	10.2	891,413	777,668
<b>Total assets</b>		<b>12,800,797</b>	<b>13,273,559</b>
<b>Liabilities:</b>			
Creditors and accruals	11.1	540,371	2,158,970
Outstanding claims	12.1	372,361	219,668
Insurance fund	13.1	1,248,266	709,600
Taxation	15.1(a)	332,413	132,590
Deferred tax liability	8.1	189,080	29,157
<b>Total liabilities</b>		<b>2,682,491</b>	<b>3,249,985</b>
<b>Net Assets</b>		<b>10,118,306</b>	<b>10,023,574</b>
<b>Capital and Reserves:</b>			
Share capital	16.1	4,000,000	3,375,000
Share premium	17.1	3,843,243	3,073,153
Statutory contingency reserve	18.1	623,991	504,040
Capital reserves	19	1,500,000	1,500,000
Retained earnings	20.1	151,072	1,571,381
<b>Shareholders' funds</b>		<b>10,118,306</b>	<b>10,023,574</b>
Contingent liabilities	21	142,212	32,267

# General Business Revenue Account

For the year ended 31 December, 2009

	Motor N' 000	Fire N' 000	General Accident N' 000	Marine N' 000	Bond N' 000	Engineering N' 000	Oil & Energy N' 000	Aviation N' 000	Total N' 000
<b>Income</b>									
Direct premium	1,305,274	474,285	595,544	513,381	17,915	251,962	1,276,759	86,433	4,521,553
Inward premium	4,732	1,530	-	3,386	-	1,901	2,262	1,669	15,480
Gross premium written	1,310,006	475,815	595,544	516,767	17,915	253,863	1,279,021	88,102	4,537,033
Unearned premium	(199,022)	(72,043)	(33,666)	(59,398)	2,487	(27,975)	(134,239)	(14,810)	(538,666)
Gross premium earned	1,110,984	403,772	561,878	457,369	20,402	225,888	1,144,782	73,292	3,998,367
Treaty outward premium	(30,838)	(157,611)	(60,579)	(106,767)	(1,985)	(66,524)	(14,394)	-	(438,698)
Facultative premium	(44,274)	(34,250)	(88,508)	(28,578)	1,193	(43,399)	(1,161,419)	(71,350)	(1,470,585)
Prepaid reinsurance	13,111	39,316	47,029	26,437	95	26,608	119,824	10,527	282,947
<b>Premium earned</b>	<b>1,048,983</b>	<b>251,227</b>	<b>459,820</b>	<b>348,461</b>	<b>19,705</b>	<b>142,573</b>	<b>88,793</b>	<b>12,469</b>	<b>2,372,031</b>
Direct commission	251	-	5,953	747	-	321	38,682	3,003	48,957
Reinsurance commission	3,928	39,128	3,633	26,312	366	27,374	4,730	5,691	111,162
<b>Total income</b>	<b>1,053,162</b>	<b>290,355</b>	<b>469,406</b>	<b>375,520</b>	<b>20,071</b>	<b>170,268</b>	<b>132,205</b>	<b>21,163</b>	<b>2,532,150</b>
<b>Expenses</b>									
Claims paid	528,620	95,058	126,252	40,440	(2,992)	112,619	-	-	899,997
Reinsurance claims recoveries	(38,817)	(20,466)	(55,223)	(19,527)	-	(49,727)	-	-	(183,760)
Net claims paid	489,803	74,592	71,029	20,913	(2,992)	62,892	-	-	716,237
Outstanding claims provision	31,678	42,348	88,401	35,223	-	1,928	31,732	90	231,400
Claims incurred	521,481	116,940	159,430	56,136	(2,992)	64,820	31,732	90	947,637
Acquisition cost	139,783	72,622	108,814	93,456	1,140	45,770	21,383	6,977	489,945
Maintenance cexpenses	8,404	3,369	3,392	3,649	343	1,805	9,682	(249)	30,395
<b>Underwriting expenses</b>	<b>148,187</b>	<b>75,991</b>	<b>112,206</b>	<b>97,105</b>	<b>1,483</b>	<b>47,575</b>	<b>31,065</b>	<b>6,728</b>	<b>520,340</b>
<b>Total expenses</b>	<b>669,668</b>	<b>192,931</b>	<b>271,636</b>	<b>153,241</b>	<b>(1,509)</b>	<b>112,395</b>	<b>62,797</b>	<b>6,818</b>	<b>1,467,977</b>
<b>Underwriting profit</b>	<b>383,494</b>	<b>97,424</b>	<b>197,770</b>	<b>222,279</b>	<b>21,580</b>	<b>57,873</b>	<b>69,408</b>	<b>14,345</b>	<b>1,064,173</b>

# General Business Profit & Loss Account

For the year ended 31 December, 2009

	Notes	2009 N' 000	2008 N' 000
<b>Income</b>			
Gross Premium Written		4,537,033	3,117,7911
Gross premium earned	22.1	3,998,367	2,873,178
Reinsurance cost	23.1	(1,626,336)	(1,190,530)
<b>Premium earned</b>		2,372,031	1,682,648
Commission received		160,119	120,102
<b>Total Income</b>		2,532,150	1,802,750
<b>Expenses</b>			
Claims incurred		(947,637)	(585,259)
Underwriting expenses		(520,340)	(350,492)
<b>Underwriting profit</b>		1,064,173	866,999
Investment income/(loss)	24.1	524,394	(163,958)
Gain on disposal of real estate		-	1,918,556
		1,588,567	2,621,597
Allowance for bad debt		(79,779)	(83,247)
Management expenses	25.1	(1,221,782)	(1,031,076)
<b>Profit before taxation</b>		287,006	1,507,274
Taxation	15.1(b)	(509,864)	(124,933)
<b>(Loss)/Profit after taxation</b>		(222,858)	1,382,341
<b>Appropriation</b>			
Transfer to contingency reserve	18.1	119,951	276,468
Transfer to retained earnings	20.1	(342,809)	1,105,873
		(222,858)	1,382,341

# Life Business Balance Sheet

As at 31 December, 2009

<b>Assets:</b>	<b>Notes</b>	<b>2009</b>	<b>2008</b>
		<b>N' 000</b>	<b>N' 000</b>
Cash and bank balances	1.2	198,030	283,193
Short-term investments	2.2	3,486,413	2,764,968
Trade debtors	4.2(a)	74,450	45,623
Other debtors and prepayments	4.2(c)	168,951	244,406
Long-term investments	6.2	300,000	-
Deferred tax asset	8.2	1,106	36,846
Statutory deposit	9	200,000	200,000
Fixed assets	10.3	5,930	10,342
<b>Total assets</b>		<b>4,434,880</b>	<b>3,585,378</b>
<b>Liabilities:</b>			
Creditors and accruals	11.2	345,045	202,571
Outstanding claims	12.2	15,679	47,625
Life fund	13.2	347,057	222,772
Deposit administration	14	1,115,094	586,386
Taxation payable	15.2(a)	208,543	34,246
<b>Total liabilities</b>		<b>2,031,418</b>	<b>1,093,600</b>
<b>Net assets</b>		<b>2,403,462</b>	<b>2,491,778</b>
<b>Capital and Reserves:</b>			
Share capital	16.2	1,000,000	1,000,000
Statutory contingency reserve	18.2	121,696	57,028
Capital reserve	19	1,000,000	1,000,000
Retained earnings	20.2	281,766	434,750
<b>Shareholders' funds</b>		<b>2,403,462</b>	<b>2,491,778</b>

# Life Business Revenue Account

For the year ended 31 December, 2009

	Notes	<u>2009</u> N' 000	<u>2008</u> N' 000
<b>Income</b>			
Gross premium	22.2	840,469	1,026,108
Reinsurance cost	23.2	(289,931)	(255,617)
<b>Premium earned</b>		<u>550,538</u>	<u>770,491</u>
Commission received		43,986	14,744
<b>Net premium</b>		<u>594,524</u>	<u>785,235</u>
Investment income		99,447	18,663
Other income		30,601	5,913
<b>Total income</b>		<u>724,572</u>	<u>809,811</u>
Direct claims paid		(265,164)	(93,183)
Surrenders		(335)	-
Increase in outstanding claims		75,827	(150,000)
Gross Claims Incurred		<u>(189,672)</u>	<u>(243,183)</u>
Reinsurance recovery		87,526	30,718
Claims incurred		(102,146)	(212,465)
Acquisition expenses		(85,161)	(105,406)
Maintenance expenses		(13,547)	(1,734)
Operating expenses		(367,075)	(114,074)
<b>Total expenses</b>		<u>(567,929)</u>	<u>(433,679)</u>
Increase in Life Fund	13.2	<u>156,643</u>	<u>376,132</u>

## Life Business Profit and Loss Account

For the Year ended 31 December, 2009

	Notes	<u>2009</u> N' 000	<u>2008</u> N' 000
Gross premium written	22.2	<u>840,469</u>	<u>1,026,108</u>
Investment income	24.2	780,968	219,989
Shareholders share of Life Fund valuation surplus	13.2	32,358	243,618
Profit from deposit administration		101,659	30,618
		<u>914,985</u>	<u>494,225</u>
Management expenses	25.2	(4,734)	(825)
Allowance for bad debt		(23,737)	(13,261)
<b>Profit before taxation</b>		<u><b>886,514</b></u>	<u><b>480,139</b></u>
Taxation	15.2(b)	(239,830)	2,740
<b>Profit after taxation</b>		<u><b>646,684</b></u>	<u><b>482,879</b></u>
<b>Appropriation</b>			
Transfer to contingency reserve	18.2	64,668	48,288
Transfer to retained earnings	20.2	582,016	434,591
		<u>646,684</u>	<u>482,879</u>

## Deposit administration revenue account

For the year ended 31 December, 2009

	<u>2009</u> N' 000	<u>2008</u> N' 000
Interest Income	111,162	70,972
Gains from sale of investments	8,496	(20,554)
	<u>119,658</u>	<u>50,418</u>
<b>Expenses</b>		
Guaranteed interest	18,000	19,800
	<u>18,000</u>	<u>19,800</u>
Profit from deposit administration	<u>101,659</u>	<u>30,618</u>

# Notes to the Financial Statements

## For the year ended 31 December, 2009

- 1 Cash and bank balances  
Cash and bank balances comprise:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Cash in hand	52	66	52	66
Balances held with banks in Nigeria	459,383	350,201	434,485	350,158
	<u>459,435</u>	<u>350,267</u>	<u>434,537</u>	<u>350,224</u>

### 1.1 General Business

	<b>2009</b>	<b>2008</b>
	<b>N'000</b>	<b>N'000</b>
Cash in hand	52	66
Balances held with banks in Nigeria	236,455	66,965
	<u>236,507</u>	<u>67,031</u>

### 1.2 Life business

	<b>2009</b>	<b>2008</b>
	<b>N'000</b>	<b>N'000</b>
Balances held with banks in Nigeria	198,030	283,193
	<u>198,030</u>	<u>283,193</u>

## 2 Short term investments

- (a) Short term investments comprise:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Short term deposit (see Note 3)	7,954,911	7,311,108	7,290,217	6,647,518
Investment in trading securities (see Note (b) below)	541,771	2,993,966	541,771	3,145,703
Investment in Barista Property Development Limited held for sale (see Note (c) below)	-	-	1,689,748	1,450,966
Investment in Glan Maye Property Development Limited held for sale (see Note (d) below)	-	-	829,493	-
Investment in managed funds	160,327	160,327	160,327	160,327
	<u>8,657,009</u>	<u>10,465,401</u>	<u>10,511,556</u>	<u>11,404,514</u>



- (b) Investment in trading securities represents the Group's investment in quoted stocks. The aggregate market value and cost of the Group's investment in quoted stocks was N541,771,000 (2008: N2,993,966,000) and N606,872,086 (2008: N2,348,144,112) respectively.
- (c) This represents the Company's investment in Barista Property Development Company Limited ("Barista"), a special purpose entity. Barista was incorporated to invest in real estate and the Company's intention is to dispose of this investment in the near future.
- (d) This represents the Company's investment in Glan Maye Property Development Company Limited ("Glan Maye"), a special purpose entity during the year. Glan Maye was incorporated to invest in real estate and the Company's intention is to dispose of this investment in the near future.

## 2.1 General Business

Short term investments comprise:

	<u>2009</u> N'000	<u>2008</u> N' 000
Short term deposit	4,751,140	4,086,391
Investment in trading securities	423,928	2,941,862
Investment in Barista Property Development Limited	1,689,748	1,450,966
Investment in managed funds	160,327	160,327
	<u>7,025,143</u>	<u>8,639,546</u>

## 2.2 Life Business

Short term investments comprise:

	<u>2009</u> N'000	<u>2008</u> N' 000
Short term deposits	2,539,077	2,561,127
Investment in trading securities	117,843	203,841
Investment in Glan Maye	829,493	-
	<u>3,486,413</u>	<u>2,764,968</u>

## 3 Cash and cash equivalents

(a) For purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Cash and bank balances (Note 1)	459,435	350,267	434,537	350,224
Short term investments (Note 2)	7,954,911	7,311,108	7,290,217	6,647,518
	<u>8,414,346</u>	<u>7,661,375</u>	<u>7,724,754</u>	<u>6,997,742</u>

(b) The movement in cash and cash equivalents is as follows:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Balance, beginning of year	7,661,375	3,211,847	6,997,742	3,211,847
Net cash inflow	752,971	4,449,528	727,012	3,785,895
Balance, end of year	<u>8,414,346</u>	<u>7,661,375</u>	<u>7,724,754</u>	<u>6,997,742</u>

#### 4 Debtors and prepayments

(a) Trade debtors comprise:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Premium debtors	1,003,120	686,745	1,003,120	686,745
Less: Allowance for bad debt (see Note (b) below)	<u>(193,574)</u>	<u>(124,058)</u>	<u>(193,574)</u>	<u>(124,058)</u>
Net trade debtors (see Note (d) below)	<u>809,546</u>	<u>562,687</u>	<u>809,546</u>	<u>562,687</u>

(b) The movements in allowance for bad debts is analyzed below:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Balance, beginning of year	124,058	27,550	124,058	27,550
Allowance made during the year	103,516	96,508	103,516	96,508
Bad debt written off	<u>(34,000)</u>	<u>-</u>	<u>(34,000)</u>	<u>-</u>
Balance, end of year	<u>193,574</u>	<u>124,058</u>	<u>193,574</u>	<u>124,058</u>

(c) The age analysis of trade debtors and related provisions as at the end of the year are as follows:

	<b>Gross premium</b>	<b>Unexpired risk/Reinsu- rances</b>	<b>Net premium</b>	<b>Provisions</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N' 000</b>
0 – 90 days	498,219	-	498,219	-
91 – 180 days	199,270	70,933	128,337	32,084
181 – 270 days	128,159	50,121	78,038	39,019
271 – 365 days	72,278	14,720	57,558	43,169
Over 365 days	105,194	25,892	79,302	79,302
	<u>1,003,120</u>	<u>161,666</u>	<u>841,454</u>	<u>193,574</u>

(d) Analysis of trade debtors are as follows:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Due from contract holders	236,020	139,227	236,020	139,227
Due from agents and brokers	747,389	526,510	747,389	526,510
Due from reinsurers	19,711	21,008	19,711	21,008
	<u>1,003,120</u>	<u>686,745</u>	<u>1,003,120</u>	<u>686,745</u>
Provision for bad debts	(193,574)	(124,058)	(193,574)	(124,058)
	<u>809,546</u>	<u>562,687</u>	<u>809,546</u>	<u>562,687</u>

(e) Other debtors and prepayments

Other debtors and prepayments comprise:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Recoverable from reinsurer	19,755	78,705	19,755	78,705
Prepaid reinsurance	420,773	137,826	420,773	137,826
Claims deposits	43,881	-	43,881	-
Intercompany receivable	-	-	971	63,887
Prepayments	44,631	27,131	44,631	27,099
Accrued interest	130,433	43,580	123,228	42,653
Other receivables-life	20,669	13,225	20,669	13,225
Other debtors -general	109,624	197,465	109,624	197,465
Receivable from stock brokers (see Note (f))	244,786	-	244,786	-
Subscription receivable (see Note 11(b))	-	1,562,500	-	1,562,500
Deposit for shares	50,000	96,700	50,000	96,700
Staff Investment Trust Scheme	116,130	115,095	116,130	115,095
	<u>1,200,682</u>	<u>2,272,227</u>	<u>1,194,448</u>	<u>2,335,155</u>

(f) This represents money deposited with stock brokers for purchase of equities which had not been purchased as at year end.

#### 4.1 General Business

(a) Trade debtors comprise:

	<b>2009</b>	<b>2008</b>
	<b>N'000</b>	<b>N'000</b>
Trade debtors	898,245	627,861
Less: Allowance for bad debts	<u>(163,149)</u>	<u>(110,797)</u>
	<u>735,096</u>	<u>517,064</u>

(b) The age analysis of trade debtors and related provisions as at the end of the year are as follows:

	<b>Gross premium</b> N'000	<b>Unexpired risk/Reinsu- rances</b> N'000	<b>Net premium</b> N'000	<b>Provisions</b> N' 000
0 – 90 days	443,156	-	443,156	-
91 – 180 days	179,520	70,933	108,587	27,147
181 – 270 days	121,706	50,121	71,585	35,792
271 – 365 days	66,885	14,720	52,165	39,124
Over 365 days	86,978	25,892	61,086	61,086
	<u>898,245</u>	<u>161,666</u>	<u>736,579</u>	<u>163,149</u>

(c) Other debtors and prepayments

Other debtors comprise:

	<b>2009</b> N'000	<b>2008</b> N'000
Recoverable from reinsurer	19,755	78,705
Prepaid reinsurance	420,773	137,826
Intercompany receivable	971	63,887
Other debtors	109,624	197,465
Receivable from stock brokers	244,786	-
Subscription receivable	-	1,562,500
Deposit for shares	-	46,700
Prepayments	44,631	27,099
Accrued interest	68,827	29,742
Staff Investment Trust Scheme	116,130	115,095
Current account with Life	222,834	-
	<u>1,248,331</u>	<u>2,259,019</u>

#### 4.2 Life Business

(a) Trade debtors comprise:

	<b>2009</b> N'000	<b>2008</b> N'000
Trade debtors	104,875	58,884
Less: Allowance for bad debts	(30,425)	(13,261)
	<u>74,450</u>	<u>45,623</u>

(b) The age analysis of trade debtors and related provisions as at the end of the year are as follows:

	<u>Gross premium</u> N'000	<u>Unexpired risk/Reinsu- rances</u> N'000	<u>Net premium</u> N'000	<u>Provisions</u> N' 000
0 – 90 days	55,063	-	55,063	-
91 – 180 days	19,750	-	19,750	4,937
181 – 270 days	6,453	-	6,453	3,227
271 – 365 days	5,393	-	5,393	4,045
Over 365 days	18,216	-	18,216	18,216
	<u>104,875</u>	<u>-</u>	<u>104,875</u>	<u>30,425</u>

(c) Other debtors and prepayments

Other debtors comprise:

	<u>2009</u> N'000	<u>2008</u> N'000
Due from General Business	-	168,270
Prepayments	-	-
Claims deposits	43,881	-
Deposit for shares	50,000	50,000
Other receivables	20,669	13,225
Accrued interest	54,401	12,911
	<u>168,951</u>	<u>244,406</u>

## 5 Deferred acquisition cost

This represents commission on unearned premium relating to the unexpired period of risks.

## 6 Long term investments

(a) Long term investments comprise:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Investment in diversified portfolio	1,000	1,000	1,000	1,000
FGN bond	-	-	-	-
Unquoted equity	1,476,000	-	1,476,000	-
Long term quoted stock	-	-	-	-
GTB Corporate bonds series 1	180,000	-	180,000	-
14% Kwara State Gov Bond 2013 series	170,000	-	170,000	-
13% Lagos state Gov Bond 2013 series	150,000	-	100,000	-
Investment in ARM Pension Managers Limited	38,625	37,500	38,625	37,500
Investment in Assur Asset Management Limited	-	-	600,000	600,000
	<u>2,015,625</u>	<u>38,500</u>	<u>2,565,625</u>	<u>638,500</u>

(b)The movement in long term investments during the year is as shown below:

	<b>Group 2009 N'000</b>	<b>Group 2008 N'000</b>	<b>Company 2009 N'000</b>	<b>Company 2008 N'000</b>
Balance, beginning of year	38,500	211,918	638,500	211,918
Additions during the year	1,977,125	1,281,444	1,927,125	1,881,444
Disposal during the year	-	(1,454,862)	-	(1,454,862)
Reclassification to short term investments	-	-	-	-
Unrealized exchange gain	-	-	-	-
Balance, end of year	<u>2,015,625</u>	<u>38,500</u>	<u>2,565,625</u>	<u>638,500</u>

Principal subsidiary undertakings

<b>Company name</b>	<b>Country of origin</b>	<b>Nature of business</b>	<b>% of equity capital controlled</b>	<b>Year end consolidated</b>
Assur Asset Management Limited	Nigeria	Asset Management	100	31 December.
Barista Property Development Limited	Nigeria	Real estate	100	31 December.
Glan Maye Property Development Limited	Nigeria	Real estate	100	31 December.

Details of consolidated subsidiaries as at 31 December 2009 are shown below:

The consolidated financial data of the consolidated entities are as follow:

<b>Company name</b>	<b>Cash and cash</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Net assets</b>	<b>Gross earnings</b>	<b>Profit before tax</b>
Guaranty Trust Assurance Plc	7,724,754	17,012,843	4,491,075	12,521,768	5,463,848	1,173,520
Assur Asset Management Limited	689,592	849,781	148,907	700,874	217,079	139,081
Barista Property Development Company Limited	-	1,689,748	-	1,689,748	-	-
Glan Maye Property Development Company Limited	-	829,493	-	829,493	-	-
Elimination	-	(3,210,509)	(93,967)	(3,116,544)	-	-
<b>Consolidated totals</b>	<b>8,414,346</b>	<b>17,171,356</b>	<b>4,546,016</b>	<b>12,625,339</b>	<b>5,680,927</b>	<b>1,312,601</b>

## 6.1 General Business

Long-term investments comprise:

	<u>2009</u> N'000	<u>2008</u> N'000
Investment in diversified portfolio	1,000	1,000
Investment in Assur Asset Management Limited	600,000	600,000
FGN bond	-	-
Long term stock	-	-
GTB Corporate bonds series 1	150,000	-
Unquoted equities	1,476,000	-
Investment in ARM Pension Manager Limited	38,625	37,500
	2,265,625	638,500
Provision for diminution in quoted stock	-	-
	<u>2,265,625</u>	<u>638,500</u>

## 6.2 Life Business

Long term investments comprise:

	<u>2009</u> N'000	<u>2008</u> N'000
Long term quoted stock	-	-
GTB Corporate bonds series 1	30,000	-
14% Kwara State Gov Bond 2013 series	170,000	-
13% Lagos state Gov Bond 2013 series	100,000	-
	<u>300,000</u>	<u>-</u>

## 7 Trading properties

Trading properties comprise investments made by the Group in landed properties which are held for trading purposes.

## 8 Deferred tax account

(a) Assets

The movement in this account during the year was as follows:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Balance, beginning of the year	36,846	15,523	36,846	15,523
Credit/(charge) during the year- (see Note 15b)	(35,740)	21,323	(35,740)	21,323
Balance, end of year	<u>1,106</u>	<u>36,846</u>	<u>1,106</u>	<u>36,846</u>

**(b) Liabilities**

The movement in this account during the year was as follows:

	<b>Group 2009 N'000</b>	<b>Group 2008 N'000</b>	<b>Company 2009 N'000</b>	<b>Company 2008 N'000</b>
Balance, beginning of year	30,039	50,179	29,157	50,179
Credit/charge for the year (see Note 15.1(b))	161,556	(20,140)	159,923	(21,022)
Balance, end of year	<u>191,595</u>	<u>30,039</u>	<u>189,080</u>	<u>29,157</u>

**(c) Net deferred tax liabilities/(assets)**

are attributable to the following

	<b>Group 2009 N'000</b>	<b>Group 2008 N'000</b>	<b>Company 2009 N'000</b>	<b>Company 2008 N'000</b>
<b>Assets:</b>				
Fixed assets	1,106	(1,424)	1,106	(1,424)
Unrelieved losses	-	31,634	-	31,634
General allowances	-	6,636	-	6,636
Balance, end of year	<u>1,106</u>	<u>36,846</u>	<u>1,106</u>	<u>36,846</u>
<b>Liabilities:</b>				
Fixed assets	111,069	84,908	108,552	84,026
General allowances	-	(54,869)	-	(54,869)
Unrealized exchange gain	80,528	-	80,528	-
Balance, end of year	<u>191,597</u>	<u>30,039</u>	<u>189,080</u>	<u>29,157</u>

**8.1 General Business****(a) Assets**

The movement in this account during the year was as follows:

**(a) Liabilities**

The movement in this account during the year was as follows:

	<b>2009 N'000</b>	<b>2008 N'000</b>
Balance, beginning of year	29,157	50,179
Charge/(credit) for the year (see Note 15b)	159,923	(21,022)
Balance, end of year	<u>189,080</u>	<u>29,157</u>



(b) Net deferred tax liabilities are attributable to the following:

	<u>2009</u> N'000	<u>2008</u> N'000
Fixed assets	108,552	84,026
General allowances	-	(54,869)
Unrealized exchange gain	80,528	-
	<u>189,080</u>	<u>29,157</u>

## 8.2 Life Business

(a) Assets:

The movement in this account during the year was as follows:

	<u>2009</u> N'000	<u>2008</u> N'000
Balance, beginning of year	36,846	15,523
Charge/(Credit) for the year (see Note 15.2( b))	<u>(35,740)</u>	<u>21,323</u>
Balance, end of year	1,106	36,846

(b) Net deferred tax assets are attributable to the following :

	<u>2009</u> N'000	<u>2008</u> N'000
Fixed assets	1,106	(1,424)
Unrelieved losses	-	31,634
General allowances	-	6,636
	<u>1,106</u>	<u>36,846</u>

## 9 Statutory deposit

This represents amounts deposited with the Central Bank of Nigeria (CBN) pursuant to Section 10(3) of the Insurance Act, 2003.

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
General business	300,000	300,000	300,000	300,000
Life business	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

**10 Fixed Assets (Group)**

Cost	LAND& BUILDINGS	LEASEHOLD IMPROVEMENTS	MOTOR VEHICLES	COMPUTER EQUIPMENT	COMPUTER SOFTWARE	OFFICE EQUIPMENT	FURNITURE & FITTINGS	CAPITAL WORK IN PROGRESS	TOTAL
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Beginning of year	546,462	44,607	189,374	93,899	95,454	38,280	37,046	-	1,045,122
Additions	1,105	20,567	70,761	29,147	3,631	14,360	22,326	72,478	234,375
Reclassifications	(2,711)	-	-	-	-	-	-	2,711	-
Disposals	-	-	(3,260)	-	-	-	-	-	(3,260)
End of year	<u>544,856</u>	<u>65,174</u>	<u>256,875</u>	<u>123,046</u>	<u>99,085</u>	<u>52,640</u>	<u>59,372</u>	<u>75,189</u>	<u>1,276,237</u>
<b>Accumulated depreciation</b>									
Beginning of year	15,605	11,587	84,994	51,552	49,240	17,738	19,467	-	250,183
Charge for the year	6,210	5,911	46,463	29,440	15,661	7,403	8,198	-	119,286
Disposal	-	-	(3,260)	-	-	-	-	-	(3,260)
End of year	<u>21,815</u>	<u>17,498</u>	<u>128,197</u>	<u>80,992</u>	<u>64,901</u>	<u>25,141</u>	<u>27,665</u>	<u>-</u>	<u>366,209</u>
<b>Net book value</b>									
At 31 December, 2009	<u>523,041</u>	<u>47,676</u>	<u>128,678</u>	<u>42,054</u>	<u>34,184</u>	<u>27,499</u>	<u>31,707</u>	<u>75,189</u>	<u>910,028</u>
At 31 December, 2008	<u>530,857</u>	<u>33,020</u>	<u>104,381</u>	<u>42,346</u>	<u>46,214</u>	<u>20,542</u>	<u>17,579</u>	<u>-</u>	<u>794,939</u>

- i. No leased assets are included in the above fixed assets account (2008:Nil)  
ii. The Group had no capital commitments as at the balance sheet date (2008: Nil)

**10.1 Fixed Assets (Composite)**

Cost	LAND& BUILDINGS	LEASEHOLD IMPROVEMENTS	MOTOR VEHICLES	COMPUTER EQUIPMENT	COMPUTER SOFTWARE	OFFICE EQUIPMENT	FURNITURE & FITTINGS	CAPITAL WORK IN PROGRESS	TOTAL
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Beginning of year	546,462	43,011	183,574	93,708	95,454	38,084	36,710	-	1,037,003
Additions	1,105	20,324	64,231	28,914	3,211	14,360	21,335	72,478	225,958
Reclassifications	(2,711)	-	-	-	-	-	-	2,711	-
Disposals	-	-	-	(3,260)	-	-	-	-	(3,260)
End of year	<u>544,856</u>	<u>63,335</u>	<u>244,545</u>	<u>122,622</u>	<u>98,665</u>	<u>52,444</u>	<u>58,045</u>	<u>75,189</u>	<u>1,259,701</u>
<b>Accumulated depreciation</b>									
Beginning of year	15,605	11,574	83,907	51,525	49,240	17,714	19,428	-	248,993
Charge for the year	6,210	5,749	44,333	29,326	15,636	7,364	8,007	-	116,625
Disposal	-	-	(3,260)	-	-	-	-	-	(3,260)
End of year	<u>21,815</u>	<u>17,323</u>	<u>124,980</u>	<u>80,851</u>	<u>64,876</u>	<u>25,078</u>	<u>27,435</u>	<u>-</u>	<u>362,358</u>
<b>Net book value</b>									
At 31 December, 2009	<u>523,041</u>	<u>46,012</u>	<u>119,565</u>	<u>41,771</u>	<u>33,789</u>	<u>27,366</u>	<u>30,610</u>	<u>75,189</u>	<u>897,343</u>
At 31 December, 2008	<u>530,857</u>	<u>31,437</u>	<u>99,668</u>	<u>42,182</u>	<u>46,214</u>	<u>20,370</u>	<u>17,282</u>	<u>-</u>	<u>788,010</u>

- i. No leased assets are included in the above fixed assets account (2008:Nil)  
ii. The Company had no capital commitments as at the balance sheet date (2008: Nil)

## 10.2 General Business

Cost	LAND& BUILDINGS	LEASEHOLD IMPROVEMENTS	MOTOR VEHICLES	COMPUTER EQUIPMENT	COMPUTER SOFTWARE	OFFICE EQUIPMENT	FURNITURE & FITTINGS	CAPITAL WORK IN PROGRESS	TOTAL
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Beginning of year	546,462	43,011	168,624	93,026	93,041	37,981	35,850	-	1,017,995
Additions	1,105	20,324	64,231	28,914	3,211	14,360	21,335	72,478	225,958
Reclassification	(2,711)	-	-	-	-	-	-	2,711	-
Disposals	-	-	(3,260)	-	-	-	-	-	(3,260)
End of year	544,856	63,335	229,595	121,940	96,252	52,341	57,185	75,189	1,240,693
<b>Accumulated depreciation</b>									
Beginning of year	15,605	11,574	77,424	50,843	48,404	17,631	18,846	-	240,327
Charge for the year	6,210	5,749	40,596	29,326	15,153	7,344	7,835	-	112,213
Disposal	-	-	(3,260)	-	-	-	-	-	(3,260)
End of year	21,815	17,323	114,760	80,169	63,557	24,975	26,681	-	349,280
<b>Net book value</b>									
At 31 December, 2009	523,041	46,012	114,835	41,771	32,695	27,366	30,504	75,189	891,413
At 31 December, 2008	530,857	31,437	91,200	- 42,183	44,637	20,350	17,004	-	777,668

## 10.3 Life Business

Cost	LAND& BUILDINGS	LEASEHOLD IMPROVEMENTS	MOTOR VEHICLES	COMPUTER EQUIPMENT	COMPUTER SOFTWARE	OFFICE EQUIPMENT	FURNITURE & FITTINGS	CAPITAL WORK IN PROGRESS	TOTAL
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Beginning of year	-	-	14,950	682	2,413	103	860	-	19,008
End of year	-	-	14,950	682	2,413	103	860	-	19,008
<b>Accumulated depreciation</b>									
Beginning of year	-	-	6,483	682	836	83	582	-	8,666
Charge for the year	-	-	3,737	-	483	20	172	-	4,412
End of year	-	-	10,220	682	1,319	103	754	-	13,078
<b>Net book value</b>									
At 31 December, 2009	-	-	-	4,730	-	1,094	106	-	5,930
At 31 December, 2008	-	-	8,467	-	1,577	20	278	-	10,342

## 11 Creditors and accruals

Amounts falling due within one year :

	<b>Group 2009 N'000</b>	<b>Group 2008 N'000</b>	<b>Company 2009 N'000</b>	<b>Company 2008 N'000</b>
Trade creditors	355,422	362,768	355,422	362,768
Other creditors	162,721	82,686	151,765	80,391
Accrued expenses	40,000	112,131	40,000	112,131
Deposit for shares (see Note (b) below)	-	1,562,500	-	1,562,500
Deposits against guarantees (see Note (a) below)	102,213	64,863	102,213	64,863
Provision for NITDA levy	1 3,182	10,618	13,182	10,618
	<u>673,538</u>	<u>2,195,566</u>	<u>662,582</u>	<u>2,193,271</u>

(a) This represents amounts deposited by customers as collateral for bid and performance bonds or advance payment guarantees provided by the Company (see Note 21).

(b) This represents proceeds from the rights issue concluded by the Company in 2008. The Company made a right issue of 1,250,000,000 ordinary shares of 50 kobo each at N1.25k in 2008 and the shares were fully subscribed. The shares were fully allotted in the year ended 31 December 2009 (see Note 16( d)).

### 11.1 General Business

Amounts falling due within one year :

	<b>2009 N'000</b>	<b>2008 N'000</b>
Trade Creditors	275,437	168,634
Other creditors	120,004	71,954
Accrued expenses	40,000	112,131
Deposit for share (see Note (11b) )	-	1,562,500
Deposits against guarantees (see Note 11(a) )	102,213	64,863
Due to Life Business	-	168,270
Provision for NITDA levy	2,717	10,618
	<u>540,371</u>	<u>2,158,970</u>

**11.2 Life Business**

Amounts falling due within one year :

	<b>2009</b> <b>N'000</b>	<b>2008</b> <b>N'000</b>
Trade creditors	79,985	194,134
Other creditors	31,761	8,437
Current account with general business	222,834	-
Provision for NITDA levy	10,465	-
	<u>345,045</u>	<u>202,571</u>

**12 Outstanding claims**

This balance is inclusive of the 10% Incurred But Not Reported (IBNR) provision as required under section 20 (1)(b) of the Insurance Act, 2003.

The outstanding claims are analyzed below:

	<b>Group</b> <b>2009</b> <b>N'000</b>	<b>Group</b> <b>2008</b> <b>N'000</b>	<b>Company</b> <b>2009</b> <b>N'000</b>	<b>Company</b> <b>2008</b> <b>N'000</b>
General	372,361	219,668	372,361	219,668
Life	15,679	47,625	15,679	47,625
	<u>388,040</u>	<u>267,293</u>	<u>388,040</u>	<u>267,293</u>

The age analysis of the outstanding claims is as follows:

<b>Days</b>	<b>Group</b> <b>2009</b> <b>N'000</b>	<b>Group</b> <b>2008</b> <b>N'000</b>	<b>Company</b> <b>2009</b> <b>N'000</b>	<b>Company</b> <b>2008</b> <b>N'000</b>
0 - 90	144,848	70,953	144,848	70,953
91 - 180	53,460	31,947	53,460	31,947
181- 270	65,805	32,272	65,805	32,272
271- 365	31,491	82,832	31,491	82,832
365 and above	92,436	49,289	92,436	49,289
	<u>388,040</u>	<u>267,293</u>	<u>388,040</u>	<u>267,293</u>

### 12.1 General Business

The outstanding claims are analyzed below:

	<b>Gross claims Outstanding 2009 N'000</b>	<b>Provision for IBNR 2008 N'000</b>	<b>Outstanding Claims 2009 N'000</b>	<b>Outstanding Claims 2008 N'000</b>
Fire	68,670	6,867	75,537	44,344
General accidents	92,112	9,211	101,323	59,851
Motor	87,916	8,792	96,708	52,990
Marine	33,189	3,319	36,507	5,822
Engineering	27,696	2,770	30,466	56,662
Energy	28,847	2,885	31,732	-
Aviation	80	8	88	-
<b>Total</b>	<b>338,510</b>	<b>33,851</b>	<b>372,361</b>	<b>219,668</b>

### 12.2 Life Business

The outstanding claims are analyzed below:

	<b>2009 N'000</b>	<b>2008 N'000</b>
Provision for the year	15,679	47,625

### 13 Insurance fund

Insurance fund is analyzed below:

	<b>Group 2009 N'000</b>	<b>Group 2008 N'000</b>	<b>Company 2009 N'000</b>	<b>Company 2008 N'000</b>
Unearned premium	1,248,266	709,600	1,248,266	709,600
Life fund	347,057	222,772	347,057	222,772
	<b>1,595,323</b>	<b>932,372</b>	<b>1,595,323</b>	<b>932,372</b>

### 13.1 General Business

The movement in unearned premium during the year was as follows:

	<b>2009 N'000</b>	<b>2008 N'000</b>
Balance, beginning of year	709,600	464,987
Increase in unearned premium (see Note 22)	538,666	244,613
Balance, end of year	<b>1,248,266</b>	<b>709,600</b>

**13.2 Life Business**

The movement in life fund during the year was as follows:

	<u>2009</u> N'000	<u>2008</u> N'000
Balance, beginning of year	222,772	90,258
Transfer from revenue account	156,643	376,132
	<u>379,415</u>	<u>466,390</u>
Shareholders share of Life Fund valuation surplus	(32,358)	(243,618)
Balance, end of year	<u>347,057</u>	<u>222,772</u>

**14 Deposit Administration**

(a) Deposit administration comprises:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Deposit administration	1,088,095	553,057	1,088,095	553,057
Interest payable	26,999	33,329	26,999	33,329
	<u>1,115,094</u>	<u>586,386</u>	<u>1,115,094</u>	<u>586,386</u>

(b) The movement in deposit administration during the year was as follows:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Balance, beginning of the year	553,057	305,755	553,057	305,755
Movement during the year	535,038	247,302	535,038	247,302
Balance, end of year	<u>1,088,095</u>	<u>553,057</u>	<u>1,088,095</u>	<u>553,057</u>

(c) The movement in interest payable on deposit administration was as follows:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Balance, beginning of the year	33,329	30,758	33,329	30,758
Charge for the year	18,000	19,800	18,000	19,800
Interest payment during the year	(24,330)	(17,229)	(24,330)	(17,229)
Balance, end of year	<u>26,999</u>	<u>33,329</u>	<u>26,999</u>	<u>33,329</u>

**15 Taxation payable:**

(a)The movement in this account during the year was as follows:

	<b>Group 2009 N'000</b>	<b>Group 2008 N'000</b>	<b>Company 2009 N'000</b>	<b>Company 2008 N'000</b>
Balance, beginning of year	169,073	240,843	166,836	240,843
Charge for the year (See Note (b) below)				
-General	349,941	145,955	349,941	145,955
-Life	204,090	18,583	204,090	18,583
-Assur Asset Management Limited	44,686	2,237	-	-
Payments during the year	(185,366)	(227,927)	(179,911)	(227,927)
Reclassification of prior year NITDA levy	-	(10,618)	-	(10,618)
Balance, end of year	<u>582,424</u>	<u>169,073</u>	<u>540,956</u>	<u>166,836</u>

(b)The tax charge for the year comprises:

	<b>Group 2009 N'000</b>	<b>Group 2008 N'000</b>	<b>Company 2009 N'000</b>	<b>Company 2008 N'000</b>
Corporate income tax charge				
-General	169,594	140,300	169,594	140,300
- Life	135,000	18,583	135,000	18,583
-Assur Asset Management Limited	44,686	2,237	-	-
Prior year tax under provision				
- General	167,950	-	167,950	-
- Life	66,917	-	66,917	-
Education levy				
- General	12,397	5,655	12,397	5,655
- Life	2,173	-	2,173	-
	<u>598,717</u>	<u>166,775</u>	<u>554,031</u>	<u>164,538</u>
Deferred tax charge/(credit)				
- General	159,923	(21,022)	159,923	(21,022)
- Life	35,740	(21,323)	35,740	(21,323)
- Assur Asset Management Limited	1,633	882	-	-
Total tax charge for the year	<u>796,013</u>	<u>125,312</u>	<u>749,694</u>	<u>122,193</u>



### 15.1 General Business

(a) The movement in this account during the year was as follows:

	<u>2009</u> N'000	<u>2008</u> N'000
Balance, beginning of year	132,590	216,782
Charge for the year (see Note (b) below)	349,941	145,955
Payments during the year	(150,118)	(219,529)
Reclassification of prior year NITDA levy	-	(10,618)
	<u>332,413</u>	<u>132,590</u>

(b) The tax charge for the year comprises:

	<u>2009</u> N'000	<u>2008</u> N'000
Corporate income tax charge	169,594	140,300
Prior year tax under provision	167,950	-
Education tax	12,397	5,655
	<u>349,941</u>	<u>145,955</u>
Deferred taxation		
-tax charge/(credit) ( see Note 8.1(b) above)	159,923	(21,022)
Total tax charge for the year	<u>509,864</u>	<u>124,933</u>

### 15.2 Life Business

(a) The movement In this account during the year was as follows:

	<u>2009</u> N'000	<u>2008</u> N'000
Balance, beginning of year	34,246	24,061
Charge for the year (see Note (b) below)	204,090	18,583
Payments during the year	(29,793)	(8,398)
Balance, end of year	<u>208,543</u>	<u>34,246</u>

(b) The tax charge for the year comprises:

	<u>2009</u> N'000	<u>2008</u> N'000
Corporate income tax charge	135,000	18,583
Prior year tax under provision	66,917	-
Education tax	2,173	-
	<u>204,090</u>	<u>18,583</u>
Deferred tax charge/(credit) ( see Note 8.2(a) above)	35,740	(21,323)
Total tax charge/(credit) for the year	<u>239,830</u>	<u>(2,740)</u>

**16 Share capital:**

Share capital comprises:	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
(a) Authorized: 10,000,000,000 Ordinary shares of 50k each (2008: 10,000,000,000 ordinary shares of 50k each) Issued and fully paid:	5,000,000	5,000,000	5,000,000	5,000,000
10,000,000,000 Ordinary shares of 50k each (2008: 8,750,000,000 ordinary shares of 50k each)	5,000,000	4,375,000	5,000,000	4,375,000
(b) The movement in this account during the year was as follows:				
	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Balance, beginning of year	4,375,000	2,500,000	4,375,000	2,500,000
Offer for subscription (see Note (c) below )	-	1,875,000	-	1,875,000
Rights issue (see Note (d) below )	625,000	-	625,000	-
	<b>5,000,000</b>	<b>4,375,000</b>	<b>5,000,000</b>	<b>4,375,000</b>

( c ) In 2008, the Company offered 3,750,000,000 ordinary shares of 50k each via special placement for subscription at N1.25 kobo all of which were allotted and paid for.

(d) In the year ended 31 December 2008, the Company made a rights issue of 1,250,000,000 ordinary shares of 50 kobo each at N1.25k and the shares were fully subscribed. The approval of the Securities and Exchange Commission for capitalization of the rights issue proceeds was granted on 3 February 2009.

The proceeds from the rights issue in 2009 and the offer for subscription in 2008 were accounted for as follows:

	<b>2009</b>	<b>2008</b>
	<b>N'000</b>	<b>N'000</b>
Gross proceeds from rights issue	1,562,500	4,687,500
Transfer to share premium (see Note 17)	(937,500)	(2,812,500)
Net proceeds	625,000	1,875,000
Transfer to issued and fully paid share capital account (see Note (b) above)	(625,000)	(1,875,000)
	<b>-</b>	<b>-</b>

**16.1 General Business**

Share capital comprises:

(a) Issued and fully paid:

8,000,000, 000 Ordinary shares of 50k each  
(2008: 8,000,000 Ordinary shares of 50k each)

(b) The movement in share capital during the year was as follows:

Balance, beginning of the year

Offer for subscription/Rights issue (see Note 16 (c) above)

Balance, end of year

<u>2009</u>	<u>2008</u>
N'000	N'000
4,000,000	3,375,000
2,008	2008
N'000	N' 000
3,375,000	1,500,000
625,000	1,875,000
<u>4,000,000</u>	<u>3,375,000</u>

**16.2 Life Business**

(a) Issued and fully paid:

2,000,000,000 Ordinary shares of 50k each  
(2008: 2,000,000 Ordinary shares of 50k each)

Balance, beginning of year

Transfer from General Business

Transfer to capital reserve

Balance, end of year

<u>2009</u>	<u>2008</u>
N'000	N'000
1,000,000	1,000,000
1,000,000	1,000,000
-	-
-	-
<u>1,000,000</u>	<u>1,000,000</u>

**17 Share premium**

The movement on this account during the year was as follows:

	<u>Group</u>	<u>Group</u>	<u>Company</u>	<u>Company</u>
	2009	2008	2009	2008
	N'000	N'000	N'000	N'000
Balance, beginning of year	3,073,153	296,678	3,073,153	296,678
Premium from share issue (see Note 16 (c) above)	937,500	2,812,500	937,500	2,812,500
Share issue expenses	(167,410)	(36,025)	(167,410)	(36,025)
Balance, end of year	<u>3,843,243</u>	<u>3,073,153</u>	<u>3,843,243</u>	<u>3,073,153</u>

**17.1 General Business**

Balance, beginning of the year

Premium from rights issue (see Note 16(c) above)

Share issue expenses

Balance, end of year

<u>2009</u>	<u>2008</u>
N'000	N'000
3,073,153	296,678
937,500	2,812,500
(167,410)	(36,025)
<u>3,843,243</u>	<u>3,073,153</u>

**18 Statutory contingency reserves**

The movement in this account during the year is as follows:

	<b>Group 2009 N'000</b>	<b>Group 2008 N'000</b>	<b>Company 2009 N'000</b>	<b>Company 2008 N'000</b>
Balance, beginning of year	561,068	236,312	561,068	236,312
Transfer from profit and loss	184,619	324,756	184,619	324,756
Balance, end of year	<u>745,687</u>	<u>561,068</u>	<u>745,687</u>	<u>561,068</u>

**18.1 General Business**

	<b>2009 N'000</b>	<b>2008 N'000</b>
Balance, beginning of year	504,040	227,572
Transfer from profit and loss	119,951	276,468
Balance, end of year	<u>623,991</u>	<u>504,040</u>

**18.2 Life Business**

	<b>2009 N'000</b>	<b>2008 N'000</b>
Balance, beginning of year	57,028	8,740
Transfer from profit and loss	64,668	48,288
Balance, end of year	<u>121,696</u>	<u>57,028</u>

**19 Capital reserve**

The Company's issued and fully paid capital was reconstructed by a special resolution at its Board meeting on 18th October, 2007, to achieve a reduction of 50% with the result that the issued and fully paid capital will stand at N2,500,000,000 divided into 5,000,000,000 Ordinary shares at 50k each with the surplus nominal value arising from the reconstruction being transferred to the Company's capital reserve account. The reconstruction was sanctioned by the Federal High Court of Nigeria, Lagos on 31st October 2007 and registered by the Corporate Affairs Commission on 18th December 2007.

The balance on the capital reserve was allocated between the non-life business and life business segments in the proportion of their share capital, as follows:

Life business segment	1,000,000
Non-life business segment	1,500,000
	<u>2,500,000</u>

**20 Retained earnings**

The movement in this account during the year was as follows:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Balance, beginning of year	2,016,941	765,667	2,006,131	765,667
Transfer from profit and loss	331,969	1,551,274	239,207	1,540,464
Final dividend paid -2008	(1,312,500)	(300,000)	(1,312,500)	(300,000)
Interim dividend paid -2009	(500,000)	-	(500,000)	-
Balance, end of year.	<u>536,410</u>	<u>2,016,941</u>	<u>432,838</u>	<u>2,006,131</u>

**20.1 General Business**

	<b>2009</b>	<b>2008</b>
	<b>N'000</b>	<b>N'000</b>
Balance, beginning of year	1,571,381	765,508
Transfer from profit and loss	(342,809)	1,105,873
Final dividend paid -2008/2007	(1,027,500)	(300,000)
Interim dividend paid -2009	(50,000)	-
Balance, end of year	<u>151,072</u>	<u>1,571,381</u>

**20.2 Life Business**

	<b>2009</b>	<b>2008</b>
	<b>N'000</b>	<b>N'000</b>
Balance, beginning of year	434,750	159
Transfer from profit and loss	582,016	434,591
Final dividend paid -2008	(285,000)	-
Interim dividend paid -2009	(450,000)	-
Balance, end of year	<u>281,766</u>	<u>434,750</u>

**21 Contingent liabilities**

The Company provides financial guarantees and bonds to third parties at the request of customers in the form of bid and performance bonds or advance payment guarantees. The N142,212,000 (December 2008: N32,267,394) reflected in the financial statements as contingent liabilities represents the maximum loss that would be recognized if counter parties failed completely to perform as contracted. The Company also has cash collaterals in form of customers' deposits against the guarantees undertaken (see Note (11) above).

## 22 Gross premium earned

The gross premium earned is analyzed as follows:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Gross premium	4,537,033	3,117,791	4,537,033	3,117,791
Unearned premium (see Note 13.1)	(538,666)	(244,613)	(538,666)	(244,613)
<b>Total</b>	<b>3,998,367</b>	<b>2,873,178</b>	<b>3,998,367</b>	<b>2,873,178</b>
<b>22.1 General Business</b>				
	<b>Gross premium written 2009</b>	<b>Unearned premium 2009</b>	<b>Gross premium earned 2009</b>	<b>Gross premium earned 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N' 000</b>
Fire	475,815	(72,043)	403,772	297,222
General accidents	595,544	(33,666)	561,878	386,109
Motor	1,310,006	(199,022)	1,110,984	809,527
Marine	516,767	(59,398)	457,369	398,176
Bond	17,915	2,487	20,402	37,020
Engineering	253,863	(27,975)	225,888	140,571
Oil and Energy	1,279,021	(134,239)	1,144,782	799,148
Aviation	88,102	(14,810)	73,292	5,405
	<b>4,537,033</b>	<b>(538,666)</b>	<b>3,998,367</b>	<b>2,873,178</b>
<b>22.2 Life Business</b>				
			<b>2009</b>	<b>2008</b>
			<b>N'000</b>	<b>N'000</b>
Ordinary life			67,626	56,323
Group life			683,101	656,373
Health insurance			2,578	3,995
Education endowment			4,821	8,579
Oracle Med			82,343	300,838
<b>Total</b>			<b>840,469</b>	<b>1,026,108</b>

**23 Reinsurance cost**

The cost of reinsurance is analyzed as follows:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Reinsurance premium paid	(1,909,283)	(1,328,356)	(1,909,283)	(1,328,356)
Prepaid reinsurance	282,947	137,826	282,947	137,826
Reinsurance cost	<u>(1,626,336)</u>	<u>(1,190,530)</u>	<u>(1,626,336)</u>	<u>(1,190,530)</u>

**23.1 General Business**

	<b>2009</b>	<b>2008</b>
	<b>N'000</b>	<b>N'000</b>
Reinsurance premium paid	(1,909,283)	(1,328,356)
Prepaid reinsurance	282,947	137,826
Reinsurance cost	<u>(1,626,336)</u>	<u>(1,190,530)</u>

**23.2 Life Business**

	<b>2009</b>	<b>2008</b>
	<b>N'000</b>	<b>N'000</b>
Reinsurance cost	<u>(289,931)</u>	<u>(255,617)</u>

**24 Investment income**

Investment income/(loss) comprises:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Net securities trading income/(loss)	6,015	(781,558)	9,323	(784,220)
Income on short term deposits	1,116,369	589,031	1,116,369	526,308
Dividend income	147,961	248,766	147,961	248,512
Other income	131,871	70,495	31,709	65,431
	<u>1,402,216</u>	<u>126,734</u>	<u>1,305,362</u>	<u>56,031</u>

**24.1 General Business**

Investment income/( loss) comprises:

	<b>2009</b>	<b>2008</b>
	<b>N'000</b>	<b>N'000</b>
Net securities trading loss	(507,185)	(822,497)
Income on short term deposits	865,528	350,314
Dividend income	139,949	244,859
Other income	26,102	63,366
	<u>524,394</u>	<u>(163,958)</u>

## 24.2 Life Business

Investment income comprises:

	<u>2009</u> N'000	<u>2008</u> N'000
Net securities trading income	516,508	38,277
Income on short term deposits	250,841	175,994
Dividend income	8,012	3,653
Other income	5,607	2,065
	<u>780,968</u>	<u>219,989</u>

## 25 Management expenses

Management expenses comprises:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Staff expenses	500,530	465,720	436,278	389,533
Staff development expenses	32,683	37,836	32,683	37,837
Agencies expenses	170	5,239	170	4,931
Promotional expenses	83,163	131,624	83,163	114,092
Administration expenses	182,161	165,448	182,161	156,369
Depreciation	114,874	94,715	112,213	89,239
Other expenses	270,708	188,093	379,848	239,900
	<u>1,184,289</u>	<u>1,088,675</u>	<u>1,226,516</u>	<u>1,031,901</u>

### 25.1 General Business

Management expenses comprises:

	<u>2009</u> N'000	<u>2008</u> N'000
Staff expenses	436,278	389,533
Staff development expenses	32,683	37,837
Agencies expenses	170	4,931
Promotional expenses	83,163	114,092
Administration expenses	182,161	156,369
Depreciation	112,213	89,239
Other expenses	375,114	239,075
	<u>1,221,782</u>	<u>1,031,076</u>



## 25.2 Life business

Management expenses comprises:

	<u>2009</u> N'000	<u>2008</u> N'000
Other expenses	4,734	825

## 26 Supplementary profit and loss information:

(a) General information:

The Company's profit before taxation for the year is stated after charging/(crediting) the following

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Depreciation	114,874	94,715	112,213	93,525
Profit on disposal of fixed assets	326	2,729	326	2,729
Auditor's remuneration	14,500	13,000	13,500	12,500

(b) Staff and directors' cost:

i. Employee costs, including executive directors, during the year amounted to:

	<u>Group</u> <u>2009</u> N'000	<u>Group</u> <u>2008</u> N'000	<u>Company</u> <u>2009</u> N'000	<u>Company</u> <u>2008</u> N'000
Wages and salaries	488,804	455,476	425,851	431,840
Other benefits	-	37,836	-	37,836
Other pension costs	1,299	10,244	10,427	9,715
	<u>490,103</u>	<u>503,556</u>	<u>436,278</u>	<u>479,391</u>

ii. Employees earning more than 100,000 per annum, other than the executive directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contribution and other allowances) in the following ranges:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
N100,001 – N150,000	10	16	10	16
N150,001 – N200,000	15	22	15	22
N200,001 – N250,000	-	-	0	-
N250,001 – N300,000	44	19	42	19
N300,001 – N350,000	-	-	-	-
N350,001 – N400,000	22	20	22	20
N400,000 – N450,000	-	-	-	-
N450,001 – N500,000	-	-	-	-
N500,001 – N550,000	30	23	29	23
N550,001 – N600,000	16	14	16	14
N600,001 – N650,000	-	-	-	-
N650,001 – N700,000	-	-	0	-
N700,001 – N750,000	7	5	7	5
Above N750,001	21	22	17	19
	<b>165</b>	<b>141</b>	<b>158</b>	<b>138</b>

iii. The average number of full time persons employed by the Company during the year was as followed:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Management staff	21	19	17	16
Non management staff	144	122	141	122
	<b>165</b>	<b>141</b>	<b>158</b>	<b>138</b>

**(c) Directors' remuneration:**

i. Remuneration paid to the directors of the Company (excluding pension contribution and certain benefits) was as follows:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Directors fees	2,876	2,255	2,876	2,255
Other emoluments	25,911	12,312	25,741	12,312
	<b>28,787</b>	<b>14,567</b>	<b>28,617</b>	<b>14,567</b>

ii. The directors' remuneration shown above (excluding pension contributions and other allowances) includes:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Chairman	1,719	1,719	1,719	1,719
Highest paid director	4,000	4,000	4,000	4,000

iii. The emoluments of all other directors fell within the following range:

	<b>Group 2009</b>	<b>Group 2008</b>	<b>Company 2009</b>	<b>Company 2008</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
N300,001 - N350,000	-	-	-	-
N500,001 - N1,000,000	2	2	2	2
N1,000,000 - N1,500,000	-	-	-	-
N1,500,001 - N2,000,000	7	6	7	6
	<u>9</u>	<u>8</u>	<u>9</u>	<u>8</u>

**27 Earnings per share**

Earnings per share have been computed on the profit after taxation and weighted average number of ordinary shares outstanding during the year ended 31 December 2009 of 9,791,667,000 units (December 2008:5,625,000,000).

**28 Net cash flow from operating activities before changes in operating assets:**

This comprises:

	<b>Group 2009 N'000</b>	<b>Group 2008 N'000</b>	<b>Company 2009 N'000</b>	<b>Company 2008 N'000</b>
Profit after taxation	516,588	1,876,030	423,826	1,865,220
Taxation	796,013	125,312	749,694	122,193
Operating profit	1,312,601	2,001,342	1,173,520	1,987,413
Adjustment to reconcile profit before taxation to net cash flow from operations:				
Allowances for bad debt	103,516	96,508	103,516	96,508
Bad debt written off				
Depreciation on fixed assets	114,874	94,715	116,625	93,525
Increase in provision for unexpired risks	543,078	106,787	538,666	106,787
Increase in Life funds	124,285	132,514	124,285	132,514
(Profit)/Loss on sale of fixed assets	(326)	(2,729)	(326)	(2,729)
Dividend income on equity investments	(147,961)	(248,766)	(147,961)	(248,766)
Provision for diminution in quoted stocks	-	-	-	-
Unrealized exchange gain on long term quoted stocks				
Profit on disposal of investments	3,256	(1,918,556)	-	(1,918,556)
Net cash flow from operating activities	<u>2,053,323</u>	<u>261,815</u>	<u>1,908,325</u>	<u>246,696</u>

**29 Related party transactions:**

## (a) Guaranty Trust Bank Plc

Guaranty Trust Bank is the parent company and provides a marketing platform for some of the Company's product. It also acts as one of the Company's banks.

## (b) Helmsman Insurance Brokers Limited

Helmsman Insurance Brokers is owned by Helms Limited, one of the shareholding companies of Guaranty Trust Assurance. The Company is also one of the Insurance broking firms of the Company. Business relationship with related parties are done at arm's length.

The premium income earned from related parties during the year is summarized below:

	<b>Group 2009 N'000</b>	<b>Group 2008 N'000</b>	<b>Company 2009 N'000</b>	<b>Company 2008 N'000</b>
Guaranty Trust Bank Plc	229,947	92,836	229,947	92,836
Hygeia- HMO (affiliate)	-	7,668	-	7,668
Helmsman Insurance Brokers	82,889	-	82,889	-
Directors' related others	-	6,328	-	6,328
First Marina Trust Limited	-	14,105	-	14,105
<b>Total</b>	<b>312,836</b>	<b>120,937</b>	<b>312,836</b>	<b>120,937</b>

(c) Details of directors' remuneration are disclosed in Note 26(c)

**30 Actuarial valuation**

The latest available actuarial valuation of the life business funds was as at 31 December 2009. The actuarial value of the net liability of the fund was N298,518,541 which has been provided for.

The valuation of the Company's life business fund as at 31 December 2009 was carried out by HR Nigeria Limited, a recognized actuarial valuation firm. The valuation was done based on the following principles:

(a) For all individual life policies, the gross premium method of valuation was used. Future expenses related to the business were allowed for by deducting 35% of the office premiums payable. The reserve for deposit based plans were taken as the amount standing to the credit of the policyholder at the valuation date plus the estimated value of the mortality risk;

(b) For group life policies, the net liabilities for annual premium contracts were calculated in the same way as individual business. An unearned premium reserve was included for group life policies;

(c) For individual life policies, the valuation age was taken as the nearest age at the valuation date. The outstanding premium paying term has been calculated as the year of maturity minus expired duration. In all cases, an allowance has been made for premiums due between the valuation date and the next policy anniversary;

(d)The valuation of the liabilities was made on the assumptions that premiums have been credited to the accounts as they fall due, according to the frequency of the particular payment,

(e)The Mortality of Assured Lives A49/52 Ultimate Table was used in the valuation.

(f)The valuation assumed an interest rate of 7%.

### **31. Contravention of laws and regulations**

The Company did not contravene any law or regulation during the year and no penalty was paid.

### **32. Litigations**

The Company is a defendant in a suit. The plaintiff had an insurance policy valued at N6million but as at the time of occurrence of the insured event, the insured had not paid the insurance premium. The litigation arose in the normal course of business and is being contested by the Company. The directors having sought professional legal counsel are of the opinion that no significant liability will crystallize from this litigation and therefore no provision is deemed necessary for this legal claim.

### **33. Post balance sheet events:**

There was no post balance sheet event that could impact on the financial statement.

### **34. Prior year corresponding figures:**

Certain prior year corresponding figures have been amended to conform with the current year reporting format.

### **35. Segment information**

Segment information is presented in respect of the Company's business segments which represents the primary segment reporting format and is based on the Company's management and reporting structure. No geographical segment information has been provided in these financial statements as there is only one geographical segment.

Business segments charge and earn interest among themselves on a transfer pricing arrangement to reflect the of assets and liabilities.

#### **Business Segments**

The Company operates the following main business segments:

Non-life (General) Business - Includes general insurance transactions with individual and corporate customers

Life Business - Includes life insurance policies with individual and corporate customers.

Asset Management - Includes portfolio management services to individual and private customers and private customers

The Group's property trading business had no transactions during the year.

# Business reporting

The Group's business reporting information comprises:

	<u>Non-life</u> N'000	<u>Life Business</u> N'000	<u>Asset</u> <u>Management</u> N'000	<u>Inter-Segment</u> <u>Transactions</u> N'000	<u>Total</u> N'000
<b>Revenue:</b>					
Derived from external Customers:					
-Gross premium earned	3,998,367	-	-	-	3,998,367
-Investment income	524,394	780,968	217,079	(120,225)	1,402,216
-Commission received	160,119	-	-	-	160,119
Shareholders' share of Life Fund surplus		32,358	-	-	32,358
Profit from deposit administration	-	101,659	-	-	101,659
	<u>4,682,880</u>	<u>914,985</u>	<u>217,079</u>	<u>(120,225)</u>	<u>5,694,719</u>
Reinsurance cost	(1,626,336)	-	-	-	(1,626,336)
	<u>3,056,544</u>	<u>914,985</u>	<u>217,079</u>	<u>(120,225)</u>	<u>4,068,383</u>
<b>Expenses:</b>					
Underwriting expenses	(520,340)	-	-	-	(520,340)
Increase in life funds	-	-	-	-	-
Management expenses	(1,221,782)	(4,734)	(77,998)	120,225	(1,184,289)
Bad debt expenses	(79,779)	(23,737)	-	-	(103,516)
Claims incurred	(947,637)	-	-	-	(947,637)
	<u>(2,769,538)</u>	<u>(28,471)</u>	<u>(77,998)</u>	<u>120,225</u>	<u>(2,755,782)</u>
Profit on ordinary activities	<u>287,006</u>	<u>886,514</u>	<u>139,081</u>	<u>-</u>	<u>1,312,601</u>
<b>Assets and Liabilities:</b>					
Total assets	<u>12,800,797</u>	<u>4,434,880</u>	<u>849,781</u>	<u>(914,102)</u>	<u>17,171,356</u>
Total liabilities	<u>2,682,491</u>	<u>2,031,418</u>	<u>148,907</u>	<u>(316,799)</u>	<u>4,546,017</u>
Net asset	<u>10,118,306</u>	<u>2,403,462</u>	<u>700,874</u>	<u>(597,303)</u>	<u>12,625,339</u>

# Statement of Value Added-Group

For the year ended 31 December, 2009

	<b>2009</b>	%	<b>2008</b>	%
Gross premium	3,998,367		4,143,899	
Reinsurance, claims and commission & services	(3,367,564)		(1,894,120)	
	<u>630,803</u>		<u>2,249,779</u>	
Other income	1,562,335		311,998	
	<u>2,193,138</u>	<u>100</u>	<u>2,561,777</u>	<u>100</u>
Value added				
Applied to pay:				
Employee cost	500,530	23	465,720	18
Government as tax	561,146	26	125,312	5
Shareholders as dividend	500,000	23	1,312,500	51
Retained in business				
Contingency reserve	184,619	8	324,756	13
Depreciation	114,874	5	94,715	4
Retained profit for the year	331,968	15	238,774	9
	<u>2,193,138</u>	<u>100</u>	<u>2,561,777</u>	<u>100</u>
Value added				



# Statement of Value Added-Company

For the year ended 31 December, 2009

	<u>2009</u>	%	<u>2008</u>	%
Gross premium earned	3,998,367		3,096,959	
Reinsurance, claims and commission & services	(1,842,648)		(630,497)	
	<u>2,155,719</u>		<u>2,466,462</u>	
Other income	70,703		56,031	
Value added	<u>2,226,423</u>	<u>100</u>	<u>2,522,493</u>	<u>100</u>
Applied to pay:				
Employee cost	436,278	20	441,555	17
Government as tax	749,694	34	122,193	5
Shareholders as dividend	500,000	22	1,312,500	52
Retained in business				
Contingency reserve	184,619	8	324,756	13
Depreciation	116,625	5	93,525	4
Retained profit for the year	239,206	11	227,964	9
Value added	<u>2,226,423</u>	<u>100</u>	<u>2,522,493</u>	<u>100</u>

# Five - Year Financial Summary

For the year ended 31 December, 2009

	2009 N' 000	2008 N' 000	2007 N' 000	2006 N' 000	2005 N' 000
<b>Assets</b>					
Cash and bank Balance	434,537	350,224	188,320	13,533	2,402
Short-term investments	10,511,556	11,404,514	5,338,525	5,150,301	2,785,965
Long -term investments	2,565,625	638,500	211,918	137,534	102,843
Debtors and prepayments	2,003,994	2,681,311	988,024	679,898	298,000
Deferred acquisition cost	98,682	74,731	69,365	27,227	-
Deferred tax assets	1,106	36,846	15,523	15,074	13,929
Statutory deposit	500,000	500,000	500,000	35,000	35,000
Fixed assets	897,343	788,010	664,268	123,075	123,133
<b>Total Assets</b>	<b>17,012,843</b>	<b>16,474,136</b>	<b>7,975,943</b>	<b>6,181,642</b>	<b>3,361,272</b>
<b>Liabilities</b>					
Outstanding claims	388,040	188,588	69,827	30,810	11,956
Creditors and accruals	662,582	2,193,271	424,678	199,050	129,029
Insurance fund	1,595,323	794,546	555,245	322,503	53,817
Deposit administration	1,115,094	586,386	336,514	198,550	60,654
Taxation	540,956	166,836	240,843	79,642	4,561
Deferred tax	189,080	29,157	50,179	15,295	-
	<u>4,491,075</u>	<u>3,958,784</u>	<u>1,677,286</u>	<u>845,850</u>	<u>260,017</u>
<b>Net Assets</b>	<b>12,521,768</b>	<b>12,515,352</b>	<b>6,298,657</b>	<b>5,335,792</b>	<b>3,101,255</b>
<b>Capital and reserves</b>					
Share capital	5,000,000	4,375,000	2,500,000	4,842,593	500,000
capital reserve	2,500,000	2,500,000	2,500,000		
Share premium	3,843,243	3,073,153	296,678	312,462	24,705
Deposit for shares					2,638,658
Statutory contingency reserve	745,687	561,068	236,312	69,799	16,644
Retained earnings	432,838	2,006,131	765,667	110,938	-78,752
<b>Shareholders' fund</b>	<b>12,521,768</b>	<b>12,515,352</b>	<b>6,298,657</b>	<b>5,335,792</b>	<b>3,101,255</b>
Contingent liabilities	142,212	32,276	382,186	432,326	57,940
<b>Profit and loss account</b>					
Gross premium written	5,377,502	4,143,899	2,061,655	1,067,486	488,228
Premium earned	2,372,031	2,453,139	1,170,052	611,016	383,126
Profit before taxation	1,173,520	1,987,413	1,100,456	383,663	16,050
Taxation	(749,694)	(122,193)	(279,214)	(89,231)	11,329
Profit after taxation	423,826	1,865,220	821,242	294,432	27,379
Transfer to contingency reserve	(184,619)	(324,756)	(166,513)	(50,757)	(10,035)
Earnings per shares	3k	33k	9k	6k	3k

## Outstanding Unclaimed Dividend

Financial Year Ended	Dividend No	Final or Interim	Net Unclaimed Amount	Amount Paid Per 50k share
31/12/2007	1	Final	2,626,020.00	6 kobo
31/12/2008	2	Final	10,348,425.00	15 kobo
Half year 2009	3	Interim	280,176.89	5 kobo

Our records indicate that some drafts and post listing share certificates have been returned unclaimed for various reasons.

Please contact our Registrars, GTB Registrars Limited, No. 7, Anthony Village Road, 3rd floor, Anthony, Lagos For a re-issue of any unclaimed dividend or share certificates.

## Share Capital History

Date	Authorised (N)		Issued and Fully Paid (N)		Consideration
	Increase	Cumulative	Increase	Cumulative	
1989	50,000,000	50,000,000	17,150,000	17,150,000	Cash
1998	-	50,000,000	3,173,000	20,323,000	Cash
1999	-	50,000,000	2,989,000	23,312,000	Cash
2000	-	50,000,000	353,000	23,665,000	Cash
2002	250,000,000	300,000,000	76,399,000	100,064,000	Cash
2003	200,000,000	500,000,000		100,064,000	Cash
2004	250,000,000	750,000,000	399,936,000	500,000,000	Cash
2006	4,250,000,000	5,000,000,000	2,373,220,477	2,873,220,477	Cash
2006	-	5,000,000,000	1,969,372,254	4,842,592,731	Cash
2007	-	5,000,000,000	157,407,269	5,000,000,000	Cash
2007	-	5,000,000,000	(2,500,000,000)	2,500,000,000	Share Capital Reconstruction*
2008	-	5,000,000,000	1,875,000,000	4,375,000,000	Cash
2009	-	5,000,000,000	625,000,000	5,000,000,000	Cash

\*This is as a result of the share reconstruction exercise undertaken by the Company to achieve a reduction in the number of its paid authorised shares. The reduction of its paid up authorised shares, in the ratio of 1 ordinary share for every 2 ordinary shares previously held, was effected under the provisions of the Companies and Allied Matters Act (CAMA) and was sanctioned by the Order of the Federal High Court on November 21, 2007, pursuant to a Special Resolution passed at the Company's Extraordinary General Meeting held on October 18, 2007. The surplus nominal value arising from the capital reconstruction was subsequently transferred to the Company's shareholders' funds while its issued and paid up capital is also N2.5 billion comprising 5 billion ordinary shares of 50 kobo each.

## Your Haven, Fortified

When the going got tough, we got tougher.

The past year was probably the stormiest year in the recent history of our country's financial industry as the contagion of the global economic meltdown hit our shores with a great impact.

Our nation received a barrage of hard knocks, with the Nigerian Stock Exchange All Share Index (ASI) going south by one of the sharpest declines seen in recent times, eight notable indigenous banks being adjudged technically insolvent after a special audit by the Central Bank of Nigeria, and the resultant drastic reduction in credit available to the real sector which in turn affected transactions in both the financial and real sectors. Erstwhile great commercial institutions fell whilst many more tethered on the verge of collapse.

It has been a time of unprecedented economic downturn that has left many Nigerians feeling insecure and dreading what tomorrow may bring.

Knowing this is the time when like never before our shareholders and clients are in dire need of the unshakeable haven we have always been, we arose to the occasion with bold, groundbreaking steps to ensure that the succor they need is doubly assured. We started the process of building a surer sanctuary for you by retooling our already robust risk management structure. We improved our investment analysis/ decision-making framework to ensure we continue to achieve superior performance on a platform of risk containment and management practices that are consistent with global best practices.

We further strengthened the impenetrable structure we have erected through the years with the revolutionary introduction of an Enterprise-wide Risk Management (ERM) system.

At a time when customer loyalties were made fragile by the average Nigerian's waning confidence in the financial industry, we retained our niche in the market by focusing on fortifying key relationships with our core corporate customers and their brokers. At the same time, we broadened our retail service platform whilst using information technology as leverage.

Despite the cancellation of some government-related life policies, we remained undaunted and compensated by pioneering life-enriching products in addition to our vast stock of leading-edge products that gained appeal with more Nigerians from all walks of life. This enabled us to achieve overall growth in our business, leading to significant growth of our total production and better performance of our Retail Business Division, Energy & Special Risks Business and Corporate Business Group. We relentlessly carried on our activities in investment management, recording commendable growth that monumentally surpassed the previous year's earnings.

We also made the strategic move to list the Company's shares on the Nigerian Stock Exchange and since then, our shares have been traded actively on the floor of the exchange with a moderate level of liquidity. When the going got tough, we got tougher. Although we felt the impact of the storm on our growth and on our investment income, we recorded a gross premium income growth of laudable proportions over the previous year. Premium Earned and Underwriting Profit likewise grew remarkably over the corresponding period. Our resolve to ensure our shareholders receive superior returns through the continued growth of the Company and consistent dividend payment resulted in an enlarged paid up capital base, compared to the previous year.

In all these, we were not side-tracked by reaching out to the public at the detriment of keeping our house in order. Rather, we were able to ensure our staff continued to show unalloyed loyalty and commitment to the Company and our vision of building the nation's pre-eminent Risk and Investment Management Institution.

We continued to invest in the development of our staff in order to ensure they remain at the cutting edge of innovation and service delivery and we remain on the leadership role in the nation's insurance industry. Like never before, they are being motivated to operate by the noble principles of integrity, responsibility, innovation, customer focus and excellence.

The storm has only left us stronger than ever before. The fundamentals of our business model remain quite strong. We have weathered the storm and are poised to drive growth and profitability by our resourceful staff,

innovative products and an improved operational platform.

We have improved our visibility to our teeming existing and potential customers across the country. We have put in place financial discipline that will ensure that our efficiency ratios remain amongst the best in our industry. In spite of the inclement economic environment, we remain committed to delivering exceptional value for our shareholders.

The going got tough but we got tougher. Indeed, *YOUR HAVEN HAS BEEN FORTIFIED!*

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# CORPORATE DIRECTORY

## Executive Suite

Tosin Runsewe  
*Chief Client Officer*

Yetunde Ilori  
*Executive Director*

## Technical Division

Lekan Oyinlade  
*Senior Manager*

Rantimi Ogunleye  
*Senior Manager*

Olufemi Aluko  
*Manager*

Adeiwale Adeneye  
*Deputy Manager*

Odunayo Osinubi  
*Assistant Manager*

Adeseye Ajibulu  
*Assistant Manager*

Emonefe Isodje  
*Assistant Manager*

Adekunle Omotoye  
*Assistant Manager*

Patience Ugboajah  
*Assistant Manager*

## Retail Business Division

Owolabi Salami  
*General Manager*

Anne Oragwu  
*Senior Manager*

Suman Ramesh  
*Manager*

Babatunde Lawuyi  
*Manager*

Uche Olufemi  
*Deputy Manager*

Akinmaderin Osofisan  
*Deputy Manager*  
Edison Emoabino  
*Assistant Manager*

## Institutional Business Division

Adekunle Ahmed  
*Deputy General Manager*

Polycarp Didam  
*Assistant General Manager*

Abayomi Onifade  
*Assistant General Manager*

Funlola Jide-Aribaloye  
*Manager*

Babatunde Braimah  
*Deputy Manager*

Akinlolu Akinyele  
*Deputy Manager*

Oluwamuyiwa Omoyele  
*Deputy Manager*

Nkechi Osawemen  
*Assistant Manager*

James Awojobi  
*Assistant Manager*

Gabriel Njoku  
*Assistant Manager*

Onyeka Isagba  
*Assistant Manager*

## Investment Group/Assur Asset Management Limited

Michael Oyebola  
*General Manager*

Victor Inyang  
*Deputy General Manager*

## Operations Division

Babatope Adeniyi  
*Assistant General Manager*

Ndukwe Anagha  
*Manager*

Bolanle Adediran  
*Deputy Manager*  
Olanike Olaniyan  
*Deputy Manager*

Morenike Hassan  
*Assistant Manager*

Ayodeji Alamutu  
*Assistant Manager*

## Financial Control and Corporate Services Division

Rashidat Adebisi  
*Senior Manager*

Adenike Giwa  
*Manager*

Odiri Kpokpogri-Sheidu  
*Deputy Manager*

Gideon Ataraire  
*Deputy Manager*

Emmanuel Otitolaiye  
*Assistant Manager*

Adebola Surakat  
*Assistant Manager*

## Marketing and Corporate Communications Group

Elizabeth Agugoh  
*Deputy Manager*

## System and Control Group

Henry Akwara  
*Senior Manager*

Oladipupo Awogboro  
*Assistant Manager*

