



NIGERIA REINSURANCE CORPORATION

...new possibilities are taking shape



Annual Report & Accounts

for the year ended December, 2011

NIGERIA REINSURANCE CORPORATION

Reports & Financial Statements

for the year Ended 31st, December, 2011

Annual Report & Accounts December 2011

CONTENTS	PAGE
Mission Statement	3
Chairman's Statement	4
Financial highlights	6
Report of the directors	7
Report of the independent auditors	9
Accounting policies	10
Composite Balance sheet	14
General Balance sheet	15
Life Balance sheet	16
Composite Profit and loss account	17
General profit and loss account	18
General revenue account	19
Life profit and loss account	20
Life revenue account	21
Statement of cash flows	22
Notes to the financial statements	23
Statement of value added	37
Five-year financial summary	38

VISION STATEMENT:

To be the preferred global Reinsurance and Financial Services Provider.

MISSION STATEMENT:

To create value and enduring relationship through provision of world class reinsurance and financial services and innovation solutions that surpass our customers' expectations.

SHARED VALUES:

- *Professionalism*
- *Excellence*
- *Customer Focus*
- *Integrity*
- *Innovation*
- *Team Spirit*

CHAIRMAN'S STATEMENT (2011)

INTRODUCTION

It is with great pleasure that I welcome distinguished shareholders, invited guests, ladies and gentlemen to the 34th Annual General Meeting (AGM) of Nigeria Reinsurance Corporation and to present to you the Annual Reports and Audited Financial Statements for the year ended 31st December, 2011.



OPERATING ENVIRONMENT

The period under review was largely characterized by the general elections. Nigeria had a remarkable experience in 2011 with a successful presidential election although blighted by post-election violence. Consequently, the economy experienced a slowdown in the first quarter of the year due to concerns around the elections with its attendant tensions. However, progress was made with reforms that delivered strong gains. The government strengthened financial institutions and is gradually undertaking additional reforms to improve the economy structurally. Investment in power and other infrastructure continue to be areas of focus, although their impact is yet to be felt.

Despite the positive economic prediction of robust growth prospects for developing and emerging markets like Nigeria, the major indices reveal that Nigeria fell short of its growth potential in 2011 with the lack of infrastructural development accounting for the major drawback. The situation was further compounded by resurgence of violence and insecurity, especially in the Northern parts of Nigeria, posing a major risk to foreign direct investment and existing business operations in the affected areas of the country.

In addition to these developments, unemployment, low insurance penetration and rate cutting remain the concerns of insurance practitioners.

OPERATING 2011 RESULTS

The period under review was a challenging year for the industry and for your Company. A Gross Premium of N945.78 million was written. There was a 64% increase in the Underwriting result from N277 million to N453 million in 2011 due largely to the conservative underwriting approach adopted by the Corporation as well as restriction of operation to selected markets. The claim expenses also saw a decline from N623.59 million in 2010 to N347.03 in 2011, a reduction of 45%. This again was as a result of a remarkable improvement in Claims Management and treaty terms. A major challenge that the Corporation had to deal with during the year was the issue of rising old outstanding claims in the International Operations. The Corporation had to deal with this through successful commutation agreements and settlements. The result of this was the

Annual Report & Accounts December 2011

significant reduction in the outstanding loss provision. However, the bottom line reported a N2.23 billion loss arising from huge provisions made for non-performing investments.

THE BOARD

There were slight changes on the composition of the Board during the period under review, some members retired but have since been replaced.

May I use this opportunity to thank the retiring Board members for their contributions to the Corporation and to wish them well in their future endeavours.

Listed below are the names of the people who served during the period:-

- | | | | |
|-----|------------------------------------|---|-----------------------|
| 1. | Dr. Amos A. Akingba Ph.D (Cornell) | - | Chairman |
| 2. | Lady Isioma Chukwuma | - | Managing Director/CEO |
| 3. | Barrister (Dr.) Jimoh Ibrahim, OFR | - | Member |
| 4. | Chief (Sir) Oladipo A. Bailey | - | Member |
| 5. | Mrs. Esther A. Ajayi | - | ED (Fin. & Admin) |
| 6. | Alhaji Julde Gurumpawo | - | Member |
| 7. | Ms. Bola Onagoruwa (DG BPE) | - | Member |
| 8. | Mr. J. M. Azih (MOFI) | - | Member |
| 9. | Chief Adeniyi Akintola (SAN) | - | Member |
| 10. | Mr. Benjamin Dikki (BPE) | - | Member |

CONCLUSION

The Corporation is positioned to face the challenges and also take advantage of the opportunities that the projected growth in the Nigerian economy will offer in the years ahead. We shall embark on projects that aim to increase clientele base, brand equity and loyalty by expanding our market footprint through improved penetration.

We will further ensure that our corporate values are upheld and continue to implement strategies that will enhance stakeholder's value.

Finally, I wish to thank my colleagues on the Board, the Management and Staff for their continued support and commitment.

DR. AMOS A. AKINGBA, Ph.D (CORNELL)

Chairman

FINANCIAL HIGHLIGHTS

	2011 N'Million	2010 N'Million
Gross Premium Earned	1,172	1,438
Net Premium Earned	1,053	1,409
Underwriting profit	453	277
Profit before exceptional items and prior year adjustments	399	44
(Loss)/profit after exceptional items and prior year adjustments	(2,228)	344
Shareholders' funds	9,887	11,149
(Loss)/earnings per 50 kobo share - kobo	(35)	6
Actual Net assets per 50 kobo share - kobo	155	182
	=====	=====

REPORT OF THE DIRECTORS

The directors submit hereunder their report and the audited financial statements of the Corporation for the year ended 31st December, 2011.

1.	Result for the year	N'000
	Gross premium earned	1,172,471

	Net premium earned	1,052,530

	Profit before exceptional items and prior year adjustments	398,610
		=====
	(Loss) after exceptional items and prior year adjustments	(2,228,375)
		=====

2. **Principal activities**

The Corporation is engaged in Life and General Reinsurance business.

3. **Review of business and future development**

Gross premium earned and net premium earned decreased substantially by 18% to N1.17 billion and N1.05 billion respectively. The rate of retention reduced significantly from 98% to 90% for the respective years of 2010 and 2011 as a strategic measure to manage risk.

Profit before prior year adjustments and exceptional items was N399 million, a significant improvement from the profit of N44 million in 2010. The loss after exceptional items and prior year adjustments was N2.23 billion as opposed to the profit of N344 million in 2010.

4. **Directors' responsibility on financial statements**

The directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Corporation at the end of the financial year and of the profit or loss for the financial year and comply with the requirements of the Companies and Allied Matters Act, 1990. In doing so, they ensure that:

- * Adequate internal control procedures are instituted which as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities.
 - * Proper accounting records are maintained.
- Applicable accounting standards are followed.

- * Suitable accounting policies are used and consistently applied.
- * The financial statements are prepared on a going concern basis unless it is not appropriate to presume that the Corporation will continue in business.
- * Judgements and estimates made are reasonable and prudent.

5. Donations

No donation was made to any political organization.

6. Personnel

(a) Employment of physically challenged persons

It is the policy of the Corporation that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop.

(b) Health, safety at work and welfare of employees

Health and safety regulations are in force within the Corporation's premises and employees are aware and observe the regulations to guarantee maximum protection of personnel and also to protect the Corporation's assets. The Corporation provides subsidies to all levels of employees for medical expenses, transportation, housing, lunch, etc.

(c) Employees' involvement

Employees are kept fully informed regarding the Corporation's performance and the Corporation continues with its open door policy whereby views of employees are sought and given due consideration on matters which particularly affect them.

Training is carried out at various levels through in-house and external courses. The Corporation's expanding skill-base has been extended by a range of training provided to the employees whose opportunity for career development within the Corporation has been enhanced.

7. Auditors

Messrs. A. T. Folowosele & Associates, Chartered Accountants, have indicated their willingness to continue as auditors of the Corporation. A resolution will be proposed to authorise the directors to fix their remuneration.

By Order of the Board



Corporation Secretary

ABUJA, Nigeria
13th March, 2013

Annual Report & Accounts December 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NIGERIA REINSURANCE CORPORATION

A . T. FOWOSELE
& ASSOCIATES

RN 2013763



We have audited the financial statements of Nigeria Reinsurance Corporation set out on pages 14 to 34 which have been prepared on the basis of the accounting policies set out on pages 9 to 13.

Directors' responsibilities for the Financial Statements

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, 1990, the directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion based on our audit, on those statements and to report our opinion thereof.

Auditors' responsibilities for the Financial Statements

Our responsibility is to express an independent opinion on the financial statements based on the audit.

Basis of Opinion

We conducted our audit in accordance with international standards on auditing issued by the International Federation of Accountants. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or any other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and assessed whether the Company's accounting records have been properly kept.

Contraventions

The Corporation contravened certain provisions of the Insurance Act 2003 and guidelines of the National Insurance Commission. The details of these contraventions are disclosed in Note 31 to the financial statements.

The deficit in the solvency margin for general business is N1,062,968,000 whilst the shortfall in the statutorily prescribed shareholders' funds for life business is N484,122,000.

Opinion

Included in cash and short terms funds is the sum of N4.8 billion held under lien in respect of a pending litigation. The Corporation is not directly involved in the litigation but is joined as a co-defendant.

In our opinion, except for the effect of any adjustment that may arise on the immediate preceding paragraph, the Corporation has kept proper accounting records and the financial statements are in agreement therewith. The financial statements drawn up in conformity with generally accepted accounting standards, give a true and fair view of the state of affairs of the Corporation as at 31st December, 2011 and the financial performance and the cash flow statement for the year ended on that date and have been properly prepared to comply with the requirements of the Companies and Allied Matters Act 1990, the Insurance Act 2003 and the relevant statements of accounting standards issued by the Financial Reporting Council of Nigeria.

ABUJA, Nigeria
14th March, 2013



A. T. Fowosele & Associates

CHARTERED ACCOUNTANTS

■ AUDIT ■ TAXATION ■ ADVISORY

Suite F10, Febson Mall, Plot 2425,
Herbert Macaulay Way, Wuse Zone 4, P.O. Box 7184, Wuse, Abuja.
Tel: 09-4616655, 0803 408 0026. Fax: 09-4616655.
Partners Names are at the Head Office Address.

ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Corporation in the preparation of its financial statements:

1. Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of leasehold land, buildings, investment properties and quoted investments at valuation.

2. Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation.

3. Depreciation

Depreciation is provided on a straight line basis at annual rates estimated to write off the cost or valuation over the estimated useful lives as follows:

Leasehold land and buildings	5%
Household furniture, fittings and equipment	20%
Office furniture, fittings and equipment	20%
Plant and machinery	10%
Motor vehicles	25%
Capital work-in-progress	Nil

4. Long term Investments

- i. Quoted investments are stated at market valuation. Surplus arising on revaluation is credited to a revaluation reserve account. Diminution in value of the quoted investments is considered to be temporary and is set against the revaluation reserve account balance.
- ii. Unquoted investments are stated at cost unless there is a permanent diminution in their value for which appropriate provision is made for loss.
- iii. Investments in government securities are stated at cost. No provision is made for diminution in the value thereof as the directors intend to hold them till maturity when they will be realized at par.

5. Investment property

An investment property is an investment in land and buildings held for generating income or capital appreciation and not occupied substantially for use in operations. An occupation of more than 15% of the property by the company is considered substantial. Investment properties are carried in the balance sheet at their market values and revalued periodically. Investment properties are stated at valuation and are not subjected to periodic charges for depreciation.

6. Foreign currencies

Transactions in foreign currencies are recorded in the books at the rates of exchange ruling on the dates of the transactions. Balances in foreign currencies are converted to Naira at the rate of exchange ruling on the balance sheet date. The differences arising therefrom are dealt with in the profit and loss account.

7. Debtors

Debtors are stated after deduction of provision made for specific debts considered to be doubtful of recovery.

In line with the statutory guidelines set by NAICOM, the allowances for outstanding premium are made as follows:

Period Outstanding	% allowance required
0 - 90 days	Nil
91 - 180 days	50%
Over 180 days	100%

8. Investment income

Interest receivable on dated investments and dividends are credited when due and declared respectively.

9. Underwriting accounts

Statements of account received from ceding companies during the financial year are reflected in the accounts in the same year. All underwriting accounts are maintained on an annual accounting basis.

10. Revenue accounts

i. *Basis of accounting*

The company adopts the annual basis of accounting for general reinsurance business and the fund accounting basis for life business.

ii. *Life Fund*

Actuarial valuation of life fund is carried out not beyond every three years and the surplus/deficit arising therefrom is reflected in the life revenue account.

iii. *Underwriting results*

The underwriting results are stated after recognizing claims, commissions, direct expenses and reserves.

11. Premium

i. *Gross Premium Written*

Gross Premium Written is recognized at the point of attachment of risk to a policy before deducting retrocession.

ii. *Gross Premium Earned*

Gross Premium Earned is gross premium written after adjusting for the unearned portion of the premium.

iii. *Unearned Premium*

All written premium relating to risk for periods falling beyond the reporting accounting period.

- iv. **Net Premium**
Net Premium represents the total amount invoiced to ceding companies less retrocession premium.
12. **Claims**
- i. **Gross Claims Paid**
This is the direct claims paid during the year including retrocession claims.
- ii. **Gross Claims Incurred**
This is made up of claims and handling expenses paid during the year after adjusting for the movement in the provision for outstanding claims and claims incurred but not reported (IBNR).
- iii. **Net Claims Incurred**
This is the gross claims incurred after adjusting for retrocession claims recoveries.
13. **Taxation**
The Corporation is not liable to income tax in accordance with the enabling Act.
14. **Pension scheme**
The Corporation maintains a pension scheme for the benefit of its employees. Contribution to the staff pension scheme is made in line with the Pension Reform Act 2004 with employers and employees contributing 7½% each of emoluments. The Corporation also operates a gratuity scheme which is based on employees' years of service and it is non-contributory. The contribution made by the company is charged to the profit and loss account.
15. **Reinsurance funds**
In accordance with the Insurance Act 2003, the underwriting profit is arrived at after charging the amount required in respect of the following technical reserves:
- a) **Unexpired risks**
In accordance with the collective agreement reached between the National Insurance Commission and the professional reinsurance Association of Nigeria, provision for unexpired risks is provided at the following rates:
- | | |
|-----------------|----------------------------|
| • Marine Cargo | 45% of Net premium written |
| • Other classes | 25% of Net premium written |
- b) **Outstanding claims**
Provision made is the sum equal to the total estimated amount of all outstanding claims with an additional provision of 10% of the claims incurred but not reported at the end of the year.

c) Contingency reserve fund

Provision is made at the following rates for contingency reserve as specified by Section 22(1) (b) of the Insurance Act, 2003.

- Life Higher of 1% of Gross premium or 10% of net profit.
- General Higher of 3% of Gross premium or 20% of net profit.

16. Provisions

Provision is recognized when there is a present obligation whether legal or constructive as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations in accordance with the Statement of accounting Standard (SAS) 23.

17. Segment Reporting

A segment is a distinguishable component of an entity that is engaged in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from other segments. The business segments are determined by management based on the internal reporting structure.

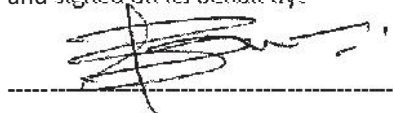
No segment information is presented in respect of the Corporation's business and geographical segments as the business is principally that of reinsurance and within the same geographical location.

Annual Report & Accounts December 2011

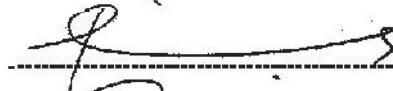
COMPOSITE BALANCE SHEET AT 31ST DECEMBER, 2011.

	Note	General Business N'000	Life Business N'000	2011 N'000	2010 N'000
ASSETS					
Cash and short term funds	2	2,262,769	2,843,655	5,106,424	6,712,366
Reinsurance premium receivables	3	190,751	23,864	214,615	410,581
Other assets	4	7,499	-	7,499	7,912
Quoted investments	5	1,041,941	18,144	1,060,085	1,022,378
Unquoted Investments	6	4,855	604,824	609,679	2,612,787
Statutory deposit	7	600,000	235,000	835,000	35,000
Investment properties	8	3,369,774	-	3,369,774	2,541,695
Fixed assets	9	327,099	120,420	447,519	1,094,358
TOTAL ASSETS		7,804,688	3,845,907	11,650,595	14,437,077
LIABILITIES					
Creditors and accruals	10	445,288	14,633	459,921	1,578,869
Reinsurance funds	11	844,780	315,396	1,160,176	1,569,936
Staff Pension and Gratuity	13	143,112	-	143,112	139,682
Total liabilities		1,433,180	330,029	1,763,209	3,288,487
CAPITAL AND RESERVES					
Share capital	14	2,183,605	1,012,500	3,196,105	3,071,105
Share Premium	15	2,941,271	2,766,271	5,707,542	4,908,542
Contingency reserve	16	1,356,372	95,082	1,451,454	1,415,126
Fixed assets revaluation reserve	17	1,421,292	160,260	1,581,552	2,297,396
Quoted investment revaluation reserve	18	942,733	7,565	950,298	901,816
Revenue reserve	19	(2,473,765)	(525,800)	(2,999,565)	(1,445,395)
Shareholders' funds		6,371,508	3,515,878	9,887,386	11,148,590
TOTAL LIABILITIES AND RESERVES		7,804,688	3,845,907	11,650,595	14,437,077

The financial statements and the notes thereon were approved by the Board of Directors on 13th March, 2013 and signed on its behalf by:



Ms. Olufolake Tawose
FRC/2013/ICAN/00000002603



Lady Isioma Chukwuma
FRC/2013/CIIN/00000002531



Mrs. E. Adetutu Ajayi
FRC/2013/ICAN/00000002440

The accounting policies on pages 10 to 13 and the notes on pages 23 to 36 form an integral part of these financial statements.

GENERAL BALANCE SHEET AT 31ST DECEMBER, 2011

	Note	2011 N'000	2010 N'000
ASSETS			
Cash and short term funds	2	2,262,769	4,002,598
Reinsurance premium receivables	3	190,751	356,127
Other assets	4	7,499	7,912
Quoted investments	5	1,041,941	998,448
Unquoted Investments	6	4,855	1,504,581
Statutory deposit	7	600,000	20,000
Investment properties	8	3,369,774	2,031,695
Fixed assets	9	327,099	630,916
Total assets		7,804,688 =====	9,552,277 =====
LIABILITIES			
Creditors and accruals	10	445,288	1,168,283
Reinsurance funds	11	844,780	1,152,270
Staff Pension and Gratuity	13	143,112	139,682
Total liabilities		1,433,180 -----	2,460,235 -----
CAPITAL AND RESERVES			
Share capital	14	2,183,605	2,108,605
Share Premium	15	2,941,271	2,454,271
Contingency reserve	16	1,356,372	1,321,198
Fixed assets revaluation reserve	17	1,421,292	1,421,292
Quoted investment revaluation reserve	18	942,733	891,851
Revenue reserve	19	(2,473,765)	(1,105,175)
Shareholders' funds		6,371,508 -----	7,092,042 -----
TOTAL LIABILITIES AND RESERVES		7,804,688 =====	9,552,277 =====

The accounting policies on pages 10 to 13 and the notes on pages 23 to 36 form an integral part of these financial statements.

Annual Report & Accounts December 2011

LIFE BALANCE SHEET AT 31ST DECEMBER, 2011

	Note	2011 N'000	2010 N'000
ASSETS			
Cash and short term funds	2	2,843,655	2,709,768
Reinsurance premium receivables	3	23,864	54,454
Other assets	4	-	
Quoted investments	5	18,144	23,930
Unquoted Investments	6	604,824	1,108,206
Statutory deposit	7	235,000	15,000
Investment properties	8	-	510,000
Fixed assets	9	120,420	463,442
TOTAL ASSETS		3,845,907 =====	4,884,800 =====
LIABILITIES			
Creditors and accruals	10	14,633	410,586
Reinsurance funds	11	315,396	417,666
TOTAL LIABILITIES		330,029 -----	828,252 -----
CAPITAL AND RESERVES			
Share capital	14	1,012,500	962,500
Share Premium	15	2,766,271	2,454,271
Contingency reserve	16	95,082	93,928
Fixed assets revaluation reserve	17	160,260	876,104
Quoted investment revaluation reserve	18	7,565	9,965
Revenue reserve	19	(525,800)	(340,220)
SHAREHOLDERS' FUNDS		3,515,878 -----	4,056,548 -----
TOTAL LIABILITIES AND RESERVES		3,845,907 =====	4,884,800 =====

The accounting policies on pages 10 to 13 and the notes on pages 23 to 36 form an integral part of these financial statements.

Annual Report & Accounts December 2011

COMPOSITE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Note	General Business N'000	Life Business N'000	2011 N'000	2010 N'000
Income					
Gross Written Premium	20	945,774	0	945,774	1,543,178
Decrease/(increase) in unearned premium		226,697	0	226,697	(105,483)
Gross Premium Earned		1,172,471	0	1,172,471	1,437,695
Outward reinsurances		(119,941)	0	(119,941)	(28,457)
Net premium earned		1,052,530	0	1,052,530	1,409,238
Commissions earned		-	0	-	1,852
Total Income		1,052,530	0	1,052,530	1,411,090
Underwriting expenses					
Claims incurred, maturities and surrenders		(347,030)	0	(347,030)	(623,593)
Commissions paid		(252,398)	0	(252,398)	(510,068)
Direct expenses		-	0	-	(143)
Total expenses		(599,428)	0	(599,428)	(1,133,804)
Underwriting profit		453,102	0	453,102	277,286
Investment and other income					
Investment income	21	76,633	54,761	131,394	96,485
Other income	22	138,582	7,374	145,956	356,408
Shareholders' share of valuation surplus		-	140,411	140,411	-
Net Operating Income		668,317	202,546	870,863	730,179
Expenses					
Management expenses		(247,679)	(20,060)	(267,739)	(345,458)
Depreciation of fixed assets		(45,365)	(9,263)	(54,628)	(97,631)
Diminution in investments		(7,984)	(3,386)	(11,370)	(47,295)
Staff pension and gratuity		(3,894)	-	(3,894)	(41,805)
Provision for doubtful accounts	23	(108,224)	-	(108,224)	(153,545)
Shortfall in accretion to Life Fund	11	-	(26,398)	(26,398)	-
		(413,146)	(59,107)	(472,253)	(685,734)
Profit before exceptional items		255,171	143,439	398,610	44,445
Exceptional items	24	(1,548,208)	(1,040,951)	(2,589,159)	299,705
Prior year adjustment	25	(36,626)	(1,200)	(37,826)	-
(Loss)/profit before taxation	26	(1,329,663)	(898,712)	(2,228,375)	344,150
Taxation	27	(3,753)	(1,558)	(5,311)	(4,001)
(Loss)/profit after taxation		(1,333,416)	(900,270)	(2,233,686)	340,149
Appropriation:					
Transfer to contingency reserve	16	(35,174)	(1,154)	(36,328)	(67,332)
Retained (loss)/profit for the year	19	(1,368,590)	(901,424)	(2,270,014)	272,817
(Loss)/earnings per 50 kobo share - kobo	29	(31)	(44)	(35)	6

The accounting policies on pages 10 to 13 and the notes on pages 23 to 36 form an integral part of these financial statements.

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2011

		2011 N'000	2010 N'000
Income	Note		
Gross Written Premium	20	945,774	1,543,178
Decrease/(increase) in unearned premium		226,697	(105,483)
Gross Premium Earned		<u>1,172,471</u>	<u>1,437,695</u>
Outward reinsurances		(119,941)	(28,457)
Net premium earned		<u>1,052,530</u>	<u>1,409,238</u>
Commissions earned		-	1,852
Total Income		<u>1,052,530</u>	<u>1,411,090</u>
Underwriting expenses			
Claims incurred, maturities and surrenders		(347,030)	(623,593)
Commissions paid		(252,398)	(510,068)
Direct expenses		-	(143)
Total expenses		<u>(599,428)</u>	<u>(1,133,804)</u>
Underwriting profit		<u>453,102</u>	<u>277,286</u>
Investment and other income			
Investment income	21	76,633	76,410
Other income	22	138,582	332,585
Net Operating Income		<u>668,317</u>	<u>686,281</u>
Expenses			
Management expenses		(247,679)	(315,035)
Depreciation of fixed assets		(45,365)	(65,448)
Diminution in investments		(7,984)	(44,541)
Staff pension and gratuity		(3,894)	(41,805)
Provision for doubtful accounts	23	(108,224)	(113,753)
		<u>(413,146)</u>	<u>(580,582)</u>
Profit before exceptional items		<u>255,171</u>	<u>105,699</u>
Exceptional items	24	(1,548,208)	226,992
Prior year adjustment	25	(36,626)	-
(Loss)/profit before taxation	26	<u>(1,329,663)</u>	<u>332,691</u>
Taxation	27	(3,753)	(3,326)
(Loss)/profit after taxation		<u>(1,333,416)</u>	<u>329,365</u>
Appropriation:			
Transfer to contingency reserve	16	(35,174)	(65,873)
Retained (loss)/profit for the year	19	<u>(1,368,590)</u>	<u>263,492</u>
(Loss)/earnings per 50 kobo share - kobo	29	<u>(31)</u>	<u>8</u>

The accounting policies on pages 10 to 13 and the notes on pages 23 to 36 form an integral part of these financial statements.

GENERAL REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Fire N'000	General Accident N'000	Motor N'000	Marine & Aviation N'000	Contractors' All Risks, Bonds & Guarantees N'000	Oil & Gas N'000	2011 N'000	2010 N'000
Gross Written Premium	267,723	251,255	91,558	219,119	60,307	55,812	945,774	1,543,178
Decrease/(increase) in Unearned Premium	46,074	48,605	(19,707)	152,358	11,993	(12,626)	226,697	(105,483)
Gross Premium Earned	313,797	299,860	71,851	371,477	72,300	43,186	1,172,471	1,437,695
Outward reinsurance premium	(27,037)	(6,513)	-	(5,791)	-	(80,600)	(119,941)	(28,457)
Net Premium Earned	286,760	293,347	71,851	365,686	72,300	(37,414)	1,052,530	1,409,238
Commission received	-	-	-	-	-	-	-	1,852
Total Income	286,760	293,347	71,851	365,686	72,300	(37,414)	1,052,530	1,411,090
Direct expenses								
Gross Claims Paid	97,194	114,844	9,598	57,831	15,678	132,678	427,823	894,609
(Decrease)/Increase in outstanding claims provision	(34,544)	2,404	(17,975)	(30,678)	-	-	(80,793)	(271,016)
Gross Claims Incurred	62,650	117,248	(8,377)	27,153	15,678	132,678	347,030	623,593
Reinsurance claims recoveries	-	-	-	-	-	-	-	-
Net Claims Incurred	62,650	117,248	(8,377)	27,153	15,678	132,678	347,030	623,593
Underwriting expenses								
Maintenance cost	-	-	-	-	-	-	-	143
Commission paid	62,712	89,543	9,261	57,803	21,537	11,542	252,398	510,068
	62,712	89,543	9,261	57,803	21,537	11,542	252,398	510,211
Total expenses	125,362	206,791	884	84,956	37,215	144,220	599,428	1,133,804
Underwriting result								
2011	161,398	86,556	70,967	280,730	35,085	(181,634)	453,102	277,286
2010	(35,109)	262,705	(14,094)	53,682	30,208	(20,106)	277,286	

Annual Report & Accounts December 2011

LIFE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Note	2011 N'000	2010 N'000
Income			
Investment income		54,761	20,075
Other income		7,374	23,823
Shareholders' share of actuarial valuation surplus for 2010		140,411	-
Net operating income		202,546	43,898
Expenses			
Management expenses		20,060	30,423
Depreciation of fixed assets		9,263	32,183
Diminution in investments		3,386	2,754
Provision for bad debts	23	-	39,792
Shortfall in accretion to Life Fund	11	26,398	-
		59,107	105,152
Profit/(loss) before exceptional items		143,439	(61,254)
Exceptional items	24	(1,040,951)	72,713
Prior year adjustment	25	(1,200)	-
(Loss)/profit for the year	26	(898,712)	11,459
Appropriation:			
Transfer to contingency reserve	16	(1,154)	(1,459)
Retained (loss)/profit for the year	19	(899,866)	10,000
(Loss)/profit per 50 kobo share - kobo	29	(44)	1

The accounting policies on pages 10 to 13 and the notes on pages 23 to 36 form an integral part of these financial statements.

LIFE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2011

		2011 N'000	2010 N'000
Income	Note		
Gross Written Premium	20	115,424	145,945
Retrocession		-	-
Net Written Premium		115,424	145,945
Investment income	21	-	19,400
Other income	22	-	1,450
Total income		115,424	166,795
Direct claims paid, maturities and surrenders		(24,720)	(36,347)
(Increase) in outstanding claims		(9,285)	(546)
Reinsurance recoveries		-	5,009
Gross claims paid		(34,005)	(31,884)
Expenses			
Direct expenses		-	(4,030)
Commissions paid		(17,769)	(22,987)
Provision for bad debts	23	(61,192)	-
		(78,961)	(27,017)
Total expenses		(112,966)	(58,901)
Accretion to Life Fund	11	2,458	107,894

The accounting policies on pages 10 to 13 and the notes on pages 23 to 36 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Note	2011 N'000	2010 N'000
Cash flows from operating activities			
<i>Net cash (used by)/generated from operating activities</i>	28	(1,575,805)	2,632,455
Cash flows from investing activities			
Investment income		131,394	96,485
Purchase of fixed assets		(67,628)	(44,207)
Purchase of investment property		(34,289)	-
Proceeds from disposal of fixed assets		92	353,306
Proceeds from disposal of investments		9,548	-
Purchase of investments		-	(2,550,000)
<i>Net cash generated from/(used by) investing activities</i>		39,117	(2,144,416)
Cash flows from financing activities			
(Refund)/deposit for shares		(193,254)	193,254
Subscription of shares		1,000,000	-
Share subscription expenses		(76,000)	(1,354)
<i>Net cash generated from financing activities</i>		730,746	191,900
Net (decrease)/increase in cash and cash equivalents		(805,942)	679,939
Cash and cash equivalents at 1st January,		6,747,366	6,067,427
Cash and cash equivalents at 31st December,		5,941,424	6,747,366

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2011

1. The Corporation

Nigeria Reinsurance Corporation (previously known at different times as Nigeria Reinsurance Corporation and Nigeria Reinsurance Corporation Plc.) was established on 23rd June, 1977 by the Nigeria Reinsurance Corporation Act, 1977. It was subsequently incorporated under the Companies and Allied Matters Act Cap C20 LFN 2004. As part of the privatization policy, the FGN divested 51% of its equity shareholding from the Corporation in November, 2002. The core investor is Reinsurance Acquisition Group Limited, a special purpose vehicle formed for the purpose of acquiring equity interest in the Corporation. The Corporation is engaged in Life and General Reinsurance businesses.

2. Cash and short term funds

	General Business N'000	Life Business N'000	2011 N'000	2010 N'000
Balances with local banks	2,192,236	2,674,913	4,867,149	4,843,642
Balances with foreign banks	9,340	82,348	91,688	142,735
Commercial Papers	-	14,353	14,353	13,598
Bankers Acceptances	268,521	518,731	787,252	1,717,603
	<u>2,470,097</u>	<u>3,290,345</u>	<u>5,760,442</u>	<u>6,717,578</u>
Provision for doubtful accounts - Note 23	(207,328)	(446,690)	(654,018)	(5,212)
	<u>2,262,769</u>	<u>2,843,655</u>	<u>5,106,424</u>	<u>6,712,366</u>
	=====	=====	=====	=====

Included in balances with local banks is the sum of ₦4.8 billion held under lien by Union Bank of Nigeria Plc. in respect of a pending litigation.

The suit which is premised on the recovery of a credit facility advanced by Union Bank to NICON Investment, was struck out at the Federal High Court sitting in Lagos, inter alia, for abuse of court process with NICON Investment being awarded damages and some costs.

The Corporation is not directly involved in the litigation but it is joined as a co-defendant by reason of its membership of the Global Fleet Group with the first defendant, NICON Investment Limited, whereas companies in the Global Fleet Group have distinct relationship with Union Bank of Nigeria Plc. as a banker.

The Corporation is not in any way indebted to Union Bank, neither are its equity nor assets charged to the bank. There is neither obligation nor commitment from the Corporation on the subject matter.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2011

1. The Corporation

Nigeria Reinsurance Corporation (previously known at different times as Nigeria Reinsurance Corporation and Nigeria Reinsurance Corporation Plc.) was established on 23rd June, 1977 by the Nigeria Reinsurance Corporation Act, 1977. It was subsequently incorporated under the Companies and Allied Matters Act Cap C20 LFN 2004. As part of the privatization policy, the FGN divested 51% of its equity shareholding from the Corporation in November, 2002. The core investor is Reinsurance Acquisition Group Limited, a special purpose vehicle formed for the purpose of acquiring equity interest in the Corporation. The Corporation is engaged in Life and General Reinsurance businesses.

	General Business N'000	Life Business N'000	2011 N'000	2010 N'000
2. Cash and short term funds				
Balances with local banks	2,192,236	2,674,913	4,867,149	4,843,642
Balances with foreign banks	9,340	82,348	91,688	142,735
Commercial Papers	-	14,353	14,353	13,598
Bankers Acceptances	268,521	518,731	787,252	1,717,603
	<u>2,470,097</u>	<u>3,290,345</u>	<u>5,760,442</u>	<u>6,717,578</u>
Provision for doubtful accounts - Note 23	(207,328)	(446,690)	(654,018)	(5,212)
	<u>2,262,769</u>	<u>2,843,655</u>	<u>5,106,424</u>	<u>6,712,366</u>
	=====	=====	=====	=====

Included in balances with local banks is the sum of ₦4.8 billion held under lien by Union Bank of Nigeria Plc. in respect of a pending litigation.

The suit which is premised on the recovery of a credit facility advanced by Union Bank to NICON Investment, was struck out at the Federal High Court sitting in Lagos, inter alia, for abuse of court process with NICON Investment being awarded damages and some costs.

The Corporation is not directly involved in the litigation but it is joined as a co-defendant by reason of its membership of the Global Fleet Group with the first defendant, NICON Investment Limited, whereas companies in the Global Fleet Group have distinct relationship with Union Bank of Nigeria Plc. as a banker.

The Corporation is not in any way indebted to Union Bank, neither are its equity nor assets charged to the bank. There is neither obligation nor commitment from the Corporation on the subject matter.

3. Reinsurance premium receivable

a. Summary

Receivables on reinsurance accounts	3,732,524	540,801	4,273,325	4,328,341
Provision for doubtful debts - Note 23	(3,541,773)	(516,937)	(4,058,710)	(3,917,760)
	<u>190,751</u>	<u>23,864</u>	<u>214,615</u>	<u>410,581</u>
	=====	=====	=====	=====

b. Age Analysis

Under 90 days	94,530	15,088	109,618	410,581
91 - 180 days	192,442	17,552	209,994	
Above 180 days	3,445,552	508,161	3,953,713	3,917,760
	<u>3,732,524</u>	<u>540,801</u>	<u>4,273,325</u>	<u>4,328,341</u>
	=====	=====	=====	=====

Annual Report & Accounts December 2011

	General Business N'000	Life Business N'000	2011 N'000	2010 N'000
4. Other assets				
Other debtors	113,511	50,248	163,759	65,254
Prepayments and accrued income	3,636	-	3,636	2,554
	117,147	50,248	167,395	67,808
Provision for doubtful accounts - Note 23	(109,648)	(50,248)	(159,896)	(59,896)
	7,499	-	7,499	7,912
	=====	=====	=====	=====
5. Quoted investments				
Ordinary shares	1,041,941	18,144	1,060,085	1,022,378
Debenture stock	2,700	-	2,700	2,700
	1,044,641	18,144	1,062,785	1,025,078
Provision for doubtful investments - Note 23	(2,700)	-	(2,700)	(2,700)
	1,041,941	18,144	1,060,085	1,022,378
	=====	=====	=====	=====
6. Unquoted investments				
Ordinary shares	1,518,593	1,150,200	2,668,793	2,668,793
Debenture stock	3,056	-	3,056	3,056
	1,521,649	1,150,200	2,671,849	2,671,849
Provision for doubtful investments - Note 23	(1,516,794)	(545,376)	(2,062,170)	(59,062)
	4,855	604,824	609,679	2,612,787
	=====	=====	=====	=====
6.1 Included in unquoted ordinary shares are investments in these entities:				
Air Nigeria Development Limited	1,500,000	500,000	2,000,000	2,000,000
Fleet Hotel and Service Limited	0	550,000	550,000	550,000
	1,500,000	1,050,000	2,550,000	2,550,000
	=====	=====	=====	=====
Impairment tests were conducted on the investments in Air Nigeria Development Company Limited and Fleet Hotels and Services Limited for the 2011 accounting year. The impairment on the investments have been charged in the provision for doubtful investments.				
7. Statutory deposit				
Central Bank of Nigeria	600,000	235,000	835,000	35,000
	=====	=====	=====	=====

The statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with the provisions of the Insurance Act 2003. The shortfall of ₦165 million in the statutory deposit was made up in February, 2012.

Annual Report & Accounts December 2011

	General Business N'000	Life Business N'000	2011 N'000	2010 N'000
8. Investment property				
<u>Unquoted</u>				
At 1st January, 2011	2,031,695	510,000	2,541,695	2,541,695
Additions during the year	4,289	30,000	34,289	-
Transfer to General from Life	540,000	(540,000)	-	-
Transfer from fixed assets	793,790	-	793,790	-
At 31st December, 2011	3,369,774	-	3,369,774	2,541,695
	=====	=====	=====	=====

- i. Certain leasehold land and buildings were professionally revalued on 27th July, 1990 by Messrs Darl Uzu Associates on the basis of their current open market values resulting in revaluation surplus of ₦39,842,000. In November, 1996, certain selected land and building including those revalued in July, 1990 were professionally revalued by Messrs Jide Taiwo & Co., Estate Sureyors and Valuers resulting in a revaluation surplus of ₦304,320,000.
- ii. On 25th November, 1996, the investment property situated at Berkeley Street, Lagos was revalued at ₦5 million by Messrs Jide Taiwo & Co., Estate Surveyors and Valuers resulting in a revaluation surplus of ₦3,616,000. The assets were also revalued by Messrs Bode Adediji & Partners at ₦510 million on 3rd March, 2004 resulting in a surplus of ₦458.77 million. All the revaluation surplus have been included in the assets revaluation reserve.
- iii. Selected land and building, work-in-progress including those revalued earlier were revalued on 3rd March, 2004 by Messrs Bode Adediji & Co. resulting in a revaluation surplus of ₦1,105,390,000. The surplus on revaluation has been credited to the assets revaluation reserve.
- iv. The investment properties of the General business are:
 - a) The Head Office building situated at Plot 784A, Herbert Macaulay Way (North), Central Business District, Abuja.
 - b) The office property situated at 46, Marina, Lagos. This was reclassified in 2011 to investment property as the portion occupied by the Corporation for its use does not exceed 15% of the available space.
 - c) The block of flats situated at Berkeley Street, Lagos.
- v. In accordance with the Nigerian Statement of Accounting Standard No. 9, investment properties are not depreciated as they are held primarily for generating income or capital appreciation. In addition, they are not occupied substantially for use in the operations of the Corporation.

Annual Report & Accounts December 2011

9. Fixed Assets					
9.1 Fixed assets (General)	Land & Buildings N'000	Furniture, fittings and Equipment N'000	Motor Vehicles N'000	Capital Work -In-Progress N'000	Total N'000
Cost/Valuation					
At 1st January, 2011	793,790	564,659	105,235	-	1,463,684
Additions during the year	-	24,040	9,299	-	33,339
Transfer to investment property	(793,790)	-	-	-	(793,790)
Transfer to General from Life	355,056	-	-	-	355,056
Disposals during the year	-	(472)	-	-	(472)
At 31st December, 2011	355,056	588,227	114,534	-	1,057,817
Depreciation					
At 1st January, 2011	238,820	510,595	83,353	-	832,768
Charge for the year	17,753	24,300	3,313	-	45,366
Transfer to exceptional item	(238,820)	-	-	-	(238,820)
Transfer to General from Life	91,876	-	-	-	-
Disposals during the year	-	(472)	-	-	(472)
At 31st December, 2011	109,629	534,423	86,666	-	638,842
Net book value					
At 31st December, 2011	245,427	53,804	27,868	-	327,099
At 31st December, 2010	554,970	54,064	21,882	-	630,916

9.2 Fixed Assets - Life

Cost/Valuation					
At 1st January, 2011	620,316	-	35,713	-	656,029
Additions during the year	-	-	-	-	-
Transfer from Life to General	(355,056)	-	-	-	(355,056)
Disposals during the year	(80,000)	-	-	-	(80,000)
At 31st December, 2011	185,260	-	35,713	-	220,973
Depreciation					
At 1st January, 2011	156,875	-	35,712	-	192,587
Charge for the year	9,263	-	-	-	9,263
Transfer from Life to General	(91,876)	-	-	-	(91,876)
Disposals during the year	(9,421)	-	-	-	(9,421)
At 31st December, 2011	64,841	-	35,712	-	100,553
Net book value					
At 31st December, 2011	120,419	-	1	-	120,420
At 31st December, 2010	463,441	-	1	-	463,442

Two properties at Plots 7 and 8, Aso Gardens Estate, Maitama, Abuja were professionally revalued in 2007 by Messrs Nosa Okungbowa & Associates on the basis of their open market values resulting in a revaluation surplus of ₦63,865,640.

Annual Report & Accounts December 2011

	General Business N'000	Life Business N'000	2011 N'000	2010 N'000
10. Creditors and accruals	242,273	3,120	245,393	253,696
Due to retrocessionaires	-	-	-	1,000,000
Deposit for shares-Federal Govt of Nigeria	-	-	-	193,254
Deposit for shares-Core Investor	50,750	3,406	54,156	71,137
Accrued expenses	106,004	-	106,004	23,280
Other creditors	46,261	-	46,261	29,395
Unearned income	-	8,107	8,107	8,107
Capital Gains Tax	445,288	14,633	459,921	1,578,869
11. Reinsurance funds				
Reinsurance funds comprise:	-	305,565	305,565	417,120
Life Fund - 11.1	253,855	-	253,855	480,552
Reserve for unexpired risks - 11.2	<u>590,925</u>	<u>9,831</u>	<u>600,756</u>	<u>672,264</u>
Reserve for outstanding claims - 11.3	844,780	315,396	1,160,176	1,569,936
11.1 Life fund				
At 1st January	-	417,120	417,120	309,226
Transfer from life revenue account	-	2,458	2,458	107,894
Shortfall in accretion to Life Fund	-	26,398	26,398	-
Shareholders' share of actuarial valuation surplus for 2010	-	<u>(140,411)</u>	<u>(140,411)</u>	-
At 31st December	-	305,565	305,565	417,120
11.2 Unexpired risks				
Fire	66,931	-	66,931	113,005
General Accident	62,814	-	62,814	111,418
Motor	22,889	-	22,889	3,183
Marine and Aviation	72,191	-	72,191	224,549
Bond and Engineering	15,077	-	15,077	27,070
Oil & Gas	<u>13,953</u>	-	<u>13,953</u>	<u>1,327</u>
	253,855	-	253,855	480,552
11.3 Outstanding claims				
a. Summary				
Fire	258,228	-	258,228	292,772
General Accident	21,564	-	21,564	19,160
Motor	14,470	-	14,470	32,445
Marine and Aviation	296,663	-	296,663	327,341
Life	-	<u>9,831</u>	<u>9,831</u>	<u>546</u>
	590,925	9,831	600,756	672,264
b. Age Analysis				
0 - 90 days	87	1,593	1,680	546
91 - 180 days	7,166	2,660	9,826	683
181 - 270 days	2,020	5,578	7,598	1,008
271 - 360 days	6,310	-	6,310	3,529
361 days and above	<u>575,342</u>	-	<u>575,342</u>	<u>666,498</u>
	590,925	9,831	600,756	672,264

Annual Report & Accounts December 2011

	General Business N'000	Life Business N'000	2011 N'000	2010 N'000
12. Hypothecation of Investments				
<i>Investments</i>				
Cash and short term funds	69,773	122,115	191,888	156,333
Quoted investments	798,037	18,144	816,181	-
Unquoted investment	-	58,206	58,206	-
Investment property	-	-	-	1,094,358
Fixed assets	-	120,420	120,420	510,000
	<u>867,810</u>	<u>318,885</u>	<u>1,186,695</u>	<u>1,760,691</u>
	=====	=====	=====	=====
<i>Reinsurance funds - Note 11</i>	<u>844,780</u>	<u>315,396</u>	<u>1,160,176</u>	<u>1,569,936</u>
	=====	=====	=====	=====
<i>Surplus of investments over insurance funds</i>	<u>23,030</u>	<u>3,489</u>	<u>26,519</u>	<u>190,755</u>
	=====	=====	=====	=====
Staff pension and gratuity				
13. At 1st January	139,682	-	139,682	129,109
Charge for the year	3,894	-	3,894	41,805
	<u>143,576</u>	<u>-</u>	<u>143,576</u>	<u>170,914</u>
Payment to leavers	(464)	-	(464)	(31,232)
At 31st December,	<u>143,112</u>	<u>-</u>	<u>143,112</u>	<u>139,682</u>
	=====	=====	=====	=====
14. Share capital				
<i>Authorised</i>				
Ordinary shares of 50k each			4,500,000	4,500,000
			=====	=====
	General Business N'000	Life Business N'000	2010 N'000	2009 N'000
<i>Issued and fully paid</i>				
At 1st January	2,108,605	962,500	3,071,105	3,071,105
Issued during the year	<u>75,000</u>	<u>50,000</u>	<u>125,000</u>	<u>-</u>
At 31st December	<u>2,183,605</u>	<u>1,012,500</u>	<u>3,196,105</u>	<u>3,071,105</u>
	=====	=====	=====	=====
15. Share premium				
At 1st January	2,454,271	2,454,271	4,908,542	4,909,896
On shares issued during the year	525,000	350,000	875,000	-
Statutory and professional charges	(38,000)	(38,000)	(76,000)	-
(Payment to) Issuing House	-	-	-	(1,354)
At 31st December	<u>2,941,271</u>	<u>2,766,271</u>	<u>5,707,542</u>	<u>4,908,542</u>
	=====	=====	=====	=====

During the year under review, deposit for shares of ₦1,000,000,000 by the Bureau of Public Enterprises on behalf of the Federal Government of Nigeria was allotted. Consequently, 250,000,000 ordinary shares of 50k each were allotted at ₦4.00 per share.

Annual Report & Accounts December 2011

	General Business N'000	Life Business N'000	2011 N'000	2009 N'000
16. Contingency reserve				
At 1st January	1,321,198	93,928	1,415,126	1,347,794
Transfer from profit and loss account	35,174	1,154	36,328	67,332
At 31st December	1,356,372	95,082	1,451,454	1,415,126
	=====	=====	=====	=====
17. Fixed assets revaluation reserve				
At 1st January	1,421,292	876,104	2,297,396	2,297,396
Revaluation on investment property transferred	-	(715,844)	(715,844)	-
At 31st December	1,421,292	160,260	1,581,552	2,297,396
	=====	=====	=====	=====
18. Quoted investment revaluation reserve				
At 1st January	891,851	9,965	901,816	579,161
Arising during the year	50,882	(2,400)	48,482	322,655
At 31st December	942,733	7,565	950,298	901,816
	=====	=====	=====	=====
19. Revenue reserve				
At 1st January	(1,105,175)	(340,220)	(1,445,395)	(1,718,212)
Transfer from fixed assets revaluation reserve	-	715,844	715,844	-
Transfer from profit and loss account	(1,368,590)	(901,424)	(2,270,014)	272,817
At 31st December	(2,473,765)	(525,800)	(2,999,565)	(1,445,395)
	=====	=====	=====	=====
20. Gross written premium				
<i>General</i>				
Fire	267,723	-	267,723	452,018
Accident	251,255	-	251,255	445,672
Motor	91,558	-	91,558	12,732
Marine and Aviation	219,119	-	219,119	519,167
Bond and Engineering	60,307	-	60,307	108,280
Oil & Gas	55,812	-	55,812	5,309
	945,774	-	945,774	1,543,178
<i>Life</i>	-	115,424	115,424	145,945
	945,774	115,424	1,061,198	1,689,123
	=====	=====	=====	=====
21. Investment income				
Equities-quoted	32,877	450	33,327	29,526
Equities-unquoted	4,650	17,548	22,198	10,483
Interest on fund placements	39,106	36,763	75,869	56,476
	76,633	54,761	131,394	96,485
	=====	=====	=====	=====

Annual Report & Accounts December 2011

	General Business N'000	Life Business N'000	2011 N'000	2010 N'000
22. Other income				
Rental income				
Interest on staff loans	118,478	7,374	125,852	182,354
Service charge & miscellaneous receipts	40	-	40	29
Profit on disposal of investments	1,791	-	1,791	41,273
Profit on disposal of fixed assets	9,168	-	9,168	-
Foreign exchange difference	92	-	92	1,460
Other income	4,286	-	4,286	61,363
WAICA fees	4,727	-	4,727	-
	-	-	-	69,929
	138,582	7,374	145,956	356,408
	=====	=====	=====	=====
23. Provision for doubtful accounts				
23.1 Per profit and loss account				
Cash and short term funds	(5,212)	-	(5,212)	-
Reinsurance receivables	113,710	61,192	174,902	122,621
Other assets	-	-	-	25,696
Quoted investments	-	-	-	-
Unquoted investments	(274)	-	(274)	5,228
	108,224	61,192	169,416	153,545
	=====	=====	=====	=====
23.2 Cash and short term funds				
At 1st January	5,212	-	5,212	5,212
Provision for the year	-	-	-	-
Provision no longer required	(5,212)	-	(5,212)	-
	-	-	-	5,212
Exceptional provision for the year	207,328	446,690	654,018	-
At 31st December	207,328	446,690	654,018	5,212
	=====	=====	=====	=====
23.3 Reinsurance receivables				
At 1st January	3,462,014	455,746	3,917,760	3,795,139
Provision for the year	113,710	61,192	174,902	122,621
Provision no longer required	(33,951)	(1)	(33,952)	-
At 31st December	3,541,773	516,937	4,058,710	3,917,760
	=====	=====	=====	=====
23.4 Other assets				
At 1st January	29,948	29,948	59,896	34,200
Provision for the year	-	-	-	29,948
Provision no longer required	-	-	-	(4,252)
	29,948	29,948	59,896	59,896
Exceptional provision for the year	79,700	20,300	100,000	-
At 31st December	109,648	50,248	159,896	59,896
	=====	=====	=====	=====
23.5 Quoted investments				
At 1st January	2,700	-	2,700	2,700
Provision for the year	-	-	-	-
Provision no longer required	-	-	-	-
At 31st December	2,700	-	2,700	2,700
	=====	=====	=====	=====

Annual Report & Accounts December 2011

	General Business N'000	Life Business N'000	2011 N'000	2010 N'000
23.6 Unquoted investments	17,068			
At 1st January	-	41,994	59,062	53,834
Provision for the year	(274)	-	-	5,228
Provision no longer required	16,794	-	(274)	-
	1,500,000	41,994	58,788	59,062
Exceptional provision for the year	1,516,794	503,382	2,003,382	-
At 31st December	76,410	545,376	2,062,170	59,062
	=====	=====	=====	=====

24. Exceptional items

Provision for loss on Air Nigeria Development Ltd	(1,579,700)	(520,300)	(2,100,000)	-
Provision for loss on Fleet Hotel & Service Ltd	-	(3,382)	(3,382)	-
Aggregate depreciation on transfer of land and building to Investment property	238,820	-	238,820	-
Provision for loss on NICON Investment Limited	(207,328)	(446,690)	(654,018)	-
Loss on disposal of fixed assets	-	(70,579)	(70,579)	-
Gain on disposal of assets less Capital Gains Tax	-	-	-	72,963
Previous years' write-back	-	-	-	226,742
	(1,548,208)	(1,040,951)	(2,589,159)	299,705
	=====	=====	=====	=====

- i. In line with the Statement of Accounting Standard No. 9, the aggregate depreciation on fixed asset transferred to the Investment property category is being recognised in the profit and loss account.
- ii. The disposal of property at Isolo in 2010 resulted in a gain. The gain is liable to Capital Gains Tax (CGT) despite the tax-exempt status of the Corporation as this is a direct tax.
- iii. Previous years' write-backs/offers relate to long outstanding unsubstantiated credit and debit balances respectively.

25. Prior year adjustments

Previous years' ground rents	(36,626)	(1,200)	(37,826)	-
	=====	=====	=====	=====

Previous year's ground rents relate to unpaid assessments for tenement rates and ground rent.

26. (Loss)/profit for the year

This is stated after charging/(crediting)

	2011 N'000	2010 N'000
Directors' emoluments	18,256	17,505
Directors' expenses	3,091	3,611
Depreciation	54,628	97,631
Auditors' remuneration	5,000	5,000
National Insurance Commission levy	6,723	11,295
Investment income	(131,394)	(96,485)
Foreign exchange gain - normal operations	(4,286)	(61,363)
	=====	=====

Annual Report & Accounts December 2011

	General Business N'000	Life Business N'000	2011 N'000	2010 N'000
27. Taxation				
27.1 Per Profit and Loss account				
Withholding tax on dividend	3,753	1,558	5,311	4,001
27.2 Per Balance sheet				
At 1st January	-	-	-	-
Per profit and loss account	3,753	1,558	5,311	4,001
	3,753	1,558	5,311	4,001
Payment during the year	(3,753)	(1,558)	(5,311)	(4,001)
At 31st December,	-	-	-	-
	=====	=====	=====	=====

In line with its enabling Act, the Corporation is not liable to all taxes until the General Reserve account is equal to or greater than the share capital. This condition has not been met.

Consequently, Income and Education Taxes together with the NITDA levy have not been charged on the profits of the Corporation.

	2011 N'000	2010 N'000
28. Reconciliation of operating profit/(loss) to net cash provided by operating activities		
Profit for the year before exceptional items and prior year adjustments	398,610	44,445
Aggregate depreciation on transfer of land and building to Investment property	(238,820)	-
Investment income	(131,394)	(96,485)
Depreciation	54,628	97,631
(Gain) on disposal of investment	(9,168)	(1,460)
(Gain) on disposal of fixed assets	(92)	-
Exchange (gain)	(4,286)	(61,363)
Provision for bad and doubtful accounts	269,416	153,545
Provision for loss on investments	2,003,382	-
Loss on quoted investment	11,370	47,295
Prior year adjustments	(37,826)	-
Exceptional items	(2,589,159)	299,705
Tax paid	(5,311)	(4,001)
Increase in reinsurance funds	(111,555)	-
(Decrease) in Claims	(71,508)	(270,470)
(Decrease) in unexpired risks	(226,697)	(375,069)
Decrease in debtors	134,456	313,699
(Increase)/decrease in other assets	(99,587)	2,591,269
Staff pension	3,894	41,805
Pension (paid)	(464)	(31,232)
(Decrease) in creditors	(925,694)	(116,859)
Cash flow from operating activities	(1,575,805)	2,632,455
	=====	=====

Annual Report & Accounts December 2011

	2011 N'000	2010 N'000
29. Cash and cash equivalents	5,106,424	6,712,366
Cash and bank balances	835,000	35,000
Statutory deposit	<u>5,941,424</u>	<u>6,747,366</u>

- 30. Earnings per share**
Earnings per share is calculated on the weighted average number of shares of 50 kobo each during the year under review.

	2011 N'000	2010 N'000
31. Contraventions		
<i>Nature</i>		
Late submission of 2009 financial statements	920	-
Late submission of 2010 financial statements	645	-
Violation of policy on bank placements	500	-
Restatement of insurance funds	100	-
Excess investments in real property	50	-
	<u>2,215</u>	<u>-</u>

- 32. Staff**
32.1 The number of employees in receipt of emoluments excluding allowances within the following ranges were:

	2011 Number	2010 Number
N	12	21
270,001 - 350,000	9	10
350,001 - 450,000	4	2
450,001 - 550,000	4	3
550,001 - 750,000	25	13
750,001 - 1,000,000	8	12
1,000,001 - 1,500,000	3	3
1,500,001 - 2,000,000	5	6
Over 2,000,000	<u>70</u>	<u>70</u>

- 32.2 The number of persons employed at the end of the financial year were as follows:

Cadre		
Managerial	9	10
Senior	9	16
Junior	26	6
Contract	<u>26</u>	<u>38</u>
	<u>70</u>	<u>70</u>

	2011 N'000	2010 N'000
32.3 The related staff costs were:		
Salaries, wages and allowances	88,425	85,244
Retirement benefits	3,894	28,255
Pension cost	<u>3,561</u>	<u>3,605</u>
	<u>95,880</u>	<u>117,104</u>

Annual Report & Accounts December 2011

33. Directors' emoluments

The number of directors excluding the chairman whose emoluments (excluding allowances, pension cost and other benefits) fell within the following ranges were:

	2011 N'000	2010 N'000
N	-	1
1,000,000 - 1,500,000	2	2
Over 2,500,000	2	3
	=====	=====

None of the directors waived their emoluments during the year.

34. Contingent liabilities and obligations

There are contingent liabilities in respect of legal suits against the Corporation totaling N31,572,637 at 31st December, 2011 (2010 - N13,235,200, \$500,000). The legal suits are being vigorously contested and no provision has been made for loss as the directors are of the opinion that no significant liability will arise therefrom.

35. Guarantees and other financial commitments

35.1 Capital expenditure

Contracted

2011 N'000	2010 N'000
=====	=====

35.2 Pension commitments

The Board of Directors are aware of the provisions of the Pension Reform Act 2004 and full compliance therewith is being ensured.

35.3 Financial commitments

The directors are of the opinion that all known liabilities and financial commitments relevant in assessing the State of Affairs of the Corporation have been taken into consideration in the preparation of these financial statements.

36. Related parties

36.1 Transactions

Air Nigeria Development Company Limited
Global Fleet Industries Limited
NICON Insurance Limited

2011 N'000	2010 N'000
200,000	-
7,500	-
1,032	220,268
=====	=====

36.2 Due from

NICON Insurance Limited
Air Nigeria Development Company Limited

2011 N'000	2010 N'000
1,432,765	1,433,797
100,000	-
=====	=====

36.3 Due to

Global Fleet Industries Limited

2011 N'000	2010 N'000
3,500	-
=====	=====

Annual Report & Accounts December 2011

Subsequent Events Review

The financial statements of the Corporation was prepared for the year ended 31st December, 2011.

At the date of approval of the financial statements on 13th March, 2013, there were no significant post balance sheet events which could have a material effect on the financial statements that have not been adequately provided for or disclosed.

Update on International Financial Reporting Standards

With effect from 1st January, 2012, Nigeria Reinsurance Corporation is required to issue financial statements that are compliant with the International Financial Reporting Standards. This is consistent with the Roadmap issued by the Financial Reporting Council of Nigeria (formerly Nigerian Accounting Standards Board - NASB).

A Steering Committee is in place by the Corporation to ensure compliance with the Roadmap.

Segment information

All the operations of the Corporation are in Nigeria even though there are overseas clients. Consequently, there is no reporting based on geographical segments.

Comparative figures

Certain prior year items have been reclassified to conform with the current year format of presentation.

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011 N'000	%	2010 N'000	%
Gross premium written	945,774		1,543,178	
Other income	417,761		452,893	
	1,363,535		1,996,071	
Bought-in materials and services	(819,035)		(1,736,891)	
	544,500		259,180	
Exceptional items	(2,589,159)		299,705	
Prior year adjustments	(37,826)		-	
Value (eroded)/added	(2,082,485)	100	558,885	100
=====				
Applied as follows:				
To pay employees				
Salaries, wages and other benefits	87,701	(4)	85,244	15
Retirement benefits	-	-	28,255	5
Pensions	3,561	(0)	3,605	1
To pay government				
Taxation	5,311	(0)	4,001	1
Retained for future replacement of assets and expansion of business				
Depreciation	54,628	(3)	97,631	17
Contingency reserve	36,328	(2)	67,332	12
Retained (loss)/profit	(2,270,014)	109	272,817	49
Value (eroded)/added	(2,082,485)	100	558,885	100
=====				

Value eroded/added is the wealth lost/created by the efforts of the Corporation and its employees. This statement shows the allocation of that wealth between employees, shareholders and re-invested for the creation of more wealth.

Annual Report & Accounts December 2011

FIVE YEAR FINANCIAL SUMMARY FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011	2010	2009	2008	2007
	N'Million	N'Million	N'Million	N'Million	N'Million
ASSETS					
Cash and short term funds	5,106	6,712	5,032	6,715	98
Treasury bills	-	-	-	-	10
Reinsurance premium receivables	215	411	270	1,031	402
Other assets	7	8	2,625	968	629
Quoted investments	1,060	1,022	747	1,091	1,231
Unquoted Investments	610	2,613	68	106	123
Statutory deposit	835	35	1,035	1,035	1,035
Investment properties	3,370	2,542	2,542	510	510
Fixed assets	448	1,094	1,427	3,684	3,734
TOTAL ASSETS	11,651	14,437	13,746	15,140	7,772
	=====	=====	=====	=====	=====
Liabilities					
Bank overdraft	-	-	-	37	-
Creditors and accruals	460	1,579	1,503	2,669	2,185
Insurance funds	1,160	1,570	1,627	1,338	1,062
Staff Pension and Gratuity	143	140	129	279	268
Total liabilities	1,763	3,288	3,259	4,323	3,515
	-----	-----	-----	-----	-----
Capital and reserves					
Share capital	3,196	3,071	3,071	3,071	1,196
Share Premium	5,708	4,909	4,910	4,850	-
Contingency reserve	1,451	1,415	1,348	1,303	1,265
Fixed assets revaluation reserve	1,582	2,297	2,297	2,297	2,298
Quoted investment revaluation reserve	950	902	579	910	1,114
Revenue reserve	(3,000)	(1,445)	(1,718)	(1,614)	(1,616)
Shareholders' funds	9,887	11,149	10,487	10,817	4,257
	-----	-----	-----	-----	-----
Total liabilities and reserves	11,651	14,437	13,746	15,140	7,772
	=====	=====	=====	=====	=====
Premium and profits					
Gross premium earned	1,172	1,438	1,397	1,368	1,999
(Loss)/profit for the year	(2,234)	340	(59)	(11)	(2,381)
Transfer to contingency reserve	(36)	(67)	(45)	(37)	(55)
Transfer from Life revenue	-	-	-	51	-
Retained (loss)/profit	(2,270)	273	(105)	3	(2,436)
	=====	=====	=====	=====	=====
Per share data					
(Loss)/earnings per share - kobo	(35)	6	(1)	(0)	(199)
	=====	=====	=====	=====	=====
Net assets per share - kobo	155	182	171	176	356
	=====	=====	=====	=====	=====

Note

Loss or earnings per share is based on the (loss)/profit for the year and the weighted number of shares in issue during the respective years.

The earnings per share for 2007 are based on a nominal value of ₦1 pershare.

The earnings per share for 2008 to 2011 were based on the re-denominated nominal value of 50 kobo per share.



Abuja: Plot 784 Herbert Macaulay Way, (North) Central Business District.
P.M.B. 292 Garki, Abuja, FCT, Nigeria. Tel: 07098110771.
Lagos: 46, Marina, P.M.B. 12765, Lagos, Nigeria. Tel: 07098111677.
London: 21, Worship Street (5th Floor), London EC2A 2DW.
e-mail: mails@nigeriareinsurance.com website: www.nigeriareinsurance.com