

Jaiz Takaful Insurance Plc  
Financial statements for the year ended  
31st December, 2017



Jaiz Takaful Insurance Plc  
Financial statements for the year ended 31st December, 2017

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## Corporate Information

### About Jaiz Takaful Insurance Plc

Jaiz Takaful Insurance Plc was incorporated as a Public Liability Company with the Corporate Affairs Commission (CAC) in January 2014 and got operational License with National Insurance Commission (NAICOM) in August 2016. The Company in January 2017 got approval of its general takaful products and commenced business in the Abuja Head office same year.

Jaiz Takaful Insurance Plc is a premier Shariah compliant General and Family (Life) Insurance Operator. Jaiz Takaful Insurance Plc was established to provide Takaful insurance in Nigeria with the insight of expansion in West Africa as an international leader in Takaful.

The Contract of Takaful as a business venture is based on the Islamic profit sharing of Mudarabah principle. In this regard, clients of Takaful known as Participants shall be entitled to earn returns on the Contributions (premium) paid in consideration for their participation in Takaful products provide by Jaiz Takaful Insurance Plc subject to the declaration of surplus at the end of the financial year.

### Mission

Jaiz Takaful Insurance Plc - Providing a Bond beyond Insurance - A Company that cares, shares and above all grows with its Employees and Stakeholders; ethically covering all insurable risk and basis of mutual benefits.

### Vision

Jaiz Takaful Insurance Plc is striving to be the Leader in Ethical Finance and Wealth Management.

### RC

1167843

### Website

[www.jaiztakafulinsurance.com](http://www.jaiztakafulinsurance.com)

### E-mail

[info@jaiztakafulinsurance.com](mailto:info@jaiztakafulinsurance.com)

Jaiz Takaful Insurance Plc  
Financial statements for the year ended 31st December, 2017

Corporate Information

Corporate Head Office:

- Plot 1054, O.P. Fingesi Street,  
Off Obafemi Awolowo Way,  
Cadastral Zone B05,  
Utako District, Abuja.

Branch Offices:

- KADUNA  
NO. 20 A Bank Road,  
Kaduna.
- LAGOS  
No. 91 Obafemi Awolowo Way,  
Ikeja, Lagos.
- KANO  
No. 15 Bank Road,  
Nasarawa District. Kano.

Independent Auditors:

- SADA, IDRIS & CO.  
Chartered Accountants,  
2nd Floor, B Wing,  
FMBN Building,  
Central Business District,  
Abuja.

Bankers:

- JAIZ BANK PLC  
Herbert Macaulay Way,  
Zone 5, Wuse, Abuja
- STERLING BANK PLC  
Plot 990, Sterling Boulevard,  
Wuse, Abuja

Regulatory Authority:

- NATIONAL INSURANCE COMMISSION  
Plot 1239,  
Ladoke Akintola Boulevard,  
Garki II. Abuja.

Actuary

O & A Hedge Actuarial Consulting  
Suite 28, First Floor, Motor Way, Central 1,  
Motor way Avenue, Alausa Ikeja, Lagos,  
Nigeria

Board of Directors

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Alhaji (Dr) Umaru Abdul Mutallab (CON)	- Chairman
HRH Alhaji Bello Muhammed Sani (CON)	- Member
Alhaji Ibrahim Adetokunbo Onaleye	- Member
Sheikh Adam Abdullah Idoko	- Member
Alhaji Mukhtar Sani Hanga	- Member
Hajiya Zainab Abdurrahman	- Member
Amb. Adamu Babangida Ibrahim	- Member
Momodou Musa Joof	- Managing Director/Chief Executive Officer
Garba Abubakar Muhammad	- Executive Director (Admin and Corporate Services)
Sabiu Bello Abubakar	- Executive Director(Operations and Training)

Management Team:

Momodou Musa Joof	- Managing Director/Chief Executive Officer
Garba Abubakar Muhammad	- Executive Director (Admin and Corporate Services)
Sabiu Bello Abubakar	Executive Director (Operations and Training)
Aliyu Buhari Ali	- Head of Marketing
Abdulrahman Abubakar	- Head of Finance and Accounts
Raji Isiaka	- Head of General Takaful
Abdulkarim Yahya	- Head of Audit/Chief Compliance Officer
Anas Ibrahim Zango	- Head of Corporate Services
Omenka Daniel Okache	- Head of Information Technology
Abiodun Aliu Abgabiaka	Head of Family Takaful
Umar Jibril	- Company Secretary/Legal Adviser

# Jaiz Takaful Insurance Plc

## Financial statements for the year ended 31st December, 2017

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### Chairman's Statements

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Dear Shareholders and Invited Guests,

It gives me great pleasure to welcome you to the 1st Annual General Meeting of our company, and to present to you our statement of affairs and reports for the year ended 31st December, 2017.

#### Operating Environment

As we are all aware, the year 2017 was a period where the financial industry was earnestly looking forward to a rebounding economy which was faced with recession in 2016 primarily caused by shortfall of inflow in major foreign currencies, decline in government revenue, rising interest rate, inflation, etc. The country has witnessed considerable security stability following efforts by the Armed Forces in the North Eastern part against terrorism as well as the Niger Delta militants. This has instilled more confidence in the country by international investors.

However, in spite of the prevailing economic challenges, the country recorded positive developments through the doggedness of the President in anti-corruption war, huge revamp of the agricultural sector and the enhanced security atmosphere of the country.

#### Insurance Industry

The insurance industry saw efforts made by the National Insurance Commission (NAICOM) reinforce standards in the market especially the draft corporate governance code which seeks to encapsulate changes in line with global best practices and the rates for compulsory insurance which will boost revenue for the players in the industry if adequately enforced by the Commission.

There has been no significant change in the core activities of the Company since approval of the general and family takaful products in January and July, 2017 respectively. This late approval has seriously affected our anticipated inflow because takaful transactions are usually closed during the last and first months of the year. Thus, we consider 2017 not to be a full-fledged year of production, but we promise that 2018 would be a year to reckon with.

#### Future Outlook

Our Company is evolving and all the indices point towards growth direction. Whilst we brace up for developmental changes. The Commitment to our vision and mission remains on course whilst sound fiscal discipline which will enhance our profitability will be pursued.

Furthermore, the company has kick-started the process of divesting its shares through rights issues of 1,100,000,000 ordinary shares divided in 2,200,000,000 ordinary shares of 50kobo per share. We envisage that this exercise will bring in new investors



Chairman's Statements

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Conclusion

I wish to conclude by expressing our appreciation to our esteemed customers, brokers, agents and every other stakeholder who has contributed immensely to our growth these past two years.

I thank and commend the supportive Management team and the entire staff of this great Company for their resilience and commitment in the achievement of these positive results.

The expected continuous improvement in the operating environment will definitely serve as the pivot of our growth. We are committed to this growth. We intend to create wealth, meet the expectations of our various stakeholders. We appeal for your continuous support in this regard.

Lastly, to God be all the Glory. He has kept us all through the years by His grace; He will continue to keep us all.

God bless you all.



.....  
Alhaji (Dr) Umaru A. Mutallab (CON)

Chairman

FRC/2013/ICAN/0000004391

## Directors' Report

The Board of Directors are pleased to submit their report together with the audited financial statements for the year ended 31st December 2017, which disclose the state of affairs of the Company.

1 Result at Glance	Shareholder	General Takaful	Family Takaful	Consolidated
	<del>RM</del>	<del>RM</del>	<del>RM</del>	<del>RM</del>
Gross Contribution Earned	0	63,458,647	11,515,264	74,973,911
Net Contribution	0	45,792,411	11,236,303	57,028,714
Underwriting Profit	0	26,930,745	1,844,430	28,775,175
Surplus/(Deficit)	0	(3,440,198)	(105,093)	0
Profit/Loss before Tax	(680,014,468)	0	0	(680,014,468)
Profit/Loss after Tax	(681,514,468)	0	0	(685,059,759)

## 2 Legal Form

Jaiz Takaful Insurance Plc was incorporated 31st January, 2014 by Corporate Affairs Commission. On the 19 August 2016, the National Insurance Commission granted the company licence to engage in composite Takaful operations. Furthermore, on 9 January, 2017 and 10th July 2017, it was granted approval to commence business on the following insurance general and family products respectively:-

## General Products:

Marine Cargo Takaful	Machinery breakdown Takaful
Burglary Takaful	Group personal accident Takaful
Fidelity Guarantee Takaful	Public liability Takaful
Professional Indemnity Takaful	Money Takaful
Employers Liability Takaful	All risk Takaful
Fire & Allied Perils Takaful	Erection all risk Takaful
Motor(Commercial) Takaful	Contractors plant machinery Takaful
Motor (Private)Takaful	Consequential loss Takaful

## Family Products:

Jaiz Group Family Takaful Plan  
 Jaiz Educational Takaful Plan  
 Jaiz Non-Interest Loan Protection Plan  
 Jaiz Group Mortgage Family Takaful



## Directors' Report

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### 3 Statement of Director's Responsibility on the Financial Statements

Section 334 and 335 of the Companies and Allied Matters Act CAP C20 LFN 2004; require the directors to prepare financial statements for each financial year that give a true and fair view of the state of the financial affairs of the Company at the end of each financial year and its profit or loss and cash flows.

The directors are also to ensure that the statements comply with the provision of the Insurance Act 2003 and the Companies and Allied Matter Act CAP C20 LFN 2004.

These responsibilities include ensuring that the Company:

- a. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with requirements of the Companies and Allied Matter Act and Insurance Act of 2003.
- b. Establishes adequate internal controls to safeguard its assets and to prevent fraud and other irregularities; and
- c. Prepares its financial statements using suitable accounting policies supported by the reasonable and prudent judgments.

The Directors accept responsibility for the annual statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with:

- ☐ International Accounting Standard
- ☐ Relevant guideline issued by NAICOM
- ☐ The Requirement of Insurance Act 2003
- ☐ The Requirements of the Companies and Allied Matters Act
- ☐ Accounting and Auditing Organization for Islamic Financial Institution Standards (AAOIFI)

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 or (loss) for the year. The Directors also accept responsibility of the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal control.

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

## Directors' Report

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### 4 Directors/Advisers

The following Directors served during the year ended 31<sup>st</sup> December, 2017:

Alhaji (Dr) Umar Abdul Mutallab, con	-	Chairman
Momodu Musa Joof	-	Managing Director/CEO
Garba Abubakar Muhammad	-	Executive Director
Sabiu Bello Abubakar	-	Executive Director
HRH Engr. Bello Muhammad Sani, con	-	Non-Executive Director
Alhaji Muktar Sani Hanga	-	Non-Executive Director
Alhaji Ibrahim Adetokunbo Onaleye	-	Non-Executive Director
Amb. Adam Babangida Ibrahim	-	Non-Executive Director
Hajiya Zainab Abdurrahman	-	Non-Executive Director
Sheikh Adam Abdullah Idoko	-	Non-Executive Director

Advisory Council of Experts (ACE) Members:

Dr. Elsayed Hamid Hassan Mohammed	-	Chairman
Prof. Muhammad Nasiruddeen Maiturare	-	Member
Prof. Mohammed Bello Uthman	-	Member

Company Secretary/Legal Adviser:

Mr. Umar Jibril

Registered Office:

Plot 1054, O.P Fingesi Street,  
Off Obafemi Awolowo Way,  
Utako District, Abuja.

Auditors:

Sada, Idris & Co.  
Chartered Accountants,  
2nd Floor, B Wing,  
FMBN Building,  
Central Business District, Abuja.

Actuary:

O & A Hedge Actuarial Consulting  
Suite 28, First Floor, Motor Way, Central  
1, Motor way Avenue, Alausa Ikeja,  
Lagos, Nigeria

## Directors' Report

## 5 Directors' Interests

The direct and indirect interest of the Directors in the issued share capital of the Company as recorded in the Register of Directors' shareholding and/or as notified by the Directors for the purpose of section 275 and 276 of the Companies and Allied Matter Act and listing requirements of the Nigerian Stock Exchange as of 31 December, 2017 are as follows:

S/N DIRECTORS	DIRECT	INDIRECT	TOTAL NO OF SHARES HELD
1 Ibrahim Adetokunbo Onaleye	1	Nil	1
2 Garba Abubakar Muhammad	1	Nil	1
3 Ahmed Saci Maiyaki	1	Nil	1

## 6 Ownership Structure

The Paid - up Shares of the Company as at 31st December, 2017 were held as follows;

Jaiz Charity Development & Foundation	199,999,997
Ibrahim Adetokunbo Onaleye	1
Garba Abubakar Muhammad	1
Ahmed Saci Maiyaki	1
Total	<u>200,000,000</u>

## Analysis of Shareholding

Analysis of the distribution of shares of the Company as the end of the financial year is as follows;

Share Range	No. of Shareholding	% of Holding	No. of Holding
1 - 100,000,000	3	0%	3
100,000,001 - 200,000,000	1	100%	199,999,997
Total	4	100%	<u>200,000,000</u>

Directors' Report

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7 Directors Interest in Contracts

None of the Director has notified the Company of the purpose of Section 277 of the Companies and Allied Matter Act, Cap C20 LFN 2004 of any declarable interest in contracts in which the Company was involved during the year ended December, 2017

8 Acquisition of Own Shares

The Company did not acquire any of its shares during the year ended 31<sup>st</sup> December, 2017

9 Human Resources

a) Employment of disabled persons

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. All employees whether physically challenged or not are given equal opportunities to develop their knowledge and to qualify for promotion in furtherance of their careers.

b) Employees Involvement and Training

The Company is committed to keeping employees fully informed as much as possible regarding the Company's performance and progress. Views of employees are sought, where practicable, on matters which particularly affect them as employees. The Company runs an open door management policy. Management, professional and technical expertise are the Company's major assets and investment in developing such skills is continuous.

c) Employees' Health, Safety and Welfare at work

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. Financial provision is also made for all employees in respect of transportation, housing, medical expenses and meals.

The Company operates a contributory pension plan for the benefit of its employees.

10 Property, Plant and Equipment

Movements in Property, Plant and Equipment are shown in note 9 on page 31 of the financial statements.

Intangible Assets - Computer Software Movements in Intangible Assets-Computer Software are shown in note 8 on page 19 of the financial statements.

Directors' Report

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11 Audit Committee

In accordance with Section 359(3) of the Companies and Allied Matter Act, Cap C20 LFN 2004, the Audit Committee members of the Company are as follows:

Ibrahim Adetokunbo Onaleye	-	Chairman
Hajiya Zainab Abdurrahman	-	Non-Executive Director
Amb. Adamu Babangida Ibrahim	-	Non-Executive Director
Muhktar Sani Hanga	-	Non-Executive Director
Sheikh Adam Abdullah Idoko		Non-Executive Director

The function of the Audit Committee is as stated in section 359(6) of the Companies and Allied Matters Act, CAP C20 LFN 2004.

12 Auditors

Messrs. Sada, Idris & Co (Chartered Accountants) have been appointed as Statutory Auditors in 2017 as required by the relevant section of the Company and Allied Matters Act 1990.

BY THE ORDER OF THE BAORD

  
Umar Jibril  
Company Secretary  
FRC/2017/NBA/00000015983



## Corporate Governance Report

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### 1 Introduction

The board of directors have pleasure in presenting the Corporate Governance Report of Jaiz Takaful Insurance Plc together with the audited financial statements and the auditor's report for the year ended December 31, 2017.

### 2 The Board of Directors

Jaiz Takaful Insurance Plc. Is governed by the board of directors and they have the ultimate responsibility to provide entrepreneurial leadership for the company within a framework of prudent and effective controls, sets the company's strategic direction, objectives, values and standards and ensure that the necessary financial, material and human resources are in place for the company to meet its objectives and review management performance and ensure that its obligations to shareholders and other stakeholders are understood and met.

Responsibilities of the Board of Directors

- ☐ Determine board structure, size and composition, including appointment and removal of directors, succession planning for the board
- ☐ Approval of resolutions and corresponding documentation for shareholders in general meeting(s), shareholders circulars, prospectus and principal
- ☐ Approval of the company's strategy, medium and short term plan
- ☐ Approval of mergers and acquisitions, branch expansion and establishment of subsidiaries
- ☐ Approval of policy documents on significant issues including enterprise risk management, human resources, corporate governance
- ☐ Approval of remuneration policy and packages of the company
- ☐ Approval of major change to the company's corporate structure (excluding internal reorganizations) and changes relating to the company capital
- ☐ Approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting senior management and board committee membership; anti – money laundering; regulatory filings with the regulators; structure or its status as a public limited company; policies and/or practices, and
- ☐ Recommendation to shareholders of the appointment, removal and the remuneration of auditors

The responsibilities of the board of directors are discharged primarily through committees of the board, namely:

Board Committee on Finance, General Purpose & Governance;  
Board Committee on Investment, Enterprise and Risk Management;  
Board Committee on Audit and Compliance



## Corporate Governance Report

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### □ Committee on Finance, General purpose & Governance

Alhaji (Dr.) Umaru Abdul Mutallab, CON  
HRH, Engr. Bello Muhammad Sani  
Alhaji Mukhtar Sani Hanga  
Alhaji Ibrahim Adetokunbo Onaleye  
Amb. Adamu Babangida Ibrahim

### □ Committee on Investment, Enterprise & Risk management

Amb. Adamu Babangida Ibrahim  
Hajiya Zainab Abdurrahman  
Sheikh Adam Abdullah Idoko  
Alhaji Mukhtar Sani Hanga  
Sheikh Adam Abdullah Idoko

### □ Committee on Audit & Compliance

Alhaji Ibrahim Adetokunbo Onaleye  
Hajiya Zainab Abdurrahman  
Amb. Adamu Babangida Ibrahim  
Alhaji Mukhtar Sani Hanga

Without prejudice to the roles of these committees, the full board retains ultimate responsibility for the management of risks of the organization and the committees meet at least once in a quarter and present their reports to the board.

## 3 Accountancy and Audit

### A. Financial reporting

The Board of Directors is responsible for the preparation of financial statements of the company and ensures that the financial statements are prepared in accordance with statutory requirements and applicable financial reporting standards. They also ensure timely publication of the financial statements to enhance accurate and continuous disclosure of information to all stakeholders.

Management provides the board of directors with regular financial updates to enable them give a balanced and understandable assessment of the company's position

### B. The internal control and risk management

The board of directors is responsible for reviewing the effectiveness of the company's internal controls and ensuring that the controls are functional and effective.

## 4 Company Secretary/Legal Adviser

The secretary plays a role in the company's corporate governance and is responsible to the board of directors in respect of compliance with the board procedures and ensuring good information flows within and between the board members and management.

Corporate Governance Report

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5 Certification

The board of directors accepts 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 International Financial Reporting Standards (IFRS), National Insurance Act, 1997, the Insurance Act, 2003 and Accounting and Auditing Organization for Islamic Financial Institution Standards (AAOIFI)

The Board of Directors also accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate system of internal financial control

The board of directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the company and of its statement of incorporation and pre-operational cost.

Nothing has come to the attention of the board of directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Corporate Governance Report

BOARD MEETINGS ATTENDANCE

S/N	DIRECTORS	31-Jan-17	16-Mar-17	08-Aug-17	26-Oct-17	28-Nov-17
1	ALHAJI (DR.) UMAR ABDUL MUTALLAB	✓	×	✓	✓	✓
2	HRH ENGR. BELLO MUHAMMAD SANI	✓	✓	✓	✓	✓
3	ALHAJI MUHKTAR SANI HANGA	×	✓	✓	✓	×
4	ALH. IBRAHIM ADETOKUMBO ONALEYE	✓	✓	✓	×	×
5	AMB. ADAMU BABANGIDA IBRAHIM	✓	✓	✓	✓	✓
6	HAIYA ZAINAB ABDURRAHMAN	✓	✓	✓	✓	✓
7	SHEIKH ADAM ABDULLAH IDOKO	✓	✓	✓	✓	✓
8	MOMODOU MUSA JOOF	✓	✓	✓	✓	✓
9	ENGR. GARBA ABUBAKAR MUHAMMAD	✓	✓	✓	✓	✓
10	*SABIU BELLO ABUBAKAR	**	**	**	**	✓

\*Alhaji Sabiu Bello Abubakar – newly appointed director and he only attended the Emergency meeting of the 28<sup>th</sup> December, 2017.

BOARD AUDIT & COMPLIANCE COMMITTEE MEETINGS ATTENDANCE

S/N	DIRECTORS	20-Dec-16	26-Jan-17	14-Mar-17	18-Oct-17
1	ALH. IBRAHIM ADETOKUMBO ONALEYE	✓	✓	✓	✓
2	AMB. ADAMU BABANGIDA IBRAHIM	×	✓	✓	✓
3	HAIYA ZAINAB ABDURRAHMAN	✓	✓	✓	✓
4	ALHAJI MUHKTAR SANI HANGA	×	×	✓	×
5	MOMODOU MUSA JOOF	✓	✓	✓	✓
6	ENGR. GARBA ABUBAKAR MUHAMMAD	✓	✓	✓	✓

BOARD FINANCE, GENERAL PURPOSE & GOVERNANCE COMMITTEE MEETINGS ATTENDANCE

S/N	DIRECTORS	22-Dec-16	24-Jan-17	01-Aug-17	18-Oct-17
1	ALHAJI (DR.) UMAR ABDUL MUTALLAB	✓	✓	✓	✓
2	HRH ENGR. BELLO MUHAMMAD SANI	✓	×	✓	✓
3	ALHAJI MUHKTAR SANI HANGA	✓	×	✓	✓
4	ALH. IBRAHIM ADETOKUMBO ONALEYE	✓	✓	✓	✓
5	AMB. ADAMU BABANGIDA IBRAHIM	✓	✓	×	✓
6	MOMODOU MUSA JOOF	✓	✓	✓	✓
7	ENGR. GARBA ABUBAKAR MUHAMMAD	✓	×	✓	✓
8	*HAIYA ZAINAB ABDURRAHMAN	✓	**	**	✓

\*Hajiya Zainab Abdurrahman – not a member but was co-opted for the purpose of conducting interviews for the 22<sup>nd</sup> December, 2016 and 18<sup>th</sup> October, 2017 meetings.

BOARD INVESTMENT, ENTERPRISE & RISK MANAGEMENT COMMITTEE MEETINGS ATTENDANCE

S/N	DIRECTORS	07-Mar-17	14-Mar-17	19-Jul-17	02-Aug-17
1	AMB. ADAMU BABANGIDA IBRAHIM	✓	✓	✓	×
2	HAIYA ZAINAB ABDURRAHMAN	×	✓	✓	✓
3	ALHAJI MUHKTAR SANI HANGA	✓	✓	✓	✓
4	SHEIKH ADAM ABDULLAH IDOKO	✓	✓	✓	✓
5	MOMODOU MUSA JOOF	✓	✓	✓	✓
6	ENGR. GARBA ABUBAKAR MUHAMMAD	✓	✓	✓	✓

Jaiz Takaful Insurance Plc  
Financial statements for the year ended 31st December, 2017

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Statement of Directors' Responsibilities

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The directors accept responsibility for the preparation of the annual Financial Statements set out on pages 23 to 40 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Alhaji (Dr) Umaru Abdul Mutallab (CON)  
Chairman  
FRC/2013/ICAN/0000004391



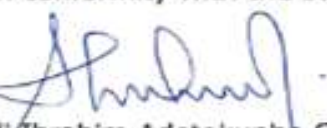
Momodou Musa Joof  
Managing Director/Chief Executive Officer  
FRC/2017/CIIN/00000016318

Report of the Audit Committee

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We have examined the Auditor's Report for the year ended 31<sup>st</sup> December, 2017 in accordance with the provisions of Section 359 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004.

It is our opinion that the Audit report is consistent with our view and scope of planning of the Audit. The Management Letter prepared by the External Auditors has received adequate and satisfactory responses from the Company's Management. Furthermore, we are satisfied that the Company's Accounting Policies are in conformity with the statutory requirement and agreed ethical practices.

For:   
Alhaji Ibrahim Adetokunbo Onaleye

Members of the Audit Committee

Alhaji Ibrahim Adetokunbo Onaleye		Chairman
Amb. Adamu Babangida Ibrahim	-	Member
Alhaji Mukhtar Sani Hanga	-	Member
Hajiya Zainab Abdurrahman	-	Member
Sheikh Adam Abdullah Idoko	-	Member



**JAIZ TAKAFUL INSURANCE PLC ADVISORY COMMITTEE OF EXPERTS (ACE) REPORT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2017.**

We, the members of Jaiz Takaful Insurance Advisory Committee of Experts hereby declare that in line with the code of conduct guiding our advisory function, we have reviewed all the activities, policies and transactions made by Jaiz Takaful Insurance Plc during the year ending by 31<sup>st</sup> December, 2017 and confirm same to be in compliance with Shariah principles. The Jaiz Takaful Insurance has committed itself to the principles and rules of the Sharia in their decisions, directives and management.

**Discharge of Management Responsibility**

Furthermore, we hereby affirm that the Jaiz Management have discharge their responsibilities towards ACE as enshrined in Takaful Operational Guidelines 2013.

**Work carried out during the year**

We have carried out the following assignments during the year under review:

- i. Review and endorsement of Shariah Board Manual.
- ii. Review and endorsement of Sharia Board Guidelines.
- iii. Review and endorsement of Policy documents.
- iv. Review and endorsement of Product description sheet.
- v. Review and endorsement of Proposal and declaration forms
- vi. Review and endorsement of Claims forms.
- vii. Review and endorsement of Brochures for all the General and Family Takaful products.

The Internal Compliance Unit of Jaiz Takaful had given us all the information and explanation, which we considered necessary to provide us with sufficient evidence and reasonable assurance that all transactions by Jaiz Takaful Insurance did not violate the provisions of the rules and principles of Islamic Sharia.

The ACE wish to thank the Board of Directors, Management and staff of Jaiz Takaful for their co-operation with the ACE and their commitment to the ideals of Takaful practices. The ACE prays to Almighty Allah to grant Jaiz Takaful Insurance Plc every success.

Dated: 31<sup>st</sup> December, 2017.

Dr. El-Sayed Hamid Hassan Mohammed

Prof. Muhammed Bello Uthman

Prof. Muhammad Nasiruddeen Maiturare

Chairman.....

Member.....

Member.....



## Management's Discussion and Analysis

This Management's Discussion and Analysis is designed to provide the reader with a greater understanding of the Company's structure and mode of operation.

### Business objective and strategy

The Company is registered and incorporated in Nigeria as a Takaful Insurance which is based on the Islamic profit sharing of Mudarabah principles. The Company provides both General and Family Takaful Products in Nigeria with the insight of expansion in West Africa as International Leader in Takaful insurance. To achieve this, it is the company's wish to strengthen service delivery through the deployment of modern Information Technology techniques and branch/agency network expansion. Intensification of direct and indirect marketing activities by awareness creation amongst others will also contribute to the achievement of target.

### Our Vision Statement

To be the Leader in Ethical and Wealth Management

### Our Mission Statement

Providing a Bond beyond Insurance - A Company That Cares, Shares and above all grows with its employees and stakeholders; Ethically covering all Insurable risks and basis of mutual benefits

### Core Values

- i Ethical
- ii Prudence
- iii Mutuality
- iv Integrity
- v Accountability
- vi Responsibility
- vii Transparency
- viii Cordially
- ix Partnership

### Performance Indicators

The Operating Results and Financial Position of the Operator, Takaful Funds as well as the Consolidated results for the 2017 financial year is as follows:

Management's Discussion and Analysis

	Operator #'000	General Takaful #'000	Family Takaful #'000	Consolidated #'000
Gross Contribution	0	104,549	13,739	118,288
Net Contribution Earned	0	45,792	11,236	57,028
Claim Expenses	0	13,599	9,471	23,070
Acquisition Expenses	0	9,170	21	9,191
Wakala Fee	33,273	0	0	33,273
Investment Income	4,064	1,231	0	5,295
Surplus/Deficit in Funds Account	0	(3,440)	(105)	(3,545)
Profit/Loss	(684,902)	0	0	(688,447)
Cash & Cash Equivalent	173,559	52,435	12,343	238,337
Property, Plant & Equipment	104,598	0	0	104,598
Intangible Asset	61,109	0	0	61,109
Ordinary Share capital	200,000	0	0	200,000

Operating expenses

The Management Expenses of the operator, General Takaful, Family Takaful and the Consolidated Management Expenses are 720,739,781, 247,519, 31,167 and 721,018,467 respectively.

Liquidity, Capital Resources & Risk Factors

The Company's cash investment continues to be in accordance with its investment policy and complies with the regulatory requirements. The Company's investment strategy is supported by a focus on highly liquid Islamic financial instrument such as mudarabah term deposit. We expect our investment income to grow considerably in the coming years as we are poised to taken advantage of the other investment product in Islamic financing such as sukuk etc

Internal Control over Financial Reporting

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standard (IFRS).

#### Management's Discussion and Analysis

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It should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, management is required to use judgement in evaluating controls and procedures.

##### Risk Analysis and Evaluation

Risk analysis helps in making informed decisions with respect to which risk response to adopt and what method to use. The Company consider risks based on the combination of the consequence of occurrence (severity) and likelihood of occurrence (frequency), respectively. Risk evaluation involves comparing the level of risk found during the analysis process with the risk criteria established.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company has exposure to the following risks from its use of financial instruments:

- i Insurance risk
- ii Credit risk
- iii Liquidity risk
- iv Market risk
- v Operational risk
- vi Sharia risk
- vii Compliance risk

##### Future Outlook

We expect to see a number of significant adjustments in the year 2018, especially with the passing of 2018 budget proposal by both the Houses of National Assembly. The Budget raised the Government spending by more than 22% compared to the previous year. The proposed Budget figures of 9.1 trillion Naira will raise the prospect of increasing government spending toward capital expenditures such as national railway network, road construction network project etc. which will boost the economic activities in the country.

On our own part, the Company is making plan to introduce more Takaful products into the Nigeria market especially in the area of Agric Takaful based products and economic viable products to meet the ordinary Nigerian demand. The Company also hope to take full advantage of the enforcement of compulsory insurance by the Regulator (NAICOM) and to partner with both the Commission and Takaful Company(ies) in creating more awareness about the Takaful Insurance industry in the Country.

##### Performance Management

The company will continue with its quarterly nationwide performance review as a means of focusing and driving marketing activities. This will also aid in monitoring and matching actual performance with budget.



**Sada, Idris & Co.**

Chartered Accountants

Audit

Tax

Consulting

**Report of Independent Auditors to the Members of  
Jaiz Takaful Insurance Plc**

We have audited the accompanying financial statements of the Jaiz Takaful Insurance Plc which comprise the financial position as at 31st December, 2017 the profit or loss and Other Comprehensive Income, the statement of cash flows for the year then ended, summary of significant accounting policies and other explanatory notes.

**Respective Responsibilities of the Board and Auditors**

The Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the relevant standards issued by the Financial Reporting Council of Nigeria, the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and for such internal control as the Directors determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Basis of Opinion**

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 perform the audit to obtain reasonable assurance whether the financial statements are free of 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 auditors' judgment including the assessment of the risks of material misstatements 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 statement in order to design the audit procedure 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 reasonableness of accounting estimates made by the Trustees 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 the bases for our opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Jaiz Takaful Insurance Plc as at 31st December, 2017, and of the company's financial performance and cash flows for the year then ended in accordance with the relevant standards issued by the Financial Reporting Council of Nigeria, provisions of the Companies and Allied Matters Act, CAP C20 and Laws of the Federation of Nigeria 2004.

**Report on other Legal and Regulatory Requirements**

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

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Company from our examination of those books;
- The Company's financial statements are in agreement with the books of account.

Abuja, Nigeria

Date: 26-06-2018



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## Accounting Policies

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### 1.0 Reporting Entity

Jaiz Takaful Insurance Plc (The Company) is a Public Liability Company incorporated in January 31, 2014 with Corporate Affairs Commission (CAC) to carry out the business of Takaful Insurance operations. The Company on August 19, 2016, was given approval by National Insurance Commission (NAICOM) as composite Takaful Operator to transact both Family & General insurance businesses.

The Company however commenced business activities early last year after receiving approval of its general takaful products in January 09, 2017 and introduced nineteen general takaful insurance products into the Nigeria market. The Commission after reviewing the Company submission on Family products, approved four products on July 10, 2017.

The Head office of the company is situated at Plot 1054 Fingesi Street, off Obafemi Awolowo Way, Utako district, Federal Capital Territory, Abuja.

The principal activities of the Company include the provision of both General & Family Takaful Insurance services, claim settlement, undertaking investment activities as well as profit sharing to the participants.

The Contract of Takaful as a business venture is based on the Islamic profit sharing of Mudarabah principle. In this regard, clients of Takaful known as Participants shall be entitled to earn returns on the Contributions (premium) paid in consideration for their participation in Takaful products provided by Jaiz Takaful Insurance Plc subject to the declaration of surplus at the end of the financial year.

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

#### 1.1 Basis of accounting

The financial statements have been prepared in accordance with:

- ☐ International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).
- ☐ Financial Reporting Council of Nigeria Act,
- ☐ The Insurance Act of Nigeria
- ☐ National Insurance Commission (NAICOM) guidelines and circulars.
- ☐ Accounting and Auditing Organization for Islamic Financial Institution Standards (AAOIFI) and
- ☐ The Requirements of the Companies and Allied Matters Act

## Accounting Policies

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### 1.2 Going concern

These financial statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The directors have a reasonable expectation, based on an appropriate assessment of a comprehensive range of factors, that the Company has adequate resources to continue as going concern for the foreseeable future.

### 1.3 Reporting Currency

These financial statements are presented in Nigerian Naira (₦), which is the Company's functional and presentation currency.

### 1.4 Basis of measurement

These financial statements have been prepared under the historical cost convention, as modified by the valuation of investment property, available-for-sale financial assets, insurance liabilities, and financial assets and liabilities designated at fair value.

### 1.5 Takaful Insurance Model and Contract Adopted

The Company chosen model is hybrid which is based on Al-Mudarabah (Partnership) and Al-Wakalah (Agency). This model promotes the cooperative risk sharing among Participants whilst the Company earns a fee for the services provided as agent or "Wakil" of participant. In other words, the Company derives part of its revenue from upfront deductible fee on the contributions.

In addition, there is profit sharing on Al-Mudarabah on the investment of the Takaful fund between the Company and the Participants. Underwriting surplus of the Takaful pool will be shared among Participants that have not incurred any losses.

### 1.6 Use of estimates and judgement

The preparation of financial statements is in conformity with IFRSs and AAOFI which requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



## Accounting Policies

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Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note to the financial statements.

### 1.7 Property, Plant and Equipment

#### i Recognition and measurement

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

#### ii Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual value using the straight-line method over the estimated useful lives, and is generally recognised in profit or loss. The estimated useful lives of significant items of property and equipment for current and comparative periods are as follows:

Category	Depreciable Life(%)
Vehicles	4 Years (25%)
Computer Equipment	3 Years (33 1/3%)
Building	50 Years (2%)
Furniture & Fittings	7 Years (14%)
Plant and Equipment	7 Years (14%)

#### iii De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

## Accounting Policies

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### iv Redassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss.

### 1.8 Intangible Assets

Intangible assets comprise computer software (including cost of software underdevelopment) and are stated at cost less accumulated amortisation and any accumulated impairment losses

Intangible assets are amortised from the date that they are available for use. Software under development is not amortised until the assets are ready for its intended use.

Amortisation is recognised in profit and loss on a straight-line basis over the expected useful economic life of computer software of between 1 to 3 years. Amortisation methods, useful lives and residual values are reviewed at the end of each period and adjusted, as appropriate

### 1.9 Takaful receivables

Takaful receivables are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequently to initial recognition, takaful receivables are measured at amortized cost, using the effective profit method.

### 1.10 Deferred acquisition costs (DAC)

Commissions and other acquisition costs that vary with, and are related to securing new contracts and renewing existing contracts are capitalized as an intangible asset (DAC). All other costs are recognized as expenses when incurred. The DAC is subsequently amortized over the life of the contracts as follows:

For property, casualty and short-duration life insurance contracts, DAC is amortized over the terms of the policies as premium is earned

For long-term insurance contracts without fixed terms, DAC is amortized over the expected total life of the contract Company as a constant percentage of estimated gross profit margins (including investment income) arising from these contracts. The pattern of expected profit margins is based on historical and anticipated future experience and is updated at the end of each accounting period. The resulting change to the carrying value of the DAC is charged to revenue.

## Accounting Policies

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- 1.11 **Liability adequacy test**  
At each end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related Deferred Acquisition Cost (DAC) and Value of Business Acquisition (VOBA) assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC or VOBA and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).
- As set out in (a) above, long-term insurance contracts with fixed terms are measured based on assumptions set out at the inception of the contract. When the liability adequacy test requires the adoption of new best estimate assumptions, such assumptions (without margins for adverse deviation) are used for the subsequent measurement of these liabilities.
- 1.12 **Other assets**  
Receivables and other sundry debtors are classified as other assets and are stated at cost less allowances for doubtful amounts. Allowances and write offs are recognized when a receivable is deemed not collectable based on the original terms of the contract. Subsequent recoveries are credited to the statement of comprehensive income. Prepayments are stated at cost net of amortization.
- 1.13 **Cash and Cash Equivalent**  
Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of their short term commitments.
- 1.14 **Statutory deposit**  
Statutory deposit represent a minimum deposit maintained by Takaful Operator, Jaiz Takaful Insurance PLC. The amount is held by CBN (Central Bank of Nigeria) pursuant to Section 10(3) of the Insurance Act 2003. Statutory deposit is measured at cost.

## Accounting Policies

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### 1.15 Takaful Product Classification

Takaful contracts are contracts under which the General Takaful Fund and Family Takaful Fund (collectively referred to as "the fund") underwrite/accept significant risks (by pooling the risks in a risk fund) from Participants of the funds ("the participant") by agreeing to compensate the participant or other beneficiary if a specified uncertain future event ("the insured event") adversely affects the participant or other beneficiary. Takaful risk is risk other than financial risk. Financial risk is the risk of possible future change in one or more of a specified financial or non-financial variable. The takaful operator does not sell financial risk contracts

Contracts where insignificant takaful risks are accepted by the funds are classified as either investment contracts or service contracts. There are currently no such contracts in the funds' portfolios.

Once a contract has been classified as a takaful risk contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

### 1.16 i General Takaful Fund

The General Takaful Fund is maintained in accordance with the requirement of the NAICOM guideline and consists of accumulated surplus/deficit and actuarial reserves. Any actuarial deficit in the General Takaful Fund will be made good by the Takaful Operator via a Qard. Surplus arising in each financial year is distributable in accordance with the terms and conditions prescribed by the surplus distribution policy, endorsed by the Shariah Committee and Board of Directors.

The General Takaful underwriting results are determined for each class of the business after taking into account retakaful, contributions liabilities, claims liabilities and wakalah fees. To determine the surplus distributable from risks fund, the Qard repayment as well as Contingency Reserve is taken into consideration

### ii Contribution Income

Outward retakaful contributions are recognised in the same financial year as the original certificate to which the retakaful relates



## Accounting Policies

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### 1.17 Family Takaful Fund

The family takaful underwriting results are determined after taking into account contributions, retakaful costs, net benefits incurred and wakalah fees.

The family takaful fund is maintained in accordance with the requirements of the NAICOM Takaful guidelines 2013 and includes the amount attributable to participants.

The family takaful fund surplus/deficit is determined by an annual actuarial valuation of the family takaful fund. Any actuarial deficit in the family takaful fund will be made good by the shareholder's fund via a benevolent loan or Qard.

Surplus distributable to the participants is determined after deducting benefits paid and payable, retakaful, provisions, reserves, wakalah fees, taxation and surplus administration charge transferred to the shareholder's fund. The surplus may be distributed to the shareholder and participants in accordance with the terms and conditions prescribed by the Company's ACE.

Family takaful revenue consists of gross contributions and investment income. Revenue is accounted for on accrual basis and as approved by the Company Shariah Committee. Unrealised income is deferred and receipts in advance are treated as liabilities on the statements of financial position.

#### i Contribution recognition

Contribution is recognised as soon as the amount of contribution can be reliably measured in accordance with the principles of Shariah. First year contribution is recognised on assumption of risks and subsequent contributions are recognised on due dates. Contributions outstanding at the reporting date are recognised as income for the period provided they are within the grace period allowed for payment and there are sufficient funds available in the participants' accounts to cover such contributions due.

#### ii Provision for outstanding claims

Claims and settlement costs that are incurred during the financial year are recognised when a claimable event occurs and/or the Company is notified.

Claims and provisions for claims arising on family takaful certificates, including settlement costs, are accounted for using the case basis method, and for this purpose, the benefits payable under a takaful certificates are recognised as follows:

- (a) Maturity or other certificate benefit payments due on specified dates are treated as claims payable on those due dates; and
- (b) Death, surrender and other benefits without due dates are treated as claims payable on receipt of intimation of death of the certificate holder or occurrence of contingency covered.

## Accounting Policies

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### 1.18 Provision for outstanding claims

A liability for outstanding claims is recognised in respect of direct takaful business. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries, if any, to settle the present obligation at the end of the reporting period. Any difference between the current estimated cost and subsequent settlement is dealt with in the takaful statement of profit or loss and other comprehensive income of the Company in the year in which the settlement takes place.

Provision is also made for the cost of claims (together with related expenses) and Incurred But Not Reported Claims (IBNR) at the end of the reporting period, by adding 10% of outstanding claims amount.

### 1.19 Contribution Liabilities

The unearned contribution reserves ("UCR") represent contributions received after wakalah fee deduction for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognized in the statement of profit and loss and other comprehensive income of General Takaful Fund.

In determining the UCR at the reporting date, the most prevalent method, 1/365 method, is used. At each reporting date, the Company reviews its unexpired risk reserve to determine whether there is any overall excess of expected claims over unearned contributions at portfolio level. This calculation uses current estimation of future contractual losses (taking into consideration current loss ratios) prior to taking account of the investment return expected to arise on assets relating to the relevant General Takaful technical provisions.

### 1.20 Commission and acquisition cost

Commission and acquisition costs are borne by the Takaful Participants in their statement of comprehensive income for each certificate underwritten. This is in accordance with the principles of wakalah as approved by the shariah Committee and is as agreed between the Participants and the Company.

Gross commission and agency expenses, which are costs directly incurred in securing contributions on takaful certificates, and income derived from retakaful companies in the course of ceding contributions to retakaful are charged to participant account in the period in which they are incurred.



## Accounting Policies

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- 1.21      **Wakalah fee**  
The wakalah fee is an income to the Takaful Operator and is charged to the General and Family Takaful Funds and correspondingly recognized as an expense in the respective funds' profit or loss at an agreed percentage for each takaful certificate underwritten. This is in accordance with the principles of the shariah Committee and is agreed between the participants and the Company.
- 1.22      **Retakaful**  
The Company enters into retakaful treaties in the normal course of business for the purpose of limiting its net loss potential and to reduce significantly the new business strain of the credit-related block of business. Retakaful arrangements do not relieve the Company from its obligations to participants. Retakaful contributions and claim recoveries are presented in profit or loss and statement of financial position.  
  
The company also assumes co-takaful risk in the normal course of business for its General Takaful contracts. Contributions and claims on assumed co-takaful are recognized as revenue or expenses in the same manner as they would be if the co-takaful were considered direct business, taking into account the product classification of the business undertaken. Retakaful assets comprise of the retakaful share of contributions and claims obligations. The assets are subject to impairment test.
- 1.23      **Re-takaful claims recoveries**  
Re-takaful recoverable are estimated in manner consistent with the outstanding claims provision and claims incurred associated with the re-insurer's policies and are in accordance with the related insurance contract. They are measured at their carrying amount less impairment charges. Amounts recoverable under re-takaful contracts are assessed for impairment at each reporting date. If there is objective evidence of impairment, the company reduces the carrying amount of its insurance assets to its recoverable amount.
- 1.24      **Trade payables**  
Trade payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method. Trade payables are recognised as financial liabilities.

## Accounting Policies

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### 1.25 Impairments

#### Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### 1.26 Actuarial valuation

Actuarial valuation of the family and non family takaful fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the takaful funds as at the date of valuation. All deficits arising there from are charged to the statement of profit or loss and other comprehensive income while the surplus is appropriated to the participants and credited to the statement of profit or loss and other comprehensive income.

## Accounting Policies

### 1.27 Employee benefits/Personnel expenses

#### i Short-term benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the company has a present obligation to pay, as a result of employees' services provided up to the reporting date. The accrual is calculated on an undiscounted basis, using current salary rates. A provision is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Average Number of person employed by the Company during the year by category

	Number
Executive Directors	3
Management Staff	9
Non - Management Staff	23
	<u>35</u>

Staff Cost for the above person was:

	₹
Wages & Salaries	183,077,607
Employees Retirement Benefits (Pension)	<u>5,773,123</u>
	<u>188,850,730</u>

#### ii Post Employment Benefits

The company operates a defined contributory retirement scheme as stipulated in the pension reform act 2014. Under the defined contribution scheme, the company pays fixed contributions of 10% to a separate entity – pension fund administrators; employees also pay a fixed contribution of 8% to the same entity.

Once the contributions have been paid, the company retains no legal or constructive obligation to pay further contributions if the fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The company's obligations are recognized in the statement of profit or loss and other comprehensive income.

### 1.28 Profit & Investment income

Profit & Investment income is recognized on a time proportion basis.



#### Accounting Policies

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1.29 Earnings prohibited by Sharia's

The Company is committed to avoid recognizing any income generated from non-Islamic sources. Accordingly, all non-Islamic income is credited to a charity account where the Company uses these funds for charitable purposes.

1.30 Management Expenses

Management expenses are expenses other than claims, investments and underwriting expenses. They include salaries and wages, depreciation charges and other non-operating expenses. Management expenses are charged to the Takaful Operator Statement of Comprehensive Incomes in the accounting period in which they are incurred.

Financial risk management

1.31 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company has exposure to the following risks from its use of financial instruments:

## Accounting Policies

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Insurance risk  
Credit risk  
Liquidity risk  
Market risk  
Operational risk  
Sharia risk  
Compliance risk

i Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and the amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

ii Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Key areas where the Company is exposed to credit risk are:

- i. Reinsurers' share of insurance liabilities;
- ii. Amounts due from reinsurers in respect of claims already paid;
- iii. Amounts due from insurance contract holders;



#### Accounting Policies

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- iv. Amounts due from insurance intermediaries;
- v. Amounts due from loans and receivables;
- vi. Amounts due from investment securities; and
- vii. Amounts due from money market and cash positions.

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or Companies of counterparties, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

#### iii Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company does not maintain any lines of credit as it does not envisage any liquidity stress that would stretch its liquidity position:

#### iv Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

## Accounting Policies

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### v Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Operational risks arise from all of the Company's operations. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- ☐ requirements for appropriate segregation of duties, including the independent authorization of transactions
- ☐ requirements for the reconciliation and monitoring of transactions
- ☐ compliance with regulatory and other legal requirements
- ☐ documentation of controls and procedures
- ☐ requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- ☐ requirements for the reporting of operational losses and proposed remedial action
- ☐ development of contingency plans
- ☐ training and professional development
- ☐ ethical and business standards
- ☐ risk mitigation, including insurance when this is effective.

Compliance with Company standards is supported by a programmed of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

## Accounting Policies

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vi Shariah risk

Shariah risk is defined as potential Shariah non-compliance that contributes to adverse reputation, financial losses and opportunity costs resulting from ineffective governance, incompetent employees and improper transactional and operational execution. The Company mitigates such risk by initiating, monitoring and responding to a robust Shariah control framework which includes the establishment of a Shariah Compliance unit and/or Shariah Compliance Officer/ ACE Secretary for monitoring and oversight purpose.

vii Compliance risk

Compliance risk is the risk of legal or regulatory sanctions, financial loss or reputational damage which a financial institution may suffer as a result of its failure to comply with legal and regulatory requirements applicable to its activities.

Consequently, the exposure to this risk can damage the Company's reputation, lead to legal or regulatory sanctions and/or financial loss.

The Company has employed a Chief compliance officer to oversee and monitor all compliance aspects in observing the regulatory requirements. In this respect, the Company has developed a Compliance framework and other relevant internal policies and procedures to ensure compliance with all applicable laws and guidelines issued by the regulatory authorities.

1.32 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

1.33 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 primary format for segment reporting is based on business segments.

## Accounting Policies

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### 1.34 Related parties

These represent transactions with related parties, i.e. parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions and directors of the Company and companies of which they are key management personnel. Related parties comprise the shareholders, directors, key management personnel and business entities in which they are interested or have the ability to control or exercise significant influence in financial and operating decisions. The transactions are entered into at terms and conditions which the directors consider to be comparable with those adopted for arm's length transactions with third parties.

### 1.35 Advisory Council of Experts (ACE)

The Company business activities are subject to the supervision of the Advisory Council of Experts consisting of three members appointed by the Board of Directors. The ACE performs a supervisory role in order to determine whether the operations of the Company are conducted in accordance with Islamic rules and principles.

### 1.36 Comparative Figures

There are no comparative figures, this is the first set of financial statements prepared by the company since the commencement of operation on January 9th and July 10th 2017 for general and family takaful respectively.




Jaiz Takaful Insurance Plc  
Financial statements for the year ended 31st December, 2017

Statement of Financial Position

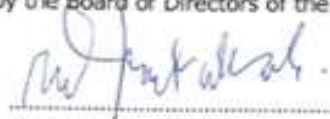
		Shareholder	General Takaful	Family Takaful	Consolidated
	Notes	N	N	N	N
<b>ASSETS</b>					
Cash and Cash Equivalents	2	173,559,154	52,435,642	12,343,413	238,338,209
Trade Receivable	3	3,241,912	0	0	3,241,912
Retakaful Asset	4	0	11,366,038	813,181	12,179,219
Deferred Acquisition Cost	5	0	2,535,548	688,452	3,224,000
Other Receivables and Prepayment	6	40,338,109	0	0	40,338,109
Intangible Assets	7	61,109,703	0	0	61,109,703
Property, Plant & Equipment	8	104,598,903	0	0	104,598,903
Statutory Deposits	9	200,000,000	0	0	200,000,000
<b>TOTAL ASSETS</b>		<b>582,847,781</b>	<b>66,337,228</b>	<b>13,845,046</b>	<b>663,030,055</b>
<b>LIABILITIES</b>					
Takaful Contract Liabilities	10	0	52,890,410	11,695,265	64,585,675
Trade Payables	11	0	16,784,666	2,251,209	19,035,875
Provisions & Other Payables	12	32,387,107	102,350	3,665	32,493,122
Income Tax Liabilities	13	1,500,000	0	0	1,500,000
<b>TOTAL LIABILITIES</b>		<b>33,887,107</b>	<b>69,777,426</b>	<b>13,950,139</b>	<b>117,614,672</b>
<b>PARTICIPANT FUNDS</b>					
Surplus/(Deficit) in Participant Fund			(3,440,198)	(105,093)	
<b>EQUITY</b>					
Issued and paid up share Capital	14.b	200,000,000	0	0	200,000,000
Deposit for Shares	14.c	1,030,475,142	0	0	1,030,475,142
Retained Earning		(681,514,468)	0	0	(685,059,759)
<b>TOTAL LIABILITIES, EQUITY &amp; PARTICIPANT'S FUNDS</b>		<b>582,847,781</b>	<b>66,337,228</b>	<b>13,845,046</b>	<b>663,030,055</b>

The financial statements were approved by the Board of Directors of the company and signed on its behalf by:



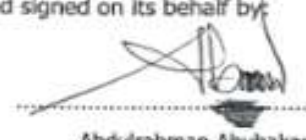
Momodou Musa Joof  
Chief Executive Officer

FRC/2017/CIIN/00000016318



Alhaji (Dr) Umaru A. Mutallab (con)  
Chairman

FRC/2013/ICAN/0000004391



Abdulrahman Abubakar  
Ag. Chief Finance Officer

FRC/2013/ICAN/00000000949

The statement of significant accounting policies and the accompanying notes to the accounts form an integral part of these financial statements

Jaiz Takaful Insurance Plc  
Financial statements for the year ended 31st December, 2017

Statement of Profit or Loss and Other Comprehensive Income

		Shareholder	General Takaful	Family Takaful	Consolidated
		RM	RM	RM	RM
Gross Contribution Written	15.a	0	104,549,701	13,739,083	118,288,784
		=====	=====	=====	=====
Gross Contribution Earned	15.b	0	63,458,647	11,515,264	74,973,911
Retakaful Contribution	16	0	(17,666,236)	(278,961)	(17,945,197)
Net Contribution		0	45,792,411	11,236,303	57,028,714
Fee & Commission Income	17	0	3,908,237	101,022	4,009,259
Underwriting Income		0	49,700,648	11,337,325	61,037,973
Acquisition Expenses	18	0	(9,170,260)	(21,449)	(9,191,709)
Claims Expenses Incurred	19	0	(13,599,643)	(9,471,446)	(23,071,089)
Underwriting Profit		0	26,930,745	1,844,430	28,775,175
Investment and Other Income	20	4,064,258	1,231,430	0	5,295,688
Wakalah Fee Income	21	33,273,210	0	0	33,273,210
Wakalah Fee Expense (Agency Fee)	22	0	(31,354,854)	(1,918,356)	(33,273,210)
Management Expenses	23	(717,351,936)	(247,519)	(31,167)	(717,630,622)
Surplus/(Deficit) before Tax			(3,440,198)	(105,093)	
Profits/(Loss) before Zakat and Taxation		(680,014,468)			(683,559,759)
Provision for Taxation	24	(1,500,000)	0	0	(1,500,000)
Provision for Zakat		0	0	0	0
Other Comprehensive Income		0			-
Surplus/(Deficit) after Tax		0	(3,440,198)	(105,093)	
Profits/(Loss) after Zakat and Taxation		(681,514,468)			(685,059,759)
Loss Per Share		(1.70)			(1.71)

Jaiz Takaful Insurance Plc

Financial statements for the year ended 31st December, 2017

Statement of Changes In Equity

	Paid up Share Capital	Deposit for Shares	Retained Earnings Shareholder fund	Total
	₦	₦	₦	₦
Balance as at Incorporation	200,000,000	0	0	200,000,000
Issuance of Share Capital	0	0	0	0
Additional Deposit for Share	0	1,030,475,142	0	1,030,475,142
				0
Profit or (Loss) for the Period			(681,514,468)	(681,514,468)
Balance at 31st December, 2017	200,000,000	1,030,475,142	(681,514,468)	548,960,674

Jaiz Takaful Insurance Plc  
Financial statements for the year ended 31st December, 2017

Statement of Cash Flows

	Shareholder RM	General Takaful RM	Family Takaful RM	Consolidated RM
<b>CASH FLOW FROM OPERATING ACTIVITIES.</b>				
Contribution Received from Participants	0	104,549,701	13,739,083	118,288,784
Agency Fee (Wakalah Fees)	30,031,298	0	0	30,031,298
Wakalah Expense Paid	0	(28,851,567)	(1,179,731)	(30,031,298)
Other operating Cash Receipts	34,224,307	1,231,430	0	35,455,737
Other Earnings		0	0	0
Retakaful Contribution Paid	0	(10,802,985)	0	(10,802,985)
Payments to Intermediaries to Acquire Takaful	0	(11,210,452)	(184,772)	(11,395,224)
Insurance Benefits and Claims Paid	0	(2,232,924)	0	(2,232,924)
Cash paid to and on behalf of Employees	(224,821,786)	0	0	(224,821,786)
Other Operation Cash payment	(431,187,305)	(247,560)	(31,165)	(431,466,031)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(591,753,486)</b>	<b>52,435,643</b>	<b>12,343,414</b>	<b>(526,974,429)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Property Plant & Equipment	(155,306,553)	0	0	(155,306,553)
Purchase of Intangible Asset	(109,855,950)	0	0	(109,855,950)
Statutory Deposit Payment	(200,000,000)	0	0	(200,000,000)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(465,162,503)</b>	<b>0</b>	<b>0</b>	<b>(465,162,503)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Deposit for Share	1,030,475,142	0	0	1,030,475,142
Proceeds from issuance of Shares	200,000,000	0	0	200,000,000
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>1,230,475,142</b>	<b>0</b>	<b>0</b>	<b>1,230,475,142</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>173,559,154</b>	<b>52,435,642</b>	<b>12,343,413</b>	<b>238,338,209</b>
Cash & Cash Equivalents as at Incorporation	0	0	0	0
<b>Cash &amp; Cash Equivalents At 31st December</b>	<b>173,559,154</b>	<b>52,435,642</b>	<b>12,343,413</b>	<b>238,338,209</b>
<b>Cash and Cash Equivalents is represented by:</b>				
Bank and Cash Balances	52,559,154	27,435,642	12,343,413	92,338,209
Mudarabah Bank Deposits	121,000,000	25,000,000	0	146,000,000
	<b>173,559,154</b>	<b>52,435,642</b>	<b>12,343,413</b>	<b>238,338,209</b>

The statement of significant accounting policies and the accompanying notes to the accounts form an integral part of these financial statements



NOTES TO FINANCIAL STATEMENTS

	Shareholder	General Takaful	Family Takaful	Consolidated
	N	N	N	N
2 Cash & Cash Equivalent				
Cash at Hand	247,350	0	0	247,350
Bank Balances	52,311,804	27,435,642	12,343,413	92,090,859
Mudaraba Deposits	121,000,000	25,000,000	0	146,000,000
	173,559,154	52,435,642	12,343,413	238,338,209
3 Trade Receivable				
Due from Family Takaful Fund	738,625	0	0	738,625
Due from General Takaful Fund	2,503,287	0	0	2,503,287
	3,241,912	0	0	3,241,912
Impairment	0	0	0	0
	3,241,912	0	0	3,241,912
4 Retakaful Asset				
Prepaid Retakaful	0	10,933,361	813,181	11,746,542
Claims Recovery	0	432,677	0	432,677
	0	11,366,038	813,181	12,179,219
5 Deferred Acquisition Cost				
Fire	0	590,461	0	590,461
G/Accident	0	507,314	0	507,314
Engineering	0	206,903	0	206,903
Marine	0	20,532	0	20,532
Motor	0	1,210,338	0	1,210,338
Individual Family	0	0	563,718	563,718
Group Family	0	0	124,734	124,734
	0	2,535,548	688,452	3,224,000
Deferred acquisition costs represent commissions on unearned contribution relating to the unexpired risk.				
6 Other Receivables & Prepayment				
Prepayment Rent	19,491,979	0	0	19,491,979
Staff Debtors	16,764,722	0	0	16,764,722
Inventory	4,081,408	0	0	4,081,408
	40,338,109	0	0	40,338,109
7 Intangible Assets				
As at Incorporation	0	0	0	0
Addition during the period	109,855,950	0	0	109,855,950
As at 31st December, 2017	109,855,950	0	0	109,855,950
Accumulated Amortisation/impairment				
As at Incorporation	0	0	0	0
Amortisation charges	48,746,247	0	0	48,746,247
As at 31st December, 2017	48,746,247	0	0	48,746,247
Carrying Amount 31 December, 2017	61,109,703	0	0	61,109,703
Carrying Amount 31 December, 2016	0	0	0	0

The Intangible Asset represents computer software licences acquired and cost of wide and local area network (WAN & LAN) as part of the total asset of the Company.

Notes to the Financial Statements

8 Property, Plant & Equipment

	Motor Vehicle	Office Equipment	Computer Equipment	Furniture & Fittings	Total
Cost	N	N	N	N	N
As at Incorporation	0	0	0	0	0
Additions	101,980,878	7,367,084	28,967,186	16,991,405	155,306,553
At 31 December, 2017	101,980,878	7,367,084	28,967,186	16,991,405	155,306,553
Depreciation					
As at Incorporation	0	0	0	0	0
Charges during the Period	33,680,874	1,733,752	12,271,559	3,021,465	50,707,650
Eliminated on disposals	0	0	0	0	0
At 31 December, 2017	33,680,874	1,733,752	12,271,559	3,021,465	50,707,650
Net Book Value:					
At 31st December, 2017	68,300,004	5,633,332	16,695,627	13,969,940	104,598,903

The assets acquired during the pre-operational level of the company include the cost of assets during the year also applicable to its depreciation

NOTES TO FINACIAL STATEMENTS

	Shareholder	General Takaful	Family Takaful	Consolidated
	₦	₦	₦	₦
9 Statutory Deposit	200,000,000	0	0	200,000,000

This represent amount deposited with the Central Bank of Nigeria (CBN) pursuant to Section 10(3) of the Insurance Act 2003. The deposit is not available for the use by the Company on a normal day-to-day business. However, biannual interest is being earned on the deposit.

10 Takaful Contract Liabilities

The Movement of the contribution liabilities & claims liabilities of Takaful Funds are prescribed below;

a. Unearned Contributions

Motor Takaful	0	24,645,966	0	24,645,966
General Accident Takaful	0	6,585,367	0	6,585,367
Engineering Takaful	0	1,394,829	0	1,394,829
Fire Takaful	0	8,075,622	0	8,075,622
Marine Takaful	0	389,230	0	389,230
Group Family Takaful	0	0	2,039,015	2,039,015
Individual Family Takaful	0	0	184,804	184,804
	0	41,091,014	2,223,819	43,314,833

b. Outstanding Claims Provision

Provision for claims reported by participants		4,233,415	0	4,233,415
Provision for incurred but not yet Reported		7,565,981	9,471,446	17,037,427
	0	11,799,396	9,471,446	21,270,842

Takaful Liabilities	0	52,890,410	11,695,265	64,585,675
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The Age Analysis of outstanding claims for general takaful is as follows:

	₦
0-90 days	4,233,415
91-180 days	0
181-270 days	0
271-365 days	0
366 days and above	0
	<u>4,233,415</u>

Takaful Family Provision for IBNR

Risk Liability-death/disability	642,454
Saving Plans	8,828,992
	<u>9,471,446</u>

11 Trade Payables

Due to stakeholder's	0	2,503,287	738,625	3,241,912
Commission Payable	0	393,007	521,464	914,471
Retakaful Payables	0	16,410,862	1,092,142	17,503,004
Deferred Commission Income		2,869,862	233,953	3,103,815
Retakaful Recoverable		(5,392,352)	(334,975)	(5,727,327)
	0	16,784,666	2,251,209	19,035,875

NOTES TO FINANCIAL STATEMENTS

	Shareholder	General Takaful	Family Takaful	Consolidated
	N	N	N	N
12 Provision & Other Payables				
Accrued Expense	1,250,000	0	0	1,250,000
Due to Charity	30,160,049	0	0	30,160,049
Withholding Tax	431,135	102,350	3,665	537,150
National Housing Fund	16,309	0	0	16,309
Staff Pension	28,114	0	0	28,114
Staff Pay As You Earn	1,500	0	0	1,500
ITF	500,000	0	0	500,000
	<u>32,387,107</u>	<u>102,350</u>	<u>3,665</u>	<u>32,493,122</u>
13 Current Tax Payable				
Company Income Tax	0	0	0	0
Education Tax	0	0	0	0
Provision for Tax	<u>1,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
14 Share Capital				
a. Authorised Share capital				
As at Incorporation	300,000,000	0	0	300,000,000
Addition during the period	<u>1,000,000,000</u>	<u>0</u>	<u>0</u>	<u>1,000,000,000</u>
	<u>1,300,000,000</u>	<u>0</u>	<u>0</u>	<u>1,300,000,000</u>
The Board of Directors at its sittings on March 3rd 2017 & September 5th 2017 passed an ordinary resolutions to increase the Ordinary Share of the Company from # 300,000,000 to #1,000,000,000 from #1,000,000,000 to #1,300,000,000 respectively				
b. Issued and fully paid share capital				
As at Incorporation	200,000,000	0	0	200,000,000
Addition during the period	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>200,000,000</u>	<u>0</u>	<u>0</u>	<u>200,000,000</u>
c. Deposit for Share				
As at Incorporation	0	0	0	0
Addition during the period	<u>1,030,475,142</u>	<u>0</u>	<u>0</u>	<u>1,030,475,142</u>
	<u>1,030,475,142</u>	<u>0</u>	<u>0</u>	<u>1,030,475,142</u>
15 Gross Contribution Earned				
The contributions received from the participant is analysed below:				
Motor Takaful Contribution	0	37,425,815	0	37,425,815
Fire Takaful Contribution	0	15,562,477	0	15,562,477
Engineering Takaful Contribution	0	4,794,955	0	4,794,955
General Accident Takaful Contribution	0	37,177,859	0	37,177,859
Marine Takaful Contribution	0	1,078,730	0	1,078,730
Group Family Takaful	0	0	2,582,716	2,582,716
Individual Family Takaful	<u>0</u>	<u>0</u>	<u>11,156,367</u>	<u>11,156,367</u>
	<u>0</u>	<u>96,039,836</u>	<u>13,739,083</u>	<u>109,778,919</u>



NOTES TO FINANCIAL STATEMENTS

	Shareholder	General Takaful	Family Takaful	Consolidated
	N	N	N	N
Inward Contribution				
Motor Takaful Contribution	0	852,459	0	852,459
Fire Takaful Contribution	0	7,657,406	0	7,657,406
a. Gross Contribution Written	0	104,549,701	13,739,083	118,288,784
Changes in Unearned Contribution				
Motor Takaful Contribution	0	24,645,966	0	24,645,966
Fire Takaful Contribution	0	8,075,662	0	8,075,662
Engineering Takaful Contribution	0	1,394,829	0	1,394,829
General Accident Takaful Contribution	0	6,585,367	0	6,585,367
Marine Takaful Contribution	0	389,230	0	389,230
Group FamilyTakaful	0	0	2,039,015	2,039,015
Individual Family Takaful	0	0	184,804	184,804
	0	41,091,054	2,223,819	43,314,873
b. Gross Contribution Earned	0	63,458,647	11,515,264	74,973,911
16 Retakaful Contribution				
Motor Re-Takaful	0	3,000,000	0	3,000,000
Fire Re-Takaful	0	14,159,706	0	14,159,706
Engineering Re-Takaful	0	1,106,587	0	1,106,587
Marine Re-Takaful	0	843,398	0	843,398
General Accident Re-Takaful	0	9,489,906	0	9,489,906
Individual Family	0	0	380,770	380,770
Group Family	0	0	711,372	711,372
	0	28,599,597	1,092,142	29,691,739
Changes in Retakaful Contribution				
Engineering Re-Takaful	0	362,310	0	362,310
Fire Re-Takaful	0	7,398,416	0	7,398,416
General Accident Re-Takaful	0	2,841,421	0	2,841,421
Marine Re-Takaful		331,214		331,214
Individual Family			312,423	312,423
Group Family			500,758	500,758
	0	10,933,361	813,181	11,746,542
	0	17,666,236	278,961	17,945,197
17 Fee & Commission Income				
Fire Commission Income	0	4,755,517	0	4,755,517
General Accident Commission Income	0	1,782,260	0	1,782,260
Engineering Commission Income	0	231,940	0	231,940
Marine Cargo Commission Income	0	8,382	0	8,382
Individual Family Takaful	0	0	157,132	157,132
Group Family Takaful	0	0	177,843	177,843
	0	6,778,099	334,975	7,113,074

NOTES TO FINANCIAL STATEMENTS

	Shareholder	General Takaful	Family Takaful	Consolidated
	N	N	N	N
Movement in deferred commission income				
Fire Commission Income	0	2,054,168	0	2,054,168
General Accident Commission Income	0	748,339	0	748,339
Marine Cargo Commission Income	0	4,461	0	4,461
Engineering Commission Income	0	62,894	0	62,894
Individual Family Takaful	0	0	133,801	133,801
Group Family Takaful	0	0	100,152	100,152
	0	2,869,862	233,953	3,103,815
	0	3,908,237	101,022	4,009,259

Fee & Commission Income comprises commission receivable from Retakaful Companies for the ceded business during the financial year

18 Acquisition Cost

Acquisition cost paid during the period are

Motor Takaful	0	2,158,481	0	2,158,481
Fire Takaful	0	3,146,470	0	3,146,470
G/Accident Takaful	0	5,905,702	0	5,905,702
Marine Takaful	0	83,945	0	83,945
Engineering Takaful	0	411,210	0	411,210
Group Family	0	0	143,148	143,148
Individual Family	0	0	566,753	566,753
Acquisition expenses	0	11,705,808	709,901	12,415,709

Movement in deferred acquisition cost

Motor Takaful		1,210,338		1,210,338
Fire Takaful		590,461		590,461
G/Accident Takaful		507,314		507,314
Marine Takaful		20,532		20,532
Engineering Takaful		206,903		206,903
Group Family			124,734	124,734
Individual Family			563,718	563,718
	0	2,535,548	688,452	3,224,000
	0	9,170,260	21,449	9,191,709

19 Claims Expense

Direct Claim Paid:

Motor Takaful	0	1,942,924	0	1,942,924
Fire Takaful	0	290,000	0	290,000
Changes in Outstanding Claims	0	4,233,415	0	4,233,415
Changes in Claims Incurred but not yet reported		7,565,981	9,471,446	17,037,427
	0	14,032,320	9,471,446	23,503,766
Retakaful Claim Recovery	0	(432,677)	0	(432,677)
	0	13,599,643	9,471,446	23,071,089

20 Investment and Other Income

Profit from MTD	4,064,258	1,231,430	0	5,295,688
Bi-annual interest from CBN	30,160,049	0	0	30,160,049
Transferred to due to charity	(30,160,049)	0	0	(30,160,049)
	4,064,258	1,231,430	0	5,295,688

The Investment income represent the profit received on the maturity of Mudarabah Term deposit with the banks, while bi-annual interest from CBN has been transfer to due to charity for charitable use in line with Sharia law

NOTES TO FINANCIAL STATEMENTS

	Shareholder	General Takaful	Family Takaful	Consolidated
	N	N	N	N
21 Wakalah Fee Income				
The Agency fee received from General and family Takaful is as follows:				
Motor Takaful Contribution	11,474,420	0	0	11,474,420
Fire Takaful Contribution	6,964,210	0	0	6,964,210
Engineering Takaful Contribution	1,438,486	0	0	1,438,486
General Accident Takaful Contribution	11,154,119	0	0	11,154,119
Marine Takaful Contribution	323,619	0	0	323,619
Group Family Takaful	774,812	0	0	774,812
Individual Family Takaful	1,143,544	0	0	1,143,544
Wakalah Fee Income	33,273,210	0	0	33,273,210
Wakalah fee is 30% & 10% of Gross Contribution for general and family takaful respectively as agreed between the participants and the operator at the inception of the contract.				
22 Wakalah Fee Expenses (Agency Fee)				
The wakalah fee charge in respect of general and family takaful is analysed below:				
Motor Takaful Contribution	0	11,474,420	0	11,474,420
Fire Takaful Contribution	0	6,964,210	0	6,964,210
Engineering Takaful Contribution	0	1,438,486	0	1,438,486
General Accident Takaful Contribution	0	11,154,119	0	11,154,119
Marine Takaful Contribution	0	323,619	0	323,619
Group Family Takaful	0	0	774,812	774,812
Individual Family Takaful	0	0	1,143,544	1,143,544
	0	31,354,854	1,918,356	33,273,210
23 Management Expenses				
Staff Salary and Allowances	183,077,607	0	0	183,077,607
Other Staff Cost	40,692,891	0	0	40,692,891
Directors' Expenses	14,170,151	0	0	14,170,151
Shariah ACE Fee & Expenses	12,687,289	0	0	12,687,289
Legal & Professional Expenses	5,548,100	0	0	5,548,100
Marketing & Publicity	31,634,886	0	0	31,634,886
Transportation	15,205,832	0	0	15,205,832
Conference and Meetings	1,309,000	0	0	1,309,000
Incorporation & Preoperation Expenses (note 23a)	197,424,942	0	0	197,424,942
Printing & Stationary	12,389,524	0	0	12,389,524
Administrative Expenses (note 23b)	86,965,366	0	0	86,965,366
Repairs & Maintenance (note 23c)	15,846,480	0	0	15,846,480
Bank Charges	945,971	247,519	31,167	1,224,657
Depreciation & Amortisation	99,453,897	0	0	99,453,897
	717,351,936	247,519	31,167	717,630,622

NOTES TO FINANCIAL STATEMENTS

	Shareholder	General Takaful	Family Takaful	Consolidated
	N	N	N	N
23 a. Incorporation & Pre-Operation Cost				
Incorporation Expenses	5,547,000	0	0	5,547,000
Salaries & Allowances	108,071,344	0	0	108,071,344
Directors' Expenses	28,645,160	0	0	28,645,160
Registration Expenses	2,101,550	0	0	2,101,550
Provision for Audit Fee	1,000,000	0	0	1,000,000
Printing & Stationery	4,948,492	0	0	4,948,492
Advertisement & Public Relation	1,870,465	0	0	1,870,465
Contribution/Insurance Expenses	4,116,404	0	0	4,116,404
Professional Services	3,325,000	0	0	3,325,000
Utility	185,046	0	0	185,046
Communication	2,523,133	0	0	2,523,133
Repairs & Maintenance	3,508,122	0	0	3,508,122
Seminars, Conferences & Training	4,594,284	0	0	4,594,284
Bank Charges	22,725	0	0	22,725
Transportation & Accommodation	26,608,957	0	0	26,608,957
Entertainment	357,260	0	0	357,260
	197,424,942	0	0	197,424,942
All pre-operational transaction has been fully expensed into the 2017 financial statement as the product approval and commencement of business fully took place.				
23 b. Administrative Expenses				
Rent	40,241,767	0	0	40,241,767
Utilities	3,177,886	0	0	3,177,886
Internet Subscription	5,216,214	0	0	5,216,214
Security Services	834,326	0	0	834,326
Insurance	4,056,980	0	0	4,056,980
Audit fee	750,000	0	0	750,000
Telephone and Postages	3,622,483	0	0	3,622,483
NYSC / IT Allowance	1,551,290	0	0	1,551,290
Registration / Duties	24,594,300	0	0	24,594,300
Newspaper and Periodical	221,700	0	0	221,700
Entertainment / Refreshment	2,698,420	0	0	2,698,420
	86,965,366	0	0	86,965,366
23 c. Repairs & Maintenance				
Building	11,855,323	0	0	11,855,323
Vehicles	1,735,661	0	0	1,735,661
Office equipment	63,000	0	0	63,000
Office Furniture	15,000	0	0	15,000
Computer	562,700	0	0	562,700
Generators	26,500	0	0	26,500
Electricals	1,588,296	0	0	1,588,296
	15,846,480	0	0	15,846,480
24 Provision for tax on ordinary activities				
Balance as at January	0	0	0	0
Company Income Tax	0	0	0	0
Education Tax	0	0	0	0
Provision for Tax	1,500,000	0	0	1,500,000
	1,500,000	0	0	1,500,000
Payment during the year	0	0	0	0
Tax Liability	1,500,000	0	0	1,500,000



## Capital Management

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### Objectives

The main objective of capital management is to monitor and maintain, at all times, an appropriate level of capital which is commensurate with the Company's business operations and the resultant risk profile. The key objective of the CMP is to trigger appropriate action plans to be taken by the Board and management of the Company in the event of capital falling below the Individual Target Capital Level. This includes remedial actions that must be undertaken by the Company's Board and management to improve the capital position.

The Company's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory requirement and to best utilize capital allocations. Insurance industry regulator measures the financial strength of Life & Non-life insurers (Family & General Takaful) using a solvency margin model, NAICOM generally expect insurers to comply with this capital adequacy requirement.

### Capital management policies

The key capital management policies are as follows:

- I. Ensure the Company has adequate capital, within a range that supports stakeholders' objectives; and
- II. Establish responsibility of the Company's Board and management in developing an internal capital adequacy assessment process and setting capital targets that are commensurate with its business operations and the resultant risk profile and control environment.

Section 24 of the Insurance Act 2003 define Solvency Margin of an insurer as the difference between the admissible assets and liabilities and this shall not be less than 15% of Net Premium Income (Gross Premium Income less Re-insurance premium paid) or the minimum capital base (3 billion naira) whichever is higher.

This test compares insurers' capital against the risk profile. The regulator indicated that insurers should produce a minimum solvency margin of 100%. During the year, the company consolidated margin has consistently exceeded this minimum. The regulator has the authority to request more extensive reporting and can place restrictions on the company's operations if the company falls below this requirement and deemed necessary.

### Solvency Margin

The solvency margin of the Company (Operator) & the Takaful Funds (Family & General Takaful Funds) as well as the consolidated solvency margin as at 31st December, 2017 is as follows:

Operators:	₹
Cash and Bank balances	52,559,154
Mudarabah Deposit	121,000,000
Trade Receivable	3,241,912
Inventory	4,081,408
Other Receivables & Prepayment	19,491,979
Loan to Staff	16,764,722
Intangible Assets	61,109,703
Property, Plant & Equipment	104,598,903
Statutory Deposits	200,000,000
<b>TOTAL ADMISSIBLE ASSETS</b>	<b>582,847,781</b>
Provisions & Other Payables	32,387,107
<b>TOTAL ADMISSIBLE LIABILITIES</b>	<b>32,387,107</b>
<b>Solvency Margin</b>	<b>550,460,674</b>
The Higher of 15% of net Contribution (Premium) income or Minimum Capital Base	200,000,000
<b>Solvency Ratio</b>	<b>275%</b>

Solvency ratio must be above 100%

General Takaful:	₹
Cross contribution written	104,549,701
Admissible assets	52,435,642
Gross claim reserve	11,799,397
Unearned contribution reserve (UPR)	41,091,054
Total gross technical provisions	52,890,451
Unearned re-takaful contribution	(11,366,039)
Gross deferred acquisition cost (DAC)	(2,535,548)
Net technical provision	38,988,864
Other liabilities	16,887,017
Total liabilities	55,875,881
Net admissible assets value=assets less total liabilities	(3,440,239)
Net written contribution	75,950,104
Required minimum solvency margin(RMSM)	11,392,515
Solvency cover ratio	-0.30

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Solvency Margin

Family Takaful:	₹
Total takaful life cover and fund liabilities	11,720,915
Less re-takaful unearned contribution	(813,181)
Unearned gross DAC	(688,452)
Net total takaful life cover and fund liabilities	10,219,282
Other Liabilities	2,355,895
Total admitted Liabilities	12,575,177
Total admissible Assets	13,845,046
Surplus/(Deficit)	1,269,869
Gross takaful contribution earned	11,515,263
Retakaful contribution paid out	278,961
15% of net takaful contribution earned	1,685,445
Required minimum solvency margin	1,685,445
Solvency capital cover ratio	0.75
Consolidated:	₹
Cash and Bank balances	92,338,209
Mudarabah Deposit	146,000,000
Trade Receivable	3,241,912
Inventory	4,081,408
Other Receivables & Prepayment	19,491,979
Loan to Staff	16,764,722
Intangible Assets	61,109,703
Property, Plant & Equipment	104,598,903
Statutory Deposits	200,000,000
TOTAL ADMISSIBLE ASSETS	<u>647,626,836</u>
Takaful Contract Liabilities	61,361,375
Trade Payables	6,856,675
Provisions & Other Payables	32,387,107
TOTAL ADMISSIBLE LIABILITIES	<u>100,605,157</u>
Solvency Margin	<u>547,021,679</u>
The Higher of 15% of net Contribution (Premium) income or Minimum Capital Base	200,000,000
Solvency Ratio	273%

Asset-liability management ("ALM") framework

The main risk that the Company faces due to the nature of its investments and liabilities is the mismatch of assets to liabilities (investment risks). The Company manages these positions within the ALM framework to achieve long-term investment returns in excess of its obligations under the takaful certificates. The principal technique identified is to match assets to the liabilities arising from takaful contracts by reference to the type of benefits payable to participants. Amongst the mechanism to manage the ALM framework is the assessment and monitoring of the investment portfolio duration as well as the liability duration for specific risks. An Asset-Liability Committee ("ALCO") has been established to manage and monitor asset-liability mismatch risks. The ALCO ultimately reports to the Board through the Investment Committee.

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Statement of Value Added

	2017	
	₦	
The Consolidated Statement of Value Added for the year ended December 31st 2017 is as follows;		
Contribution Income	74,973,911	%
Retakaful, Claims, Commission and Services	(444,614,222)	
	<u>(369,640,311)</u>	
Add:		
Investment and other Income	9,304,947	
Value (Lost)/Added	<u>(360,335,364)</u>	<u>100</u>
	=====	===
Applied as Follows:		
To Pay Employee:		
Salaries, Wages and Other Staff Cost	223,770,498	(62.1)
To Pay Shareholders:		
Dividend	0	
To Pay Government:		
Taxation	1,500,000	(0.4)
Earnings for the year		
Retained in The Business:		
Depreciation & Amortisation	99,453,897	(27.6)
Retained Loss for the year	<u>(685,059,759)</u>	<u>190.1</u>
	<u>(360,335,364)</u>	<u>100</u>
	=====	===

Value added is the additional wealth the Company has been able to create by its own and its employees' effort. This statement shows the allocation of the wealth between employees, finance providers, government and that retained for the future creation of more wealth.



General Takaful Revenue Account

	ENGINEERING	FIRE	G/ ACCIDENT	MARINE	MOTOR	TOTAL
INCOME	N	N	N	N	N	N
Direct Contribution	4,794,955	15,562,477	37,177,859	1,078,730	37,425,815	96,039,836
Inward Contribution	0	7,657,406	0	0	852,459	8,509,865
Gross Contribution Written	4,794,955	23,219,883	37,177,859	1,078,730	38,278,274	104,549,701
Changes in Contribution	(1,394,829)	(8,075,662)	(6,585,367)	(389,230)	(24,645,966)	(41,091,054)
Gross Contribution Earned	3,400,126	15,144,221	30,592,492	689,500	13,632,308	63,458,647
Gross Retakaful Contribution	(1,514,766)	(14,159,706)	(9,081,727)	(843,398)	(3,000,000)	(28,599,598)
Changes in Retakaful Contribution	362,310	7,398,416	2,841,421	331,214	0	10,933,361
Net Contribution Earned	2,247,670	8,382,931	24,352,186	177,316	10,632,308	45,792,411
Commission Received	416,561	4,575,827	1,553,774	231,940	0	6,778,102
Changes in Commission Income	(62,894)	(2,054,168)	(748,339)	(4,461)	0	(2,869,862)
Investment Income	56,477	273,493	437,896	12,706	450,857	1,231,430
Total Income	2,657,813	11,178,084	25,595,517	417,501	11,083,165	50,932,080
Earned/Written	71%	65%	82%	64%	36%	61%
EXPENSES						
Gross Claims Paid	0	290,000	0	0	1,942,924	2,232,924
Increase/(Decrease) in provision for outstanding claims	338,708	1,485,123	4,584,850	68,862	5,321,854	11,799,397
Gross Claims Incurred	338,708	1,775,123	4,584,850	68,862	7,264,778	14,032,321
Retakaful Recoveries	(8,129)	(44,554)	(165,055)	(2,066)	(212,874)	(432,677)
Net Claims Incurred	330,579	1,730,569	4,419,795	66,796	7,051,904	13,599,643
Acquisition Cost	204,308	2,556,009	5,398,388	63,413	948,143	9,170,261
Wakala Fee	1,438,486	6,964,210	11,154,119	323,619	11,474,420	31,354,855
Other Underwriting Expenses	11,354	54,982	88,032	2,554	90,638	247,560
Total Expenses	1,984,727	11,305,770	21,060,335	456,382	19,565,105	54,372,319
General Takaful Surplus/(Deficit)	673,087	(127,686)	4,535,182	(38,881)	(8,481,940)	(3,440,238)

\* The general business Takaful Fund has an overall trading loss of NGN3,440,238

\* The deficit/surplus may be higher/lower if taxes and levies and other expenses not included in the above were applied.

\* Variation of surplus/deficit by class exists: Engineering and General Accident Classes generated surplus, while the Fire,

Marine and Motor generated deficit. This variation may affect the distributions among the participants.

\* Investment income and other underwriting expenses were apportioned between lines of business.

\* Motor class looks to have a heavy deficit, mainly because it has a low earned Contribution ratio.

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Family Takaful Revenue Account

	Education plans	Non- Interest plans	Group Family plans	Total
	RM	RM	RM	RM
FAMILY FUND OPENING BALANCE				
INCOME				
Gross Contribution Written	10,941,667	214,700	2,582,715	13,739,082
Unearned Contribution	0	(184,804)	(2,039,015)	(2,223,819)
Gross Contribution Earned	10,941,667	29,896	543,700	11,515,263
Gross Re-takaful Contribution	380,770	0	711,372	1,092,142
Unearned Contribution	(312,423)	0	(500,758)	(813,181)
Gross Re-takaful Contribution Earned	68,347	0	210,614	278,961
Net Contribution Earned	10,873,320	29,896	333,086	11,236,302
Commission Income	157,132	0	177,843	334,975
Unearned Re-takaful Commission (DAC)	(133,801)	0	(100,152)	(233,953)
Re-Takaful Commission Earned	23,331	0	77,691	101,022
Total Income	10,896,651	29,896	410,777	11,337,324
EXPENSES				
Gross Acquisition Expenses	545,284	21,470	143,148	709,902
changes in Acq Exp	(545,284)	(18,434)	(124,734)	(688,452)
Acquisition Expenses	0	3,036	18,414	21,450
Increase/ (Decrease) in provision for outstanding claims (inc maturities, etc	9,471,446	0	0	9,471,446
Wakalah Fee	1,078,933	64,610	774,812	1,918,355
Other Underwriting Expenses	24,819	487	5,858	31,165
Total Expenses	10,575,198	68,133	799,084	11,442,416
Profit(Loss) before Taxation	321,452	(38,237)	(388,307)	(105,092)
	=====	=====	=====	=====

## Key Valuation Results in Liability Adequacy Test

### General Takaful

Based on the loss ratio approach presented, the gross claims technical reserves under the recommended method – the loss ratio method without discounting

Table 1: Key Results from expected loss ratio method: illustration of gross claim reserving

Class of Business	2017 Earned Premiums (as at 31st December for 2017) (NGN)	Claims paid as at 31st December for 2017 Accident year (NGN)	Outstanding reported Reserves as at 31st December 2017 for prior years(NGN)	Current Incurred Claim (NGN)	Current Loss Ratios	Projected Ultimate Loss Ratios	Ultimate Losses (NGN)	Estimated Gross Claim Reserves (NGN)
Motor	13,605,490	1,942,924	4,233,415	6,176,338	45%	53%	7,264,778	5,321,854
General Accident	30,565,664	0	0	0	0%	15%	4,584,850	4,584,850
Fire	14,851,228	290,000	0	290,000	2%	12%	1,775,123	1,485,123
Engineering	3,387,083	0	0	0	0%	10%	338,708,33	338,708
Marine	688,621	0	0	0	0%	10%	68,862	68,862
Total	63,098,086	2,232,924	4,233,415	6,466,338	10%	15%	14,032,320	11,799,397

#### Comment:

- Motor: we have adopted the assumption that the 2017 Motor accident years' claims might experience a further deterioration in loss ratio by 8% to its ultimate level
- General Accident: we have adopted the assumption that the 2017 General Accident years' claims might experience a further deterioration in loss ratio by 15% to its ultimate level
- Fire: we have adopted the assumption that the 2017 Fire Accident years' claims might experience a further deterioration in loss ratio by 10% to its ultimate level
- Engineering: we have adopted the assumption that the 2017 Engineering Accident years' claims might experience a further deterioration in loss ratio by 10% to its ultimate level
- Marine: we have adopted the assumption that the 2017 Marine Accident years' claims might experience a further deterioration in loss ratio by 10% to its ultimate level

Table 2: Key results from loss ratio method – with discounting

Class of Business	Gross Outstanding Claims (NGN)	Estimated Reinsurance Recoveries (NGN)	Net Outstanding Claims NGN
Motor	4,807,938	(192,318)	4,615,620
General Accident	4,142,104	(149,116)	3,992,988
Fire	1,341,709	(40,251)	1,301,457
Engineering	306,000	(7,344)	298,656
Marine	62,212	(1,866)	60,346
TOTAL	10,659,963	(390,895)	10,269,068
Accounts (Outstanding Claims)	4,233,415	(272,078)	3,961,337
IBNR	6,426,548	(118,817)	6,307,731

Key Valuation Results in Liability Adequacy Test

Table 3: Key results from loss ratio method – without discounting

Class of Business	Gross Outstanding Claims (NGN)	Estimated Reinsurance Recoveries (NGN)	Net Outstanding Claims (NGN)
Motor	5,321,854	(212,874)	5,108,980
General Accident	4,584,850	(165,055)	4,419,795
Fire	1,485,123	(44,554)	1,440,569
Engineering	338,708	(8,129)	330,579
Marine	68,862	(2,066)	66,796
TOTAL	11,799,397	(432,677)	11,366,720
Accounts (Outstanding Claims)	4,233,415	(272,078)	3,961,337
IBNR	7,565,982	(160,599)	7,405,383

Table 4: Incurred But Not Reported (IBNR)

Class of Business	Estimated Gross Claim Outstanding Reserves (NGN)	Gross Claim Outstanding Reported Reserves (NGN)	Gross IBNR (NGN)
Motor	5,321,854	4,233,415	1,088,439
General Accident	4,584,850	0	4,584,850
Fire	1,485,123	0	1,485,123
Engineering	338,708	0	338,708
Marine	68,862	0	68,862
Total	11,799,397	4,233,415	7,565,982

Table 5 Re-takaful IBNR

Class of Business	Estimated Re-takaful Recoveries (NGN)	Outstanding Reported Re-takaful Recoveries (NGN)	Re-takaful IBNR (NGN)
Motor	212,874	0	212,874
General Accident	165,055	0	165,055
Fire	44,554	0	44,554
Engineering	8,129	0	8,129
Marine	2,066	0	2,066
Total	432,677	0	432,677

The company's Unexpired Contribution Reserve (UPR) gross and net of re-takaful and Deferred Acquisition (DAC) were calculated for each class and the result shown below.

Table 6: Estimated Unexpired Contribution Reserves – Gross and Net of Re-Takaful

Class of Business	Gross UPR (NGN)	Re-Takaful UPR (NGN)	Net UPR (NGN)
Motor	24,645,966	0	24,645,966
General Accident	6,585,367	(2,841,421)	3,743,946
Fire	8,075,662	(7,398,416)	677,246
Engineering	1,394,829	(362,310)	1,032,519
Marine	389,230	(331,214)	58,016
Total	41,091,054	(10,933,361)	30,157,693



## Key Valuation Results in Liability Adequacy Test

Table 7: Deferred Acquisition Cost (DAC)

Class of Business	Gross DAC (NGN)	Re-Takaful DAC (NGN)
Motor	1,210,338	0
General Accident	507,314	748,339
Fire	590,461	2,054,168
Engineering	206,902	62,894
Marine	20,532	4,461
Total	2,535,548	2,869,862

Family Takaful

Table 8: POLICIES INCLUDED IN THE VALUATION AS AT 31ST DECEMBER 2017

	With Profits Sum NGN	Declared Bonus NGN	Without Profits Sum Covered NGN
EDUCATION FAMILY TAKAFUL PLAN			
Year of Maturity			
2017-2020	0	0	16,020,000
2021-2024	0	0	191,739,960
2025-2028	0	0	14,320,000
2029-2032	0	0	0
2033-2036	0	0	2,400,000
2037-2040	0	0	28,800,000
2041-2044	0	0	2,880,000
2045-2046	0	0	0
TOTAL	0	0	256,159,960
NON-INTEREST LOAN PROTECTION PLAN			
Year of Expiry			
2017-2018	0	0	21,470,000
TOTAL	0	0	21,470,000
GROUP FAMILY TAKAFUL PLAN			
Year of Expiry			
2017-2018	0	0	387,248,779
TOTAL	0	0	387,248,779

Key Valuation Results in Liability Adequacy Test

(Under the Insurance Act 2003)

Table 9: SUMMARY AND VALUATION OF THE POLICIES OF JAIZ TAKAFUL INSURANCE AS AT 31 DECEMBER 2017

Description of Transaction	Number of policies	Amount covered	Amount of Business	Amount of Office Yearly Contributions	Amount of Single Contribution	DA Liability (Account balance)	Risk Liability	Total Liabilities
		NGN	NGN	NGN	NGN	NGN	NGN	NGN
INDIVIDUAL BUSINESS								
Individual without participation in profits								
Education Family	85	256,159,960		12,097,665	0	8,846,992	624,455	9,471,446
Non-Interest Loan	6	21,470,000		0	214,700		184,804	184,804
Annuity Business								0
PFA Regulated Annuity-in-payment								0
Total Risk						8,846,992	809,258	9,656,250
Total Individual Business	91	277,629,960	0	12,097,665	214,700	8,846,992	809,258	9,656,250
Group Risk Business								
Group Family (Group Life)		387,248,779		0	2,582,708	0	2,039,015	2,039,015
Takaful plan	15							
Total Group Risk	15	387,248,779		0	2,582,708	0	2,039,015	2,039,015
Additional Reserve								
Grand Total	106	664,878,739	0	12,097,665	2,797,408	8,846,992	2,848,274	11,695,265

(Under the Insurance Act 2003)

IN RESPECT OF THE TAKAFUL (LIFE) BUSINESS TRANSACTED IN NIGERIA BY JAIZ TAKAFUL INSURANCE PLC

Table 10: VALUATION BALANCE SHEET AS AT 31ST DECEMBER 2017

Liabilities	NGN	Admissible Assets	NGN
Gross Liability under Family Life, Individual Education and Non-Interest transacted as shown in the summary & Valuation of Policies	2,848,274	Total Admissible Family takaful and individual life funds shown in the accounts	12,343,413
Re-Takaful Unearned Contribution	(813,181)	Re-Takaful Assets	813,181
DAC	(688,452)	DAC	688,452
Total Takaful Liability under Family, Education and Non-Interest Liability transacted as shown in the summary & valuation of policies	1,346,641	Total Takaful Admissible Assets under statutory asset admissibility rules	13,845,046
Outstanding Claims	25,650		
Takaful Education Fund	8,846,992		
Difference	3,625,764		
Total	13,845,046		13,845,046