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ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

FINANCIAL STATEMENTS
31 DECEMBER 2016

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016

Country of incorporation	Nigeria
Company registration number	RC 1220385
Directors	
Mr. Wole Oshin	Chairman
Mr. Oye Hassan-Odukale	Director
Mr. Edwin Igbiti	Director
Mr. Segun Balogun	Director
Mr. Olaotan Soyinka	Director
Mr. Eddie Efekoha	Director
Mr. Ben Agili	Director
Company secretary	Nigerian Insurers Association (NIA) NIA Secretariat, 42, Saka Tinubu Street, Victoria Island, Lagos.
Registered office	NIA Secretariat, 42, Saka Tinubu Street, Victoria Island, Lagos. Nigeria
Bankers	Guaranty Trust Bank Plc 635, Akin Adesola Street, Victoria Island, Lagos
Solicitors	
Auditors	PKF Professional Services (Chartered Accountants) PKF House 205, Ikorodu Road, Obanikoro Lagos.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors accept responsibility for the preparation of the accompanying financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in accordance with the International Financial Reporting Standards in compliance with the Financial Reporting Council Act No. 6, 2011 and in the manner required by the Companies and Allied Matters Act, CAP C20 LFN 2004.

The Directors are of the opinion that the accompanying financial statements give a true and fair view of the state of the financial affairs of the Company, in accordance with the International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and in the manner required by Companies and Allied Matters Act, CAP C20, LFN 2004.

The Directors further accept responsibility for the maintenance of adequate accounting records as required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

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

Signed on behalf of the Board of Directors by:

Wole Oshin
Chairman
FRC/2013/CIIN/0000003054

Dated: 07 July **2017**

Paul Atiomo
Pool Manager
FRC/2016/CIIN/00000014929

Dated: 07 July **2017**

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

Report on the Financial Statements

We have audited the accompanying financial statements of **Energy and Allied Insurance Pool of Nigeria Limited/GTE**, which comprise the statement of financial position at 31 December 2016, the statement of comprehensive income, statement of changes in members account, statement of cash flows for the year then ended, a summary of significant accounting policies, and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, Cap C20, LFN 2004, the Nigerian Insurance Act and in the manner required by the International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of **Energy and Allied Insurance Pool of Nigeria Limited/GTE** at 31 December 2016, and of their financial performance and cash flows for the year then ended, in accordance with the Companies and Allied Matters Act, Cap C20, LFN 2004, the Nigerian Insurance Act and in the manner required by the International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011, and relevant guidelines issued by the National Insurance Commission.

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Partners: Isa Yusuf, Geoffrey C. Orah, Omede P.S. Adaji, Tajudeen A. Akande, Samuel I. Ochimana, Najeeb A. Abdus-salam
Offices in: Abuja, Bauchi, Jos, Kaduna, Kano.
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Report on other legal requirements:

The Companies and Allied Matters Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i. 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.

ii. the company and its subsidiaries have kept proper books of account, as it appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us.

iii. The company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

Najeeb A. Abdus-salaam, FCA
FRC/2013/ICAN/00000000753
For: **PKF Professional Services**
Chartered Accountants
Lagos, Nigeria.

Dated: 7 July **2017**

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

	Notes	31 December 2016 N	31 December 2015 N
Assets			
Cash and cash equivalents	6.	2,253,770,038	901,634,381
Financial assets:			
Trade receivables	7.	229,781,424	182,439,678
Reinsurance assets	8.	50,781,299	75,224,200
Deferred acquisition cost	9.	14,186,229	16,248,547
Other receivables	10.	-	13,755
Total assets		2,548,518,990	1,175,560,561
Liabilities			
Insurance contract liabilities	11.	404,545,769	294,201,161
Trade and other payables	12.	298,928,737	2,000,000
Total liabilities		703,474,506	296,201,161
Net assets		1,845,044,484	879,359,400
Reserves			
Members account	13.	1,777,523,322	884,060,242
Unassigned surplus/ (deficit)	14.a	119,018,289	(129,494,644)
Translation reserve	14.b	(51,497,127)	124,793,802
Total member's fund		1,845,044,484	879,359,401

The financial statements were approved by the technical management board on 07 July 2017 and signed on its behalf by:

Wole Oshin	**Paul Atiomo**	**Olugbenga Akinlalu**
Chairman	**Pool Manager**	**Pool Accountant**
FRC/2013/CIIN/0000003054	**FRC/2016/CIIN/00000014929**	**FRC/2016/ICAN/00000014930**

The accompanying notes form an integral part of these financial statements.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

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

	Notes	2016 N	2015 N
Gross premium written		1,265,678,223	642,114,045
Gross premium income	16.	1,389,721,303	378,532,219
Reinsurance premium	17.	(912,657,178)	(451,344,999)
Net premium		477,064,125	(72,812,780)
Claims expenses	19.	(81,484,385)	(30,654,000)
Claims incurred		(81,484,385)	(30,654,000)
Fee and commission expenses	18.	(83,193,920)	(22,669,742)
Fees and commissions paid		(83,193,920)	(22,669,742)
Underwriting surplus/(deficit)		312,385,820	(126,136,522)
Investment income	20.	33,454,060	1,710,526
Management expenses	21.	(26,139,012)	(5,068,648)
Surplus/(Deficit) before taxation		319,700,868	(129,494,644)
Taxation	22.	-	-
Surplus/(deficit) after taxation		319,700,868	(129,494,644)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Translation (loss) / gain	14.b	(176,290,928)	124,793,801
Items that will not be reclassified to profit or loss		-	-
Other comprehensive income/(loss)		(176,290,928)	124,793,801
Total comprehensive surplus/(deficit) for the year		143,409,940	(4,700,842)

The accompanying notes form an integral part of these financial statements.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

STATEMENT OF CHANGES IN MEMBERS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Members Account	Contingency reserve	Unassigned surplus/(deficit)	Translation reserve	Total equity
	N	N	N	N	N
At 1 January 2015	-	-	-	-	-
Changes in members account for the year ended 31 December 2015					
Deficit for the year	-	-	(129,494,644)	-	(129,494,644)
Other comprehensive income					
Translation gain	-	-	-	124,793,801	124,793,801
Total comprehensive deficit for the year	-	-	(129,494,644)	124,793,801	(4,700,842)
Transactions with owners					
Members subscriptions	884,060,241	-	-	-	884,060,241
Total transactions with owners	884,060,241	-	-	-	884,060,241
At 31 December 2015	884,060,241	-	(129,494,644)	124,793,801	879,359,399

	Members Account	Contingency reserve	Unassigned surplus/(deficit)	Translation reserve	Total equity
	N	N	N	N	N
At 1 January 2016	884,060,241	-	(129,494,644)	124,793,801	879,359,399
Changes in members account for the year ended 31 December 2016					
Surplus for the year	-	-	319,700,868	-	319,700,868
Transfer to contingency reserve	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Translation gain	680,320,692	-	(71,187,936)	(176,290,928)	432,841,829
Total comprehensive deficit for the year	680,320,692	-	248,512,933	(176,290,928)	752,542,697
Transactions with owners					
Additions to members subscriptions	213,142,388	-	-	-	213,142,388
Total transactions with owners	213,142,388	-	-	-	213,142,388
At 31 December 2016	1,777,523,322	-	119,018,289	(51,497,127)	1,845,044,484

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31 December 2016 ₦	31 December 2015 ₦
Cash flows from operating activities			
Surplus/(Deficit) for the year		319,700,868	(129,494,644)
Adjustment for:			
Effect of translation	14.b	432,841,829	124,793,802
		752,542,697	(4,700,841)
Changes in:			
Trade receivables	7.	(47,341,746)	(182,439,678)
Reinsurance assets	8.	24,442,901	(75,224,200)
Deferred acquisition cost	9.	2,062,318	(16,248,547)
Other receivables		13,755	(13,755)
Insurance contract liabilities	11.	110,344,608	294,201,161
Trade and other payables	12.	296,928,737	2,000,000
Cash generated from operating activities		1,138,993,270	17,574,139
Income taxes paid	22.	-	-
Net cash from operating activities		1,138,993,270	17,574,139
Cash flows from investing activities			
Cash flows from investing activities			-
Net cash used in investing activities		-	-
Cash flows from financing activities			
Members subscriptions		213,142,388	884,060,242
Net cash from financing activities		213,142,388	884,060,242
Net increase in cash and cash equivalents		1,352,135,657	901,634,381
Cash and cash equivalents as at 1 January		901,634,381	-
Cash and cash equivalents at 31 December	6.	2,253,770,038	901,634,381

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. Corporation information

1.1 The Company

Energy & Allied Insurance Pool of Nigeria Limited/GTE (the Pool) was incorporated on 24th October 2014 as a private limited liability company by Guarantee but commenced business fully in January 2015. The Pool which is a local content vehicle established by the Nigeria Insurers Association(NIA) through the support of the National Insurance Commission(NAICOM) currently has 25 subscribers comprising Insurance companies in Nigeria with a total subscribers capacity of $5,834,143 (52 lines) as at 31 December 2016.

1.2 Principal activities

The Pool's principal activity is to provide services aimed at promoting the existing policies towards increasing the capacity of underwriters in the Oil and Gas insurance sub-sector. Such service includes the provision of Energy & Allied insurance services, improvement of underwriting skills through provision of technical support via training, seminars, and conferences amongst others.

1.3 Going concern

These financial statements have been prepared on the going concern basis. The Pool has no intention or need to reduce substantially the scope of its business operations. Liquidity ratio and continuous evaluation of current ratio of the Pool is carried out to ensure that there are no going concern threats to the operation of the pool.

2. Basis of preparation

2.1 Statement of Compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") in the manner required by Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria and the Financial Reporting Council of Nigeria Act (FRC Act).

2.2 Functional and Presentation Currency

The functional currency of the Pool is USD being the Currency in which most oil & energy insurance contracts are denominated but for presentation purpose, the financial statements will be presented in Nigerian currency (Naira) and are rounded to the nearest thousand ('000) since the Pool is a company registered in Nigeria.

2.3 Basis of measurement

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, it also requires management to exercise its judgment in the process of applying the company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and therefore the company's financial statements present the financial position and results fairly.

2.4 Use of Estimates & judgment

In the process of applying the Pool's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key areas of judgment in applying the pool's accounting policies are dealt with below:

(i) Critical judgements in applying accounting policies

There are no critical judgements, apart from those involving estimations (see b below), that the management have made in the process of applying the entity's accounting policies and that have significant effect on the amounts recognized in financial statements.

3. Significant Accounting Policies

Significant accounting policies are defined as those that are reflective of significant judgments and uncertainties and potentially give rise to different results under different assumptions and conditions.

The Accounting policies set out below have been consistently applied by the Pool to all information presented in these financial statements.

3.1 Cash and Cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less, these assets are readily convertible into known amounts of cash.
Cash and cash equivalents comprise cash at bank, cash in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

3.2 Financial Instruments

The Pools Financial instruments include cash and short term deposits, trade and other receivables. Financial assets and liabilities are recognized when the Pool becomes a party to contractual provisions of the instrument. The classification of financial Assets depends on the purpose for which the investments were acquired or originated. The pool classifies its financial assets into the following categories:

(i) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments and are not quoted in an active market. After initial measurement at cost, receivables are subsequently remeasured to amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. Investments classified as fair value through profit or loss are initially recognised at cost and subsequently re-measured to fair value based on quoted bid prices or dealer price quotations, without any deduction for transaction costs. All related realized gains and unrealised gains and losses are included in the profit or loss. Interest earned whilst holding held for trading investments is reported as investment income.

3.3 Trade Receivables

Trade receivables are loans and receivables financial instruments specifically arising from insurance contracts and constitutes premium debtors with determinable payments that are not quoted in active market and the Pool has no intention to sell. Trade receivables on insurance contracts are initially recognized at fair value and subsequently measured at amortized cost less impairment. Trade receivables that are individually identified as impaired are assessed for specific impairments. All other trade receivables are assessed for collective impairments after 365 days.

3.4 Recognition and measurement of insurance contracts

Short-term insurance contracts are accounted for on an annual basis.

(i) Short-term insurance contract premium

Written premium on short-term insurance contracts comprises premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premium income for the period includes adjustments to premiums written in prior accounting periods or premium not yet advised by the cedant for contracts in force at the end of the period. An estimate is made at the reporting date to recognise retrospective adjustments to premium or commission.

The outward reinsurance premiums relating to earned premiums are recognised as expense in accordance with the reinsurance services received.

(ii) Claims arising from short-term insurance contracts

Claims incurred in respect of short-term insurance contracts consist of claims and claims handling expenses paid during the financial year as well as movements in premium reserve and claim fund. Outstanding claims comprise provisions for all the Pool's estimated ultimate costs of settling all claims incurred but unpaid at the reporting date whether reported or not and related claim handling expenses. Outstanding claims that have occurred at the reporting date and have been notified to the Pool by the cedants are carried at their face value. Adequate provisions are also made for claims incurred but not reported at the reporting date using best available information. Outstanding claim provisions are disclosed at their carrying amounts and are not discounted except where there is a particularly long period from the claim incident to settlement in which case outstanding claims are discounted using a discount rate that best reflects current assessment of time value of money and associated risks. Anticipated reinsurance recoveries on claims are disclosed separately as assets.

(iii) Claim reserve and Premium reserves

These consist of 100% of estimated losses reported by cedants and premium reserve established at the the estimated remaining settlement period of the gross premium. The premium reserve retained is released in the corresponding period of the following year.

3.5 Taxation

Companies and Allied Matters Act provides for the establishment of a company limited by guarantee for promoting commerce, art, education or some other similar objects. It states categorically in Section 26(4) that such a company shall not be incorporated with the aim of making profit for distribution to its members. Thus, section 19(c) of The Companies Income Tax Act (CITA) exempts the profits of any company engaged in ecclesiastical, charitable or educational activities of a public character from tax to the extent that such profits are not derived from a trade or business carried on by such company. This implies that profits derived from any trade or business activities of such company are not liable to tax.

3.6 Underwriting results

Underwriting results of the Pool are determined by compiling information received from the member insurance companies in returns detailing premiums, commissions and claims.
The reserves are computed on the basis of the best information available at the end of the reporting period date, including past experience as adjusted for changes in circumstances and information supplied in returns submitted by the member insurance companies.

3.7 Interest income

Interest income comprises interest receivable on term deposits for the year and is recognized on the accrual basis.

3.8 Investments/Short term deposits

Investments comprise, fixed and floating rate instruments and deposits. At the initial recognition of an investment, management determines its classification, which is dependent on the purpose for which the investment was acquired, and re-evaluates that classification at every reporting date.

4. Issued and amended standards during the year

4.1 Summary of Standards and Interpretations effective for the first time

The following represent amendments and revisions to the International Financial Reporting Standards and interpretations which are effective for annual periods beginning on or after 1 January 2016. These amendments and interpretations have been adopted where applicable in preparing the financial statements. The nature and the impact of each newly effective standard and amendments are described below:

a Amendments to "IFRS 5 Non-current Assets Held for Sale and Discontinued Operations"

The amendment clarifies cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

b Amendments to "IFRS 7 Financial Instruments: Disclosures"

The amendment adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies the applicability of previous amendments to IFRS 7 issued in December 2011 with regards to offsetting financial assets and financial liabilities.

c Amendments to IFRS 11 "Joint Arrangements"

Amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions.

d "IFRS 14 Regulatory Deferral Accounts"

The Standard permits first-time adopters to continue to recognise amounts related to its rate regulated activities in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that apply IFRS and do not recognise such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the Standard.

e Amendments to "IAS 1 Presentation of Financial Statements"

The amendments clarify that information should not be obscured by aggregating or by providing immaterial information. It also explains that materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply. The amendments also introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

f Amendments to "IAS 16 Property, Plant and Equipment"

The amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflect a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits.

g Amendments to "IAS 19 Employee Benefits"

The amendment clarifies the requirements of determining the discount rate in a regional market sharing the same currency (for example, the Eurozone).

h Amendments to "IAS 34 Interim Financial Reporting"
The Amendment discusses clarification of the meaning of disclosure of information 'elsewhere in the interim financial report.

i Amendments to "IAS 38 Intangible Assets"
Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.

j Amendments to "IAS 41 Agriculture: Bearer Plants"
Amendments to IAS 16 and IAS 41 which defines bearer plants and includes bearer plants in the scope of IAS 16 Property, plant and Equipment, rather than IAS 41 allowing such assets to be accounted for after initial recognition in accordance with IAS 16.

k Amendments to "IAS 27 Separate Financial Statements"
Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

l Amendments to "IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures"
The following issues have arisen in the context of applying the consolidation exception for investment entities:
- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if The investment entity measures all of its subsidiaries at fair value.

- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.

- When applying the equity method to an associate or a joint venture, a noninvestment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

4.2 Standards and interpretations issued/amended but not yet effective.
At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective: This includes:

4.2.1 Amendments effective from annual periods beginning on or after 1 January 2017

a Amendments to IFRS 12 Disclosure of Interests in Other Entities
This amendment clarifies the scope of the standard by specifying that the dis-clo-sure re-quire-ments in the standard, except for those in para-graphs B10–B16, apply to an entity's interests listed in paragraph 5 that are clas-si-fied as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

b Amendments to IFRS for SMEs

Three amendments are however of larger impact:

- The standard now allows an option to use the revaluation model for property, plant and equipment as not allowing this option has been identified as the single biggest impediment to adoption of the IFRS for SMEs in some jurisdictions in which SMEs commonly revalue their property, plant and equipment and/or are required by law to revalue property, plant and equipment;

- The main recognition and measurement requirements for deferred income tax have been aligned with current requirements in IAS 12 Income Taxes (in developing the IFRS for SMEs, the IASB had already anticipated finalization of its proposed changes to IAS 12, however, these changes were never finalized); and

- The main recognition and measurement requirements for exploration and evaluation assets have been aligned with IFRS 6 Exploration for and Evaluation of Mineral Resources to ensure that the IFRS for SMEs provides the same relief as full IFRSs for these activities.

c Amendments to IAS 7 Statement of Cash Flows

This amendment to IAS7 clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

d Amendments to IAS 12 Income Taxes

Amends to recognition of deferred tax assets for unrealized losses, IAS 12 Income Taxes clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

- The carrying amount of an asset does not limit the estimation of probable future taxable profits.

- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

4.2.2 Amendments effective from annual periods beginning on or after 1 January 2018

a Amendments to IFRS 2 Share-based Payment

Amends IFRS 2 Share-based Payment to clarify the standard in relation to the accounting for cash settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

b Amendments to IFRS 4 Insurance Contracts

Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so called overlay approach;

- An optional temporary exemption from applying IFRS 9 for entities whose pre-dom-i-nant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

c Amendments to IFRS 15 'Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five step model to be applied to all contracts with customers. The five steps in the model are as follows:
- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Amends IFRS 15 Revenue from Contracts with Customers also clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

d Amendments to IFRS 9 Financial Instruments

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized;

- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures;

- Derecognition. The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39.

e Amendments to IAS 40 Investment Property

Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

f Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards

Amendments' resulting from Annual Improvements 2014–2016 Cycle, the amendment deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.

g Amendments to IAS 28 Investments in Associates and Joint Ventures

This amendment Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment by investment basis, upon initial recognition.

4.2.3 Amendments effective from annual periods beginning on or after 1 January 2019

a IFRS 16 'Leases'

Effective for an annual periods beginning on or after 1 January 2019

- New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.

- IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee;

- IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

- IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.
- IFRS 16 supersedes the following Standards and Interpretations:
  a) IAS 17 Leases;
  b) IFRIC 4 Determining whether an Arrangement contains a Lease;
  c) SIC-15 Operating Leases—Incentives; and
  d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

4.2.4 New standards, amendments and interpretations issued but without an effective date

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but without an effective: This includes:

a Amendments to IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:
- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances);
- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognized in profit or loss;

- All other instruments (including all derivatives) are measured at fair value with changes recognized in the profit or loss
- The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

Also a revised version of IFRS 9 incorporating requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

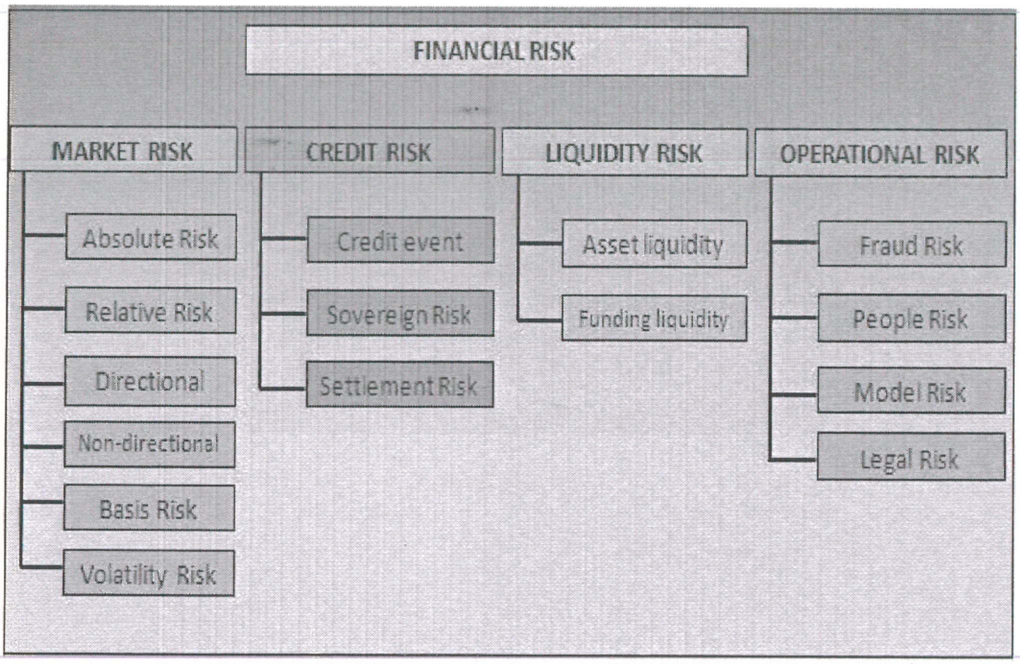
b Amendments to IFRS 10 and IAS 28 Consolidated Financial Statements and Investments in Associates and Joint Ventures
Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associ-ates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:
- Require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations);

- Require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.
These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

5. Financial Risks Management (FRM)

Risk Classification: Most financial risk can be categorized as either systematic or non-systematic. Systematic risk affects an entire economy and all of the businesses within it; an example of systematic risk would be losses due to a recession. Non-systematic risks are those that vary between companies or industries; these risks can be avoided completely through careful planning. There are several types of systematic risk. Interest risk is the risk that changing interest rates will make your current investment's rate look unfavorable. Inflation risk is the risk that inflation will increase, making your current investment's return smaller in relation. Liquidity risk is associated with "tying up" your money in long-term assets that cannot be sold easily. There are also different types of non-systematic risk. Management risk is the risk that bad management decisions will hurt a company in which you're invested. Credit risk is the risk that a debt instrument issuer (such as a bond issuer) will default on their repayments to you. Energy and Allied Insurance Pool of Nigeria Limited is exposed to an array of risks through its operations. the Company has identified and categorized its exposure to these broad risks listed below: Market Risk, Credit Risk, Operational Risk, Liquidity Risk, Interest Rate Risk, Reputaional Risk, Foreign Currency Risk, Equity risk.

5.1 ***Financial risk*** is an umbrella term for multiple types of risk associated with financing, including financial transactions that include group loans in risk of default. Financial risk is one of the high-priority risk types for every business. Financial risk is caused due to market movements and market movements can include host of factors. Based on this, financial risk can be classified into various types such as Market Risk, Credit Risk, Liquidity Risk, Operational Risk and Legal Risk.The company has exposure to the following risks and their management approach are disclosed in the accompanying explanatory notes:



5.2 Operational risks

Operational risks are the risks 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 risks 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 unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.
- adequate insurance and reinsurance protection purchased.

Reinsurance is placed with "A" rated registered reinsurers. Management monitors the creditworthiness of the Reinsurers by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by the Management Board prior to renewal of the reinsurance contract.

5.3 Credit risks

Credit risk is the risk of financial loss to the company if a debtor fails to make payments of interest and principal when due. The company is exposed to this risk relating to its debt holdings in its investment portfolio and the reliance on reinsurers to make payment when certain loss conditions are met.

Sources of credit risk identified are Direct Default Risk that the company will not receive the cash flows or assets to which it is entitled because a party with which the firm has a bilateral contract defaults on one or more obligations. Downgrade Risk that changes the possibility of future default by an obligor will adversely present value of the contract with the obligor today and Settlement risk arising from lag between the value and settlement dates of transactions. All these risks are closely monitored and measures are put in place to minimise the pool's exposure to them.

5.4 Liquidity risks

Liquidity risk is the risk that the comapny will not be able to meet all cash outflow obligations as they come due. The company mitigates this risk by monitoring cash activities and expected outflows. The company's current liabilities arise as claims are made. The company does not have material liabilities that can be called unexpectedly at the demand of a lender or client. It has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claim payments are funded by current operating cash flow including investment income. Short-term investments include treasury bills, commercial paper and term deposits with an original maturity of less than one year. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

5.5 Currency risks

Currency risks are the risks that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk (also known as exchange rate risk or currency risk) is a financial risk posed by an exposure to unanticipated changes in the exchange rate between two currencies. Investors and multinational businesses exporting or importing goods and services or making foreign investments throughout the global economy are faced with an exchange rate risk which can have severe financial consequences if not managed appropriately.

The company's principal transactions are carried out in US Dollars and its financial assets are primarily denominated in the US Dollars and its exposure to foreign exchange risk is high.

5.6 Business risks

Business risk relates to the potential erosion of our market position or revenue shortfall compared to the cost base due to strategic and/or reputational reasons. The corporate governacnce structure of the group is effective. Each level of leadership has limits of authority and approval to ensure business decisions are properly considered, relevant risks exposures evaluated and necessary measures implemented to mitigate such risks.

The company holds regular strategic sessions both at the Techincal Management Board and Management basis to review the corporate and the unit strategies and ensure the pool's market share is effectively defended against competition.

5.7 Reputational risks

Reputational risk, often called reputation risk, is a type of risk related to the trustworthiness of business. Damage to a firm's reputation can result in lost revenue or destruction of shareholder value, even if the company is not found guilty of a crime. Reputational risk can be a matter of corporate trust, but serves also as a tool in crisis prevention. This type of risk can be informational in nature or even financial. Extreme cases may even lead to bankruptcy.

5.8 Management of Insurance and Financial risks

Risk Management framework:

Energy and Allied Insurance Pool Nigeria limited has a robust and functional Risk Management System that is responsible for identifying and managing the inherent and residual risks facing the Pool. As an insurance pool, the management of risk is at the core of the operating structure of Energy and Allied Insurance Pool Nigeria. As a result, the best risk management practices are deployed to identify, measure, monitor, control and report every material risk prevalent in the business operation.

The risk structure includes our approach to management of risks inherent in the business and the appetite for these risk exposures. Under this approach, we continuously assess the Pool's top risks and monitor the risk profile against approved limits. The main strategies for managing and mitigating risk include policies and tools that target specific broad risk categories.

The Company is guided by the following principles to ensure effective integration and to maximize value to stakeholders through an approach that balances the risk and reward in the business. The Company only accepts risks that fall within its risk acceptance criteria and have commensurate returns and continually review its activities to determine inherent risks level and adopt appropriate risk response at all times. It involves broad setting of strategy, risk appetite, performance measurement, establishment and maintenance of internal control and risk management in the business. In addition, business units have the primary responsibility for managing risks and are required to take responsibility for the identification, assessment, management, monitoring and reporting of risks arising within their respective businesses, thereby ensuring an informed risk and reward balance.

The Technical management Board sets the pool's risk appetite, approves the strategy for managing risk and is ultimately responsible for the pool's system of internal control. The Board carries out these functions through the pool managers. The Technical Management Board performs the oversight functions of the external auditor and regulatory compliance. It also monitors the internal control process and oversight of enterprise risk management. They also function on oversight of financial reporting and accounting as well as review and approval of the company's investment policy, and approves investment over and above managements' approval limit.

Managers are responsible and accountable for ensuring that Risk management policies, framework and procedures are complied with; and also that the risk profiled for areas under their control are refreshed and updated on a timely basis to enable the collation, analysis and reporting of risks to the Board. Managers also ensure that explanations are provided to the Board for any major gaps in the risk profiled and any significant delays in planned treatments for high risk priority matters.

The internal audit function that provides independent and objective assurance of the effectiveness of the Company's systems of internal control is established by the organization in the management of enterprise risks across the organization.The internal audit functions evaluate the design and conceptual soundness of risk measures, accuracy of risk models, soundness of elements of the risk management information systems, adequacy and effectiveness of the procedures for monitoring risk, the progress of plans to upgrade risk management systems, the adequacy and effectiveness of application controls within the risk management information system, and the reliability of the vetting processes.

a) Insurance risk management

The principal risk the Pool faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the pool is to ensure that sufficient reserves are available to cover these liabilities.

Frequency and severity of claims can be affected by several factors. The most significant are the increasing level of damages suffered as a result of road accidents. The Pool manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The Pool has the right to reject the payment of a fraudulent claim, and is entitled to pursue third parties for payment of some or all costs.

The Pool also has special claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Pool actively manages and pursues early settlements of claims to reduce its exposure to unpredictable development.

The Pool purchases reinsurance as part of its risks mitigation program. Retention limits for the excess-of-loss reinsurance vary by product line.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policy holders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Pool writes insurance primarily over a twelve month duration. The most significant risks arise through high severity, low frequency events such as natural disasters or catastrophes. A concentration of risk may arise from insurance contracts issued in a specific geographic location since all insurance contracts are written in Nigeria.

The Pool manages this risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are limited by having documented underwriting limits and criteria. Pricing of property and liability policies are based on assumptions in regard to trends and past experience, in an attempt to correctly match policy revenue with exposed risk. Reinsurance is purchased to mitigate the effect of the potential loss to the Company. Reinsurance is placed with "A" rated registered reinsurers

a(i) Insurance risk associated with uncertainty in the estimation of future claim payments

Claims insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Although, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. Certain reserves are held for these contracts which are provision for IBNR, a provision for reported claims not yet paid and a provision for uneared premium at the end of the reporting period.

In deciding the assumption used, the Company uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods used are the Basic Chain Ladder and the Loss Ratio methods adjusted for assumed experience to date.

Claims paid data were grouped into classes of business and Large claims were projected separately as they can significantly distort patterns. The Company also ensure prompt payment of claims as it's the main purpose of the business and also to avoid possible reputational risk.

The Basic Chain Ladder method was adopted in the calculations. Historical claims paid are grouped into years cohorts representing when they were paid after their underwriting year. These cohorts are called claim development years.

The historical paid losses are projected to their ultimate values for each underwriting year. This is done by projecting the latest paid losses in the BCL method, loss development factors (LDF) were calculated for each development year, and also the Ultimate claims are then derived using the LDF and the latest paid historical claims.

a(ii) Expected loss ratio method

This method is used where the volume of data available is too small to be relied upon when using a statistical approach. The reserve for Oil & Gas was estimated based on this method. Under this method, we obtained the Ultimate claims was derived by assuming a loss ratio of 32%. Paid claims already emerged is then allowed for the estimated Ultimate claim.

a(iii) Claims development tables

The risks associated with insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company's various techniques based on past claims development experience to quantify these sensitivities. This includes indicators such as average claim cost, amount of claims occurrence, expected loss ratios and claims development.

		31 December 2016 N	31 December 2015 N
6.	**Cash and cash equivalents**		
	Cash in hand	15,235	-
	Balance with banks	686,363,600	290,975,944
	Placements with banks (Note 6.1)	1,567,391,203	610,658,436
		2,253,770,038	901,634,381
6.1	**Placements with banks**		
	Placements with Guaranty Trust Bank Plc.- Naira	10,824,589	19,813,891
	Placements with Guaranty Trust Bank Plc.- USD	1,552,753,729	590,844,545
	Interest Receivable on placement with banks	3,812,884	-
		1,563,578,318	610,658,436
7.	**Trade receivables**		
	Due from Insurance companies and brokers	229,781,424	182,439,678
		229,781,424	182,439,678
8.	**Reinsurance assets**		
	Prepaid reinsurance	-	75,224,200
	Reinsurance Share of outstanding claim	50,781,299	-
	At 31 December	50,781,299	75,224,200

	31 December 2016 N	31 December 2015 N
9. Deferred acquisition cost		
Balance as at 01 January	16,248,547	-
(Decrease) / Increase during the year	(2,062,318)	16,248,547
At 31 December	14,186,229	16,248,547

Deferred acquisition cost represent commissions on unearned premium relating to the unexpired risk.

	31 December 2016 N	31 December 2015 N
10. Other receivables		
Sundry debtors	21,329	13,755
Accrued interest	-	-
	21,329	13,755
Provision for other assets (Notes 21)	(21,329)	-
	-	13,755
11. Insurance contract liabilities		
Reserve for outstanding claims (Note 11.1)	116,858,340	30,654,000
Unearned premium reserve	287,687,429	263,547,161
	404,545,769	294,201,161

11.1 Reserve for outstanding claims- 2016	Outstanding Claims N	Provision for IBNR N	Gross Reserve N
Oil & gas (Note 19)	36,190,362	80,667,978	116,858,340

	31 December 2016 N	31 December 2015 N
12. Trade and other payables		
Due to Reinsurance Creditors (Note 12.1)	276,895,571	-
Amount due to companies	17,863,199	-
Other payables (Note 12.2)	4,169,967	2,000,000
	298,928,737	2,000,000

12.1 Included in due to reinsurance creditors are N223million to CGNMB, N32million to JB Boda and & N22million to Oil pool.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

		31 December 2016 N		31 December 2015 N
12.2	**Other payables**			
	Other creditors	2,169,967		-
	Audit fee	1,500,000		1,500,000
	Secretarial fee	500,000		500,000
		4,169,967		2,000,000
	Current	298,928,737		2,000,000
	Non-current	-		-
		298,928,737		2,000,000
13.	**Members Account**			
13.a	**Company limited by guarantee:** The Company is limited by guarantee and has no share capital. Every members of the company undertakes to contribute to the assets of the company, in the event of a winding up, such an amount as may be required not exceeding N10,000.			
13.b	**Control:** The Company is under the control of its members.			
	Members subscription	1,777,523,322		884,060,241
14.a	**Unassigned surplus/(deficit)** Unassigned deficits are the carried forward recognised deficits net of expenses plus current period deficit.	119,018,289	?	(129,494,644)
14.b	**Translation reserve** Translation reserve is the carried forward net assets/liabilities recognised income plus current period gain/(loss).	(51,497,127)	?	124,793,802
15.	**Surplus/(deficit) before taxation**	319,700,868		(129,494,644)
	Deficit before taxation is stated after charging/crediting:			
	Auditors' remuneration	1,500,000		1,500,000
	Secretarial fees	500,000		500,000

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

16. Gross premium earned analysed as follows:

	31 December 2016		
	Inward reinsurance premium	Decrease in unearned premium during the year	Gross premium earned
	N	N	N
Oil & Gas	1,265,678,223	124,043,080	1,389,721,303
	1,265,678,223	124,043,080	1,389,721,303

	31 December 2015		
	Inward reinsurance premium	Increase in unearned premium during the year	Gross premium earned
	N	N	N
Oil & Gas	642,114,045	(263,581,826)	378,532,219
	642,114,045	(263,581,826)	378,532,219

16.1 Unearned premium as at 31 December 2015 was earned during the year and converted to Naira using the average rate as at 31 december 2016 (N312.419).

	31 December 2016 N	31 December 2015 N
17. Reinsurance expense		
Prepaid reinsurance premium as at 1 January	75,224,200	-
Ceded Premium during the year	837,432,978	526,569,199
Prepaid reinsurance premium as at 31 December	-	(75,224,200)
Ceded Premium	912,657,178	451,344,999
18. Fee and commission expenses		
Commission received	(3,439,878)	
Commission paid	79,728,051	21,592,692
Brokerage charges	6,905,747	1,077,050
	83,193,920	22,669,742
19. Net claims expenses		
Claims expenses		
Claims paid during the year	62,940,547	-
Increase in claim reserve	69,325,140	30,654,000
Gross claims expenses	132,265,687	30,654,000
Claims recoverable		
Closing claims recoverable (Note 8)	(50,781,302)	-
Net claims expenses	81,484,385	30,654,000

	31 December 2016 N	31 December 2015 N
20. Investment income		
Interest income on placements	33,454,060	1,710,526
	33,454,060	1,710,526
21. Management expenses		
Auditors' remuneration	1,500,000	1,500,000
Professional charges	685,999	2,350,000
Printing and stationeries	-	530,000
Bank Charges	1,206,622	591,183
Advert & Publicity	216,125	-
Exchange loss (Note 21.1)	22,508,938	97,466
Impairment of other Assets	21,329	-
	26,139,012	5,068,648
21.1 Exchange loss		
Buffer account (Note 21.1a)	22,269,851	-
Exchange loss	239,087	97,466
	22,508,938	97,466

a) The buffer account is where the exchange difference on technical transactions done in other foreign currencies are recorded.

22. Taxation

According to Section 23 of the CITA 2004, subsection 1i the pool is exempt from tax as it is limited by guarantee.

Other National Disclosures

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

APPENDIX 1

REVENUE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Oil & Gas	31 December 2016 Total	Oil & Gas	31 December 2015 Total
	N	N	N	N
Income				
Inward reinsurance premium	1,265,678,223	1,265,678,223	642,114,045	642,114,045
Gross written premium	1,265,678,223	1,265,678,223	642,114,045	642,114,045
Decrease/(Increase) in unearned premium during the year	124,043,080	124,043,080	(263,581,826)	(263,581,826)
Gross premium earned	1,389,721,303	1,389,721,303	378,532,219	378,532,219
Deduct:				
Outward reinsurance premium	(912,657,178)	(912,657,178)	(451,344,999)	(451,344,999)
Reinsurance cost	(912,657,178)	(912,657,178)	(451,344,999)	(451,344,999)
Net premium earned	477,064,125	477,064,125	(72,812,780)	(72,812,780)
Gross claims paid				
Outstanding claims provision	(132,265,687)	(132,265,687)	(30,654,000)	(30,654,000)
Gross claims incurred	(132,265,687)	(132,265,687)	(30,654,000)	(30,654,000)
Acquisition expenses	(83,193,920)	(83,193,920)	(22,669,742)	(22,669,742)
Total expenses	(83,193,920)	(83,193,920)	(22,669,742)	(22,669,742)
Underwriting Surplus/(deficit)	261,604,518	261,604,518	(126,136,522)	(126,136,522)

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2016

	31 December 2016 N	%	31 December 2015 N	%
Gross premium income	1,265,678,223		642,114,045	
Other income	33,454,060		1,710,526	
	1,299,132,283		643,824,571	
Bought in materials and services:				
- Local	(979,431,415)		-	
- Imported	-		-	
Value added	319,700,868	100	(129,494,644)	100
APPLIED AS FOLLOWS:				
To pay pool managers:				
Manager's commission	-	-	-	-
To pay Government:				
Taxation	-	-	-	-
To pay providers of capital:				
Interest on borrowings	-	-	-	-
Retained in the business				
Depreciation and amortisation	-	-	-	-
Surplus/Deficit) transferred to reserves	319,700,868	100	(129,494,644)	100
	319,700,868	100	(129,494,644)	100

Value added represents the additional wealth which the pool has been able to create/erode by its member and its employees' efforts. This statement shows the allocation of that wealth among the employees, government, providers of capital and that retained for the future creation of more wealth.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

STATEMENT OF FINANCIAL POSITION - ANNEXURE 1
AT 31 DECEMBER 2016

	Notes	31 December 2016 $	31 December 2015 $
Assets			
Cash and cash equivalents	6.	7,396,685	4,588,470
Financial assets:			
Trade receivables	7.	754,123	928,447
Reinsurance assets	8.	166,660	382,820
Deferred acquisition cost	9.	46,558	82,690
Other receivables	10.	-	70
Total assets		8,364,027	5,982,497
Liabilities			
Insurance contract liabilities	11.	1,327,685	1,497,206
Other payables and provisions	12.	981,064	10,178
Total liabilities		2,308,749	1,507,384
Net assets		6,055,278	4,475,113
Reserves			
Members account	13.	5,834,143	5,133,735
Unassigned deficit	14.a	221,135	(658,621)
Translation reserve	14.b	-	-
Total member's fund		6,055,278	4,475,114

Translations based on the Central Bank of Nigeria ruling rate as at 31 December, 2016. At N304.70 per.

ENERGY AND ALLIED INSURANCE POOL OF NIGERIA LIMITED/GTE

STATEMENT OF COMPREHENSIVE INCOME - ANNEXURE 2
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31 December 2016	31 December 2015
		$	$
Gross premium written		4,051,220	3,267,769
Gross premium income	16.	4,448,261	1,926,563
Reinsurance premium	17.	(3,063,300)	(2,296,922)
Net premium		1,384,961	(370,359)
Claims expenses	19.	(262,321)	(156,000)
Claims incurred		(262,321)	(156,000)
Fee and commission expenses	18.	(266,290)	(115,381)
Fees and commissions paid		(266,290)	(115,381)
Underwriting deficit		856,350	(641,740)
Investment income	20.	107,081	8,680
Management expenses	21.	(83,672)	(25,562)
Deficit before taxation		879,759	(658,623)
Taxation	21.1	-	-
Deficit after taxation		879,759	(658,623)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Translation gain	14.b	-	-
Items that will not be reclassified to profit or loss		-	-
Other comprehensive income/(loss) (net of tax)		-	-
Total comprehensive deficit for the year		879,759	(658,623)

All the income statements items were translated using the average rate as at 31 December 2016