

**2004**  
ANNUAL REPORT

Efficiency, Transparency,  
fulness,  
Endurance, Patience, Reliability,  
y, Compassion, Strength,  
ical, Order, Passion,  
Determination

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Honesty, Efficiency, Transparency,  
Integrity, Faithfulness,  
Perseverance, Endurance, Patience, Reliability,  
Loyalty, Fidelity, Compassion, Strength,  
Integrity, Ethical, Order, Passion,  
Responsibility, Determination

## NOTICE OF ANNUAL GENERAL MEETING

Dear Shareholder,

**NOTICE IS HEREBY GIVEN** that the thirty-third Annual General Meeting of **LEADWAY ASSURANCE COMPANY LIMITED** will be held at Adriel Hotel, 4 Bank Road, Kaduna at 11.00 a.m. on Tuesday, the 7<sup>th</sup> day of June 2005 for the following purposes:

### Ordinary Business

1. To adopt the reports of the Directors and Auditors, including the Statement of Accounts for the year ended 31 December 2004.
2. To declare a Dividend.
3. To re-elect the Directors of the Company.
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To transact any other business that may be transacted at an Annual General Meeting.

### Special Business

6. To consider and if thought fit pass the following resolutions which will be proposed as ordinary resolutions:
  - (a) That the Directors of the Company be and are hereby authorized to capitalize the sum of N250,000,000 (Two Hundred and Fifty Million Naira) out of the profits declared for the accounting year ended 31<sup>st</sup> December 2004 and to apply the sum in paying in full 500,000,000 ordinary shares of 50 kobo each which shall be distributed to the shareholders as fully paid up shares in the proportion of 1 (one) share for every lot of 2 (two) shares held by

shareholders as at 10<sup>th</sup> May 2005, such new shares to rank equally in all respects with existing shares of the Company except that they shall not rank for the dividend recommended by the Directors in respect of the year ended 31 December 2004.

- (b) That the Authorized Share Capital of the Company be and is hereby increased from N1,000,000,000 (one billion naira) to N2,000,000,000 (two billion naira) by the creation of additional 2,000,000,000 (two billion) Ordinary Shares of 50 kobo each to rank equally in all respects with existing shares of the company.

### By Order of the Board

**Adetola Adegbayi**  
Company Secretary.  
10<sup>th</sup> May, 2005.

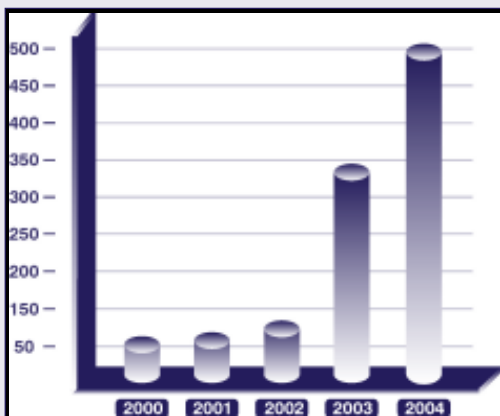
### Notes:

1. Any member entitled to attend and vote at the meeting may appoint a proxy (who need not be a member) to attend and vote in his place. In order to be valid, an instrument appointing a proxy must be deposited at the Office of the Company Secretary, Leadway House, 121/123 Western Avenue, Iponri, Lagos, or at Leadway House, NN28/29 Constitution Road, Kaduna not later than 48 hours before the time appointed for the meeting.
2. The Register of Members and their shareholding is available for inspection, at the office of the Company Secretary during normal business hours, from the date of this notice until the close of business on 27<sup>th</sup> day of May 2005.

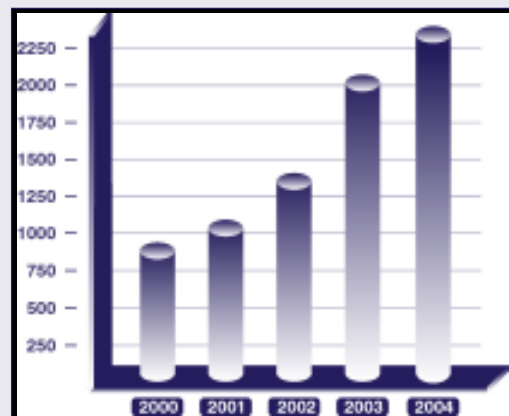
Efficiency, Transparency,  
Business,  
Integrity, Patience, Reliability,  
Compassion, Strength,  
Order, Passion,  
Perseverance

**FINANCIAL HIGHLIGHTS**

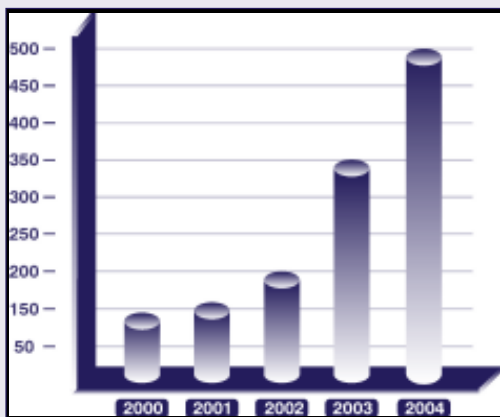
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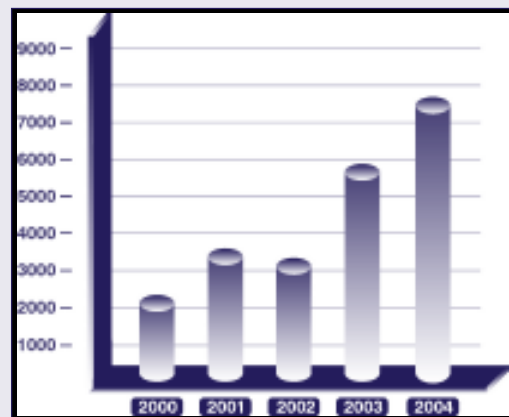
**Profit Before Tax**



**Premium Earned**



**Share Capital**



**Total Assets**

# Honesty, Efficiency, Transparency, Integrity, Faithfulness, Perseverance, Endurance, Patience, Reliability, Loyalty, Fidelity, Compassion, Strength, Order, Passion, Responsibility, Determination

## CHAIRMAN'S STATEMENT

Distinguished Shareholders, Ladies and Gentlemen, I welcome you all to our 33<sup>rd</sup> Annual General Meeting of Shareholders for your Board of Directors to present to you our Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2004.

### OPERATING ENVIRONMENT

Operating within a developing economic environment poses continuing challenges, whether in form of political or economic decisions of government. The year 2004 focused on the health of the financial services sector and banks have been engaged in capital raising or consolidation activities, with resultant effect on the insurance industry. With 25 billion capital requirement of the Central Bank of Nigeria, banks that are awash with funds have made inroads into the insurance industry. The effect is that business is no longer as usual in an emerging "bancassurance" environment whereby banks can maintain a captive on the primary layer of their own business and have primary access to a larger customer base through usual banking activities and by offering convenient "one shop" solution to direct consumer need for insurance.

In general, insurance companies also had to grapple with tight margins on underwriting rates and profitability due to stiffer competition. In areas where the industry has been able to achieve increases in rates, the real value was eroded by increasing operating costs, which was spiraled by increases in petroleum products prices. The result is more evident in the cost of alternative power generation and salary/wage increases.

### FINANCIAL RESULTS

Against the background of the operating environment, the Company achieved a 30% growth in Gross Premium

Income from ₦2.9b in 2003 to ₦3.8b in 2004. This was largely contributed from assured savings under Life Business' deposit administration plans, which recorded a significant growth of 92%, as opposed to a modest growth of 20% under general business. The year was also remarkable in terms of claims incurred, which went down marginally by 11% from ₦995.6m to ₦884.4m. Such a good underwriting year, coupled with a 50% increase in investment income, meant that the Company achieved a significant increase in pre tax profit from ₦347.5m in 2003 to ₦508.7m in 2004

The Company also improved its balance sheet size by 30% from ₦5.9b in 2003 to ₦7.7b in 2004, with the account adjusted for equities price fluctuations (i.e. equities price equalization reserve), which had to be introduced in fulfillment of regulatory requirement to account for market value of investment, instead of cost as indicated in previous years.

### PROFIT CAPITALIZATION & DIVIDEND

Our company has, overtime, been conservative about its profits in terms of the need for higher capital requirement for business development. As such, your Directors are, once again, recommending that a sum of ₦250m out of the profits declared be plowed back into the business and that this be distributed as shares in the ratio of 1 new share for every lot of 2 shares of 50kobo each held by shareholders at the close of business on the 10<sup>th</sup> of May 2005. In addition, a dividend of 12.5kobo per share is being recommended in recognition of the need for direct cash return on investment by our dedicated shareholders. This comes to a total of ₦125m (one hundred and twenty-five million Naira) subject to withholding tax at the prevailing rate.



## CHAIRMAN'S STATEMENT (Contd.)

***"...Our success is that of our Customers. Without their patronage, we cannot continue to be in business..."***

### **AUTHORISED SHARE CAPITAL**

The need for higher capital structure is a moving target in a growing industry such as ours, which over time has been beleaguered by the constant issue of capital adequacy, especially as regards the underwriting of jumbo risks. Risks, especially that of multinational operations in heavy industries, tend to be factored in foreign currency, which, because of a weakening Naira, leaves the impression that Nigerian insurers do not have the capacity to underwrite a sizeable proportion of such risks. Constantly, we have to keep watching the trend and are now recommending that we increase our authorized share capital from ₦1bn to ₦2bn by the creation of two billion ordinary shares of 50kobo each. This would give us the necessary leeway to keep increasing our paid up capital steadily and ahead of any anticipated regulatory requirement.

### **FUTURE OUTLOOK**

The future is indeed bright for the country and for business, if macro economic policies are properly brought into effect within an environment that respects due process. One such example is the introduction of compulsory savings under the Pension Reform Act 2004. The potential for the insurance market, especially in the area of life business and the opportunity to cross sell other personal line products, is enormous. We intend to take advantage of the opportunities presented by positioning ourselves to handle the challenges that may come. We understand that our confidence to do that which we are able to achieve lies with our staff and in the belief of our customers, whether as intermediaries for or as personal consumers of our services.

### **CONCLUSION**

Our success is that of our Customers. Without their patronage, we cannot continue to be in business. For this, we express our heartfelt appreciation. I should also like to commend and thank our Management team and Staff of our Company for their loyalty and steadfastness in ensuring that we remain true to our customers, which in turn enabled us to achieve the results presented before you today.

Alhaji Mohammed Faruku  
Chairman

## CORPORATE PROFILE

### DIRECTORS

- Alhaji Mohammed Faruku (Chairman)
- Alhaji Hassan Hadejia (Shettiman Hadejia)
- Pastor Jaiyeola Oni
- Mrs. Adenike Fasoranti
- Mr. Oye Hassan-Odukale, MFR. (MD/CEO)
- Mr. Olawale Oyeniye Oyedele (Executive)
- Mr. Babatunde Hassan-Odukale (Executive)

### SECRETARY

- Adetola Adegbayi

### REGISTERED OFFICE

- Leadway Assurance House  
NN 28/29 Constitution Road  
P. O. Box 458, Kaduna.

### AUDITORS

- Olaleye & Co.  
Chartered Accountants  
14, Ahmadu Bello Way  
P. O. Box 2, Kaduna.

### CONSULTING ACTUARIES

- H. R. (Nigeria) Limited  
P. O. Box 75399  
Victoria Island, Lagos.

### REINSURERS:

#### Local

- Africa Reinsurance Corporation
- Globe Reinsurance Plc
- Nigeria Reinsurance Corporation
- Continental Reinsurance Plc
- Universal Reinsurance Company Limited

#### International

- Swiss Re Africa Ltd.
- Munich Mauritius Reinsurance Co. Ltd



# Reports



Honesty, Efficiency, Transparency,  
 Integrity, Faithfulness,  
 Perseverance, Endurance, Patience, Reliability,  
 Loyalty, Fidelity, Compassion, Strength,  
 Organization, Ethical, Order, Passion,  
 Responsibility, Determination

## DIRECTORS' REPORT

The Directors are pleased to submit herewith their report together with the audited Accounts for the year ended 31<sup>st</sup> December 2004.

### 1 PRINCIPAL ACTIVITIES

The Company engages in Life and General Insurance Business.

### 2 RESULTS

	2004 ₦'000	2003 ₦'000
Gross Premium	3,875,974	2,904,193
Premium Earned	2,338,038	2,065,949
Investment Income	346,249	188,743
Profit Before Tax	508,724	347,573
Taxation	64,442	41,146
Profit After Tax	444,283	306,427

### 3 DIVIDEND

The Directors recommend a dividend of 12.5kobo per ordinary share amounting to ₦125,000,000. The gross dividend is subject to appropriate withholding tax deduction.

### 4 BONUS ISSUE

The Directors also recommend a bonus issue of one ordinary share for every two ordinary shares held as at 10<sup>th</sup> May 2005.

### 5 DIRECTORS

The names of the Directors who served during the year are as shown on page 6 of this report.

### 6 FIXED ASSETS

Movements in fixed assets during the year are as shown in Note 5 to the Accounts. The Directors are of the opinion that the market value of the company's

properties is not substantially less than the value shown in the Accounts.

### 7 DONATIONS

Donations to charitable organizations during the year amounted to N8,910,712.

### 8 EMPLOYMENT AND EMPLOYEES

(a) Average number of persons employed in the financial year was as follows: -

GRADE	2004	2003
Management Staff	22	23
Senior Staff	198	195
Junior Staff	112	112
Total	332	330

(b) The Company does not discriminate in considering applications for employment including those from disabled persons. As at 31<sup>st</sup> December 2004, the number of disabled persons employed was 5.

### 9 AUDITORS

The Auditors, Messrs. Olaleye & Company, have indicated their willingness to continue in office. A Resolution will be proposed authorizing the Directors to determine their remuneration.

### BY ORDER OF THE BOARD

ADETOLA ADEGBAYI  
 COMPANY SECRETARY.

10<sup>TH</sup> MAY 2005.

## AUDITORS' REPORT

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### To the Members of Leadway Assurance Company Limited

We have examined the financial statements of Leadway Assurance Company Limited as at 31<sup>st</sup> December, 2004 set out on pages 11 to 28, which have been prepared on the basis of the accounting policies set out on pages 9 and 10.

In accordance with the Companies and Allied Matters Act, 1990, the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion based on our audit of those statements and report our opinion to you.

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement,

whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> December, 2004, and of the profit and cash flow for the year ended on that date, and comply with the requirements of the Companies and Allied Matters Act, 1990 and the Insurance Act 2003.

KADUNA, NIGERIA  
10TH MAY 2005.



**ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies adopted by the Company in the preparation of these financial statements, which are consistent with those of the previous years and modified as appropriate in compliance with the Insurance Act 2003:

**1 BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention as modified by the inclusion of certain properties at their professional valuation.

**2 DEPRECIATION**

Depreciation on fixed assets is on a straight-line basis at the following rates calculated to write off the value of the assets concerned over their estimated useful lives. The principal annual rates used for this purpose, which are consistent with those for the previous years, are as follows:

	%
<b>Buildings</b>	2
<b>Office Equipment</b>	15
<b>Generators</b>	20
<b>Computer Equipment &amp; Software</b>	33 <sup>1</sup> / <sub>3</sub>
<b>Furniture and Fittings</b>	15
<b>Motor Vehicles</b>	25

No depreciation is charged on fixed assets until they are brought into use.

**3 PREMIUM INCOME**

Premium income and commission are accounted for on cash basis. However, outstanding premiums in respect of which claims provisions have been made are considered in the Accounts.

**4 DEBTORS**

Debtors are stated after writing off bad debts and deducting provision made for other specific debts considered doubtful of recovery.

**5 TECHNICAL RESERVES**

These are computed in accordance with the provision of Sections 20, 21 and 22 of the Insurance Act 2003 as follows:-

**(a) GENERAL INSURANCE BUSINESS**

**Reserve for Unexpired Risks**

This is calculated on time apportionment basis in respect of the risks accepted during the year, except in the case of Marine and Aviation Business where 50% of Net Premium Income is set aside.

**Reserve for Outstanding Claims**

This is maintained at the total amount of estimated outstanding claims plus 10% thereof to cover claims incurred but not reported (IBNR) at the balance sheet date.



## ACCOUNTING POLICIES Contd.

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### **Contingency Reserve**

This is credited with the higher of 3% of total premiums and 20% of the profits.

### **(b) LIFE AND PENSIONS BUSINESS**

#### **General Reserve Fund**

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

#### **Contingency Reserve**

This is credited with the higher of 1% of gross premiums and 10% of profits.

## **6. LONG TERM INVESTMENTS**

### **Quoted Investments**

With effect from this year, quoted investments are stated at market value at the balance sheet date, as provided by Section 24(13)(b) of the Insurance Act 2003. The excess of the market value over the cost at the balance sheet date is taken to an 'Equities Price Equalization Reserve Account', while any material diminution in value is written off to operating expenses.

### **Unquoted Investments**

These are stated at cost. Where in the opinion of the Directors the value of any unquoted investment falls below its cost, an appropriate provision for the

diminution in value thereof is charged against the profit and loss account of the relevant year.

## **7 INVESTMENT INCOME**

Investment income is accounted for on cash basis

## **8 RATE OF EXCHANGE**

Transactions in foreign currencies are recorded in Naira at the rates ruling on the date of the transactions. Assets and liabilities in foreign currencies are translated to Naira at the rates ruling at the balance sheet date.

## **9 DEFERRED TAXATION**

This is provided for by the liability method for all material timing difference but no provision is made where there is a reasonable probability that there will be recurring differences in respect of which the deferred tax will not materialize in the foreseeable future.

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# Financials

## COMPANY BALANCE SHEET

AS AT 31ST DECEMBER, 2004

	NOTE	2 0 0 4 #’000	2 0 0 3 #’000
<b>ASSETS</b>			
Bank Balances and Cash		170,828	163,836
Short Term Deposits		976,438	763,949
Debtors and Prepayments	1	474,984	374,082
Quoted Equities	2	4,045,244	2,810,337
Unquoted Investments	2	1,533,270	1,255,721
Other Investments	3	142,942	137,652
Statutory Deposit	4	35,000	35,000
Fixed Assets	5	402,820	411,693
<b>TOTAL ASSETS</b>		<b>7,781,526</b>	<b>5,952,270</b>
<b>LIABILITIES</b>			
Amount Falling Due Within One Year	6	986,562	599,694
Liability For Administered Deposits	7	1,886,647	1,282,347
Insurance Funds	8.1	1,341,154	1,237,269
Life and Pensions Funds	8.2	226,200	206,738
		<b>4,440,563</b>	<b>3,326,047</b>
<b>Shareholders’ Funds:</b>			
Share Capital	9	500,000	350,000
Share Premium Account	10	10,699	10,699
Statutory Contingency Reserve	11	358,184	283,366
Other Reserves	12	258,227	161,816
Equities Price Equalisation Reserve	13	2,213,853	1,820,343
		<b>3,340,963</b>	<b>2,626,223</b>
<b>TOTAL LIABILITIES</b>		<b>7,781,526</b>	<b>5,952,270</b>

The financial statements on pages 11 to 28 were approved by the Board of Directors on 20th April, 2005 and authorised to be signed by:

Alhaji Mohammed Faruku

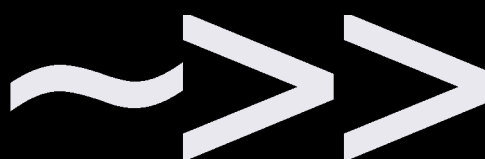


Mr. Oye Hassan-Odukale



} Directors

The accounting policies on pages 9 to 10 and the Notes on pages 18 to 28 form part of these Accounts.

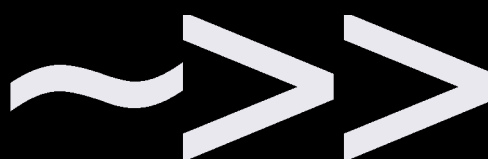


## COMPANY PROFIT & LOSS ACCOUNT

AS AT 31ST DECEMBER, 2004

	NOTE	2 0 0 4 #’000	2 0 0 3 #’000
<b>GROSS PREMIUM INCOME</b>	<b>18</b>	<b>3,875,974</b>	<b>2,904,193</b>
<b>PREMIUM EARNED</b>	<b>14</b>	2,338,038	2,065,949
Commissions Received		105,152	105,074
		<b>2,443,190</b>	<b>2,171,023</b>
<b>LESS:</b>			
Claims Incurred		884,457	995,613
Underwriting Expenses		713,242	616,779
		<b>1,597,699</b>	<b>1,612,390</b>
<b>UNDERWRITING PROFITS</b>	<b>14</b>	<b>845,491</b>	<b>558,632</b>
Investment Income - (Net)		241,292	155,911
Profit on Sale of Investments		104,956	32,832
Other Income		6,483	46,793
Shareholders’ Portion of Life and Pensions Fund Surplus		175	145
		<b>1,198,397</b>	<b>794,314</b>
<b>DEDUCT:</b>			
Expenses of Management		689,673	446,740
Provision For Bad and Doubtful Debts		-	-
		<b>689,673</b>	<b>446,740</b>
<b>PROFIT BEFORE TAX</b>	<b>15</b>	<b>508,724</b>	<b>347,574</b>
Taxation	<b>16</b>	64,442	41,146
<b>PROFIT AFTER TAX</b>		<b>444,282</b>	<b>306,427</b>
Retained Profits Brought Forward		8,538	18,397
Statutory Contingency Reserve		(72,871)	(61,285)
Reserve For Bonus Issue		(250,000)	(150,000)
Proposed Dividends		(125,000)	(105,000)
<b>RETAINED PROFITS CARRIED FORWARD</b>		<b>4,949</b>	<b>8,538</b>
<b>Earnings Per Share (2003 Adjusted)</b>		<b>44.43k</b>	<b>30.64k</b>
<b>Dividend Per Share (2003 Adjusted)</b>		<b>12.50k</b>	<b>10.50k</b>

The accounting policies on pages 9 to 10 and the Notes on pages 18 to 28 form part of these Accounts.

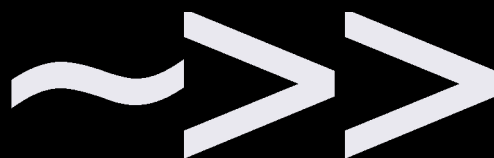


## GENERAL BUSINESS BALANCE SHEET

AS AT 31ST DECEMBER, 2004

	NOTE	2 0 0 4 #’000	2 0 0 3 #’000
<b>ASSETS</b>			
Bank Balances and Cash		112,263	81,228
Short Term Deposits		322,735	361,068
Debtors and Prepayments	1.1	296,673	279,463
Quoted Equities	2.1	2,593,777	1,779,977
Unquoted Investments	2.1	1,039,452	884,761
Other Investments	3.1	72,734	107,320
Statutory Deposit	4	20,000	20,000
Fixed Assets	5.1	358,597	364,635
<b>TOTAL ASSETS</b>		<b>4,816,230</b>	<b>3,878,451</b>
<b>LIABILITIES</b>			
Amount Falling Due Within One Year	6.1	938,086	584,526
Insurance Funds	8.1	1,341,154	1,237,269
		<b>2,279,240</b>	<b>1,821,794</b>
<b>Shareholders’ Funds:</b>			
Share Capital	9	350,000	200,000
Share Premium Account	10	10,699	10,699
Statutory Contingency Reserve	11.1	350,809	277,937
Other Reserves	12.1	258,168	161,757
Equities Price Equalisation Reserve	13.1	1,567,313	1,406,263
		<b>2,536,990</b>	<b>2,056,657</b>
<b>TOTAL LIABILITIES</b>		<b>4,816,230</b>	<b>3,878,451</b>

The accounting policies on pages 9 to 10 and the Notes on pages 18 to 28 form part of these Accounts.





	MOTOR	FIRE	GEN. ACC.	MARINE	W/M COMP	BOND	ENGIN- EERING	TOTAL 2 0 0 4	TOTAL 2 0 0 3
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
<b>INCOME</b>									
Direct Premiums	1,171,131	580,449	485,291	361,714	23,480	111,669	178,051	2,911,784	2,345,054
Inward Reinsurance Premiums Gross Written	-	-	-	-	-	902	-	902	-
<b>Premiums (Note 18)</b>	<b>1,171,131</b>	<b>580,449</b>	<b>485,291</b>	<b>361,714</b>	<b>23,480</b>	<b>112,571</b>	<b>178,051</b>	<b>2,912,687</b>	<b>2,345,054</b>
Deduct:									
Outward Reinsurance Premiums	41,948	235,257	35,349	100,335	21,388	22,057	47,562	503,895	436,362
<b>Net Written Premiums</b>	<b>1,129,184</b>	<b>345,192</b>	<b>449,942</b>	<b>261,379</b>	<b>2,091</b>	<b>90,515</b>	<b>130,489</b>	<b>2,408,791</b>	<b>1,908,692</b>
Increase/(Decrease) in Unexpired Risks Provision	(20,537)	(1,603)	(17,526)	73,642	1,532	23,132	12,113	70,753	(156,300)
<b>Premiums Earned</b>	<b>1,149,721</b>	<b>346,795</b>	<b>467,468</b>	<b>187,736</b>	<b>559</b>	<b>67,382</b>	<b>118,376</b>	<b>2,338,038</b>	<b>2,064,992</b>
Commissions Received	15,785	35,435	21,293	11,475	5,953	6,340	8,869	105,152	105,074
	<b>1,165,506</b>	<b>382,230</b>	<b>488,761</b>	<b>199,212</b>	<b>6,513</b>	<b>73,722</b>	<b>127,245</b>	<b>2,443,190</b>	<b>2,170,067</b>
<b>EXPENSES</b>									
Direct Claims Paid	436,270	206,041	152,767	111,002	29,167	42,414	54,664	1,032,324	802,123
Inward Reinsurance Claims Paid	-	-	-	-	-	-	-	-	-
<b>Gross Claims Paid</b>	<b>436,270</b>	<b>206,041</b>	<b>152,767</b>	<b>111,002</b>	<b>29,167</b>	<b>42,414</b>	<b>54,664</b>	<b>1,032,324</b>	<b>802,123</b>
Deduct Reinsurance Claims Recoveries	27,804	67,637	3,898	37,719	6,788	14,195	22,960	180,999	202,656
<b>Net Claims Paid</b>	<b>408,467</b>	<b>138,404</b>	<b>148,869</b>	<b>73,283</b>	<b>22,379</b>	<b>28,219</b>	<b>31,704</b>	<b>851,325</b>	<b>599,468</b>
Increase/(Decrease) in Outstanding Claims Provision	(12,337)	5,756	36,706	3,032	(1,239)	16,797	(15,583)	33,132	396,146
<b>Claims Incurred</b>	<b>396,130</b>	<b>144,160</b>	<b>185,575</b>	<b>76,314</b>	<b>21,140</b>	<b>45,016</b>	<b>16,120</b>	<b>884,457</b>	<b>995,614</b>
<b>Add Underwriting Expenses:</b>									
Acquisition Expenses	245,377	162,370	129,863	82,950	5,765	25,838	38,649	690,812	593,002
Maintenance Expenses	9,031	4,459	3,740	2,783	180	867	1,370	22,430	23,777
<b>TOTAL EXPENSES</b>	<b>650,538</b>	<b>310,988</b>	<b>319,179</b>	<b>162,047</b>	<b>27,085</b>	<b>71,721</b>	<b>56,140</b>	<b>1,597,699</b>	<b>1,612,391</b>
<b>Underwriting Profit Transferred to Profit &amp; Loss Account</b>	<b>514,968</b>	<b>71,242</b>	<b>169,583</b>	<b>37,165</b>	<b>(20,573)</b>	<b>2,001</b>	<b>71,105</b>	<b>845,491</b>	<b>557,675</b>

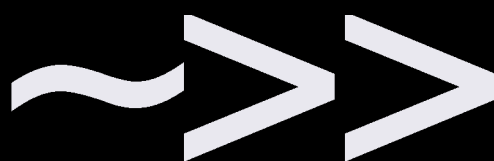
The accounting policies on pages 9 to 10 and the Notes on pages 18 to 28 form part of these Accounts.

## LIFE AND PENSIONS BALANCE SHEET

AS AT 31ST DECEMBER, 2004

	NOTE	2 0 0 4 ₦'000	2 0 0 3 ₦'000
<b>ASSETS</b>			
Cash and Bank Balances		58,565	82,608
Short Term Deposits		653,703	402,881
Debtors and Prepayments	1.2	178,312	94,621
Quoted Equities	2.2	1,451,467	1,030,360
Unquoted Investments	2.2	493,818	370,960
Other Investments	3.2	70,208	30,332
Statutory Deposit	4	15,000	15,000
Fixed Assets	5.2	44,223	47,056
<b>TOTAL ASSETS</b>		<b>2,965,297</b>	<b>2,073,819</b>
<b>LIABILITIES</b>			
Creditors and Accruals	6.2	48,476	15,170
Outstanding Claims	8.2	-	-
Liability For Administered Deposits	7	1,886,647	1,282,347
Life and Pensions Funds	8.2	226,200	206,738
		<b>2,161,324</b>	<b>1,504,255</b>
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	9	150,000	150,000
Statutory Contingency Reserve	11.2	7,375	5,427
Other Reserves	12.2	58	58
Equities Price Equalisation Reserve	13.2	646,540	414,079
		<b>803,973</b>	<b>569,564</b>
<b>TOTAL LIABILITIES</b>		<b>2,965,297</b>	<b>2,073,819</b>

The accounting policies on pages 9 to 10 and the Notes on pages 18 to 28 form part of these Accounts.

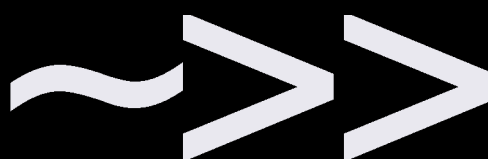


## LIFE AND PENSIONS REVENUE ACCOUNT

AS AT 31ST DECEMBER, 2004

	NOTE	2 0 0 4 ₹'000	2 0 0 3 ₹'000
<b>INCOME</b>			
<i>Gross Premium Written</i>	18	<b>963,287</b>	<b>558,183</b>
<i>Premiums Written (Net)</i>		158,329	115,131
<i>Investment Income (Net)</i>		56,504	83,752
		<b>214,833</b>	<b>198,883</b>
<b>OUTGO</b>			
<i>Claims Paid (Net)</i>		68,244	42,233
<i>Surrenders</i>		2,026	3,008
<i>Commissions Paid</i>		3,716	(1,241)
<i>Expenses Of Management</i>		115,796	83,152
<i>CGT/Income Tax Liability</i>		3,465	2,293
<i>Contingency Reserve</i>		1,949	1,579
<i>Outstanding Claims Reserve</i>			
<i>Shareholders' Portion of Life Funds Surplus</i>		175	145
		<b>195,371</b>	<b>131,170</b>
<b>INCREASE/(DECREASE) IN LIFE FUNDS</b>			
		19,462	67,714
<i>Life Funds as at 1st January</i>		206,738	64,013
<i>Prior Years' Adjustment</i>	20	-	75,012
<b><i>Life Funds as at 31st December</i></b>		<b>226,200</b>	<b>206,738</b>

The accounting policies on pages 9 to 10 and the Notes on pages 18 to 28 form part of these Accounts.



## CASH FLOW STATEMENT

AS AT 31ST DECEMBER, 2004

	2 0 0 4		2 0 0 3	
	₹'000	₹'000	₹'000	₹'000
<b>Cash flow from operating activities</b>				
Operating profit before taxation	508,724		347,573	
Depreciation charges	79,421		76,030	
(Profit)/loss on sale of fixed assets	(2,277)		(39,551)	
(Profit)/loss on sale of investments	1,098		(22,935)	
Increase in reserve for unexpired risks	70,753		(156,300)	
Increase/(decrease) in reserve for outstanding claims	33,132		394,497	
Increase in Life Funds	21,411		144,304	
Increase in liability for administered deposits	604,299		289,313	
(Increase)/decrease in amount due to reinsurers	(60,580)		44,935	
Increase/(decrease) in amount due from reinsurers	(115,462)		4,926	
(Increase)/decrease in amount due from policy holders	(13,484)		(4,742)	
Increase/(decrease) in premium deposits	11,409		(5,306)	
(Increase)/decrease in other debtors	28,046		111,678	
Increase/(decrease) in other creditors	394,679		(60,598)	
<b>Net cash inflow from operating activities</b>		<b>1,558,974</b>		<b>1,123,822</b>
<b>Returns on investments and servicing of finance</b>				
Dividends paid		(105,000)		(50,000)
<b>Taxation</b>				
Corporate tax paid		(43,083)		(11,094)
<b>Cash flow from investing activities</b>				
Share Capital	-		150,000	
Proceeds from sale of fixed assets	4,064		60,151	
Proceeds from sale of investments	-		8,707	
Purchase of fixed assets	(72,335)		(184,126)	
Purchase of investments	(1,124,237)		(745,329)	
		(1,192,508)		(710,597)
<b>Net increase in cash and cash equivalents</b>		<b>218,384</b>		<b>352,132</b>
Cash and cash equivalents at the beginning of the year (Note 18)		962,784		610,652
<b>Cash and cash equivalents at the end of the year (Note 19)</b>		<b>1,181,168</b>		<b>962,784</b>

The accounting policies on pages 9 to 10 and the Notes on pages 18 to 28 form part of these Accounts.

## NOTES ON THE ACCOUNTS

NOTE	2 0 0 4 #’000	2 0 0 3 #’000
<b>1 DEBTORS AND PREPAYMENTS THE COMPANY</b>		
Outstanding Premiums	265,571	150,108
Due From Policy Holders	22,846	9,362
Agency Loans	3,762	3,172
Staff Loans	23,942	15,878
Other Debtors	151,252	190,457
	<b>467,373</b>	<b>368,976</b>
Less Provision For Bad Debts	-	-
	<b>467,373</b>	<b>368,976</b>
Prepaid Rent	7,611	5,107
	<b>474,984</b>	<b>374,082</b>
<b>1.1 GENERAL BUSINESS</b>		
Outstanding Premiums	265,571	150,108
Staff Loans	21,073	13,083
Other Debtors	2,418	111,164
	<b>289,062</b>	<b>274,356</b>
Less Provision For Bad Debts	-	-
	<b>289,062</b>	<b>274,356</b>
Prepaid Rent	7,611	5,107
	<b>296,673</b>	<b>279,463</b>
<b>1.2 LIFE AND PENSIONS</b>		
Outstanding Premiums	-	-
Due From Policy Holders	22,846	9,362
Agency Loans	3,762	3,172
Staff Loans	2,869	2,795
Other Debtors	148,834	79,292
	<b>178,312</b>	<b>94,621</b>
Less Provision For Bad Debts	-	-
	<b>178,312</b>	<b>94,621</b>



## NOTES ON THE ACCOUNTS Contd.

### 2 LONG TERM INVESTMENTS

	<b>2004</b>	<b>2004</b>	<b>2003</b>	<b>2003</b>
	<b>Market</b>	<b>Cost</b>	<b>Market</b>	<b>Cost</b>
	<b>Value</b>	<b>Cost</b>	<b>Value</b>	<b>Cost</b>
	<b>₹'000</b>	<b>₹'000</b>	<b>₹'000</b>	<b>₹'000</b>
<b>THE COMPANY</b>				
<b>(a) QUOTED</b>				
Government Bonds	28,812	30,000	30,000	30,000
Ordinary Shares	4,009,041	1,828,995	2,772,945	966,374
Debenture Stock	7,391	7,391	7,391	7,391
	<b>4,045,244</b>	<b>1,866,386</b>	<b>2,810,337</b>	<b>1,003,765</b>
Excess of Market Value on Cost	-	2,178,858	-	1,806,572
	<b>4,045,244</b>	<b>4,045,244</b>	<b>2,810,337</b>	<b>2,810,337</b>
<b>(b) UNQUOTED</b>				
Ordinary Shares		1,155,095		1,078,371
Real Estate		378,175		177,350
		<b>1,533,270</b>		<b>1,255,721</b>
<b>TOTAL</b>		<b>5,578,514</b>		<b>4,066,057</b>
<b>2.1 GENERAL BUSINESS</b>				
<b>(a) QUOTED</b>				
Government Bonds	9,604	10,000	10,000	10,000
Ordinary Shares	2,582,863	1,036,429	1,768,667	373,675
Debenture Stock	1,310	1,310	1,310	1,310
	<b>2,593,777</b>	<b>1,047,739</b>	<b>1,779,977</b>	<b>384,984</b>
Excess of Market Value on Cost	-	1,546,038	-	1,394,992
	<b>2,593,777</b>	<b>2,593,777</b>	<b>1,779,977</b>	<b>1,779,977</b>
<b>(b) UNQUOTED</b>				
Ordinary Shares		976,574		821,883
Real Estate		62,878		62,878
		<b>1,039,452</b>		<b>884,761</b>
		<b>3,633,229</b>		<b>2,664,739</b>
<b>2.2 LIFE FUNDS INVESTMENTS</b>				
<b>(a) QUOTED</b>				
Government Bonds	19,208	20,000	20,000	20,000
Ordinary Shares	1,426,178	792,566	1,004,278	592,699
Debenture Stock	6,082	6,082	6,082	6,082
	<b>1,451,467</b>	<b>818,647</b>	<b>1,030,360</b>	<b>618,780</b>
Excess of Market Value on Cost	-	632,820	-	411,579
	<b>1,451,467</b>	<b>1,451,467</b>	<b>1,030,360</b>	<b>1,030,360</b>
<b>(b) UNQUOTED</b>				
Ordinary Shares		178,521		256,488
Real Estate		315,298		114,472
		<b>493,818</b>		<b>370,960</b>
<b>TOTAL</b>		<b>1,945,286</b>		<b>1,401,320</b>

#### NOTE

As stated in accounting policy 6, quoted investments are stated at market value at the balance sheet date with effect from 2004. The excess of market value over cost has been taken to 'Equities Price Equalization Reserve'. The 2003 figures have been amended accordingly.

## NOTES ON THE ACCOUNTS Contd.

	<b>2004</b>	<b>2003</b>	<b>2003</b>	
	<b>Market</b>	<b>Cost</b>	<b>Market</b>	<b>Cost</b>
	<b>Value</b>	<b>Cost</b>	<b>Value</b>	<b>Cost</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
<b>3 OTHER INVESTMENTS</b>				
<b>THE COMPANY</b>				
Mortgage Loans		46,954		54,264
Other Loans		95,988		83,388
		<b>142,942</b>		<b>137,652</b>
<b>3.1 GENERAL BUSINESS</b>				
Mortgage Loans		41,420		48,748
Other Loans		31,314		58,572
		<b>72,734</b>		<b>107,320</b>
<b>3.2 LIFE AND PENSIONS</b>				
Mortgage Loans		5,534		5,516
Other Loans		64,674		24,816
		<b>70,208</b>		<b>30,332</b>
<b>4 STATUTORY DEPOSITS</b>				
Non - Life Business		20,000		20,000
Life and Pensions Business		15,000		15,000
		<b>35,000</b>		<b>35,000</b>

These represent amounts deposited with the Central Bank of Nigeria in accordance with the provisions of the Insurance Act 2003.

## 5 FIXED ASSETS

	<b>Land and</b>	<b>Office</b>	<b>Computer</b>	<b>Furniture &amp;</b>	<b>Motor</b>	<b>Total</b>
	<b>Buildings</b>	<b>Equipment &amp;</b>	<b>Equipment</b>	<b>Fittings</b>	<b>Vehicles</b>	<b>Total</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
<b>THE COMPANY</b>						
<b>COST/VALUATION</b>						
Balance as at 01/01/2004	305,890	91,928	141,884	68,870	190,825	<b>799,396</b>
Additions	2,227	11,411	16,467	5,668	36,562	<b>72,335</b>
Disposals	-	2,760	1,919	-	18,176	<b>22,855</b>
Balance as at 31/12/2004	<b>308,117</b>	<b>100,579</b>	<b>156,432</b>	<b>74,537</b>	<b>209,211</b>	<b>848,876</b>
<b>DEPRECIATION</b>						
Balance as at 01/01/2004	31,457	65,490	107,261	50,274	133,222	<b>387,704</b>
Charge For The Year	4,455	10,321	26,298	5,543	32,804	<b>79,422</b>
On Disposals	-	2,760	1,919	-	16,389	<b>21,068</b>
Balance as at 31/12/2004	<b>35,912</b>	<b>73,051</b>	<b>131,640</b>	<b>55,817</b>	<b>149,637</b>	<b>446,057</b>
<b>NET BOOK VALUE</b>						
31st December, 2004	<b>272,205</b>	<b>27,528</b>	<b>24,792</b>	<b>18,721</b>	<b>59,574</b>	<b>402,820</b>
31st December, 2003	<b>274,433</b>	<b>26,439</b>	<b>34,623</b>	<b>18,596</b>	<b>57,602</b>	<b>411,693</b>

**NOTES ON THE ACCOUNTS Contd.**

**NOTE**

**5 FIXED ASSETS**

**5.1 GENERAL BUSINESS COST/VALUATION**

	<b>Land and Buildings</b>	<b>Office Equipment &amp; Generators</b>	<b>Computer Equipment</b>	<b>Furniture &amp; Fittings</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Balance as at 01/01/2004	282,235	81,173	122,279	56,168	168,623	710,479
Additions	2,081	10,913	15,598	5,329	33,037	66,958
Disposals	-	2,760	1,919	-	18,176	22,855
Balance as at 31/12/2004	<b>284,317</b>	<b>89,326</b>	<b>135,958</b>	<b>61,497</b>	<b>183,485</b>	<b>754,583</b>

**DEPRECIATION**

Balance as at 01/01/2004	28,687	59,933	93,788	44,855	118,581	345,844
Charge For The Year	3,979	8,899	23,606	4,391	30,334	71,209
On Disposals	-	2,760	1,919	-	16,389	21,068
Balance as at 31/12/2004	<b>32,666</b>	<b>66,073</b>	<b>115,476</b>	<b>49,245</b>	<b>132,525</b>	<b>395,986</b>

**NET BOOK VALUE**

31st December, 2004	<b>251,650</b>	<b>23,253</b>	<b>20,483</b>	<b>12,252</b>	<b>50,959</b>	<b>358,597</b>
31st December, 2003	<b>253,548</b>	<b>21,240</b>	<b>28,491</b>	<b>11,314</b>	<b>50,042</b>	<b>364,635</b>

**5.2 LIFE AND PENSIONS COST/VALUATION**

Balance as at 01/01/2004	23,655	10,755	19,605	12,701	22,201	88,916
Additions	145	498	869	339	3,525	5,376
Disposals	-	-	-	-	-	-
Balance as at 31/12/2004	<b>23,800</b>	<b>11,254</b>	<b>20,473</b>	<b>13,040</b>	<b>25,726</b>	<b>94,294</b>

**DEPRECIATION**

Balance as at 01/01/2004	2,769	5,556	13,473	5,419	14,641	41,859
Charge For The Year	476	1,422	2,691	1,152	2,471	8,212
On Disposals	-	-	-	-	-	-
Balance as at 31/12/2004	<b>3,245</b>	<b>6,978</b>	<b>16,165</b>	<b>6,571</b>	<b>17,112</b>	<b>50,071</b>

**NET BOOK VALUE**

31st December, 2004	<b>20,555</b>	<b>4,275</b>	<b>4,309</b>	<b>6,469</b>	<b>8,615</b>	<b>44,223</b>
31st December, 2003	<b>20,886</b>	<b>5,199</b>	<b>6,132</b>	<b>7,282</b>	<b>7,560</b>	<b>47,056</b>





**NOTES ON THE ACCOUNTS Contd.**

	<b>2004</b>	<b>2003</b>
	<b>₹</b>	<b>₹</b>
<b>6 CREDITORS AND ACCRUALS</b>		
<b>THE COMPANY</b>		
<b>Amount Falling Due Within One Year:</b>		
Creditors	795,118	449,610
Taxation (Note 15)	66,444	45,085
Proposed Dividends	125,000	105,000
	<b>986,562</b>	<b>599,694</b>
<b>6.1 GENERAL BUSINESS</b>		
<b>Amount Falling Due Within One Year:</b>		
Creditors	750,107	434,440
Taxation (Note 16a)	62,979	45,085
Proposed Dividends	125,000	105,000
	<b>938,086</b>	<b>584,526</b>
<b>6.2 LIFE AND PENSIONS</b>		
Amount Due To Reinsurers	1,793	581
Premium Deposits	20,306	8,897
Taxation (Note 16b)	3,465	
Other Creditors	22,911	5,691
	<b>48,476</b>	<b>15,170</b>



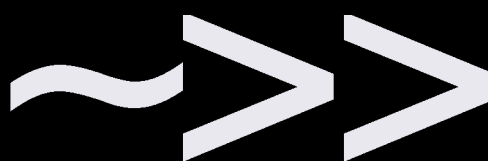
**NOTES ON THE ACCOUNTS Contd.**

NOTE	2 0 0 4 ₹'000	2 0 0 3 ₹'000
<b>7 LIABILITY FOR ADMINISTERED DEPOSITS</b>		
Balance at 1st January	1,282,347	993,034
Prior Years' Adjustment (Note 19)	-	(75,012)
Deposits Received	768,359	400,327
Guaranteed Interest	152,223	143,906
	<b>2,202,930</b>	<b>1,462,255</b>
Less Withdrawals	316,283	179,908
Balance at 31st December	<b>1,886,647</b>	<b>1,282,347</b>

**7.1 MANAGED FUNDS**

The Company manages private funds under third party custodial arrangements. The assets of the funds at the balance sheet date, which have been excluded in the Company's balance sheet, were as follows:

Quoted Investments	182,302	354,506
Bank Deposits and Leases	1,010,421	626,709
Net Current Assets/(Liabilities)	16,888	129,893
	<b>1,209,611</b>	<b>1,111,108</b>
<b>8 INSURANCE FUNDS</b>		
<b>8.1 GENERAL BUSINESS</b>		
<b>(a) Reserve For Unexpired Risks</b>		
Motor	210,956	231,493
Fire	102,616	104,219
General Accident	60,919	78,445
Marine and Aviation	130,689	57,047
Workmen's Compensation	10,400	8,868
Bond	30,621	7,489
Engineering	31,485	19,372
	<b>577,687</b>	<b>506,933</b>
<b>(b) Provision For Outstanding Claims</b>		
Motor	163,966	176,302
Fire	146,803	141,047
General Accident	269,722	233,016
Marine and Aviation	73,284	70,252
Workmen's Compensation	9,707	10,946
Bond	67,261	50,464
Engineering	32,725	48,309
	<b>763,467</b>	<b>730,335</b>
<b>Total Insurance Funds</b>	<b>1,341,154</b>	<b>1,237,269</b>

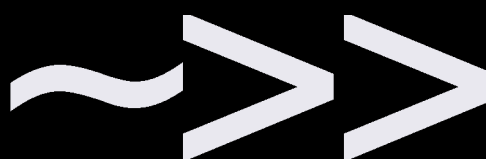


NOTES ON THE ACCOUNTS Contd.

NOTE	2 0 0 4 ₦'000	2 0 0 3 ₦'000
<b>8.2 LIFE AND PENSIONS</b>		
<b>(a) Life and Pensions Funds</b>		
Ordinary Life Funds	87,799	85,508
Group and Pensions Funds	138,401	121,230
	<b>226,200</b>	<b>206,738</b>
<b>(b) Provision For Outstanding Claims</b>		
Ordinary Life	-	-
Group and Pensions	-	-
Deposit Administration Scheme	-	-
	-	-
<b>Total Life and Pensions Funds</b>	<b>226,200</b>	<b>206,738</b>
<b>9 SHARE CAPITAL</b>		
<b>Authorised</b>		
Ordinary Shares of 50k each	<b>1,000,000</b>	<b>500,000</b>
<b>Issued and Fully Paid:</b>		
Non - Life Business	350,000	200,000
Life and Pensions Business	150,000	150,000
	<b>500,000</b>	<b>350,000</b>

The authorized share capital was increased from N500,000,000 to N1,000,000,000 by an ordinary resolution of the Board at its meeting of 28th May 2004. The increase was registered by the Corporate Affairs Commission on 17th June 2004.

<b>10 SHARE PREMIUM ACCOUNT</b>		
Balance as at 01.01.2004	10,699	10,699
Additions during the year	-	-
	<b>10,699</b>	<b>10,699</b>
Less amount capitalized	-	-
Balance as at 31.12.2004	<b>10,699</b>	<b>10,699</b>
<b>11 STATUTORY CONTINGENCY RESERVE</b>		
<b>11.1 GENERAL BUSINESS</b>		
Balance as at 1st January	277,937	216,652
Transfer from General Reserve	72,871	61,285
Balance as at 31st December	<b>350,809</b>	<b>277,937</b>
<b>11.2 LIFE AND PENSIONS</b>		
Balance as at 1st January	5,426	3,848
Transfer from Revenue Account	1,949	1,579
Balance as at 31st December	<b>7,375</b>	<b>5,427</b>
<b>Total Statutory Contingency Reserve</b>	<b>358,184</b>	<b>283,366</b>



**NOTES ON THE ACCOUNTS Contd.**

NOTE				2 0 0 4	2 0 0 3
				₹'000	₹'000
<b>12 OTHER RESERVES - (COMPANY)</b>	<b>Assets Revaluation</b>	<b>Bonus Issue</b>	<b>Revenue</b>	<b>Total</b>	<b>Total</b>
	₹'000	₹'000	₹'000	₹'000	₹'000
Balance at the beginning of the year	3,278	150,000	8,538	161,816	21,674
Transfer from Profit and Loss Account	-	250,000	(3,589)	246,411	140,141
Reserve for Bonus Issue Capitalized	-	(150,000)	-	(150,000)	-
Balance at the end of the year	<b>3,278</b>	<b>250,000</b>	<b>4,949</b>	<b>258,227</b>	<b>161,816</b>
<b>12.1 OTHER RESERVES - (GEN. BUSINESS)</b>					
Balance at the beginning of the year	3,219	150,000	8,538	161,757	21,616
Transfer from Profit and Loss Account	-	250,000 -	3,589	246,411	140,141
Reserve for Bonus Issue Capitalized	-	(150,000)	-	(150,000)	-
Balance at the end of the year	<b>3,219</b>	<b>250,000</b>	<b>4,949</b>	<b>258,168</b>	<b>161,757</b>
<b>12.2 OTHER RESERVES - (LIFE)</b>					
Balance at the beginning of the year	58	-	-	58	58
Transfer from Profit and Loss Account	-	-	-	-	-
Reserve for Bonus Issue Capitalized	-	-	-	-	-
Balance at the end of the year	<b>58</b>	-	-	<b>58</b>	<b>58</b>
<b>13 EQUITIES PRICE EQUALISATION RESERVE</b>				<b>2 0 0 4</b>	<b>2 0 0 3</b>
				₹'000	₹'000
Excess of Market Value on Cost				2,178,858	1,806,572
Provision For Diminution in Market Value				34,995	13,771
				<b>2,213,853</b>	<b>1,820,343</b>
<b>13.1 GENERAL BUSINESS</b>					
Excess of Market Value on Cost				1,546,038	1,394,992
Provision For Diminution in Market Value				21,275	11,271
				<b>1,567,313</b>	<b>1,406,263</b>
<b>13.2 LIFE AND PENSIONS</b>					
Excess of Market Value on Cost				632,820	411,579
Provision For Diminution in Market Value				13,720	2,500
				<b>646,540</b>	<b>414,079</b>



**NOTES ON THE ACCOUNTS Contd.**

**NOTE**

**14 PREMIUM EARNED AND UNDERWRITING PROFITS**

	2 0 0 4		2 0 0 3	
	PREMIUM EARNED ₹'000	UNDER- WRITING PROFITS ₹'000	PREMIUM EARNED ₹'000	UNDER- WRITING PROFITS ₹'000
Motor	1,149,721	514,968	967,099	416,711
Fire	346,795	71,242	264,347	(30,777)
General Accident	467,468	169,583	338,236	(28,568)
Marine and Aviation	187,736	37,165	299,698	127,809
Workmen's Compensation	559	(20,573)	10,548	(9,274)
Bond	67,382	2,001	81,885	17,027
Engineering	118,376	71,105	104,135	65,704
	<b>2,338,038</b>	<b>845,491</b>	<b>2,065,949</b>	<b>558,631</b>

**15 PROFIT BEFORE TAX**

*Profit Before Tax is stated After Charging:*

Depreciation	71,209	67,679
Auditors' Remuneration	3,000	3,000
Directors' Remuneration	27,228	23,907
<b>And Crediting:</b>		
Investment Income	352,732	235,537

**16 TAXATION**

<b>16a</b> Income Tax based on profits for the year	39,115	31,322
Under-Provision in Previous Years	18,525	
Capital Gains Tax on sale of investments	-	3,283
Life Capital Gains Tax	-	2,312
Education Tax based on profits for the year	6,802	4,228
<b>Balance Per Profit and Loss Account</b>	<b>64,442</b>	<b>41,146</b>
Balance as at 1st January	45,085	15,033
Payments during the year	(46,548)	(11,094)
<b>Balance Per Balance Sheet</b>	<b>62,979</b>	<b>45,085</b>
<b>16b LIFE AND PENSIONS</b>		
Minimum Tax Liability	3,465	-
	<b>66,444</b>	<b>45,085</b>



**NOTES ON THE ACCOUNTS Contd.**

NOTE	2 0 0 4 R'000	2 0 0 3 R'000
<b>17 DEFERRED TAXATION</b>		
<i>As a result of accelerated income tax capital allowances, the net book value of fixed assets at the balance sheet date exceeded their corresponding tax written down value by N267,789,118, (2003 N302,510,326). Depreciation will in future years be provided on the excess without corresponding income tax relief.</i>		
<b>18 GROSS PREMIUM WRITTEN</b>		
<b>Non-Life</b>		
Motor	1,171,131	974,335
Fire	580,449	433,906
General Accident	485,291	387,493
Marine and Aviation	361,714	332,669
Workmen's Compensation	23,480	35,110
Bond	112,571	85,068
Engineering	178,051	97,429
	<b>2,912,687</b>	<b>2,346,010</b>
<b>Life and Pensions</b>		
Ordinary Life	35,241	34,952
Group and Pensions	159,687	122,904
Deposit Administration	768,359	400,327
	<b>963,287</b>	<b>558,183</b>
<b>Total</b>	<b>3,875,974</b>	<b>2,904,193</b>
<b>19 CASH AND CASH EQUIVALENTS</b>		
<i>The Cash and Cash Equivalents included in the Cash Flow Statement are made up of:</i>		
Cash at bank and in hand	170,828	163,836
Cash on deposit	995,167	798,949
	<b>1,165,995</b>	<b>962,785</b>
<b>20 PRIOR YEARS' ADJUSTMENT</b>		
<i>Overstatement of Deposit Administration Fund Liability at the expense of Life Funds in previous years</i>		
	-	<b>750,118</b>
<b>21 ACTUARIAL VALUATION</b>		
<i>The latest available actuarial valuation of the life and pensions fund was as at 31st December, 2003. The book value of the life and pensions fund as at that date exceeded its net actuarial liabilities by N4,746,662.</i>		



**NOTES ON THE ACCOUNTS Contd.**

NOTE	2 0 0 4 ₹'000	2 0 0 3 ₹'000
<b>22 CHAIRMAN'S AND OTHER DIRECTORS' EMOLUMENTS</b>		
<b>(a) Emoluments</b>		
Chairman	1,255	1,255
Other Directors	26,009	23,228
	<b>27,264</b>	<b>24,483</b>
As Directors' Fees	870	870
Other Emoluments	26,394	23,613
	<b>27,264</b>	<b>24,483</b>
<b>(b) The number of Directors whose emoluments were within the following ranges were:</b>		
Up to 800,000	-	-
800,001 - 900,000	-	1
900,001 - 1,000,000	-	1
1,000,001 - 1,100,000	1	1
1,100,001 - 1,200,000	1	-
1,200,001 - 1,300,000	1	1
1,300,001 - 1,400,000	-	-
1,400,001 - 1,500,000	-	-
Above 1,500,000	4	3

**23 GUARANTEE AND OTHER FINANCIAL COMMITMENTS**

- (a) The Company did not charge any of its assets to secure liabilities of third parties.
- (b) Capital expenditure contracted but not provided in the Accounts was NIL.
- (c) The company maintains a pension scheme for the benefit of its employees.
- (d) The Company's contribution to the scheme is charged to the profit and loss account each year.
- (e) The Directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of the Accounts under review.

**24 POST BALANCE SHEET EVENT**

NIL

**25 APPROVAL OF THE ACCOUNTS**

The Accounts were approved by the Board of Directors on 10th May, 2005.



## VALUE ADDED STATEMENT

AS AT 31ST DECEMBER, 2004

	<b>2004</b>		<b>2003</b>	
	<b>₹'000</b>	<b>%</b>	<b>₹'000</b>	<b>%</b>
<b>INCOME</b>				
Gross premium written	3,875,974		2,904,193	
Commissions received	114,945		118,570	
Investment and other income	561,459		432,328	
	<b>4,552,378</b>		<b>3,455,091</b>	
<b>LESS:</b>				
Reinsurances, claims and commissions	2,064,663		1,974,685	
Other expenses and services	805,897		573,245	
	<b>2,870,560</b>		<b>2,547,929</b>	
<b>VALUE ADDED</b>	<b>1,681,817</b>	<b>100.00</b>	<b>907,162</b>	<b>100.00</b>
<b>APPLIED AS FOLLOWS:</b>				
To pay employees' salaries, wages and other benefits	393,743	<b>23.41</b>	274,102	<b>30.22</b>
To pay taxation and insurance levy	67,907	<b>4.04</b>	48,298	<b>5.32</b>
Transfer to Reserve for Bonus Issue	250,000	<b>14.86</b>	150,000	<b>16.54</b>
To pay dividends	125,000	<b>7.43</b>	105,000	<b>11.57</b>
Transfer to contingency reserve	74,821	<b>4.45</b>	62,864	<b>6.93</b>
Transfer to insurance funds	694,514	<b>41.30</b>	200,727	<b>22.13</b>
Depreciation	79,421	<b>4.72</b>	76,030	<b>8.38</b>
Retained Profits	(3,589)	<b>(0.21)</b>	(9,859)	<b>(1.09)</b>
	<b>1,681,817</b>	<b>100.00</b>	<b>907,162</b>	<b>100.00</b>

### NOTE

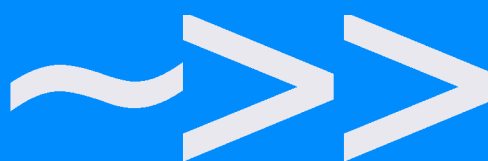
Value added represents the additional wealth created by the Company's efforts and those of its employees. This statement shows the allocation of that wealth among employees, government, capital providers and that retained by the business for future creation of wealth.





## FIVE YEAR FINANCIAL SUMMARY

	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
<b>RESULTS</b>					
<i>Gross premium written</i>	3,875,974	2,904,193	2,292,354	1,894,870	1,321,547
<i>Net Premium written</i>	3,335,479	2,425,106	1,877,608	1,537,587	1,034,355
<i>Premium earned</i>	2,338,038	2,065,949	1,331,342	1,035,580	822,535
<i>Profit before tax</i>	508,724	347,573	100,785	84,257	80,482
<i>Profit after tax</i>	444,283	306,427	87,241	78,999	73,740
<i>Dividends</i>	125,000	105,000	50,000	39,531	44,514
<b><i>Earnings per share (Actual)</i></b>	<b>44.43k</b>	<b>43.78k</b>	<b>21.81k</b>	<b>24.98k</b>	<b>24.85k</b>
<b><i>Dividends per share (Actual)</i></b>	<b>12.50k</b>	<b>15.00k</b>	<b>12.50k</b>	<b>12.50k</b>	<b>15.00k</b>
<i>Earnings per share (Adjusted)</i>	44.43k	30.64k	8.72k	7.90k	7.37k
<i>Dividends per share (Adjusted)</i>	12.50k	10.50k	5.00k	3.95k	4.45k
<b>BALANCE SHEETS</b>					
<b>Assets</b>					
<i>Current Assets</i>	1,622,250	1,301,868	1,083,097	1,215,568	861,239
<i>Long Term Investments</i>	5,721,457	4,203,709	1,638,037	1,584,156	838,943
<i>Statutory Deposits</i>	35,000	35,000	13,500	13,500	13,500
<i>Fixed Assets</i>	402,820	411,693	309,969	301,589	300,344
<b><i>Total Assets</i></b>	<b>7,781,526</b>	<b>5,952,270</b>	<b>3,044,603</b>	<b>3,114,813</b>	<b>2,014,026</b>
<b>Liabilities</b>					
<i>Current Liabilities</i>	2,873,209	1,882,042	1,528,645	1,254,945	531,879
<i>Insurance Funds</i>	1,567,354	1,444,007	1,063,085	854,858	660,749
<i>Managed Funds</i>	-	-	-	630,293	506,500
<i>Share Capital</i>	500,000	350,000	200,000	158,126	148,379
<i>Share Premium</i>	10,699	10,699	10,699	10,699	952
<i>Reserves</i>	2,830,264	2,265,522	242,174	205,892	165,568
<b><i>Total Liabilities</i></b>	<b>7,781,526</b>	<b>5,952,270</b>	<b>3,044,603</b>	<b>3,114,813</b>	<b>2,014,026</b>



## LEADWAY AT A GLANCE

<b>YEAR OF INCORPORATION:</b>	-	1970
<b>COMMENCEMENT OF OPERATIONS:</b>	-	1971
<b>FINANCIAL YEAR END</b>	-	31 <sup>st</sup> December
<b>SHARE CAPITAL</b>	-	₦1,000,000,000
<b>PAID-UP SHARE CAPITAL</b>	-	₦500,000,000
<b>CLASSIFICATION:</b>	-	All classes of Insurance, Managed Funds & Trusteeship.
<b>NO. OF BRANCHES:</b>	-	16
<b>SUBSIDIARIES:</b>	-	Leadway Trustees Limited Leadway Properties & Investments Ltd.
<b>NUMBER OF EMPLOYEES:</b>	-	332 (as at 31 <sup>st</sup> December 2004)
<b>FOUNDER:</b>	-	Sir Hassan O. Odukale (1926-1999)
<b>MANAGEMENT:</b>		Mr. O. Hassan-Odukale, MFR (MD/CEO) Mr. Olawale O. Oyedele (ED) Mr. B. Hassan-Odukale (ED) Mr. Oladipo A. Ayanbule (GM) Mr. John A. Ajadi (GM) Mr. Muftau O. Oyegunle (GM) Mr. Adebayo O. Okuwobi (DGM) Mr. Abiodun Foluso (AGM) Ms. Adetola Adegbayi (AGM) Mr. Olasoji A. Tehingbola (AGM)



## BRANCH OFFICES

LEADWAY has a branch network spread all over the country to efficiently cater for clients' needs. Apart from our Registered and Corporate Offices in Kaduna and Lagos respectively, other offices include:

### ABUJA

Plot 7 Adetokunbo Ademola Crescent,  
Wuse II, by Legal Aid Council,  
P.M.B. 275, Abuja, FCT  
Tel: 09-5233480-1, 09-5238963  
Fax: 09-5233480

### IBADAN

Marbella House, Ring Road  
P.O. Box 872, Ibadan  
Tel: 02-2316631, 02-2318903  
Fax: 02-2318903

### SAGAMU

136, Akarigbo Street  
Opposite Mobil Filling Station,  
Ijokun, Sagamu  
Tel: 037-640063  
Fax: 037-640063

### ABEOKUTA

20, Kuto Road  
P. M. B. 2176  
Tel: 039-242693, 039-241275  
Fax: 039-242693

### JOS

55, Murtala Mohammed Way,  
P.O. Box 766  
Tel: 073-463648, 073-462685  
Fax: 073-463648

### SOKOTO

7, Kano Road,  
Opposite Central Bank of Nigeria.  
P.O. Box 140, Sokoto  
Tel: 060-232595  
Fax: 060-232595

### AKURE

NACB Building Bishop Fagun  
Road Ado-Owo Road, Alagbaka,  
P.O. Box 790, Akure  
Tel: 034-240534  
Fax: 034-240534

### KANO

Fustan House, 25, Zaria Road  
Gyadi-Gyadi Round About,  
P. O. Box 1005  
Tel: 064-667609, 064-667953  
Fax: 064-667953

### WARRI

60, Effurun/Sapele Road  
Ecobank Building  
P. O. Box 4188, Warri  
Tel: 053-252009, 053 - 253390, 053 -321172  
Fax: 053-252009

### CALABAR

141 Ndidem Usang Iso Road/  
Marian Road Calabar  
Tel: 087-239295-6  
Fax: 087-239295-6

### MAKURDI

NUJ House Ankpa Qtrs. Road  
P. O. Box 828, Makurdi  
Tel: 044-533180  
Fax: 044-533180

### YENAGOA

209, Yenagoa - Mbiama Rd.  
Amarata Junction Yenagoa,  
Bayelsa  
Tel: 089-490597  
Fax: 089-490597

### ENUGU

Akalaka House (2<sup>nd</sup> floor)  
127/129, Chime Avenue  
New Haven Enugu  
Tel: 042-250458, 042-303478  
Fax: 042-250458

### PORT HARCOURT

8, Igbodo Street Old GRA  
P. O. Box 1969, Port Harcourt  
Tel: 084-239964-5, 084-234355  
Fax: 084-234352

### ZARIA

6, Park Road,  
P. O. Box 400, Zaria  
Tel: 069-332397  
Fax: 069-332397

### ILORIN

5A, Abdul-Wahab Folawiyo (Unity)  
Road, P.M.B. 1538  
Tel: 031-223598, 031-222208  
Fax: 031 - 223598

## AGENCY OFFICES

### BIDA

### GBOKO

### GOMBE

### KAFANCHAN

### YOLA

### KATSINA

### MAIDUGURI

### MINNA

### OKENE

### IKARE