

EQUITY ASSURANCE PLC

MANAGEMENT ACCOUNT FOR THE

PERIOD ENDED 31ST MARCH , 2013

EQUITY ASSURANCE PLC

COMPREHENSIVE INCOME STATEMENT
FOR THE PERIOD ENDED MARCH 31ST, 2013

	NOTE	2013 N	2012 N	VARIANCE N	VARIANCE %
Gross written premium	18	832,303,493	989,249,800	(156,946,307)	-16
Unexpired Risks		(104,220,806)	(91,904,595)	(12,316,211)	13
Gross premium earned		<u>728,082,686</u>	<u>897,345,205</u>	<u>(169,262,519)</u>	<u>-19</u>
Outward reinsurance premium	19	(158,548,771)	(139,583,317)	(18,965,454)	14
Net Premium Earned		<u>569,533,915</u>	<u>757,761,888</u>	<u>(188,227,973)</u>	<u>-25</u>
Commissions Earned		<u>36,933,389</u>	<u>32,576,896</u>	<u>4,356,493</u>	<u>13</u>
Total Income		<u>606,467,304</u>	<u>790,338,784</u>	<u>(183,871,480)</u>	<u>-23</u>
Expenses					
Commission expenses		(143,197,508)	(184,010,275)	40,812,767	-22
Underwriting Expenses		(29,867,665)	(21,035,540)	(8,832,125)	42
Net claims paid		(217,921,945)	(88,611,332)	(129,310,613)	146
Accretion to Outstanding Claims		<u>44,780,299</u>	<u>(28,743,590)</u>	<u>73,523,889</u>	<u>-256</u>
Underwriting Profit		<u>260,260,485</u>	<u>467,938,047</u>	<u>(207,677,562)</u>	<u>-44</u>
Net investment income		33,965,231	21,889,812	12,075,419	55
Other income		<u>11,933</u>	<u>6,382,098</u>	<u>(6,370,165)</u>	<u>-100</u>
Net Operating Income		<u>294,237,648</u>	<u>496,209,957</u>	<u>(201,972,309)</u>	<u>-41</u>
Operating Expenses		(250,226,553)	(256,331,871)	6,105,318	-2
Provision for bad debts		<u>(175,654,940)</u>	<u>(35,093,784)</u>	<u>(140,561,156)</u>	<u>401</u>
Profit/Loss before taxation		(131,643,844)	204,784,302	(336,428,146)	-164
Dimunition no longer required		<u>-</u>	<u>(9,173,468)</u>	<u>9,173,468</u>	<u>-100</u>
Profit/(Loss) before taxation		<u>(131,643,844)</u>	<u>195,610,834</u>	<u>(327,254,678)</u>	<u>-167</u>
Taxation	10	<u>(26,266,865)</u>	<u>(58,683,250)</u>	<u>32,416,385</u>	<u>-55</u>
Profit/(Loss) after taxation		(157,910,709)	136,927,584	(294,838,293)	-215
Accretion to contingency reserve	17	<u>(24,969,105)</u>	<u>(29,677,494)</u>	<u>4,708,389</u>	<u>-16</u>
Retained profit for the period	16	<u>(182,879,814)</u>	<u>107,250,090</u>	<u>(290,129,904)</u>	<u>-271</u>

EQUITY ASSURANCE PLC

REVENUE ACCOUNTS
FOR THE PERIOD ENDED MARCH 31, 2013

	Bond	Oil & Gas	Engineering	Motor	Marine	Fire	Gen. Accidt	Total 2012 N	2012 N
Gross Direct premium	20,624,495	114,146,784	25,775,685	224,792,984	91,025,560	111,205,173	244,732,812	832,303,493	967,312,626
Inward reinsurance premium	-							-	21,937,174
Gross written premium	20,624,495	114,146,784	25,775,685	224,792,984	91,025,560	111,205,173	244,732,812	832,303,493	989,249,800
Outward reinsurance premium		(32,475,514)		(9,216,919)	(30,119,335)	(56,885,135)	(29,851,866)	(158,548,771)	(139,583,317)
less Reinsurance Unexpired									
(Increase)/Decrease in unexpired risk provision									
Net earned premium	20,624,495	81,671,270	25,775,685	215,576,065	60,906,225	54,320,038	214,880,944	673,754,721	849,666,483
Commissions received		121,284		(57,417,025)	20,561,259	(27,583,570)	(39,781,471)	(104,220,806)	(91,904,595)
Net insurance premium	20,624,495	81,792,554	25,775,685	160,004,849	91,494,659	38,986,187	187,788,876	569,533,915	757,761,888
Direct claims paid				(126,682,518)	(37,842,514)	(35,655,467)	(67,147,035)	(267,327,533)	(244,711,588)
Inward reinsurance claims paid				-	-	-	-	-	(184,969)
Increase/(Decrease) in outstanding claims				71,439,755	30,007,302	(15,492,702)	(41,174,057)	44,780,299	(28,743,590)
Outward reinsurance recoveries	20,624,495	81,792,554	25,775,685	104,762,086	83,659,447	(12,161,982)	79,467,785	383,920,070	516,698,637
Commission expenses	(3,848,411)	(22,559,010)	(4,916,254)	(26,540,930)	(17,439,157)	(21,610,905)	(46,282,842)	(143,197,508)	(184,010,275)
Acquisition expenses	(568,222)	(3,144,839)	(710,141)	(6,193,233)	(2,507,830)	(3,063,795)	(6,742,592)	(22,930,651)	(14,890,613)
Maintenance Expenses	(171,899)	(951,381)	(214,833)	(1,873,586)	(758,672)	(926,864)	(2,039,779)	(6,937,014)	(6,144,926)
UNDERWRITING PROFIT	16,035,963	55,137,324	19,934,456	82,289,178	84,894,275	(30,329,803)	32,299,091	260,260,485	467,938,048

EQUITY ASSURANCE PLC
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31ST, 2013

	NOTE	2013 N	2012 N
ASSET			
Cash and Bank		296,780,480	246,840,454
Short term Investments	2	1,465,325,385	724,643,703
Debtors and prepayments	3	2,142,707,912	2,278,906,943
Investments	4	2,094,897,525	2,706,731,131
Statutory deposit	5	300,000,000	300,000,000
Goodwill	6	336,853,075	956,889,818
Intangible Assets		10,440,000	-
Fixed assets	7	2,126,225,588	931,049,821
		<u>8,773,229,966</u>	<u>8,145,061,870</u>
LIABILITIES			
Creditors and accruals	8	575,326,115	574,718,384
Insurance funds	9	1,192,233,719	919,137,016
Taxation	10	82,178,221	109,126,983
Deferred taxation	11	30,985,839	44,727,490
Long Term Loan	12	1,427,930,840	1,378,060,000
		<u>3,308,654,733</u>	<u>3,025,769,873</u>
TOTAL ASSETS LESS LAIBILITIES		<u><u>5,464,575,233</u></u>	<u><u>5,119,291,997</u></u>
CAPITAL AND RESERVES			
Called-up share capital	13	4,423,649,210	4,423,649,210
Share premium account	14	1,105,192,646	1,105,192,646
Capital Reserve	15	1,398,403,569	327,622,146
Profit and loss account	16	(1,944,924,111)	(1,141,248,884)
Contingency reserve	17	482,253,919	404,076,879
SHAREHOLDERS' FUNDS		<u><u>5,464,575,233</u></u>	<u><u>5,119,291,997</u></u>

EQUITY ASSURANCE PLC

NOTES TO THE ACCOUNTS

1. Corporate structure and business

Equity Assurance Plc which is wholly owned by Nigerian citizens, is a Public liability company which emerged as result of the of merger between Equity Indemnity Insurance Company Plc (EIIC) and First Assurance Plc. It is incorporated under the Companies Act 1968, on February 7, 2007. It obtained its certificate of registration as an insurer on February 22, 2007. It has its head office in Lagos and branch offices in major cities in the country.

Equity Assurance Plc is principally involved in the provision of non-life insurance business.

	2013 N	2012 N
2. Short term investments		
These represents bank deposits and commercial papers held	1,501,893,144	724,643,703
Less: Provision for short term written off	<u>(36,567,759)</u>	
	<u>1,465,325,385</u>	<u>724,643,703</u>
3. Debtors and prepayments		
Insurance receivable	1,146,389,475	1,237,079,674
Prepayments	37,922,667	30,229,767
Deferred Acquisition Cost	160,726,724	220,794,537
Reinsurance Cost Prepaid	188,473,601	261,784,803
Claim Receivable	243,856,691	225,880,803
Other debtors	<u>365,338,755</u>	<u>303,137,359</u>
	<u>2,142,707,912</u>	<u>2,278,906,943</u>
4. Investments		
Federal Government Securities	250,000	201,977
Quoted shares	357,457,892	963,299,283
Long Term Investments	<u>1,940,661,057</u>	<u>2,362,626,877</u>
	<u>2,298,368,948</u>	<u>3,326,128,137</u>
Dimunition in value of quoted investment	<u>(203,471,423)</u>	<u>(619,397,006)</u>
	<u>2,094,897,525</u>	<u>2,706,731,131</u>

a) The value for quoted shares(N153,986,469) was the market value at March 31, 2013 (Market value as at March 31, 2012 N343,902,277)

c) The directors are of the opinion that the market values of unquoted investments are not lower than the cost as at the accounting date.

5. Statutory deposit

This represents deposit with the Central Bank of Nigeria in accordance with section 10(3) of the Insurance Act, 2003.

EQUITY ASSURANCE PLC

NOTES TO THE ACCOUNTS CONT'D

6 GOODWILL

Goodwill on Consolidation
At January 1, 2013

2013	2012
N	N
336,853,075	956,889,818
<u>336,853,075</u>	<u>956,889,818</u>

7 Fixed assets Schedule

	Land	Building	Office Equipment	Motor Vehicles	Bill Board	Furniture & Fittings	Total
	N	N	N	N	N	N	N
Cost							
At 1 January 2013	820,848,000	1,140,950,000	126,795,732	99,811,072	5,730,000	34,121,895	2,228,256,698
Additions:		12,874,846	2,737,998	9,000,000		50,000	24,662,844
Disposal							-
Revaluation Reserve							-
As at March 31, 2013	<u>820,848,000</u>	<u>1,153,824,846</u>	<u>129,533,730</u>	<u>108,811,072</u>	<u>5,730,000</u>	<u>34,171,895</u>	<u>2,252,919,542</u>
Depreciation							
At 1 January, 2013	-	21,593,754	32,358,715	40,275,459	2,292,000	11,533,698	108,053,626
Charge for the period	-	4,436,775	5,427,256	7,054,163		1,722,134	18,640,328
Disposal							-
As at March 31, 2013	<u>-</u>	<u>26,030,529</u>	<u>37,785,971</u>	<u>47,329,621</u>	<u>2,292,000</u>	<u>13,255,832</u>	<u>126,693,954</u>
Net Book Value							
As at March 31, 2013	<u>820,848,000</u>	<u>1,127,794,317</u>	<u>91,747,759</u>	<u>61,481,450</u>	<u>3,438,000</u>	<u>20,916,063</u>	<u>2,126,225,588</u>
As at March 31, 2012		760,940,375	144,956,395	47,577,205		(22,424,154)	<u>931,049,821</u>

8 Creditors and Accruals

	2013	2012
	N	N
Re-insurance premium payable	76,550,805	83,420,313
Commission payable	1,521,604	416,626
Obligation under finance lease	30,143,487	22,044,934
Dividend payable	38,798,268	38,798,268
Banks loans & overdraft	52,163,769	19,470,396
Accruals	14,399,172	56,024,175
Pension and Gratuity	50,510,228	24,600,999
Other payables	<u>311,238,781</u>	<u>329,942,668</u>
	<u>575,326,115</u>	<u>574,718,379</u>

EQUITY ASSURANCE PLC

NOTES TO THE ACCOUNTS CONT'D

9 Insurance funds

	Reserve for unexpired risk N	Reserve for Outstanding claims N	2013 Total N	2012 Total N
Balance at 1 January 2012	717,739,496	415,053,717	1,132,793,211	798,488,830
Motor	57,417,025	(71,439,755)	(14,022,730)	(29,396,698)
Marine	(20,561,259)	(30,007,302)	(50,568,561)	(29,657,815)
Fire	27,583,570	15,492,702	43,076,272	22,689,808
General Accident	39,781,471	41,174,057	80,955,527	157,012,890
	<u>821,960,302</u>	<u>370,273,418</u>	<u>1,192,233,719</u>	<u>919,137,015</u>
Balance at 31 March, 2013				

The reserves are computed in accordance with Section 20(a) and (b) of the Insurance Act, 2003.

10 Taxation

	2013 N	2012 N
i) Per profit and loss account		
Income tax based on profit for the year	26,266,865	58,683,250
Education levy		
information tech tax		
Back Duty Charge		
Deferred tax	-	
	<u>26,266,865</u>	<u>58,683,250</u>
ii) Per balance sheet		
Balance at 1 January	83,980,658	67,888,164
Tax Provision for 2013	26,266,865	58,683,250
Back Duty Charge		
Net charges for the year	-	
Payments during the year	(28,069,302)	(17,444,430)
Balance at 31 March 2013	<u>82,178,221</u>	<u>109,126,984</u>
Deferred taxation		
Balance brought forward	30,985,839	44,727,490
Charge for the year		
Balance at 31 March 2013	<u>30,985,839</u>	<u>44,727,490</u>

EQUITY ASSURANCE PLC

NOTES TO THE ACCOUNTS CONT'D

	2013	2012
	N	N
12 Long Term Loan	<u>1,427,930,840</u>	<u>1,378,060,000</u>
13 Share capital	N	N
Authorised		
14,000,000,000 ordinary shares of 50k each	<u>7,000,000,000</u>	<u>7,000,000,000</u>
Allotted and fully paid		
8,847,298,420 ordinary shares of 50k each	<u>4,423,649,210</u>	<u>4,423,649,210</u>
14 Share Premium		
Balance at January 1, 2013	<u>1,105,192,646</u>	<u>1,105,192,646</u>
Balance at 31 March, 2013	<u>1,105,192,646</u>	<u>1,105,192,646</u>
15 Capital Reserve		
Balance at January 1, 2013	<u>1,398,403,569</u>	<u>327,622,146</u>
Surplus on revaluation		
Balance at 31, March 2013	<u>1,398,403,569</u>	<u>327,622,146</u>
16 Revenue Reserve		
Balance at 1 January, 2013	<u>(1,762,044,297)</u>	<u>(1,248,498,973)</u>
transfer from reserve for bonus i Profit and loss account	<u>(182,879,814)</u>	<u>107,250,089</u>
Balance at 31, March 2013	<u>(1,944,924,111)</u>	<u>(1,141,248,884)</u>
17 Contingency reserve		
Balance at 1 January, 2013	<u>457,284,814</u>	<u>374,399,385</u>
Add transfers during the year:	<u>24,969,105</u>	<u>29,677,494</u>
Balance at 31, March 2013	<u>482,253,919</u>	<u>404,076,879</u>
18 Gross Premium Written	2013	2012
Bond	20,624,495	
Oil & Gas	114,146,784	
Engineering	25,775,685	
Motor	224,792,984	286,761,609
Marine	91,025,560	108,295,452
Fire	111,205,173	153,803,334
Accident	<u>244,732,812</u>	<u>440,389,405</u>
	<u>832,303,493</u>	<u>989,249,800</u>
19 Reinsurance Premium	2013	2012
Bond	-	
Oil & Gas	32,475,514	
Engineering	-	
Fire	56,885,135	56,885,135
G/Accident	29,851,868	52,844,655
Marine	30,119,335	20,636,608
Motor	<u>9,216,919</u>	<u>9,216,919</u>
	<u>158,548,771</u>	<u>139,583,317</u>
less unexpired	-	-
	<u>158,548,771</u>	<u>139,583,317</u>