

EQUITY ASSURANCE PLC

MANAGEMENT ACCOUNT FOR THE

PERIOD ENDED 30 JUNE, 2013

EQUITY ASSURANCE PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2013

	NOTE	2013 N	2012 N	VARIANCE N	VARIANCE %
Gross Written Premium		1,660,172,482	1,480,962,959	179,209,523	12
Unexpired Risk		(85,108,316)	(180,389,128)	95,280,812	(53)
Net premium written		<u>1,575,064,166</u>	<u>1,300,573,831</u>	274,490,335	21
Outward reinsurance cost		(391,958,282)	(330,416,083)	(61,542,199)	19
Net premium earned		<u>1,183,105,885</u>	<u>970,157,748</u>	212,948,137	22
Commission received		<u>63,643,850</u>	<u>71,927,355</u>	(8,283,505)	(12)
Total revenue		<u>1,246,749,735</u>	<u>1,042,085,103</u>	204,664,632	20
Expenses					
Commission expenses		287,883,180	263,586,548	24,296,632	9
Acquisition expenses		42,339,312	21,218,465	21,120,847	100
Maintenance expenses		14,069,887	15,731,290	(1,661,403)	(11)
Net claims paid		395,339,307	196,846,174	198,493,133	101
Accretion to outstanding claims		(24,121,699)	150,649,135	(174,770,834)	(116)
underwriting expenses		<u>715,509,988</u>	<u>648,031,612</u>	67,478,376	10
Net underwriting profit		531,239,747	394,053,492	137,186,255	35
Operating expenses		(476,952,390)	(398,376,751)	(78,575,639)	20
Impairment of premium receivables		(237,488,588)	(84,740,627)		
Net fair value gain(loss)on quoted shares		<u>6,681,480</u>	<u>(4,110,110)</u>	10,791,590	(263)
		(176,519,750)	(93,173,996)	(83,345,754)	89
Investment and other income	22	67,181,974	66,022,038	1,159,936	2
Finance costs	23	<u>(40,191,662)</u>	<u>(41,095,298)</u>	903,636	(2)
Profit before tax		(149,529,438)	(68,247,256)	(81,282,182)	119
Income tax expense		<u>(27,742,832)</u>	<u>(20,474,178)</u>	(7,268,654)	36
Profit/Loss after tax		<u>(177,272,270)</u>	<u>(88,721,434)</u>	(88,550,836)	100
Accretion to contingency reserve		<u>(49,805,174)</u>	<u>(44,428,889)</u>	(5,376,285)	12
Profit/Loss for the period		<u>(227,077,444)</u>	<u>(133,150,324)</u>	(93,927,120)	71

EQUITY ASSURANCE PLC
REVENUE ACCOUNTS
FOR THE PERIOD ENDED JUNE 30, 2013

	Bond	Oil & Gas	Engineering	Motor	Marine	Fire	Gen. Accidt	Total	2012
	N	N	N	N	N	N	N	N	N
Gross Direct Premium	79,227,499	347,574,614	85,162,475	447,179,317	182,267,954	200,493,037	318,267,587	1,660,172,482	1,480,962,959
Increase/ decrease in unexpired risk				(27,096,857)	49,669,664	(42,641,636)	(65,039,487)	(85,108,316)	(180,389,128)
Gross Premium earned	79,227,499	347,574,614	85,162,475	420,082,460	231,937,617	157,851,401	253,228,100	1,575,064,166	1,300,573,831
Outward reinsurance premium		(127,041,591)		(19,581,848)	(56,578,771)	(97,995,348)	(90,760,724)	(391,958,282)	(330,416,083)
Net Premium earned	79,227,499	220,533,022	85,162,475	400,500,613	175,358,847	59,856,053	162,467,376	1,183,105,885	970,157,748
Commission received				4,626,312	12,839,687	22,786,257	23,391,594	63,643,850	71,927,355
Total Income	79,227,499	220,533,022	85,162,475	405,126,925	188,198,534	82,642,310	185,858,970	1,246,749,735	1,042,085,103
EXPENSES									
Direct claims paid				(162,311,822)	(39,610,565)	(173,023,832)	(114,299,592)	(489,245,812)	(396,593,379)
Inward reinsurance claims paid				(1,492)	-	-	-	(1,492)	(2,416,793)
Increase/ (decrease) in outstanding claims				82,570,166	36,503,170	(32,682,481)	(62,269,156)	24,121,699	(150,649,135)
Gross claims incurred	-	-	-	(79,743,148)	(3,107,395)	(205,706,314)	(176,568,749)	(465,125,605)	(549,659,307)
Outward recoveries				16,902,642	25,971,019	32,515,593	18,518,742	93,907,997	202,163,998
Net claims incurred	-	-	-	(62,840,505)	22,863,624	(173,190,721)	(158,050,007)	(371,217,609)	(347,495,309)
Commission expenses	(14,771,736)	(67,827,220)	(16,352,954)	(53,505,723)	(35,247,913)	(39,565,671)	(60,611,962)	(287,883,180)	(263,586,548)
Acquisition expenses	(2,020,536)	(8,864,181)	(2,171,895)	(11,404,396)	(4,648,372)	(5,113,166)	(8,116,766)	(42,339,312)	(21,218,465)
Maintenance expenses	(671,449)	(2,945,679)	(721,748)	(3,789,825)	(1,544,713)	(1,699,169)	(2,697,303)	(14,069,887)	(15,731,290)
Total Expenses	(17,463,721)	(79,637,081)	(19,246,597)	(131,540,449)	(18,577,375)	(219,568,727)	(229,476,038)	(715,509,988)	(648,031,612)
Net underwriting income	61,763,778	140,895,942	65,915,878	273,586,475	169,621,159	(136,926,416)	(43,617,066)	531,239,747	394,053,492

EQUITY ASSURANCE PLC

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2013

	NOTES	2 0 1 3 N	2 0 1 2 N
ASSETS			
Cash and cash equivalents	1	1,709,087,796	1,370,895,113
Premium receivables	2	218,753,928	1,328,878,068
Other receivables and Prepayments	3	472,300,283	296,498,973
Reinsurance receivables	4	500,041,439	418,314,541
Financial assets	5	196,459,270	423,145,155
Investment in subsidiaries		846,714,984	846,714,984
Deferred acquisition cost	6	172,362,777	137,225,323
Goodwill	7	-	956,889,818
Intangible assets	8	8,700,000	-
Leasehold Improvements	9	1,036,621,271	1,083,740,420
Property, plant and equipment	10	2,136,774,786	1,726,871,307
Statutory deposit		300,000,000	300,000,000
Total assets		<u>7,597,816,535</u> =====	<u>8,889,173,701</u> =====
LIABILITIES			
Trade payables	11	79,505,749	129,433,851
Provisions and Other Payables	12	394,371,688	355,938,585
Income tax liabilities	13b.	83,589,188	60,554,807
Provisions for Insurance funds	14	1,581,232,617	1,129,527,093
Financial liabilities	15	1,469,068,692	1,439,481,208
Deferred taxation	13c.	30,985,839	28,974,314
Total liabilities		<u>3,638,753,774</u> =====	<u>3,143,909,858</u> =====
EQUITY			
Capital and reserves			
Ordinary shares capital	16	4,423,649,210	4,423,649,210
Share premium	17	1,105,192,646	1,105,192,646
Contingency reserves	18	507,089,989	423,328,276
Revaluation reserves	19	1,398,403,569	1,032,752,341
Retained Earnings	20	(3,475,272,652)	(1,239,658,629)
Total equity		<u>3,959,062,762</u>	<u>5,745,263,844</u>
Total equity and liabilities		<u>7,597,816,535</u> =====	<u>8,889,173,701</u> =====

EQUITY ASSURANCE PLC

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 30 JUNE 2013**

1. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with original maturity of less than 90 days:

	2013 N	2012 N
Cash at bank and in hand	277,478,775	245,341,744
Placement with banks	1,431,609,021	1,125,553,369
	1,709,087,796	1,370,895,113

2. PREMIUM RECEIVABLES

Gross Premium receivables	2,260,766,445	1,711,782,439
Less: Provision for impairment	(2,042,012,517)	(382,904,371)
Net Premium receivables	218,753,928	1,328,878,068

3. OTHER RECEIVABLES AND PREPAYMENTS

Other receivables	119,472,354	264,405,330
Due from related companies	320,593,106	(4,284,118)
	440,065,460	260,121,212
Prepayments	32,234,823	36,377,760
	472,300,283	296,498,973

4. REINSURANCE RECEIVABLES

Claims Receivables	311,567,838	270,067,457
Prepaid reinsurance	188,473,601	148,247,085
	500,041,439	418,314,541

5. FINANCIAL ASSETS

Unquoted investments	57,324,796	336,733,473
Government securities	250,000	201,977
Quoted investments	138,884,475	86,209,705
	196,459,270	423,145,155

- a. Statutory deposit represents deposit with Central Bank of Nigeria in accordance with Section 10 (3) of the Insurance Act CAP 117 LFN 2004
- b. The quoted investments are stated at market value as at reporting date

EQUITY ASSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 30 JUNE 2013

	2013 N	2012 N
6 DEFERRED ACQUISITION COST	172,362,777	137,225,323
	<u>172,362,777</u>	<u>137,225,323</u>

Deferred policy acquisition expenses will be recognised as an expense within 12 months after the reporting date.

7 GOODWILL	-	956,889,818
	<u>-</u>	<u>956,889,818</u>

The goodwill arose from the acquisition of the assets and liabilities of Equity Indemnity Insurance Company Limited by the company in 2007

8 INTANGIBLE ASSETS	2013 N	2012 N
Cost as at 1 January	18,000,000	-
Additions	-	-
Balance as at June 30	<u>18,000,000</u>	<u>-</u>
Accumulated Amortisation		
Balance at 1, January	7,560,000	-
Amortisation charge for the period	1,740,000	-
Balance as at June 30	<u>9,300,000</u>	<u>-</u>
Carrying Amounts		
As at June 30	<u>8,700,000</u>	<u>-</u>

9 LEASEHOLD IMPROVEMENTS	2012 N	2012 N
	1,036,621,271	1,083,740,420
	<u>1,036,621,271</u>	<u>1,083,740,420</u>

This represents the carrying amount at cost, of the improvements carried out on Gateway Hotel Ijebu-Ode Limited. This is being amortised over the period of the lease. The company has a 25 year lease on the property and operations of the Hotel from 2010.

EQUITY ASSURANCE PLC

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 30 JUNE 2013**

10 PROPERTY, PLANT AND EQUIPMENT

COST/ VALUATION

	Leasehold Land N	Buildings N	Office Equipment N	Motor Vehicles N	Furniture & Fittings N	Bill Board N	Total N
At 1 January, 2013	820,848,000	1,140,950,000	126,795,731	99,811,072	34,121,895	5,730,000	2,228,256,698
Additions	12,874,846		4,224,249	38,475,000	122,000	-	55,696,095
Disposals	-	-	-	-	-	-	-
Revaluation							
At 30 June 2013	833,722,846	1,140,950,000	131,019,980	138,286,072	34,243,895	5,730,000	2,283,952,793

At 1 January, 2012	-	986,639,345	179,091,780	289,306,490	56,753,813	-	1,511,791,428
Additions	-	705,130,195	2,310,090	11,500,000	982,200	-	719,922,485
Disposals	-	-	-	-	-	-	-
Revaluation							
At 30 June, 2012	-	1,691,769,540	181,401,870	300,806,490	57,736,013	-	2,231,713,913

DEPRECIATION

To 1 January, 2013	-	21,593,754	32,358,715	40,275,459	11,533,698	2,292,000	108,053,626
Charge for the period	-	10,268,550	10,874,623	14,541,682	3,439,526	-	39,124,380
Disposals							
At 30 June 2013	-	31,862,304	43,233,338	54,817,140	14,973,224	2,292,000	147,178,007

To 1 January, 2012	-	115,451,372	77,187,738	233,919,397	28,860,188	-	455,418,695
Charge for the year	-	25,020,259	7,427,876	14,587,275	2,388,502	-	49,423,911
Disposals							
At 30 June, 2012	-	140,471,630	84,615,614	248,506,672	31,248,690	-	504,842,606

CARRYING AMOUNT

At 30 June , 2013	833,722,846	1,109,087,696	87,786,642	83,468,932	19,270,671	3,438,000	2,136,774,786
At 30 June, 2012	-	1,551,297,910	96,786,256	52,299,818	26,487,323	-	1,726,871,307

EQUITY ASSURANCE PLC

**NOTES TO THE FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 30 JUNE 2013**

	2013	2012
	N	N
11 TRADE PAYABLES		
Commission payable	820,009	2,153,297
Reinsurance Payable	78,685,740	127,280,554
	<u>79,505,749</u>	<u>129,433,851</u>
12 PROVISIONS AND OTHER PAYABLES		
Dividend payable	-	38,798,268
Other creditors	377,750,516	301,741,144
	<u>377,750,516</u>	<u>340,539,412</u>
Accruals	16,621,172	15,399,172
	<u>394,371,688</u>	<u>355,938,585</u>
13 TAXATION	2013	2012
	N	N
a. Income Tax Expense	<u>27,742,832</u>	<u>20,474,178</u>
b. Per Balance Sheet		
At 1 January	83,980,658	82,493,332
Charge for the year	27,742,832	20,474,178
Payment during the year	(28,134,302)	(42,412,703)
At 30 June	<u>83,589,188</u>	<u>60,554,807</u>
c. Deferred Tax	<u>30,985,839.00</u>	<u>28,974,314</u>

The charge for income and education taxes in these financial statements has been based on the provisions of the Companies Income Tax Act CAP LFN 2004 as ammended to date and Education Tax Act CAP E4 LFN 2004 respectively.

14 INSURANCE FUNDS

	Reserve for unexpired risk	Reserve for Outstanding claims	2013 Total	2012 Total
	N	N	N	N
Balance at 1 January	712,340,000	807,906,000	1,520,246,000	798,488,830
Motor	27,096,857	(82,570,166)	(55,473,309)	71,005,003
Marine	(49,669,664)	(36,503,170)	(86,172,834)	9,345,727
Fire	42,641,636	32,682,481	75,324,117	36,473,998
General Accident	65,039,487	62,269,156	127,308,643	214,213,535
Balance at 30 June	<u>797,448,316</u>	<u>783,784,301</u>	<u>1,581,232,617</u>	<u>1,129,527,093</u>

The reserves are computed in accordance with Section 20(a) and (b) of the Insurance Act CAP 117 LFN 2004

EQUITY ASSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 30 JUNE 2013 (Cont'd)

15 FINANCIAL LIABILITIES

	2013 N	2012 N
Bank overdraft	20,449,353	34,795,387
Convertible redeemable loan	1,427,930,840	1,378,060,000
Obligations under finance lease	20,688,499	26,625,821
Total	1,469,068,692	1,439,481,208
	=====	=====
.1 Maturity analysis		
Current portion	41,137,852	61,421,208
Non-current portion	1,427,930,840	1,378,060,000
	1,469,068,692	1,439,481,208
	=====	=====

The finance leases are secured by the related non current assets that were procured using the lease fund.

.2 Convertible redeemable loan

The convertible redeemable loan is analysed as follows:

Offer Size	JPY 1,350,000,000
Underlying Shares of Bond Option	Ordinary shares of Equity Assurance Plc
Ranking	Direct, unconditional, unsubordinated and unsecured
Currency	JPY
Denomination	100,000
Coupon	0% per annum
Issue Price	100% of the Principal amount
Issue Date	14-Aug-08
Maturity Date	18 yrs

16 SHARE CAPITAL

	2013 N	2012 N
Authorised		
14,000,000,000 ordinary shares of 50k each	7,000,000,000	7,000,000,000
	=====	=====
Issued and fully paid		
8,847,298,420 ordinary shares of 50k each	4,423,649,210	4,423,649,210
	=====	=====

17 SHARE PREMIUM

At 1 January	1,105,192,646	1,105,192,646
At 30 June	1,105,192,646	1,105,192,646
	=====	=====

18 CONTINGENCY RESERVES

At 1 January	457,284,814	378,899,387
Transfer from other comprehensive income	49,805,174	44,428,889
At 30 June	507,089,989	423,328,276
	=====	=====

EQUITY ASSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2013 (Cont'd)

	2013 N	2012 N
19 REVALUATION RESERVES		
At 30 June	<u>1,398,403,569</u>	<u>1,032,752,341</u>
20 RETAINED EARNINGS		
At 1 January	(3,248,195,208)	(1,106,508,305)
Net profit for the period	(227,077,444)	(133,150,324)
At 30 June	<u>(3,475,272,652)</u>	<u>(1,239,658,629)</u>

21 RELATED PARTY TRANSACTIONS

In the normal course of business, all transactions are carried out to related parties at terms and conditions similar to those offered to major clients.

22 INVESTMENT AND OTHER INCOME

	June 30, 2013 N	June 30, 2012 N
Interest income	734,292	987,886
Investment income	50,854,681	25,940,240
Dividend income	3,280,817	13,800,038
Realised gains (losses) on disposal of investments	-	19,140,059
Realised gains (losses) on disposal of Property Plant and equipment	-	326,990
Rental income	260,000	2,222,000
Other income	12,052,184	3,604,825
	<u>67,181,974</u>	<u>66,022,038</u>

23 FINANCE COSTS

Loan interest	29,819,262	38,285,683
Interest charges	5,849,424	4,412,210
Lease interest	4,522,976	2,809,617
	<u>40,191,662</u>	<u>45,507,509</u>