

MANAGEMENT ACCOUNT

For The Period Ended 30 June 2013

Universal Insurance Plc

RC 2460

UNIVERSAL INSURANCE PLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
For the period ended 30 June 2013

	NOTES	'30 JUNE 2013	'31 December 2012
		N'000	N'000
Assets			
Cash and Cash Equivalents	6	308,523	103,957
Financial Assets	7	2,279,253	2,279,253
Trade Receivable	8	-	14,046
Reinsurance Assets	9	15,560	15,560
Other Receivable	10	1,722,411	1,690,756
Investment in subsidiaries	11	2,561,666	2,561,666
Deferred Acquisition cost	12	49,810	15,225
Investment Properties	13	934,118	934,118
Intangible Asset	14	4,752	4,635
Property Plant and Equipment	15	2,519,420	2,546,185
Statutory Deposits	16	335,000	335,000
Total Assets		10,730,514	10,500,401
Liabilities			
Insurance Contract Liabilities	17	389,457	240,643
Borrowings	18	-	-
Trade payable	19	19,575	16,484
Other payable	20	1,742,325	1,740,963
Employee benefit liability	21	-	1,219
Income Tax liabilities	22	119,167	117,660
Deferred tax liabilities	23	447,305	447,305
Total Liabilities		2,717,828	2,564,274
Equity			
Issued and paid Share capital	24. 1	8,000,000	8,000,000
Share Premium	24. 2	825,018	825,018
Contingency Reserves	24. 3	244,264	233,028
Fair value reserve	24. 4	950,425	950,425
Fixed asset revaluation reserve	24. 5	540,268	540,268
Retained earnings	24. 6	(2,547,289)	(2,612,612)
Shareholders funds		8,012,686	7,936,127
Other equitiy instruments		-	-
Non - controlling interests		-	-
TOTAL EQUITY & LIABILITIES		10,730,514	10,500,401

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UJOATUONU BENEDICT
CHIEF EXECUTIVE OFFICER
FRC/2013/CIIN/0000003282

.....
SAMUEL U. NDUBUISI
CHIEF FINANCE OFFICER
FRC/2013/ICAN/0000003290

THE UNIVERSAL INSURANCE PLC

UNDERWRITING REVENUE ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2013

					June 2013	December 2012
	MOTOR N'000	FIRE N'000	GENERAL ACCIDENT N'000	MARINE N'000	2013 N'000	2012 N'000
Direct Premium Written	35,550	10,376	61,919	180,330	288,175	331,332
Reinsurance Accepted	16,080	11,599	50,459	8,215	86,353	82,515
Gross Premium Written	51,630	21,975	112,379	188,544	374,529	413,847
Changes in Reserve for Unexpired Risk (*)	(18,796)	(5,557)	(60,241)	(117,039)	(201,633)	(11,615)
Gross Premium Earned	32,834	16,418	52,138	71,506	172,896	402,232
Reinsurance cost	-	(2,305)	(3,310)	(2,281)	(7,896)	(16,472)
Net Premium Written	32,834	14,113	48,828	69,225	165,000	385,760
Commission Received	-	488	2,253	1,336	4,077	5,086
Net Income	32,834	14,601	51,081	70,561	169,077	390,846
Claims Incurred:						
Direct Claims Paid	8,167	7,837	8,698	3,050	27,752	27,042
Provision for Outstanding claims (IBNR)	571	1,401	5,482	1,351	8,805	7,569
Changes in Provision for Outstanding Claims (**)	(4,084)	(41,322)	3,311	75	(42,020)	36,541
Gross Claims Incurred	4,654	(32,085)	17,492	4,476	(5,463)	71,152
Reinsurance Claims Recovery	(1,352)	(2,092)	(1,582)	(663)	(5,689)	(9,388)
Net Claims Incurred	3,302	(34,177)	15,910	3,813	(11,152)	61,764
Underwriting Expenses:						
Commission Paid	8,245	4,759	40,662	13,940	67,605	75,403
Changes in deferred commission	(2,547)	(1,216)	(18,856)	(11,965)	(34,584)	(2,932)
Total Underwriting Expenses	5,697	3,543	21,806	1,975	33,021	72,471
Total Expenses	8,999	(30,634)	37,716	5,788	21,869	134,235
Underwriting Result	23,835	45,235	13,365	64,774	147,208	256,611
Provision for Unexpired Risk- 31 December 2012	32,448	9,503	48,030	979	90,960	79,345
Provision for Unexpired Risk- 30 JUNE 2013	51,245	15,060	108,271	118,018	292,593	90,960
* Changes in reserve for unexpired Risk	(18,796)	(5,557)	(60,241)	(117,039)	(201,633)	(11,615)
Provision for Outstanding Claims- 31 DECEMBER 2012	9,790	55,332	51,516	13,440	130,078	67,704
Provision for Outstanding Claims- 30 JUNE 2013	5,706	14,010	54,827	13,515	88,058	93,538
** Changes in provision for outstanding claims	(4,084)	(41,322)	3,311	75	(42,020)	25,834

Universal Insurance Plc
Notes to the financial statements
For the year period ended 30 June 2013

6 Cash and Cash Equivalents

This comprises of:
Cash and Bank Balances
Total

'30 June 2013 N'000	'December 2012 N'000
308,523	103,957
<u>308,523</u>	<u>103,957</u>

7 Financial asset

This comprises of:

Financial assets at fair value through profit or loss
Available-for-sale financial assets

Financial assets

Current

Non-current

20,177	20,177
2,259,076	2,259,076
<u>2,279,253</u>	<u>2,279,253</u>
20,177	20,177
2,259,076	2,259,076

(a) Financial assets at fair value through profit or loss

Equity securities

-Listed

Net impairment gain/(loss)

Total financial assets at fair value through profit or loss

20,177	12,241
-	7,936
<u>20,177</u>	<u>20,177</u>

Current

Non-current

20,177	20,177
-	-

(b) Available-for-sale financial assets

Equity securities

-Unlisted

Reversal of impairment loss made under

Total Equity securities

Fair value gain/(loss) on AFS unlisted equity

Total available-for-sale financial assets

2,259,076	2,311,772
-	-
<u>2,259,076</u>	<u>2,311,772</u>
-	(52,696)
<u>2,259,076</u>	<u>2,259,076</u>

Current

Non-current

-	-
2,259,076	2,259,076

8 Trade Receivables

9 Reinsurance Assets

Reinsurance Prepaid
Prepaid minimum and deposit reinsurance
Reinsurance recovery on claim reserve
Total Reinsurance Assets

'30 June 2013 N'000	'December 2012 N'000
15,560	2,713
-	6,250
-	6,597
<u>15,560</u>	<u>15,560</u>

Current

Non-current

15,560	15,560
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There were no indicators of impairments for re-insurance assets as balance are set-off against payable from retrocession
Reinsurance receivables are to be settled on demand and the carrying amount is not significantly different from the fair value

10 Other Receivables and prepayments

The balance is analysed as follow:

Prepayment	75,262	68,340
Other loans and receivables (note 10 (i))	1,607,949	1,607,651
Other loans and receivables from related	39,200	33,460
Stock of raw materials	-	-
	<u>1,722,411</u>	<u>1,709,451</u>
Impairment of other loans and receivables	-	-
Balance at period end	<u>1,722,411</u>	<u>1,709,451</u>
Current	123,469	110,509
Non-current	1,598,942	1,598,942

10. (i) Other loans and receivables

Staff Debtors	3,699	3,144
Staff Share Loan (note 10.(ii))	1,597,027	1,598,942
Other receivables	7,224	5,565
	<u>1,607,949</u>	<u>1,607,651</u>
Impairment of other loans and receivables	-	-
	<u>1,607,949</u>	<u>1,607,651</u>

10 (ii) Staff Share Loan:-

The amount is made up of African Alliance Insurance Company Plc share purchased during the Private Placement

10. (iii) Other loans and receivables due from related parties

Due from related parties	39,200	33,460
	<u>39,200</u>	<u>33,460</u>

Impairment of due from related parties (10.(iv))

	-	-
	39,200	33,460

10 (iv) The movement in impairment charge is as

	'30 June 2013 N'000	COMPANY 'December 2012 N'000
Balance beginning of year	-	-
Impairment of other loans and receivables	-	-
Impairment of receivables due from related	-	-
Balance at period end	-	-

11 Investment in subsidiaries

This comprises of investment in:

Molit Hotels & Catering Services Limited (a)	528,105	528,105
Universal Hotels Limited (b)	2,033,561	2,033,561
Investment in subsidiaries	2,561,666	2,561,666

11 (a) Molit Hotels and Catering Services Limited

The company was established to carry on the business of providing hotel, accommodation, tourist and hospitality activities. Universal Insurance Plc has 100% investments in the company.

11 (b) Universal Hotels Limited

The company was established to carry on the business of providing hotel, accommodation, tourist and hospitality activities. Universal Insurance Plc has 100% investments in the company.

12 Deferred acquisition

Deferred acquisition costs represent commissions on unearned premium relating to the unexpired period of risks and comprise:

	'30 June 2013 N'000	'December 2012 N'000
Motor	6,460	3,912
Fire	3,234	2,018
General accident	27,956	9,100
Marine	12,160	195
	49,810	15,225

12.1 Movement in deferred acquisition cost

At beginning of year	15,225	13,943
Changes during the year	34,585	1,282
At end of year	49,810	15,225
Due within 12 months	49,810	15,225
Due after more than 12 months	-	-

13 Investment properties

	'30 June 2013 N'000	'December 2012 N'000
Oyingbo Garden Avenue estate	250,000	250,000
Vine Estate- Abuja	720,000	720,000
Rumudumu Model Estate Portharcourt	684,118	684,118
Others	175,369	175,369
	1,829,487	1,829,487
Impairment loss on investment properties	(895,369)	(895,369)
	934,118	934,118

Investment properties represent buildings and un-developed landed properties acquired for subsequent disposal in the

13 a. Assets In The Name of Conau Limited:

Oyingbo Garden Avenue estate

Rumudumu Model Estate Portharcourt

These assets were introduced by Conau Limited in 2007 during the recapitalisation exercise, with deeds assigning the properties to Universal Insurance Plc.

Status of Perfection of Title:

The firm of IBOM Partners, a firm of attorneys, solicitors, fraud examiners & legal consultants have been appointed to commence the process of perfecting the title to the properties in the name of Universal Insurance Plc.

13 b. Assets In the name of Minaj Holdings Limited:

Vine Estate- Abuja

In December 2007, Universal Insurance Plc paid for 20 units of Houses to be developed by Minaj Holdings Limited in the Vine Garden Estate Abuja.

Status of Perfection of Title:

This project is ongoing. Effort is being made to recover the fund as pace of development of the property is no longer favourable to Universal Insurance Plc. This amount has been fully provided for in the financial statement..

14 Intangible Assets

	'30 June 2013 N'000	'December 2012 N'000
Cost		
Balance, beginning of period	5,337	4,500
Additions	509	837
Transferred from PPE (computer)	-	-
Balance, end of period	5,846	5,337
Accumulated amortisation		
Balance, beginning of period	702	27
Amortisation expense/impairment charge	392	675
Transferred from PPE (computer)	-	-
Balance, end of period	1,094	702
Net book amount		
End of period	4,752	4,635

The intangible assets of the company comprised of computer software. The computer softwares are

15 Property, plants and equipments

COMPANY	Land& Building N'000	Plant & Machinery N'000	Furniture and Fittings N'000	Motor Vehicles N'000	Computer Hardware N'000	Total N'000
Cost/Revalued amount						
Balance, beginning of period	2,886,114	5,872	67,787	123,689	4,034	3,087,495
Additions during the year	-	289	24	-	262	575
Disposals	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Balance, end of period	2,886,114	6,161	67,811	123,689	4,296	3,088,070
Accumulated depreciation						
Balance, beginning of period	364,445	4,451	54,136	117,746	532	541,310
Charge for the year	23,063	430	3,316	244	287	27,340
On Disposal	-	-	-	-	-	-
Balance, end of period	387,508	4,880	54,136	117,746	532	568,650
Netbook value as at 30 June 2013	2,498,606	1,280	13,651	5,943	3,502	2,519,420
Netbook value as at 31 December 2012	2,521,669	1,421	13,651	5,943	3,502	2,546,185

16 Statutory deposit

	'30 June 2013 N'000	'December 2012 N'000
Statutory deposit	335,000	335,000
Total	335,000	335,000
Non-current	335,000	335,000

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with Section 10 (3) of the Insurance Act, CAP I17 LFN 2004.

17 Insurance Contract Liabilities

	JUNE 2,013 N'000	DECEMBER 2012 N'000
Reserve for Unearned premium		
Motor	51,245	32,448
Fire	15,060	9,503
General Accident	108,271	48,030
Marine	118,018	979
Gross Unearned Premium Reserve	292,593	90,960
Reinsurance element in UPR	(2,995)	-
Net Unearned Premium Reserve	289,598	90,960
Reserve for Outstanding Claims		
Motor	5,706	10,769
Fire	14,011	60,865
General Accident	54,827	56,667
Marine	13,515	14,784
	88,058	143,086

Add 10% IBNR	8,805	16,550
	96,864	159,636
Additional charge to claims reserve (IBNR)	-	-
Gross claim reserve	96,864	159,636
Reinsurance projection on IBNR	-	-
Net Claims reserve	96,864	159,636
	389,457	250,597

The latest valuation of the fund was as at 31 December 2012 by HR Nigeria Limited. At that date, the book value of the Provision for claims was determined using the basic chain ladder method and claims development from 2008 - 2012.

19 Trade payables

Trade payables represent liabilities to agents, brokers and re-insurers on insurance contracts during the year

Reinsurance payable	19,575	16,484
Insurance payable	0	0
Other trade creditors	0	0
Balance at year end	19,575	16,484
Current	19,575	16,484

20 Other payables

This is analysed as follow:

	'30 June 2013 N'000	'December 2012 N'000
Due to related parties (note 20.1)	-	1,698,295
Provisions and accruals	-	42,668
	-	1,740,963

20.1 Due to related companies

Conau Limited (note 20.1a)	-	-
African Alliance Insurance Plc (note 20.1b)	-	1,684,667
Due to other related parties	-	14,328
	-	1,698,995

20.1a Conau Limited:

The company is the major shareholder of the shares of Universal Insurance Plc. The balance represents transactions and funding arrangements for Universal Insurance Plc at various times.

20.1b African Alliance Insurance Plc:

This is a sister company having common directorship with Universal Insurance Plc. Conau Limited has majority shareholding in African Alliance Insurance Plc. The balance represent amount payable to African Alliance Insurance Plc in respect of funds collected on behalf of African Alliance Insurance Plc during the 2008 private placement and other transactions carried out during the period. N1.598 billion represent the balance payment for N2.8 billion worth of shares allotted on the private placement of Africa Alliance Insurance Company Plc subscribed to by the company in 2008.

21 Employee benefit liabilities

Defined contributory scheme

The Company runs a defined contributory plan in accordance with the Pensions Reform Act where contributions are made

	'30 June 2013 N'000	'December 2012 N'000
Staff pension scheme	-	3,943
Current	-	3,943

22 Income tax payable

22.1 Per Profit and Loss Account

Income Tax	3	17,819
Education Tax	-	-
Provision for NITDA Tax	-	-
	3	17,819
Deferred Taxation (Note 23)	-	-
Profit and Loss Account	3	17,819

22.2 Per Balance Sheet

Taxation		
At beginning of year	#VALUE!	82,224
Charge for the Year (note 22.1)	3	17,819
Payment during the Year	-	-
At year end	#VALUE!	100,043

23 Deferred Tax Liability

At beginning of year	-	412,164
Addition during the year	-	35,141

Charged to profit and loss	-	-
At year end	-	447,305

24. 1. Share capital

The share capital comprises:

	'30 June 2013 N'000	'December 2012 N'000
Authorised -		
16,000,000,000 Ordinary shares of 50k each	8,000,000	8,000,000
Issued and fully paid -		
16,000,000,000 Ordinary shares of N0.50k each	8,000,000	8,000,000

24. 2. Share premium

Share premium is made up of payments in excess of par value of paid-in capital. This reserve is not ordinarily available for

24. 3. Contingency Reserve

Balance, beginning of period	233,027	220,612
Transfer from profit and loss	11,236	12,415
Balance, end of period	244,263	233,027

In accordance with the Insurance act, a contingency reserve is credited with the greater of 3% of total

24. 4. Fair Value Reserve

This is the net accumulated change in the fair value of available for sale asset until the investment is derecognised or impaired.

Balance, beginning of period	950,425	1,003,121
Net Fair value gain/(loss) on available-for-sale	-	(52,696)
Balance as at period end	950,425	950,425

24. 5. Revaluation Reserve

	'30 June 2013 N'000	'December 2012 N'000
Balance, beginning of period	540,268	423,268
Revaluation Surplus	0	117,000
Balance as at period end	540,268	540,268

24. 6. Retained earnings

The retained earnings represents the amount

24. 7. Contingencies and commitments

(a) Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business.

(b) Bonds and guarantees

The company provides financial guarantee and bonds to third parties at the request of customers in the form of bid and

(c) Capital commitments

The Company has no capital commitments as

25 Gross Premium Income

	'30 June 2013 N'000	'December 2012 N'000
Gross premium written		
Direct Premium:		
Motor	35,550	69,922
Fire	10,376	15,905
General Accident	61,919	108,604
Marine	180,330	136,900
	288,175	331,331
Inward Reinsurance Premium:		
Motor	16,080	21,170
Fire	11,599	8,262
General Accident	50,459	45,847
Marine	8,215	7,236
	86,353	82,515
Gross premium written	374,529	413,846
Changes in unearned premium		
Motor	(18,796)	(5,544)
Fire	(5,557)	954
General Accident	(60,241)	(6,890)
Marine	(117,039)	(135)
Net change in unearned premium	(201,633)	(11,615)

Gross premium earned	172,896	402,231
Reinsurance expenses (note 26)	-	(16,472)
Net insurance premium income	172,896	385,759

26 Reinsurance expenses

Reinsurance costs

Motor	-	-
Fire	-	6,358
General Accident	-	7,139
Marine	-	2,977
	-	16,474

Prepaid re-insurance cost

	-	-
Reinsurance projection on IBNR		-

Net Reinsurance expenses

	-	16,474
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27 Fees and Commission Income

'30 June 2013
N'000

'December 2012
N'000

Motor	-	105
Fire	488	2,300
General Accident	1,128	1,976
Marine	683	706
	2,298	5,087

Fee income represents commission received on direct business and transactions ceded to re-insurance during the year under review.

28 Claims expenses

'30 June 2013
N'000

'December 2012
N'000

Direct claims paid during the year	27,752	24,359
Changes in outstanding claims	(42,020)	40,195
Gross claims incurred	-	(14,268)
Reinsurance claims recovery	-	(5,689)
	-	(19,958)
		55,166

29 Underwriting expenses

Underwriting expenses are those expenses incurred in obtaining and renewing insurance contracts. They include

Gross commission paid	'30 June 2013 N'000	'December 2012 N'000
Motor	-	12,849
Fire	-	7,762
General Accident	-	15,211
Marine	-	22,917
	-	58,739
Changes in differed commission		
Motor	-	2,305
Fire	-	1,006
General Accident	8,245	(3,356)
Marine	4,759	1,695
	13,004	1,650
Underwriting expenses	13,004	60,389

30 (i) Investment Income

Investment income attributable to policyholders	-	-	63,939
Investment income attributable to shareholders	#REF!	-	214,615
		-	278,554

(a) Investment income attributable to policyholders

Dividend - Quoted and unquoted investments	-	5,562
Gains on sales of shares	-	16,243
Interest on call deposits	-	126
Exchange gain/(loss)	-	506
Profit/(loss) on disposal of fixed assets	-	73
Rental Income	-	6,940
Other income	-	84,546
	-	113,996

31 Other operating and administrative expenses

(i) Employee benefits expense

Staff cost	47,768	93,810
Contributions to defined pension scheme	-	5,319
Other staff costs	6,263	2,779

	54,030	101,908
(ii) Management expenses comprise;		
Bank charges	554	568
Other charges and expenses	44,107	57,925
General maintenance and running costs	34,610	23,768
Legal and professional fees	8,288	8,094
Insurance supervision fees	3,321	3,878
Depreciation	26,638	68,204
Amortisation of Intangible Assets	1,094	707
Interest on overdrafts	-	-
Cost of sales - Hotels	-	-
<i>Other operating expenses</i>	118,612	163,144
<i>Other operating and administrative expenses</i>	172,642	265,052

Universal Insurance Plc

Statements of Comprehensive Income

For the Period ended 30 June 2013

	Notes	'June '2013 N'000	'December '2012 N'000
Gross Premium written	25	374,529	413,847
Decrease/(increase) in unearned premium		(201,633)	(11,615)
Gross Premium Earned		172,896	402,232
Reinsurance Premium Expense	26	(7,896)	(16,472)
Net Insurance Premium Income		165,000	385,760
Fees and Commission income	27	-	5,086
Total Underwriting Income		165,000	390,846
<i>Insurance benefits</i>			
Claims expenses	28	14,268	(64,554)
Claims Expense Recovery from reinsurance	28	5,689	9,388
Change in contract liabilities	28	(8,805)	(6,597)
Fees and Commission income	27	2,298	
		13,451	(61,763)
Underwriting Expenses			
Acquisition expenses	29	(33,021)	(72,470)
		(33,021)	(72,470)
Underwriting Profit/(Loss)		145,429	256,613
Investment income	30	112,279	278,555
Other operating income	30 (ii)	-	-
Total investment income		112,279	278,555
Net Income		257,708	535,168
Net realised gains on financial assets			
Impairment charges	31 (i)		(96,381)
Net realised gains/(loss) on financial assets	31 (ii)	-	7,936
Net fair value gain/(loss) on investment properties	31 (ii)	-	-
Other operating and administrative expenses	32	(172,642)	(265,052)
Total Expenses		(172,642)	(353,497)
Result of operating activities		85,066	181,671
Interest expense	33	-	-
Profit or (Loss) before Taxation		85,066	181,671
Income Tax Expense/ (Credit)		(8,507)	(23,617)
Profit or Loss after Taxation		76,559	158,054
Profit or Loss for the period			
Other comprehensive income /(loss)			
Revaluation surplus on PPE		-	-
Total other comprehensive income			
Total comprehensive income / (loss) for the year			
Profit attributable to:			
Equity holders of the Company		76,559	158,054
Non-controlling interest		-	-
Profit/(loss) for the period		76,559	158,054
Other Comprehensive income			
<i>Items within OCI that may be reclassified to the profit or loss;</i>			
Fair value changes in AFS financial assets	24. 4	-	(52,696)
Deferred tax impact of changes in AFS financial assets	23	-	(41)
loss;			
PPE revaluation gains	24. 5	-	117,000
Deferred tax impact of revaluation gains	23	-	(35,100)
Other comprehensive income for the period		-	29,163
Total comprehensive income		76,559	187,217
Total comprehensive income attributable to:			
Equity holders of the company		76,559	187,217
Non-controlling interests		-	-
Total comprehensive income for the period		76,559	187,217
Earnings per; share-basic and diluted	34	-	-