

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
STATEMENT OF FINANCIAL POSITION

		2013	2012	2011
		=N='000	Restated =N='000	=N='000
ASSETS	NOTES			
Cash and Cash Equivalents	3	230,396	316,589	662,801
Financial Assets	4	3,017,908	1,963,821	2,802,762
Trade Receivables	5	7,673	642,258	2,074,009
Reinsurance Assets	6	241,092	641,965	301,491
Deferred Acquisition Costs	7	420,840	140,728	97,332
Other Receivables and Prepayments	8	98,513	563,752	608,913
Investment Properties	9	1,435,000	1,435,000	390,000
Investments in Associates	10	1,081,612	1,321,354	1,047,654
Intangible Assets	11	11,544	18,937	17,345
Property, Plant and Equipment	12	1,909,303	1,750,734	1,117,053
Statutory Deposits	13	335,000	335,000	335,000
TOTAL ASSETS		<u>8,788,881</u>	<u>9,130,137</u>	<u>9,454,360</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Insurance Contract Liabilities	14	2,000,759	1,857,219	1,145,140
Trade Payables	15	49,463	56,535	-
Other Payables and Accruals	16	481,734	518,550	482,669
Financial Liabilities	17	857,766	1,195,770	1,480,651
Finance Lease Obligations	18	49,953	17,765	-
Employee Benefit Liabilities	19	36,098	36,098	28,719
Taxation	20	277,599	270,414	189,222
Deferred Tax Liabilities	21	294,035	196,475	92,805
TOTAL LIABILITIES		<u>4,047,409</u>	<u>4,148,826</u>	<u>3,419,206</u>
SHAREHOLDERS' EQUITY				
ORDINARY SHARE CAPITAL	22	5,996,587	5,996,587	5,996,587
SHARE PREMIUM		15,852,049	15,852,049	15,852,049
TREASURY SHARES	23	(8,737,585)	(8,737,585)	(8,737,585)
CONTINGENCY RESERVE	24	1,113,426	999,663	834,764
ACCUMULATED LOSS	25	(10,930,515)	(9,935,810)	(7,944,742)
OTHER RESERVES	26	1,447,511	806,409	34,081
TOTAL SHAREHOLDERS' EQUITY		<u>4,741,473</u>	<u>4,981,313</u>	<u>6,035,154</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>8,788,881</u>	<u>9,130,137</u>	<u>9,454,360</u>

Pius Uwagbai
FRC/2014/ICAN/00000005986
Chief Financial Officer

Dr. Imokhai Thomas
FRC/2013/CIIN/00000003521
Managing Director

Mrs Orerhime Emerhor-Iwuagwu
FRC/2013/IODN/00000004229
Director

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2013 =N='000	2012 Restated =N='000
REVENUE			
Gross Premium income	27	3,779,635	5,381,232
Reinsurance premium expenses	28	(683,716)	(480,958)
Net premium income		3,095,919	4,900,274
Commission earned on reinsurance	29	33,799	90,967
Underwriting income		3,129,718	4,991,241
Claims expenses	30	(1,166,515)	(1,367,503)
Claims expenses recoveries from reinsurers		95,625	454,609
Net Claims expenses		(1,070,890)	(912,894)
Underwriting expenses	31	(1,053,465)	(1,517,452)
Total underwriting expenses		(2,124,355)	(2,430,346)
Underwriting results		1,005,363	2,560,895
Investment income	32	335,212	208,069
Net operating income		1,340,575	2,768,964
Management expenses	33	(1,497,228)	(1,386,984)
Impairment provision on premium receivables	35	-	(2,805,413)
Results of operating activities		(156,654)	(1,423,432)
Finance charges	34	(137,084)	(190,144)
Impairment charges on other assets	35	(297,351)	(358,959)
Unrealised fair value gains - Quoted Shares	4.1	41,093	10,715
Share of (Loss)/profit of associates	10.2	(239,741)	273,701
Loss before taxation		(789,737)	(1,688,120)
Income tax	20	(64,879)	(120,192)
Deferred tax	21	(26,327)	(17,855)
Loss after taxation		(880,943)	(1,826,167)
Other comprehensive income			
Can subsequently be reclassified to Profit or loss:			
Fair value gains on revalued building	26	-	690,532
Fair value gains on quoted shares (Available for sale)	26	641,102	81,796
Total other comprehensive income		641,102	772,328
Total comprehensive loss for the year		(239,841)	(1,053,839)
Earnings per share: Basic/ Diluted (Kobo)		(7.35)	(15.23)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
STATEMENT OF CHANGES IN EQUITY

	Ordinary Share capital =N='000	Preference shares =N='000	Share Premium =N='000	Revaluation reserve =N='000	Fair value reserve =N='000	Treasury shares =N='000	Contingency Reserve =N='000	Retained earnings =N='000	Total =N='000
At 1 January 2012	4,246,587	1,750,000	15,852,049	14,299	23,569	(8,737,585)	834,764	(7,944,742)	6,038,940
Prior period adjustments (Note 44)	-	-	-	(1,430)	(2,357)	-	-	-	(3,787)
Loss for the year	-	-	-	-	-	-	-	(1,826,167)	(1,826,167)
Appropriation for Contingency reserve for the year	-	-	-	-	-	-	164,899	(164,899)	-
Revaluation surplus on building (Note 25.1)	-	-	-	690,532	-	-	-	-	690,532
Fair value gains on available for sale investments (Note 25.2)	-	-	-	-	81,797	-	-	-	81,797
Transactions with owners									
Conversion of preference shares	1,750,000	(1,750,000)	-	-	-	-	-	-	-
At 31 December 2012	5,996,587	-	15,852,049	703,401	103,009	(8,737,585)	999,663	(9,935,810)	4,981,315
At 1 January 2013	5,996,587	-	15,852,049	781,557	114,454	(8,737,585)	999,663	(10,133,873)	4,872,852
Prior period adjustments (Note 44)	-	-	-	(78,156)	(11,446)	-	-	198,063	108,462
At 1 January 2013 as Restated	5,996,587	-	15,852,049	703,401	103,009	(8,737,585)	999,663	(9,935,810)	4,981,314
Loss for the year	-	-	-	-	-	-	-	(880,943)	(880,943)
Appropriation for Contingency reserve for the year	-	-	-	-	-	-	113,762	(113,762)	-
Fair value gain on quoted shares - Available for sale (Note 25.2)	-	-	-	-	641,102	-	-	-	641,102
At 31 December 2013	5,996,587	-	15,852,049	703,401	744,110	(8,737,585)	1,113,426	(10,930,515)	4,741,473

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
STATEMENT OF CASH FLOW

		2013	2012
		=N='000	Restated =N='000
CASH-FLOWS FROM OPERATING ACTIVITIES	NOTES		
Premium received from policy holders	39	4,414,220	5,381,232
Interest received on investments	33	134,088	183,563
Dividend received	33	700	973
Rent and sundry income	33	17,507	23,532
Claims paid (net of recoveries)	30	(939,791)	(912,894)
Fees and commission	29	33,799	90,967
Cash payments for reinsurance		(683,716)	(480,958)
Brokers commissions and allowances	31	(1,067,538)	(708,915)
Agents allowances and commissions		14,073	(808,538)
Cash payments to employees, suppliers and others		(1,679,611)	(2,267,555)
		243,730	501,408
Tax paid: Income tax	21	(57,694)	(39,000)
Value Added Tax (VAT)		(6,322)	(315)
NET CASH INFLOWS FROM OPERATING ACTIVITIES		179,714	462,093
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment	12	(282,632)	(73,294)
Purchase of Intangible assets		-	(7,203)
Proceeds from sale of property, plant and equipment		1,729	1,562
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		(280,903)	(78,935)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance charges	35	(137,084)	(190,144)
Repayment of borrowing - Daewoo securities bond	17	(104,026)	(109,593)
Lease financing (net)	18	(87,494)	(17,765)
Payment of preference dividend		(175,000)	-
NET CASH OUTFLOWS TO FINANCING ACTIVITIES		(503,604)	(317,502)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(604,793)	65,656
Cash and cash equivalent at 1 January		725,736	660,080
NET CASH AND CASH EQUIVALENTS AT 31 DECEMBER		120,943	725,736
NET CASH AND CASH EQUIVALENTS COMPRISE:			
Current and domiciliary accounts balances	3	132,076	221,816
Short term deposits - Local banks	3	98,319	599,184
Bank overdrafts	16	(109,452)	(95,264)
		120,943	725,736

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTES TO THE FINANCIAL STATEMENTS

1 THE COMPANY

Please see the description of the Company as presented on page 9 of these financial statements

2 ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of these financial statements and which have been consistently applied over the periods are as fully disclosed on pages 25 to 49.

3 CASH AND CASH EQUIVALENTS

	2013 =N='000	2012 Restated =N='000	2011 Restated =N='000
Cash at hand	626	-	-
Current accounts	44,027	82497	47,730
Domiciliary accounts	87,424	139319	41,885
	132,076	221816	89,615
Short term deposits with other Financial Institutions	98,319	599,184	602,091
	230,396	821,000	691,706
Impairment provisions (Note 3.1)	-	(504,411)	(28,905)
	230,396	316,589	662,801

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company.

3.1 Impairment provisions

At 1 January	504,411	145,452	-
Impairment charges for the year (Note 34)	-	358,959	145,452
Impairment charges written back (Note 34)	(162,848)	-	-
Accounts written off against provision	(341,563)	-	-
At 31 December	-	504,411	145,452

4 FINANCIAL ASSETS

At fair value through Profit or loss (Note 4.1)	91,424	50,331	39,616
Available for sale (Note 4.2)	2,926,483	1,913,490	2,763,146
	3,017,908	1,963,821	2,802,762

4.1 Financial assets at fair value through Profit or loss

Quoted securities

Cost	334,433	334,433	334,433
Fair value changes	(243,009)	(284,102)	(294,817)
Market value	91,424	50,331	39,616
The fair value changes are further analysed thus:			
At 1 January	(284,102)	(294,817)	(183,727)
Fair value gains during the year	41,093	10,715	(111,090)
At 31 December	(243,009)	(284,102)	(294,817)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

4.2 Available for sale financial assets

	2013	2012	2011
	=N='000	Restated =N='000	Restated =N='000
Standard Alliance Properties Limited (Note 4.2.1)	1,800,412	1,714,678	2,648,601
Quoted shares in Transcorp Plc (Note 4.2.2)	963,224	198,812	107,927
Oil and Energy Pool (Note 4.2.3)	-	-	6,618
5% 5year Redeemable Preference Shares in Lagoon Homes Savings and Loans Ltd (Note 4.2.4)	162,848	-	-
	<u>2,926,483</u>	<u>1,913,490</u>	<u>2,763,146</u>

4.2.1 Standard Alliance Properties Limited

At 1 January	1,714,678	2,648,601	2,522,477
Interest income for the year	85,734	111,077	126,124
Acquisition of investment properties	-	(1,045,000)	-
At 31 December	<u>1,800,412</u>	<u>1,714,678</u>	<u>2,648,601</u>

Amount represents the interest of the company in joint estate development with Standard Alliance Properties Limited- made up of outstanding contributions and interest income.

The terms of the arrangement include annual interest income and share of profit.

Standard Alliance Properties Limited transferred 11 units of 4-Bedroom Terrace houses at New Country Estate, Lekki valued at =N=95 million per unit (=N=1.045billion) to the Company in 2012.

4.2.2 Investment in quoted shares (Transcorp Plc)

Cost			
At 1 January	95,158	95,158	95,158
Additions during the year (Note 8.1.1)	52,077	-	-
At 31 December	<u>147,235</u>	<u>95,158</u>	<u>95,158</u>
Fair value gain	815,989	103,654	12,769
Market value	<u>963,224</u>	<u>198,812</u>	<u>107,927</u>

The fair value changes are further analysed thus:

At 1 January	103,654	12,769	-
Fair value gains during the year (Note 25.2)	712,335	90,885	12,769
At 31 December	<u>815,989</u>	<u>103,654</u>	<u>12,769</u>

During the year, Standard Allinace Capital and Assets Ltd transferred 32,035,807 units of the shares of Transcorp Plc to the Company at =N=52,076,535 in settlement of its indebtedness.

4.2.3 Oil and Energy Pool

Gross investment	6,618	6,618	6,618
Impairment allowance	-	(6,618)	-
Investment amount now written off	(6,618)	-	-
	<u>-</u>	<u>-</u>	<u>6,618</u>

Impairment provision

At 1 January	6,618	-	-
Impairment allowance for the year (Note 35)	-	6,618	-
Impairment allowance now written off	(6,618)	-	-
At 31 December	<u>-</u>	<u>6,618</u>	<u>-</u>

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

	2013 =N='000	2012 Restated =N='000	2011 Restated =N='000
5% 5year Redeemable Preference Shares in Lagoon Homes	162,848		
4.2.4 Savings and Loans			
During the year, the Company converted its term deposits with Lagoon Homes Savings and Loans Limited to preference shares holding in the bank.		-	-
5 TRADE RECEIVABLES			
Premium receivables	7,673	3,931,063	2,557,401
Impairment allowance (Note 5.1)	-	(3,288,805)	(483,392)
	7,673	642,258	2,074,009
5.1 Impairment allowance on premium receivables			
At 1 January	3,288,805	483,392	2,926,332
Charged during the year (Note 34)	-	2,805,413	784,359
Written off during the year	(3,288,805)	-	(3,227,299)
At 31 December	-	3,288,805	483,392
6 REINSURANCE ASSETS			
Claims recoverable	177,262	577,449	301,491
Deferred reinsurance cost	63,830	64,516	-
	241,092	641,965	301,491
All of the above amounts are of current tenor.			
7 DEFERRED ACQUISITION COSTS			
Motor	111,478	39,239	35,723
Aviation	9,372	5,609	-
Engineering	40,554	21,603	16,092
Fire	44,716	23,948	7,827
General Accident	81,943	24,673	16,674
Marine	57,818	13,929	21,018
Bond	12,232	7,126	-
Oil & Gas	62,727	4,601	-
	420,840	140,728	97,334
The movement in deferred acquisition cost is:			
At 1 January	140,728	97,332	101,843
Additions during the year	420,840	140,728	97,332
Amortization for the year	(140,728)	(97,332)	(101,843)
At 31 December	420,840	140,728	97,332

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

	2013 =N='000	2012 =N='000	2011 =N='000
8 OTHER RECEIVABLES AND PREPAYMENTS			
Prepayments	81,816	20,282	20,744
Other receivables (Note 8.1)	112	506,997	506,997
Staff debtors	8,598	30,170	81,172
Sundry	7,987	6,302	-
	98,513	563,752	608,913
8.1 Others receivables			
Current account with related companies (Note 8.1.1)	112	506,997	506,997
Others (Note 8.1.1)	-	62,500	62,500
	112	569,497	569,497
Impairment allowance	-	(62,500)	(62,500)
	112	506,997	506,997
Tha other receivable balance of =N=62,500,000 was written off against its impairment allowance account during the year.			
8.1.1 Current account with related companies			
At 1 January	506,997	506,997	506,997
Payments during the year	(52,077)	-	-
Balance written off (Note 34)	(454,920)	-	-
At 31 December	-	506,997	506,997
9 INVESTMENT PROPERTIES			
Cost			
At 1 January	1,435,000	390,000	40,000
Additions during the year	-	1,045,000	350,000
At 31 December	1,435,000	1,435,000	390,000
The Company's landed properties at Parkview Estate, Ikoyi - Lagos, Ikoyi - Lagos, 250 hectares Mydumbi Village, Kaduna and the 11 units of 4-Bedroom terrace houses at New County Estate at Lekki previously classified as non current assets held for sale are now reclassified as Investment properties in these financial statements. The Company no longer intends to hold these properties exclusively for sale and aims to optimize fiscal benefits.			
Details of these are as below:			
1. 250 Hecters of farmland at Mydumbi Village, Kaduna - Zaria Road	40,000	40,000	40,000
2. Twin Duplex, Parkview Estate, Ikoyi - Lagos	350,000	350,000	350,000
3. 11 units of '4-Bedroom terrace houses at New County Estate, Lekki	1,045,000	1,045,000	-
	1,435,000	1,435,000	390,000

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

10 INVESTMENTS IN ASSOCIATES

	2013	2012	2011
	=N='000	Restated =N='000	Restated =N='000
The Company has equity investments in the following entities:			
Standard Alliance Life Assurance Limited (47.47%), Standard Alliance Properties Limited (36.67%), Standard Alliance Capitaland Assets Limited (40%) and Standard Alliance Pension Limited (40%),			
The investments are accounted for using the equity method and further details of the investment balances are:			
Standard Alliance Life Assurance Ltd			
Cost	1,905,000	1,905,000	1,905,000
Share of post acquisition reserves (Note 10.1)	(860,973)	(658,608)	(1,013,212)
Carrying amount at 31 December	1,044,027	1,246,392	891,788
SA Properties Ltd.			
Cost	275,000	275,000	275,000
Share of post acquisition reserves (Note 10.1)	(244,505)	(246,529)	(187,798)
Carrying amount at 31 December	30,495	28,471	87,202
SA Capital and Assets Ltd.			
Cost	400,000	400,000	400,000
Share of post acquisition reserves (Note 10.1)	(392,909)	(353,509)	(331,336)
Carrying amount at 31 December	7,090	46,491	68,664
SA Pensions Ltd.			
Cost	260,000	260,000	260,000
Cost written off against impairment account	(260,000)	-	-
Impairment provisions	-	260,000	260,000
At 1 January	260,000	(260,000)	(260,000)
Impairment provisions now written off (Note 42.2)	(260,000)	-	-
At 31 December	-	-	-
Total Carrying amount at 31 December	1,081,612	1,321,354	1,047,654
10.1 Share of post acquisition profits or losses			
Standard Alliance Life Assurance Ltd			
At 1 January	(658,608)	(1,013,212)	(896,326)
Share of current year Profit(Loss) (Note 10.2)	(202,365)	354,604	(116,886)
At 31 December	(860,973)	(658,608)	(1,013,212)
SA Properties Ltd.			
At 1 January	(246,529)	(187,798)	(136,392)
Share of current year profit/ (Loss) (Note 10.2)	2,024	(58,730)	(51,406)
At 31 December	(244,505)	(246,529)	(187,798)
SA Capital and Assets Ltd.			
At 1 January	(353,509)	(331,336)	(308,542)
Share of current year loss (Note 10.2)	(39,400)	(22,173)	(22,794)
At 31 December	(392,909)	(353,509)	(331,336)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

		2013	2012	2011
		=N='000	Restated =N='000	Restated =N='000
10.2 Summarised financial statements of associates:				
Standard Alliance Life Assurance Ltd	47.47%			
Property, plant and equipments		147,032	94,027	182,179
Investment properties		1,807,762	1,517,000	352,000
Other assets		4,949,362	3,343,699	3,572,973
Liabilities		(4,796,327)	(2,420,598)	(2,320,030)
Net Assets		<u>2,107,829</u>	<u>2,534,128</u>	<u>1,787,122</u>
Revenue		<u>3,406,742</u>	<u>2,882,442</u>	<u>2,278,722</u>
Profit before taxation		<u>(406,915)</u>	<u>744,164</u>	<u>(213,545)</u>
Profit after taxation		<u>(426,300)</u>	<u>747,006</u>	<u>(246,232)</u>
47.47% thereof (Note 10.1)		<u>(202,365)</u>	<u>354,604</u>	<u>(116,886)</u>
SA Properties Ltd.	40%			
Property, plant and equipments		11,123	18,615	18,295
Non-current assets held for sale		2,362,518	2,148,324	2,093,875
Investment property		95,000	-	776,536
Other assets		469,257	730,821	(128,512)
Liabilities		(293,999)	(828,080)	-
Long term deposit		(1,800,411)	(1,714,678)	(2,648,601)
Net Assets		<u>843,488</u>	<u>355,002</u>	<u>111,593</u>
Revenue		<u>565,000</u>	<u>1,407,800</u>	<u>566,775</u>
Profit before taxation		<u>10,966</u>	<u>209,086</u>	<u>(128,516)</u>
Profit/(Loss) after taxation		<u>5,059</u>	<u>209,086</u>	<u>(128,516)</u>
Adjustment for unrealised profit		<u>-</u>	<u>(355,912)</u>	<u>-</u>
Adjusted profit/(loss) after taxation		<u>5,059</u>	<u>(146,826)</u>	<u>(128,516)</u>
40% thereof		<u>2,024</u>	<u>(58,730)</u>	<u>(51,406)</u>
SA Capital and Assets Ltd.	40%			
Property, plant and equipments		163,326	166,539	11,349
Other assets		33,306	127,705	490,006
Long term Investments		191,834	319,353	31,834
liabilities		(117,367)	(243,997)	(361,530)
Net Assets		<u>271,099</u>	<u>369,600</u>	<u>171,659</u>
Revenue		<u>18,427</u>	<u>21,885</u>	<u>56,228</u>
Loss before taxation		<u>(98,501)</u>	<u>(55,432)</u>	<u>56,985</u>
Loss after taxation		<u>(98,501)</u>	<u>(55,432)</u>	<u>(56,985)</u>
40% thereof (Note 10.1)		<u>(39,400)</u>	<u>(22,173)</u>	<u>(22,794)</u>
Total share of profit for the year		<u>(239,741)</u>	<u>273,701</u>	<u>(191,087)</u>

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2013	2012	2011
	=N='000	Restated =N='000	Restated =N='000
11 INTANGIBLE ASSET			
COMPUTER SOFTWARE			
COST			
AT 1 January	36,605	28,488	28,488
Additions	-	7,203	-
At 31 December	36,605	35,691	28,488
AMORTISATION			
AT 1 January	16,754	11,144	6,871
Amortisation for the year	8,308	5,610	4,273
At 31 December	25,062	16,754	11,144
CARRYING AMOUNT			
At 31/12/2013	11,544	18,938	17,345

The intangible asset above relate to the Company's accounting software packages (Turnquest) bought from Turnkey Africa, a Company registered in Nairobi, Kenya.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)
12 PROPERTY, PLANT AND EQUIPMENT

							2013	2012	2011
	Land	Building	Motor vehicles	Furniture and fittings	Computer and other equipment	Work in Progress	Total	Restated Total	Restated Total
COST	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
1 January	285,000	1,362,563	385,822	119,929	201,110	-	2,354,424	1,528,567	1,615,666
Additions	-	69,294	88,744	2,776	45,592	76,226	282,632	73,294	105,326
Revaluation surplus (Note 25)	-	-	-	-	-	-	-	767,258	-
Reclassification	-	-	-	-	-	-	-	-	(17,345)
Disposals	-	-	(23,608)	-	-	-	(23,608)	(14,695)	(135,537)
At 31 December	<u>285,000</u>	<u>1,431,857</u>	<u>450,958</u>	<u>122,705</u>	<u>246,702</u>	<u>76,226</u>	<u>2,613,448</u>	<u>2,354,424</u>	<u>1,568,110</u>
DEPRECIATION									
1 January	-	60,790	323,760	57,406	161,734	-	603,690	484,272	524,167
Charge for the year	-	27,940	58,686	10,735	24,690	-	122,051	134,113	110,268
Disposals	-	-	(21,596)	-	-	-	(21,596)	(14,695)	(135,537)
At 31 December	<u>-</u>	<u>88,730</u>	<u>360,850</u>	<u>68,141</u>	<u>186,424</u>	<u>-</u>	<u>704,145</u>	<u>603,690</u>	<u>498,898</u>
CARRYING AMOUNT									
31 December 2013	<u>285,000</u>	<u>1,343,127</u>	<u>90,108</u>	<u>54,564</u>	<u>60,277</u>	<u>76,226</u>	<u>1,909,303</u>	<u>1,750,734</u>	<u>1,069,213</u>
31 December 2012	<u>285,000</u>	<u>1,301,773</u>	<u>62,061</u>	<u>62,523</u>	<u>39,376</u>	<u>-</u>	<u>1,750,734</u>	<u>1,069,213</u>	
31 December 2011	<u>-</u>	<u>873,832</u>	<u>65,015</u>	<u>63,409</u>	<u>66,956</u>	<u>-</u>	<u>1,069,213</u>		

Note:

Work in Progress above relates to amount spent on the on going construction of offices, security and drivers lounge and canteen at the Head Office, Plot 1, Block 94, Providence Street, Lekki

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

	2013	2012	2011
	=N='000	Restated =N='000	Restated =N='000
13 STATUTORY DEPOSIT	335,000	335,000	335,000
This represents the mandatory deposit maintained with Central Bank of Nigeria in accordance with the Insurance Act CAP 117 LFN 2004 as a general business insurance company. The deposit is entirely non-current.			
14 INSURANCE CONTRACT LIABILITIES			
Unearned Premium reserve (Note 14.1)	922,803	910,362	799,997
Outstanding claims (Note 14.2)	1,077,956	946,857	345,143
	2,000,759	1,857,219	1,145,140
The insurance contract liabilities balances above are covered by the Company's dedicated assets thus:			
Cash and cash equivalent (Note 3)	225,396	283,769	575,428
Financial assets (Note 4)	963,224	198,812	147,542
Investment properties (Note 9)	812,139	1,395,000	350,000
	2,000,759	1,877,581	1,072,970
14.1 Unearned Premium Reserve			
Aviation	14,578	19,119	-
Bond	19,134	27,891	-
Engineering	48,768	117,610	167,988
Fire	109,910	93,804	98,102
General Accident	151,043	117,871	158,277
Marine	115,472	120,224	81,011
Motor	317,586	370,583	294,619
Oil & Gas	146,312	43,261	-
	922,803	910,362	799,997
14.2 Outstanding Claims			
Accrued claims (Note 14.2.1)	772,010	939,805	339,625
Provision for claims incurred but not reported (IBNR) (Note 14.2.2)	305,946	7,052	5,518
	1,077,956	946,857	345,143
14.2.1 Accrued claims			
At 1 January	939,805	339,625	252,279
Reported claims in the current year	867,621	1,371,020	623,194
Claims paid during the year	(1,035,416)	(770,840)	(535,848)
At 31 December	772,010	939,805	339,625
The other details of accrued claims per class of general business are:			
Aviation	40,344	49,607	-
Bond	8,099	8,099	-
Engineering	63,578	24,151	43,003
Fire	208,151	417,920	29,100
General Accident	70,131	81,007	49,879
Marine	37,192	52,440	52,795
Motor	57,451	93,977	164,848
Oil & Gas	287,063	212,602	-
	772,010	939,805	339,625

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

14.2.2 Claims incurred but not reported (IBNR)

	2013 =N='000	2012 Reseted =N='000	2011 Restated =N='000
At 1 January	7,052	5,518	-
Movement charged to claims expenses	298,894	1,534	5,518
At 31 December	305,946	7,052	5,518

15 TRADE PAYABLES

Due to Reinsurers	49,463	56,535	-
The trade payables are wholly of current maturities.			

16 OTHER PAYABLES AND ACCRUALS

Due to Government Agencies	25,007	24,038	3,191
Lease rent received in advance (Note 16.1)	22,011	32,011	42,011
Other credit balances	259,717	112,502	87,468
Preference dividend payable (Note 16.2)	175,000	350,000	350,000
	481,734	518,550	482,670

The above amounts are further analysed as:

Current	469,723	496,539	482,670
Non-Current	12,011	22,011	-
	481,734	518,550	482,670

16.1 Lease rent received in advance

The Company leased out three floors (ground, 1st and 2nd) of its Head- Office building to Standard Alliance Properties Limited at an annual rent of =N=10 million effective July 2011. This is to ensure professional management of the lease agreements with non-related tenants of the floors. Standard Alliance Properties Limited made an advance payment of rent of =N=47million in 2011 which is now being amortised at =N=10million rent per annum.

The balance of this account as at 31 December 2013 is =N=22.011 million.

16.2 Preference dividend payable

At 1 January	350,000	350,000	350,000
Paid during the year	(175,000)	-	(175,000)
At 31 December	175,000	350,000	175,000

The Company had 17,500,000 (Seventeen Million, Five Hundred Thousand units of preference shares of N100.00 (One Hundred Naira) each prior to year ended 31 December 2011. These were converted to ordinary shares of 50K (Fifty Kobo) each in the Company and 'issued to the holders of the preference shares as at 31 December 2011 in accordance with the resolution passed at the 15th Annual General Meeting of 16th December 2011.

The amount of =N=175million is the balance of pre-conversion dividend yet unpaid as at 31 December 2013.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)
17 FINANCIAL LIABILITIES

Daewoo Securities Bond (Note 17.1)
Access bank Plc - Term Loan(Note 17.2)
Bank Overdrafts

2013	2012	2011
=N='000	Restated =N='000	Restated =N='000
748,314	1,072,192	1,211,834
-	28,314	178,571
109,452	95,264	90,246
857,766	1,195,770	1,480,651

17.1 Daewoo Securities Bond

The company received a capital inflow of JPY 650,000,000 (\$7,397,516) zero coupon bond raised from Daewoo Securities in December 2009

The bond was tenored originally for 20 years with the lenders' option to convert the bond to Standard Alliance Insurance Plc's ordinary shares. If the option is not exercised, the Company must pay interest at 4.25% per annum on the gross bond value for the entire term it has been outstanding.

Daewoo Securities requested for the full redemption of the bond in 2011 following which the company went to a negotiation with it for a repayment plan. During the year 2012, the Company concluded the negotiation of the payment plan with the bondowners on the balance of JPY 569,777,070 principal sum and accrued interest of JPY26,469,000 under the following terms:

- Non-payment of dividend to shareholders until 2014.
- Outstanding balance and interest to be paid over five years starting from 2013 and as detailed hereunder:

Payment due date	Principal JPY'000	Interest JPY'000	Total JPY'000
December 14, 2013	131,173	44,767	175,940
December 14, 2014	103,234	18,641	121,875
December 14, 2015	107,622	14,253	121,875
December 14, 2016	112,196	9,699	121,895
December 14, 2017	115,552	4,911	120,463
	569,777	92,271	662,048

Further details of transactions during the year are:

	Principal JPY'000	Interest JPY'000	Total JPY'000	2013 =N='000	2012 Restated	2011 Restated
At 1 January	569,777	26,469	596,246	1,072,192	1,211,834	1,106,521
Interest accrued during the year		24,350	24,350	36,006	49,736	94,054
Payments during the year	(69,767)	(44,767)	(114,534)	(188,083)	(186,689)	11,259
Foreign exchange differences			-	(171,801)	(2,689)	-
At 31 December	500,010	6,052	506,062	748,314	1,072,192	1,211,834
Current maturities						
Interest		6,052	6,052	8,949	47,598	94,054
Principal		164,640	164,640	243,453	235,880	1,117,780
Total current maturities			170,692	252,402	283,478	1,211,834
Balance, non current principal maturity			335,370	495,912	788,714	-
			506,062	748,314	1,072,192	1,211,834

The balance of JPY506,062,000 (=N=748,314,000) is stated in the financial statements at the closing exchange rate (Central Bank of Nigeria) of JPY/=N=1.4787 as at 31 December 2013. Subsequently in 2014, the Company paid the sum of JPY121,856,398 in principal and interest.

Daewoo Securities still has the option upto year 2029 to subscribe to the equity shares of the Company at a strike price of 50 kobo per share.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

	2013 =N='000	2012 Restated =N='000	2011 Restated =N='000
17.2 Access Bank Plc -Term Loan	-	28,314	178,571
The Company took a loan facility of =N=250 million in 2011 from Access Bank Plc for the acquisition of landed properties at Park View Estate, Lagos. The loan is repayable in twenty one equal monthly installments of =N=11,904,761.90. The loan attracts interest at the rate of 18% per annum.			
This loan facility was fully liquidated during the current year.			
Current maturities	-	28,314	142,857
Non-current maturities	-	-	35,714
	-	28,314	178,571
18 FINANCE LEASE OBLIGATIONS	49,953	17,765	-
The Company obtained lease facilities totalling =N=48,746,250.00 (=N=35,644,000.00 in 2012) and =N=20,276,698.21 from Diamond Bank at 21% rate of interest to finance the acquisition of motor vehicles and one (1) unit Mantrac Generator respectively during the year.			
During the year the Company also obtained lease facilities of =N=18,504,000 from Aquilla Leasing Limited at 21% rate of interest to finance the acquisition of motor vehicles.			
The Company also bought a Toyota Avensis on sales promo price of =N=4,995,000 from Globe Motors Limited			
These motor vehicles and generators are included in the property, plant and equipment of the Company as at 31 December 2013.			
The rentals due as at 31 December 2013 are further analysed as follows:			
Less than 3 months	995	7,511	-
Between 3 and 6 months	1,160	7,903	-
Between 6 and 12 months	31,058	2,350	-
	33,213	17,765	-
Over 12 months	16,740	-	-
	49,953	17,765	-
19 EMPLOYEE BENEFIT LIABILITIES			
At 1 January	36,098	28,719	30,437
Charge for the year	-	7,379	9,082
			(10,800)
At 31 December	36,098	36,098	28,719

During the year, the Company changed its policy on gratuity. The Company no longer makes provision for gratuity and as such only employees that have been in its employment for three (3) years before January 1, 2013 will be entitled to gratuity based on the provision made up to 31 December 2012.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

	Company Tax =N='000	Educ ation =N='000	2013 =N='000	2012 Restated =N='000	2011 Restated =N='000
20 TAXATION PAYABLE					
Per Statement of Comprehensive Income Charged for the year	<u>55,062</u>	<u>9,817</u>	<u>64,879</u>	<u>120,192</u>	<u>82,307</u>
Per Statement of Financial Position					
At 1 January	254,507	15,907	270,414	189,222	162,944
Payment during the year	(50,196)	(7,497)	(57,694)	(39,000)	(56,029)
Tax expense for the year	<u>55,062</u>	<u>9,817</u>	<u>64,879</u>	<u>120,192</u>	<u>82,307</u>
At 31 December	<u>259,373</u>	<u>18,227</u>	<u>277,599</u>	<u>270,414</u>	<u>189,222</u>
21 DEFERRED TAX LIABILITIES					
At 1 January			196,475	92,805	82,899
Charge for the year (Note 21.1)			<u>97,561</u>	<u>103,670</u>	<u>9,906</u>
At 31 December			<u>294,035</u>	<u>196,475</u>	<u>92,805</u>
21.1 Charge for the year					
Profit or loss charge on timing differences of carrying amounts of taxable assets			26,327	17,855	79,112
Tax recorded in other comprehensive income					
- Charge on timing difference of carrying amount of taxable assets					9,906
- Revaluation surplus on building (Note 26.1)				76,726	1,430
- Fair value gains on available for sale investments (Note 26.2)			<u>71,234</u>	<u>9,089</u>	<u>2,357</u>
			<u>97,561</u>	<u>103,670</u>	<u>92,805</u>
22 SHARE CAPITAL					
Authorised (Note 22.1)					
14,000,000,000 units of ordinary shares of 50k each			<u>7,000,000</u>	<u>7,000,000</u>	<u>4,250,000</u>
22.1 Issued and Fully Paid Share Capital:					
Ordinary shares					
11,993,173,000 units of ordinary shares of 50 kobo each.			<u>5,996,587</u>	<u>5,996,587</u>	<u>5,996,587</u>
			<u>8,737,585</u>	<u>8,737,585</u>	<u>8,737,585</u>
23 TREASURY SHARES					
These represent the offer price of 2,212,046,824 units of ordinary share of 50 kobo each (=N=1,106,024,412 and associated total share premium of =N=7,631,561,991) for which no net cash inflow accrued to the Company during its public offer of 2008.					

The Company at its 15th Annual General Meeting held on 16th December 2011 approved the cancellation of these shares and to this effect a court order was also obtained on 26th of April 2012.

The Company applied to the Security and Exchange Commission (SEC) for the final approval of the share cancellation. SEC however, in its response subsequently in 2014 has directed that Standard Alliance Insurance PLC should realize the shares presented for cancellation and report back to it on or before December, 2014. The Company has initiated urgent and appropriate steps in engaging in discussions with prospective investors.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

	2013	2012	2011
	=N='000	Restated =N='000	Restated =N='000
24 CONTINGENCY RESERVE			
Contingency reserve is provided for at the rate of 3% of the total premium or 20% of net profit (whichever is greater for the year) in accordance with section 22 (1)(b) of the Insurance Act 2003.			
At 1 January	999,663	834,764	691,808
Charge for the year	113,762	164,899	142,956
At 31 December	1,113,426	999,663	834,764
25 ACCUMULATED LOSS			
At 1 January	(9,935,810)	(7,944,742)	(7,633,606)
(Loss)/Profit for the year	(880,943)	(1,826,169)	6,820
Appropriation to contingency reserve	(113,762)	(164,899)	(142,956)
Dividend to preference shareholders	-	-	(175,000)
At 31 December	(10,930,515)	(9,935,810)	(7,944,742)
26 OTHER RESERVES			
Revaluation reserve (Note 26.1)	703,401	703,401	12,869
Fair value gains reserve (Note 26.2)	744,110	103,008	21,212
	1,447,511	806,409	34,081
26.1 Revaluation Reserve			
Revaluation surplus - Building	-	767,258	14,299
Deferred tax on revaluation surplus (Note 45)	-	(76,726)	(1,430)
	-	690,532	12,869
Further details are:			
At 1 January	703,401	12,869	12,869
Addition during the year (Note 12)	-	690,532	-
At 31 December	703,401	703,401	12,869
The Company's office building at Ibadan and Head Office in Lagos were revalued at =N=20 million in 2006 and =N= in 2012 respectively by the firm of Messrs Osaro Eguasa & Co (FRC/2012/0000000000423).			
The revaluations resulted to gross surpluses of =N=14,299,000 and =N=767,258,000 respectively.			
26.2 Fair Value/Gains Reserve			
This is the net accumulated changes in the fair value of available for sale assets.			
Further details are:			
At 1 January	103,008	21,212	-
Addition during the year - net of income tax	641,102	81,796	21,212
At 31 December	744,110	103,008	21,212
The addition during the year is further analyzed thus:			
Available for sale (Transcorp shares) - Fair value gains (Note 4.2.2)	712,335	90,885	23,569
Deferred tax on fair value gains for the year (Note 44)	(71,234)	(9,089)	(2,357)
	641,102	81,796	21,212

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)
27 GROSS PREMIUM INCOME

	Aviation	Bonds	Engineering	Fire	General Accident	Marine	Motor Accident	Oil & Gas	2013	2012
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Premium written	45,636	62,635	239,322	383,161	659,869	605,741	973,761	821,951	3,792,076	5,467,197
Inward reinsurance premium	-	-	-	-	-	-	-	-	-	29,452
	45,636	62,635	239,322	383,161	659,869	605,741	973,761	821,951	3,792,076	5,496,649
Movements in unexpired risks (Note 27.1)	4,541	8,757	68,842	(16,106)	(33,172)	4,751	52,997	(103,052)	(12,442)	(115,417)
Gross premium	50,177	71,393	308,164	367,055	626,697	610,491	1,026,758	718,899	3,779,635	5,381,232

27.1 Movements in unexpired risks

Unexpired risk At 1 January 2013	19,119	27,891	117,610	93,804	117,871	120,223	370,583	43,261	910,362	777,686
Unexpired risk At 1 December 2013	14,578	19,134	48,768	109,910	151,043	115,472	317,586	146,312	922,803	896,257
Movement during the year	(4,541)	(8,757)	(68,842)	16,106	33,172	(4,751)	(52,997)	103,052	12,442	118,571

**28 REINSURANCE
PREMIUM EXPENSES**

2013	29,658	2,051	18,221	138,001	2,060	148,945	23,578	321,201	683,716	480,958
2012	50,658	29,785	36,706	67,889	42,931	104,680	33,500	114,809	480,958	
2011	-	-	84,018	30,438	81,080	97,164	98,684	-	391,384	

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

	2013	2012
	=N='000	Restated =N='000
29 COMMISSION EARNED ON REINSURANCE		
Aviation	1,143	9,170
Bond	84	5,659
Engineering	887	7,150
Fire	4,292	12,899
General Accident	7,915	8,157
Marine	4,235	19,889
Motor	4,279	6,500
Oil & Gas	10,964	21,544
	<u>33,799</u>	<u>90,967</u>
30 CLAIMS EXPENSES		
Claim paid	,035,416	770,840
(Decrease)/Increase in outstanding Claims (Note 14.2.1)	(167,795)	595,128
Increase in Claims Incurred but not reported (Note 14.2.2)	298,894	1,534
Gross claims incurred	<u>,166,515</u>	<u>1,367,503</u>
31 UNDERWRITING EXPENSES		
Commission paid:		
Aviation	26,446	100,875
Bond	30,374	74,353
Engineering	78,385	85,979
Fire	109,128	98,700
General Accident	193,739	185,479
Marine	185,672	165,248
Motor	256,332	335,338
Oil & Gas	87,451	96,813
Commission paid - others	100,012	16,444
	<u>,067,538</u>	<u>1,159,228</u>
Business development/Marketing expenses	-	393,621
Deferred commission	(14,073)	(35,396)
	<u>,053,465</u>	<u>1,517,452</u>
32 INVESTMENT INCOME		
Interest on deposits	134,088	180,187
Lease rental income	10,000	10,000
Dividend received	700	973
	<u>144,788</u>	<u>191,161</u>
Foreign exchange difference	182,918	3,376
Others	7,507	13,532
	<u>335,212</u>	<u>208,069</u>
The total investment income is further classified as:		
Investment Income attributable to Policyholders' fund	2,286	1,397
Investment Income attributable to Shareholders' fund	332,926	203,437
	<u>335,212</u>	<u>204,834</u>
33 MANAGEMENT EXPENSES		
Salaries and allowances	513,011	397,134
Other staff costs	54,151	74,927
Director fees and allowances	41,983	30,616
Insurance expenses	12,938	24,826
Rent and rates	25,330	22,602
Repairs and maintenance	175,000	211,092
Depreciation and amortisation	129,746	139,723
Professional fees	82,827	73,220
Bank charges	42,150	53,528
Printing and stationery	12,413	20,134
Advertising and promotion expenses	20,702	10,221
Books and periodicals	1,112	952
Telephone and postages	34,931	26,365
Other administrative expenses	71,503	69,417
Supervisory levies	72,522	38,440
Staff training and development	28,447	19,225
Audit fee	9,000	9,000
Corporate and public relation expenses	66,842	59,857
Travelling, outstation and hotel expenses	95,419	95,234
Annual General Meeting expenses	7,203	10,470
	<u>,497,228</u>	<u>1,386,984</u>

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

	2013 =N='000	2012 =N='000
34 FINANCIAL CHARGES		
Bank interests	27,830	38,354
Lease charges	25,197	10,087
Interest on Daewoo bond	84,057	141,703
	137,084	190,144
35 IMPAIRMENT CHARGES		
Impairment charges are:		
Cash and cash equivalent Other receivables - (Note 3.1)	-	358,959
Other receivables - Staff share loan	5,279	-
Impairment allowance on premium receivables	-	2,805,413
Current account balances (Note 8.1.1)	454,920	-
Write back of impaired deposit (Note 3.1)	(162,848)	-
	297,351	3,164,372
36 INFORMATION TECHNOLOGY DEVELOPMENT LEVY		
At 1 January	3,191	3,191
Appropriation for the year	-	-
At 31 December	3,191	3,191
The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April, 2007. Section 12(a) of the Act stipulates that specified companies contribute 1% of their profit before tax to the Nigerian Informaion Technology Development Agency.		
37 PROFIT BEFORE TAXATION		
Profit before taxation is stated after charging/(crediting):		
Depreciation	122,051	134,113
Amortization	8,308	5,610
Auditors' remuneration	9,000	9,000
Director's remuneration	41,983	30,616
38 PREMIUM RECEIPTS FROM POLICY HOLDERS		
Premium due from policyholders at 1 January	642,258	2,557,401
Gross Premium written in the year	3,779,635	3,466,089
	4,421,892	6,023,490
Premium due from policyholders at 31 December	(7,673)	(642,258)
Premium receipts in the year	4,414,220	5,381,232

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

39 Fair value Hierarchy

The Company's fair value measurement model is highlighted in accounting policy 8.

Level 1

Fair value measurements classified as level 1 include fair values of quoted investments based on current market prices.

Level 2

Fair value measurements classified as level 2 include fair values of unquoted investments which the

Company established using valuation techniques such as:

- recent arm's length transactions
- reference to other instruments that are substantially the same
- Net assets value and
- discounted cash flows

Level 3

Fair value measurements classified as level 3 include fair values of financial assets of which there are no active markets and no observable inputs. They comprise loans and other receivables.

The table below highlights financial instruments in their various fair value hierarchies at year end:

2013	Total	Level 1	Level 2	Level 3
Asset type	=N='000	=N='000	=N='000	=N='000
Quoted securities - At fair value through profit or loss	91,424	91,424	-	-
Quoted securities - Available for sale	963,224	963,224	-	-
Loans and receivables	111.87	-	-	111.87
Unquoted investments - Available for sale	<u>1,800,412</u>	<u>-</u>	<u>-</u>	<u>1,800,412</u>
	<u>2,855,172</u>	<u>1,054,648</u>	<u>-</u>	<u>1,800,524</u>

2012

Asset type

Quoted securities - At fair value through profit or loss	50,331	50,331	-	-
Quoted securities - Available for sale	198,812	198,812	-	-
Loans and receivables	506,997	-	-	506,997
Unquoted investments - Available for sale	<u>1,714,678</u>	<u>-</u>	<u>-</u>	<u>1,714,678</u>
	<u>2,470,818</u>	<u>249,143</u>	<u>-</u>	<u>2,221,675</u>

2011

Asset type

Quoted securities - At fair value through profit or loss	39,616	39,616	-	-
Quoted securities - Available for sale	107,927	107,927	-	-
Loans and receivables	506,997	-	-	506,997
Unquoted investments - Available for sale	<u>2,655,219</u>	<u>-</u>	<u>-</u>	<u>2,655,219</u>
	<u>3,309,759</u>	<u>147,543</u>	<u>-</u>	<u>3,162,216</u>

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTES TO THE FINANCIAL STATEMENTS (continued)

40 BUSINESS SEGMENT INFORMATION

The Company currently identifies product lines as its operating segments. These operating segments are monitored by the company's Managing Director who makes strategic decisions on the basis of segment operational needs and results.

The Company operates principally in non life general insurance business. Its major products are aviation, engineering, fire, general accident, marine, motor, bond and oil and gas policies.

The results of the segments' operations for the year which includes items directly attributable to each segment as well as those items that can be allocated on a reasonable basis are highlighted below:

	Aviation	Engineering	Fire	General Accident	Marine	Motor	Bond	Oil & Gas	2013	2012
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Premium Income										
Premium written	45,636	239,322	383,161	659,869	605,741	973,761	62,635	853,393	3,823,518	5,502,231
(Increase)/Decrease in Unearned premium	<u>7,373</u>	<u>(5,505)</u>	<u>(1,914)</u>	<u>(20,640)</u>	<u>433</u>	<u>19,176</u>	<u>455</u>	<u>(43,261)</u>	(43,883)	(120,999)
Gross Premium written in the year	53,009	233,817	381,247	639,229	606,174	992,937	63,090	810,132	3,779,635	5,381,232
Reinsurance premium expenses	<u>(29,658)</u>	<u>(18,221)</u>	<u>(138,001)</u>	<u>(2,060)</u>	<u>(148,945)</u>	<u>(23,578)</u>	<u>(2,051)</u>	<u>(321,201)</u>	(683,716)	(480,958)
Net premium written	23,351	215,596	243,246	637,169	457,228	969,359	61,040	488,930	3,095,919	4,900,274
Commission received on reinsurance	<u>1,143</u>	<u>1,084</u>	<u>4,292</u>	<u>7,200</u>	<u>4,235</u>	<u>4,279</u>	<u>601</u>	<u>10,964</u>	33,799	90,967
Underwriting income	24,494	216,681	247,537	644,369	461,463	973,639	61,641	499,894	3,129,718	4,991,241
Less Expenses										
Claims										
Claim paid	67,482	28,813	212,503	116,100	45,225	385,058	3,238	176,998	1,035,416	767,324
(Decrease)/Increase in provision for outstanding claims	<u>(9,021)</u>	<u>39,638</u>	<u>(200,249)</u>	<u>(10,879)</u>	<u>(15,249)</u>	<u>(36,692)</u>	-	64,657	(167,795)	600,179
Claims incurred but not reported (IBNR)	<u>4,530</u>	<u>45,533</u>	<u>(56,507)</u>	<u>22,656</u>	<u>33,189</u>	<u>141,935</u>	<u>10,515</u>	<u>97,044</u>	298,894	
	<u>62,990</u>	<u>113,983</u>	<u>(44,253)</u>	<u>127,877</u>	<u>63,166</u>	<u>490,300</u>	<u>13,753</u>	<u>338,698</u>	1,166,515	1,367,503
Claims expenses recoveries from reinsurer	-	<u>(904)</u>	<u>(68,467)</u>	-	<u>(7,513)</u>	<u>(18,741)</u>	-	-	(95,625)	(454,609)
Net Claims expenses	<u>62,990</u>	<u>113,079</u>	<u>(112,720)</u>	<u>127,877</u>	<u>55,653</u>	<u>471,559</u>	<u>13,753</u>	<u>338,698</u>	1,070,890	912,894
Underwriting expenses										
Commission paid less deferred cost	25,885	76,225	106,733	191,272	184,279	252,408	29,661	86,991	953,453	663,463
Other business acquisition cost	<u>1,194</u>	<u>6,260</u>	<u>10,022</u>	<u>17,260</u>	<u>15,844</u>	<u>25,471</u>	<u>1,638</u>	<u>22,322</u>	100,012	853,991
Total underwriting expenses	27,079	82,485	116,756	208,532	200,124	277,878	31,300	109,313	1,053,465	1,517,453
Total Expenses	90,069	195,564	4,035	336,409	255,776	749,437	45,052	448,011	2,124,355	2,430,346
Underwriting profit 2013	(65,574)	21,117	243,502	307,959	205,687	224,202	16,588	51,883	1,005,363	2,560,895

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

40 PENALTY BY NAICOM

The Company contravened certain sections of the Insurance policy guidelines 2011 and other circulars issued by the National Insurance Commission (NAICOM).

SECTION	NATURE OF INFRACTION	2013 =N='000	2012 Restated =N='000
Section 49(5) of NAICOM ACT,1997	Filing of 2013 Reinsurance treaty arrangement	250,000	500,000
Section 81(1) of NAICOM ACT,1997	Failure to furnish information	500,000	-
Operational guidelines	Penalty in respect of 2012 insurance account of Nigeria Meteorological Agency	100,000	-
Operational guidelines	Non-remittance of un-remitted premium report	120,000	-
operational guidelines	Late submission of fees	610,000	-
Section 1.16 of Operational guidelines	Late submission of 2012 Audited Accounts	1,000,000	225,000
Operational guidelines	Filing fees	200,000	500,000
Section 81(1) of Insurance Act 2003.	Non-submission of claims management expenses	250,000	-
		<u>3,030,000</u>	<u>1,225,000</u>

41 DIRECTORS AND EMPLOYEES

Employees

The average number of persons employed by the company during the year by category

	Number	Number
Executive Directors	1	1
Management Staff	21	37
Non-management Staff	146	123
	<u>168</u>	<u>161</u>

Staff cost for the above persons (excluding Executive Directors) was:

Wages and Salaries	546,292	431,807
Employees' Retirement Benefit	20,870	40,254
	<u>567,161</u>	<u>472,061</u>

The number of employees of the company other than Directors who received emoluments in the following ranges was:

	Number	Number
=N=100,001 - =N=200,000	0	1
=N=200,001 - =N=300,000	0	6
=N=300,001 - =N=400,000	0	1
=N=400,001 - =N=500,000	0	6
=N=500,001 - =N=600,000	1	3
=N=600,001 - =N=700,000	0	0
=N=700,001 - =N=800,000	2	1
=N=800,001 - =N=900,000	1	0
=N=900,001 - =N=1,000,000	1	16
=N=1,000,001 - =N=1,100,000	34	5
=N=1,100,001 - =N=1,200,000	0	10
=N=1,200,001 - =N=3,000,000	0	2
=N=1,300,001 - =N=1,400,000	0	2
=N=1,400,001 - =N=1,500,000	23	0
Above =N=1,500,000	106	93
	<u>168</u>	<u>146</u>

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

	2013	2012
Directors' Remuneration		Restated
The remuneration paid to the Directors of the company was:	=N=000	=N=000
Fees and other allowances	27,750	16,383
Executive compensation	<u>14,233</u>	<u>14,233</u>
	<u>41,983</u>	<u>30,616</u>
Fees and other emoluments disclosed above include amounts paid to:		
The Chairman		1,500
The Highest paid Director	14,233	14,233
The number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:		
=N=1,000,001 - =N=2,000,000	Number 5	Number 5
=N=2,000,001 and above	<u>2</u> <u>7</u>	<u>2</u> <u>7</u>

43 POST BALANCE SHEET EVENT

Closure of Branches and Zonal Offices

The Company announced a rationalisation/restructuring exercise resulting in the closure of its offices in the following locations:

Aba (Abia State)
Yola (Adamawa State)
Onitsha (Anambra State)
Makurdi (Benue State)
Maiduguri (Borno State)
Enugu (Enugu State)
Kano (Kano State)
Lokoja (Kogi State) and
Jos (Plateau State)

The Zonal Office in Owerri (Imo State) was redesignated a branch under South/South (Port Harcourt) Zone.

44 CONTINGENT LIABILITIES

Pending Law Suits and Guarantees

The Company is presently involved as a defendant in 13 cases. The total amount of claims in these cases against the company is estimated at =N=446.79 million.

According to the Directors and the Legal Adviser to the company, the liabilities, if any, are not likely to be significant and no provision has been made in these financial statements.

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2013 =N=000	2012 Restated =N=000
45 PRIOR PERIOD ADJUSTMENTS			
The details are:			
Statement of profit or loss			
Share of profit of associated companies	a	198,063	-
Share of profits of associated companies (=N=198,063,000)			
a. The adjustments to recognise the restatement of accumulated profits of the company's associates (Standard Alliance Life Ltd - =N=195,069,000 and SA Property Ltd - =N=2,994,000) as per audited financial statements for the year ended 31 December 2012.			
urplus	b	(78,156)	1,430
ns on available investments	c	(11,446)	2,357
		<u>108,461</u>	<u>3,787</u>
Deferred tax charge (=N=78,156,000)			
b. The Company recorded a revaluation surplus of =N=14,299,000 on its Ibadan office in 2009 and =N=767,258,000 on its Head Office building in 2012. The deferred tax charges at the rate of 10% of the revaluation surplus amounting to =N=1,430,000 (2011) and =N=76,725,800 (2012) were previously omitted and are now recorded.			
c. The Company also recorded fair value gains of (=N=90,885,000 in 2012 and =N=23,569,000 in 2011) on its Available for sale financial assets. The deferred tax charges at the rate of 10% of the fair value gains amounting to =N=9,088,500) and =N=2,356,900 respectively were previously omitted and are now recorded.			
Arising from the foregoing prior period adjustments, the comparative amounts per these financial statements have been further restated as hereunder.			

(i) Statement of Financial Position

	As previously stated =N=000		Adjustments =N=000	As restated =N=000
Investments in associates	1,123,290	(1)	198,063	1,321,353
SA Life Limited (=N=195,069,000)				
SA Property Limited (=N=2,994,000)				
Deferred Tax liabilities	106,873	(2)	78,156	
		(3)	11,446	196,475
Other Reserves				
Revaluation surplus	781,557	(2)	(78,156)	703,401
Fair Value reserves	114,454	(3)	(11,446)	103,009
Retained earnings	(10,133,873)	(1)	198,063	(9,935,810)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
NOTES TO THE FINANCIAL STATEMENTS (continued)

46 RELATED PARTY TRANSACTIONS

Insurance Contracts - Standard Alliance Life Ltd.

The Company buys Group Life Policy from Standard Alliance Life Limited, a related company.

A total sum of =N= 1,910,226 (=N=8,900,265, 2012) was paid as premium for the year ended 31 December 2013.

Group Expenses - Standard Alliance Investment Group

The Company is a member of Standard Alliance Investments Group. The Company's share of the common expenses of the group for the year ended 31 December 2012 amounted to =N=43,285,000 (=N=26,125,000 in 2012).

Purchase of Furniture - Heroes Furnitures Ltd.

During the year, the Company purchased office furniture from Heroes Furniture Limited to the total sum of =N=1,335,000 (=N=8,670,000 (2012)).

One of the Directors of the Company, Olorogun O'tega Emerhor, OON has beneficial interests in Heroes Furnitures Limited.

Investments in a property business - Standard Alliance Properties Limited

The Company invested in a property business with Standard Alliance Properties Limited

The term of this include an annual interest income rate of 4.5% and share of profit.

In the year 2012, SA Properties Limited assigned a total of 3 blocks of 11 flats located at New County Estate, Lekki to the Company at a value of =N=95million each (total value was =N=1.045 billion as certified by Osaro Eguasa & Co (FRC/2012/0000000000423) as at 8th August 2012.

A recent valuation carried out by the same expert put the market value of these properties at =N=1.050billion as at 31 December 2013.

The balance on this investment account was =N=1.800billion as at 31st December 2013 (1.715 billion as at 31st December 2012)

The Company also has a lease agreement on three(3) floors (ground, first and second) of its Corporate Headquarters building with Standard Alliance Properties Ltd. The lease is for a period of 4 years with an annual rent of =N=10million.

Lagoon Homes Savings and Loans Ltd.

The Company has banking relationships with Lagoon Homes Savings and Loans Limited, an associate company. Its account balances with Lagoon Homes as at 31 December were:

	2013	2012
	=N='000	Restated =N='000
Lagoon Home Savings & Loans Ltd		
Current accounts	-	1,864
Deposits	-	292,760

During the year, the sum of =N=162,847,695 of the deposit balance was converted to preference shares in Lagoon Homes Savings & Loans Limited while the deposit balance of =N=129,912,348 together with the current account balance of =N=1.864 million were written off.

47 COMPARATIVE FIGURES

Certain comparative figures have been restated/adjusted in these financial statements to enhance upon understanding and comparison.

All the above notes form an integral part of these accounts.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
APPENDIX TO THE FINANCIAL STATEMENTS

STATEMENT OF VALUE ADDED

	2013	%	2012	%
	=N='000		Restated	
			=N='000	
PREMIUM, INVESTMENT AND OTHER INCOME	3,464,930		5,199,310	
PREMIUMS, COMMISSIONS, CLAIMS PAID AND OTHER OPERATIONAL COSTS	(3,469,899)		(6,175,079)	
VALUE (LOST)/ADDED	(4,970)	100.00	(975,769)	100.00
<u>DISTRIBUTED AS FOLLOWS:</u>				
EMPLOYEES				
Staff costs	609,144	(12,257.27)	502,677	(51.52)
PROVIDERS OF FUNDS				
Finance charges	137,084	(2,758.41)	190,144	(19.49)
GOVERNMENT				
Taxation including information technology development levy		-	17,855	(1.83)
ASSET REPLACEMENT				
Depreciation & amortisation	129,746	(2,610.76)	139,723	(14.32)
CONTRACTION/EXPANSION - Shareholder's interest				
Profit/ (Loss) for the year after taxation	(880,943)	17,726.44	(1,826,167)	187.15
VALUE (LOSS)/ADDED	(4,970)	100.00	(975,769)	100.00

The value added statement represents the distribution of the wealth created by the Company through the use of its assets and the efforts of the employees.

FIVE YEAR FINANCIAL SUMMARY

	2013	2012	2011	2010	2009
	I	F	R	S	NIGERIAN GAAP
	2013	2012	2011	2010	2009
	=N=000	=N=000	=N=000	=N=000	=N=000
ASSETS					
Cash and Cash Equivalents	230,396	316,589	662,801	1,005,251	-
Cash and Bank balances	-	-	-	-	80,519
Short term investments	-	-	-	-	10,889,008
Financial Assets	3,017,908	1,963,821	2,802,762	2,698,829	-
Debtors and prepayments	-	-	-	-	3,724,961
Trade Receivables	7,673	642,257	2,074,009	1,314,507	-
Reinsurance asset	241,092	641,965	301,491	361,215	-
Deferred Commission	-	-	-	-	204,481
Deferred Acquisition Costs	420,840	140,728	97,332	101,843	-
Other receivables and Prepayments	98,513	563,752	608,913	1,162,330	-
Non-Current Assets Held for Sale	1,435,000	1,435,000	390,000	40,000	-
Long term Investment	-	-	-	-	2,539,773
Investments in Associates	1,081,612	1,123,290	1,047,654	1,238,740	-
Fixed Assets	-	-	-	-	968,724
Intangible Assets	11,544	18,937	17,345	21,617	-
Property, Plants and Equipments	1,909,303	1,750,734	1,117,053	1,064,841	-
Statutory Deposits	335,000	335,000	335,000	335,000	335,000
	<u>8,788,880</u>	<u>8,932,073</u>	<u>9,454,360</u>	<u>9,344,173</u>	<u>18,742,465</u>
LIABILITIES	<u>4,047,409</u>	<u>4,059,225</u>	<u>3,415,418</u>	<u>3,151,640</u>	<u>2,309,897</u>
NET ASSETS	<u>4,741,472</u>	<u>4,872,848</u>	<u>6,038,942</u>	<u>6,192,533</u>	<u>16,432,568</u>
SHAREHOLDERS' EQUITY					
Share Capital	5,996,587	5,996,587	4,246,587	4,246,587	5,996,587
Preference shares	-	-	1,750,000	1,750,000	-
Share Premium	15,852,049	15,852,049	15,852,049	15,852,049	15,852,049
Treasury Shares	(8,737,585)	(8,737,585)	(8,737,585)	(8,737,585)	-
Contingency Reserve	1,113,426	999,663	834,764	691,808	575,313
Other Reserves	1,447,511	896,011	37,868	23,282	14,299
Retained Earnings	(10,930,515)	(10,133,875)	(7,944,742)	(7,633,606)	(6,005,680)
TOTAL SHAREHOLDERS' EQUITY	<u>4,741,473</u>	<u>4,872,850</u>	<u>6,038,941</u>	<u>6,192,535</u>	<u>16,432,568</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>8,788,882</u>	<u>8,932,075</u>	<u>9,454,359</u>	<u>9,344,175</u>	<u>1,750,000</u>
PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME					
	I	F	R	S	NIGERIAN GAAP
	2013	2012	2011	2010	2009
	=N=000	=N=000	=N=000	=N=000	=N=000
Gross Premium income	3,779,635	5,381,232	4,551,723	3,883,161	3,258,173
Reinsurance premium expenses	(683,716)	(480,958)	(391,384)	-	-
Net premium income	3,095,919	4,900,274	4,160,339	-	-
Commission earned on reinsurance	33,799	90,967	92,726	-	-
Underwriting income	3,129,718	4,991,241	4,253,065	-	-
Total underwriting expenses	(2,124,355)	(2,430,346)	(1,552,008)	-	-
Underwriting results	<u>1,005,363</u>	<u>2,560,895</u>	<u>2,701,057</u>	<u>1754156</u>	<u>1795900</u>
Investment income	335,212	208,069	176948	-	-
Investment and sundry income	-	-	-	49,250	1,113,004
Management expenses	(1,497,228)	(1,386,984)	(1,388,761)	-	-
Management expenses and provision for bad debts	-	-	-	(3,789,950)	(1,892,504)
Exceptional charges - Provision for diminution of investment	-	-	-	(6,475,611)	(6,719,201)
Impairment charges on premium receivable	-	-	(784,359)	-	-
Finance charges	(137,084)	(190,144)	(148,413)	-	-
Impairment charges	(297,351)	(358,959)	(152,069)	-	-
Share of profit/(loss) of associates	(239,741)	75,637	(191,086)	-	-
Unrealised Fair value gains/(losses)	41,093	10,715	-111090	-	-
Information technology development levy	-	-	(3,191)	-	-
Extra ordinary loss	-	-	-	-	-
(Loss)/Profit before taxation	<u>(789,737)</u>	<u>919,229</u>	<u>99,036</u>	<u>(8,462,155)</u>	<u>(5,702,801)</u>
Income tax	(64,879)	(120,192)	(82,307)	(137,349)	(155,741)
Deferred tax	(26,327)	(17,855)	(9,906)	-	-
Transfer to contingency reserve	-	-	-	(116,495)	(97,745)
Profit/(loss) after taxation	<u>(880,943)</u>	<u>781,182</u>	<u>6,823</u>	<u>(8,715,999)</u>	<u>(5,956,287)</u>
Other comprehensive income/(loss)					
Fair value gains on defined benefit plan valuation	-	-	10,800	-	-
Fair value gain in quoted shares (Available for sale) net of tax	641,102	772,328	3,786	-	-
Total other comprehensive income	<u>641,102</u>	<u>772,328</u>	<u>14,586</u>	<u>-</u>	<u>-</u>
(Loss)/Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,715,999)</u>	<u>(5,956,287)</u>
Total comprehensive income(loss) for the year	<u>(239,841)</u>	<u>1,553,510</u>	<u>21,409</u>	<u>-</u>	<u>-</u>
Earnings per share: Basic/ Diluted (Kobo)	(7.35)	(16.88)	(17)	(99)	(67)
Dividend per share	-	-	-	-	5k