

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2014

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER, 2014
STATEMENT OF FINANCIAL POSITION

		Sep-14	Dec-13
		2014	2013
		=N='000	=N='000
ASSETS	NOTES		
Cash and Cash Equivalents	3	293,826	230,396
Financial Assets	4	3,330,922	3,017,908
Trade Receivables	5	66,916	7,673
Reinsurance Assets	6	332,546	241,093
Deferred Acquisition Costs	7	154,221	420,840
Other Receivables and Prepayments	8	37,855	98,513
Investment Properties	9	1,435,000	1,435,000
Investments in Associates	10	1,189,329	1,081,612
Intangible Assets	11	6,300	11,544
Property, Plant and Equipment	12	1,962,226	1,909,303
Statutory Deposits	13	335,000	335,000
TOTAL ASSETS		9,144,140	8,788,881
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Insurance Contract Liabilities	14	2,249,366	2,000,759
Trade Payables	15	50,900	49,463
Other Payables and Accruals	16	243,869	481,734
Borrowing	17	551,844	857,766
Finance Lease Obligation	18	41,795	49,953
Employee Benefit Liabilities	19	36,098	36,098
Taxation	20	277,599	277,599
Deferred Tax Liabilities	21	294,036	294,035
TOTAL LIABILITIES		3,745,507	4,047,408
SHAREHOLDERS' EQUITY			
ORDINARY SHARE CAPITAL	22	5,996,587	5,996,587
SHARE PREMIUM		15,852,049	15,852,049
TREASURY SHARES	23	(8,737,585)	(8,737,585)
CONTINGENCY RESERVE	24	1,225,440	1,113,426
RETAINED EARNINGS	25	(10,706,443)	(10,930,515)
OTHER RESERVES	26	1,768,586	1,447,512
TOTAL SHAREHOLDERS' EQUITY		5,398,633	4,741,474
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,144,140	8,788,881

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER, 2014
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Sep-14 2014 =N='000	Dec-13 2013 =N='000
REVENUE			
Gross Premium income	27	3,738,767	3,779,635
Reinsurance premium expenses	28	(247,539)	(683,716)
Net premium income		3,491,228	3,095,919
Commission earned on reinsurance	29	1,751	33,799
Underwriting income		3,492,980	3,129,718
Claims expenses	30	(1,287,594)	(1,166,515)
Claims expenses recoveries from reinsurers		98,131	95,625
Net Claims expenses		(1,189,463)	(1,070,890)
Underwriting expenses	31	(1,023,551)	(1,053,465)
Total underwriting expenses		(2,213,014)	(2,124,355)
Underwriting results		1,279,965	1,005,363
Investment income	32	60,663	335,212
Net operating income		1,340,629	1,340,575
Management expenses	33	(1,088,556)	(1,497,228)
Results of operating activities		252,073	(156,654)
Finance charges	34	(15,643)	(137,084)
Impairment charges on other account balances	35	-	(297,351)
Unrealised Fair value gains/(losses)	4.1	(8,060)	41,093
Share of profit/(loss) of associates	10.2	107,716	(239,741)
(Loss)/Profit before taxation		336,086	(789,737)
Income tax	20	-	(64,879)
Deferred tax	21	-	(26,327)
(Loss)/Profit after taxation		336,086	(880,943)
Other comprehensive income			
Can subsequently be reclassified to Profit or loss:			
- Fair value gains on quoted shares (Available for sale)	26	321,074	641,102
Fair value gains on defined benefit plan valuation		-	
Total other comprehensive income		321,074	641,102
Total comprehensive (loss) income for the year		657,161	(239,841)
Earnings per share: Basic/ Diluted (Kobo)		2.80	(7.35)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER, 2014
Statement of changes in equity

	31 DECEMBER 2013							
<u>2013</u>	Ordinary Share capital =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 2013	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)				641,102				641,102
Revaluation surplus on building								-
Transactions with owners								-
Transfers for the year		-		-		-	-	-
At 31 DECEMBER 2013	5,996,587	15,852,049	703,401	744,111	(8,737,585)	1,113,425	(10,930,515)	4,741,473
	30 SEPTEMBER 2014							
<u>2014</u>	Ordinary Share capital =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 2014	5,996,587	15,852,049	703,401	744,111	(8,737,585)	1,113,425	(10,930,515)	4,741,473
Profit for the year	-	-	-	-	-	-	336,086	336,086
Appropriation for Contingency reserve for the year	-	-	-	-	-	112,014	(112,014)	-
Fair value gain on quoted shares (Available for sale)				321,074				321,074
Revaluation surplus on building			-					-
Transactions with owners								-
Transfers for the year	-	-		-		-	-	-
At 31 JULY 2014	5,996,587	15,852,049	703,401	1,065,185	(8,737,585)	1,225,440	(10,706,443)	5,398,633

STANDARD ALLIANCE INSURANCE PLC**FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER, 2014****STATEMENT OF CASH FLOW**

	Sep-14	Dec-13
	2014	2013
	=N='000	=N='000
CASH-FLOWS FROM OPERATING ACTIVITIES		
Premium received from policy holders	3,679,524	4,414,220
Interest received on investments	60,663	134,088
Dividend received	11,622	700
Rent and sundry income	14,513	17,507
Claim paid (net of recoveries)	(868,225)	(939,791)
Fees and commission	1,751	33,799
Cash payments for reinsurance	(247,539)	(683,716)
Brokers commissions and allowances	(946,071)	(1,067,538)
Agents allowances and commissions	(77,480)	14,073
Cash payments to employees, suppliers and others	(969,696)	(1,679,611)
	659,062	243,730
Tax paid: Income tax	-	(57,694)
Value Added Tax (VAT)	-	(27,581)
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	659,062	179,714
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property plant and Equipment	(233,974)	(282,632)
Purchase of Intangible assets	-	-
Proceeds from sale of Property, Plant and Equipment	1,702	1,729
NET CASH INFLOWS FROM INVESTING ACTIVITIES	(232,273)	(280,903)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance charges	(15,643)	(137,084)
Repayment of borrowing - Daewoo securities bond	(196,469)	(104,026)
Lease financing (net)	(41,795)	(87,494)
Payment of preference dividend		(175,000)
NET CASH OUTFLOWS TO FINANCING ACTIVITIES	(253,907)	(503,604)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	172,883	(604,793)
Cash and cash equivalent at 1 January	120,943	725,736
NET CASH AND CASH EQUIVALENTS AT 31 DECEMBER	293,826	120,943
NET CASH AND CASH EQUIVALENTS COMPRISE:		
Current and domiciliary accounts balances	187,839	132,076
Short term deposits - Local banks	105,987	98,319
Bank Overdraft		(109,452)
	293,826	120,943

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

1 THE COMPANY

Please see the description of the Company as presented on page 10 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

3 CASH AND CASH EQUIVALENTS

	Sep-14	Dec-13
	2014	2013
	=N='000	=N='000
Cash at hand	3,530	626
Current accounts	66,345	44,027
Domiciliary accounts	121,494	87,424
	187,839	132,076
Short term deposits with other Financial Institutions	105,987	98,319
	293,826	230,396
Impairment provision (Note 3.1)		-
	293,826	230,396

3.1 Impairment provision

At 1 January	0	504,411
Impairment charged for the year (Note 35)		
Impairment charges written back		(162,848)
Impairment provision now written off		(341,563)
At 30 September 2014	-	-

4 FINANCIAL ASSETS

At fair value through Profit or loss (Note 4.1)	83,364	91,424
Available for sale (Note 4.2)	3,247,558	2,926,483
	3,330,922	3,017,908

4.1 Financial assets at fair value through Profit or loss

Quoted securities

Cost	334,433	334,433
Fair value changes	(251,069)	(243,009)
Market value	83,364	91,424

The fair value changes are further analysed thus:

At 1 January	(243,009)	(284,102)
Fair value gains/(losses) during the year	(8,060)	41,093
At 30 September 2014	(251,069)	(243,009)

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

	Sep-14 2014 =N='000	Dec-13 2013 =N='000
4.2 Available for sale financial assets		
Standard Alliance Properties Limited (Note 4.3.1)	1,800,412	1,800,412
Quoted shares in Transcorp Plc (Note 4.3.2)	1,284,298	963,224
Oil and Energy Pool (Note 4.3.3)	-	0
5% 5year Redeemable Preference Shares in Lagoon Homes Saving and Loans Ltd (Note 4.2.4)	162,848	162,848
	3,247,558	2,926,483
4.3.1 Loan to Associate		
At 1 January	1,800,412	1,714,678
Interest income for the year	-	85,734
Acquisition of buildings for resale	-	-
At 30 September 2014	1,800,412	1,800,412
Amount represents investment by the Company in Standard Alliance Properties Limited under a joint venture arrangement for property business. The terms of the arrangement include annual interest income and share of profit.		
4.3.2 Investment in quoted shares- Transcorp Plc		
Cost		
At 1 January	147,235	95,158
Addition during the year		52,077
At 30 September 2014	147,235	147,235
Fair Value Gain	1,137,063	815,989
Market Value	1,284,298	963,224
4.3.3 Oil and Energy Pool		
Gross investment		6,618
Impairment allowance		-
Impairment allowance now written off		(6,618)
		-
At 1 January		6,618
Impairment allowance for the year (Note 35)		-
Impairment allowance now written off		(6,618)
At 30 September 2014		-

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER, 2014

NOTES TO THE FINANCIAL STATEMENTS

	Sep-14 2014 =N='000	Dec-13 2013 =N='000
4.3.4 5% 5year Redeemable Preference Shares in Lagoon Homes Savings and Loans Ltd	162,848	162,848
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 receivable (Note 37)		
Dues from brokers	66,916	7,673
Impairment allowance	-	
	66,916	7,673
6 REINSURANCE ASSETS		
Claims recoverable	268,716	177,263
Deferred reinsurance cost	63,830	63,830
	332,546	241,093
All of the above amounts are of current tenor.		
7 DEFERRED ACQUISITION COSTS		
Motor	42,742	111,478
Aviation	6,170	9,372
Engineering	23,754	40,554
Fire	26,241	44,716
General Accident	27,093	81,943
Marine	15,321	57,818
Bond	7,838	12,232
Oil & Gas	5,062	62,727
	154,221	420,840
The movement in deferred acquisition cost are:		
At 1 January	420,840	140,728
Additions during the year		420,840
Amortization for the year	(266,619)	(140,728)
At 30 September 2014	154,221	420,840

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

	Sep-14	Dec-13
	2014	2013
8 OTHER RECEIVABLES AND PREPAYMENTS		
Prepayments	13,703	81,816
Loans and Receivables (Note 8.1)	112	112
Staff debtors	15,879	8,598
Sundry	8,160	7,987
	37,855	98,513
8.1 Loans and Receivables		
Current account with related companies	112	112
Others	112	112
	112	112
Write off during the year	-	-
Impairment allowance	-	-
	112	112
9 INVESTMENT PROPERTIES		
At 1 January	1,435,000	1,435,000
Additions during the year	-	0
At 30 September 2014	1,435,000	1,435,000
These comprise the following properties:		
1. 250 Hecters of farmland at Mydumbi Village, Kaduna - Zaria Road	40,000	40,000
2. Twin Duplex, Plot 58B, Block AA in Parkview Estate, Ikoyi - Lagos	350,000	350,000
3. 11 units of '4-Bedroom terrace houses at New County Estate at Lekki	1,045,000	1,045,000
	1,435,000	1,435,000

The valuation of the landed properties in Parkview Estate, Ikoyi - Lagos and the 11 units of '4-Bedroom terrace houses New County Estate at Lekki as at 31 DECEMBER 2013 which put their fair values at =N=350million and =N=1.045 billion respectively was done by Osaro Eguasa & Co (FRC/2013/0000000000423), an industry specialist in valuing these type of properties.

All the properties are intended for sale by the Company in the short - term.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014
NOTES TO THE FINANCIAL STATEMENTS
10 INVESTMENTS IN ASSOCIATES

	Sep-14 2014 =N='000	Dec-13 2013 =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 Capital and Assets Limited (40%) and Standard Alliance Pension Limited (40%), The movement on the equity Investment accounting during the year are as follows:		
SA Life Ltd.		
Cost	1,905,000	1,905,000
Share of post acquisition reserves (Note 10.1)	(779,156)	(860,973)
Carrying amount at 30 September	1,125,844	1,044,027
SA Properties Ltd.		
Cost	275,000	275,000
Share of post acquisition reserves (Note 10.1)	(219,652)	(244,505)
Carrying amount at 30 September	55,348	30,495
SA Capital and Assets Ltd.		
Cost	400,000	400,000
Share of post acquisition reserves (Note 10.1)	(391,864)	(392,909)
Carrying amount at 30 September	8,136	7,091
Total Carrying amount at 30 September	1,189,329	1,081,613
10.1 Share of post acquisition profits or losses		
Standard Alliance Life Assurance Ltd		
At 1 January	(860,973)	(658,608)
Share of current year Profit(Loss) (Note 10.2)	81,817	(202,365)
At 30 September	(779,156)	(860,973)
SA Properties Ltd.		
At 1 January	(244,505)	(246,529)
Share of current year profit/ (Loss) (Note 10.2)	24,853	2,024
At 30 September	(219,652)	(244,505)
SA Capital and Assets Ltd.		
At 1 January	(392,909)	(353,509)
Share of current year loss (Note 10.2)	1,046	(39,400)
At 30 September	(391,864)	(392,909)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014
NOTES TO THE FINANCIAL STATEMENTS

	Sep-14 2014 =N='000	Dec-13 2013 =N='000
10.2 Summarised financial statements of associates:		
Standard Alliance Life Assurance Ltd 47.47%		
Property, plant and equipments	69,764	147,032
Investment properties	1,807,762	1,807,762
Other assets	2,690,299	4,949,362
Liabilities	(2,285,526)	(4,796,327)
Net Assets	2,282,299	2,107,829
Revenue	1,596,035	3,406,742
Profit/(Loss) before taxation	196,111	(406,915)
Profit/(Loss) after taxation	172,356	(426,300)
47.47% thereof (Note 10.1)	81,817	(202,365)
SA Properties Ltd. 40%		
Property, plant and equipments	5,553	11,123
Non-current assets held for sale	2,668,628	2,362,518
Other assets	95,000	95,000
Liabilities	5,531	469,257
Long term Intercompany loan	(68,679)	(293,999)
Long term deposit	(1,800,411)	(1,800,411)
Net Assets	905,622	843,488
Revenue	699,738	565,000
Profit/(Loss) before taxation	62,133	10,966
Profit/(Loss) after taxation	62,133	5,059
Adjustment for unrealised profit		-
Adjusted profit/(loss) after taxation	62,133	5,059
40% thereof	24,853	2,024
SA Capital and Assets Ltd. 40%		
Property, plant and equipments	166,762	163,326
Other assets	130,592	33,306
Long term Investments	276,611	191,834
liabilities	(463,555)	(117,367)
Net Assets	110,410	271,099
Revenue	2,096	18,427
Profit/(Loss) before taxation	2,614	(98,501)
Profit/(Loss) after taxation	2,614	(98,501)
40% thereof (Note 10.1)	1,046	(39,400)
Total share of profit/(loss) for the year	107,716	(239,741)

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

	Sep-14 2014 =N='000	Dec-13 2013 =N='000
11 INTANGIBLE ASSET		
COMPUTER SOFTWARE		
COST		
AT 1 January	36,605	36,605
Additions	-	
At 30 September	36,605	36,605
AMORTISATION		
AT 1 January	25,062	16,754
Amortisation for the year	5,243	8,308
At 30 September	30,305	25,062
CARRYING AMOUNT		
At 30 September	6,300	11,544

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 PERIOD ENDED 30 SEPTEMBER 2014
NOTES TO THE FINANCIAL STATEMENTS
12 PROPERTY, PLANT AND EQUIPMENT

							Sep-14 2014	Dec-13 2013
	Land	Building	Motor vehicles	Furniture and fittings	Computer and other equipments	Work in Progress	Total	Total
COST	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
At 1/1/2013	285,000	1,431,857	450,958	122,705	246,702	76,226	2,613,448	2,354,424
Additions	-	77,026	149,111	5,321	2,516	-	233,974	282,632
Revaluation surplus (Note 25)	-	-	-	-	-	-	0	-
Reclassification	-	-	-	-	-	- 76,226	(76,226)	-
Disposals	-	-	(16,050)	-	-	-	(16,050)	(23,608)
At 30/9/2014	<u>285,000</u>	<u>1,508,883</u>	<u>584,019</u>	<u>128,026</u>	<u>249,218</u>	<u>-</u>	<u>2,755,146</u>	<u>2,613,448</u>
DEPRECIATION								
At 1/1/2013	-	88,730	360,850	68,141	186,424	-	704,145	603,690
Charge for the year	-	19,165	54,460	7,731	19,980	-	101,336	122,051
Disposals	-	-	(12,561)	-	-	-	(12,561)	21,596
At 30/9/2014	<u>-</u>	<u>107,896</u>	<u>402,748</u>	<u>75,872</u>	<u>206,404</u>	<u>-</u>	<u>792,920</u>	<u>704,145</u>
CARRYING AMOUNT								
At 30/9/2014	<u>285,000</u>	<u>1,400,988</u>	<u>181,271</u>	<u>52,154</u>	<u>42,814</u>	<u>-</u>	<u>1,962,226</u>	<u>1,909,303</u>
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>1,909,303</u>
31 December 2012	<u>285,000</u>	<u>1,301,773</u>	<u>62,601</u>	<u>62,523</u>	<u>39,376</u>	<u>-</u>	<u>1,750,734</u>	<u>1,750,734</u>

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014
NOTES TO THE FINANCIAL STATEMENTS

	Sep-14	Dec-13
	2014	2013
	=N='000	=N='000
13 STATUTORY DEPOSIT	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)	917,849	922,803
Outstanding claims (Note 14.2)	1,331,516	1,077,956
	2,249,366	2,000,759
The insurance contract liabilities balances above are covered by the Company's dedicated assets as thus:		
Cash and cash equivalent (Note 3)	293,826	225,396
Financial assets (Note 4)	1,284,298	963,224
Non-current assets held for sale (Note 9)	285,546	812,139
	1,863,670	2,000,759
14.1 Unearned Premium Reserve		
Aviation	14,578	14,578
Bond	19,134	19,134
Engineering	48,685	48,768
Fire	108,936	109,910
General Accident	150,707	151,043
Marine	115,469	115,472
Motor	314,029	317,586
Oil & Gas	146,312	146,312
	917,849	922,803
14.2 Outstanding Claims		
Accrued Claims (Note 14.2.1)	1,051,763	772,010
Provision for claims incurred but not reported (IBNR) (Note 14.2.)	279,753	305,946
	1,331,516	1,077,956
14.2.1 Accrued Claims		
At 1 January	772,010	939,805
Reported claims in the current year	966,356	867,621
Claims paid during the current year	(686,602)	(1,035,416)
At 30 September	1,051,763	772,010

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

	Sep-14	Dec-13
	2014	2013
	=N='000	=N='000
14.2.2 Claims incurred but not reported (IBNR)		
At 1 January	305,946	7,052
Movement charged to claims expenses	(26,193)	298,894
At 30 September	279,753	305,946
The breakdown of the outstanding claims per class of general business is:		
Aviation	120,004	40,344
Bond	28,969	8,099
Engineering	24,489	63,578
Fire	267,701	208,151
General Accident	101,126	70,131
Marine	78,192	37,192
Motor	123,714	57,451
Oil & Gas	307,570	287,063
	1,051,763	772,010
15 TRADE PAYABLES		
Due to Reinsurers	50,900	49,463
The trade payables are wholly of current maturities.		
16 OTHER PAYABLES AND ACCRUALS		
Due to Government Agencies	10,215	25,007
Lease rent received in advance (Note 16.1)	22,011	22,011
Other credit balances	36,644	259,717
Preference dividend payable (Note 16.2)	175,000	175,000
	243,869	481,734
The above amounts are further analysed as:		
Current	221,858	469,723
Non-Current	22,011	12,011
	243,869	481,734
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		
16.2 Preference dividend payable		
At 1 January	175,000	350,000
Paid during the year		(175,000)
Due for the year	-	175,000
At 30 September	175,000	175,000

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NOTES TO THE FINANCIAL STATEMENTS
17 FINANCIAL LIABILITIES/BORROWINGS

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

Sep-14 2014 =N='000	Dec-13 2013 =N='000
551,844	748,314
-	-
	109,452
551,844	857,766

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 into a negotiation with it for a repayment plan. During the year 2012, the Company concluded the negotiation of the payment plan with the bondowners for the outstanding balance of JPY 515,712,031 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
14-Dec-13	131,173	44,767	175,940
14-Dec-14	103,234	18,641	121,875
14-Dec-15	107,622	14,253	121,875
14-Dec-16	112,196	9,699	121,895
14-Dec-17	115,552	4,911	120,463
	569,777	92,271	662,048

The maturity profiles of the outstanding sums are:

	Principal JPY'000	Interest JPY'000	Total JPY'000	Sep-14 2014 =N='000	Dec-13 2013 =N='000
At 1 January	500,010	6,052	506,062	748,314	1,072,192
Interest accrued during the year				-	36,006
Foreign exchange differences			-	(1)	(188,083)
Payments during the year	(121,856)		(121,856)	(196,469)	(171,801)
At 30 September	378,154	6,052	384,206	551,844	748,314
Current maturities			2014 JPY'000		=N='000
Interest			6,052	10,883	8,949
Principal			131,173	235,880	243,453
Total current maturities			137,225	246,763	252,402
Balance, non current principal maturity			246,981	444,131	495,912
			384,206	690,894	748,314

Daewoo Securities still has the option up to year 2029 to subscribe to the equity shares of the Company at a strike price of the average six months market price.

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NOTES TO THE FINANCIAL STATEMENTS

			Sep-14 2014 =N='000	Dec-13 2013 =N='000
18	FINANCE LEASE OBLIGATIONS		41,795	49,953
	The Company obtained lease facilities totalling =N=48,836,000 at 21% rate of interest from Diamond Bank Plc to finance the acquisition of motor vehicles during 2013			
	These motor vehicles are included in the property, plant and equipment of the Company as at 30 September 2014.			
	The rentals due as at 30 September are further analysed as follows:			
	Less than 3 months		12,701	995
	Between 3 and 6 months		29,094	1,160
	Between 6 and 12 months			31,058
	Over 12 months		41,795	33,213
				16,740
				49,953
19	EMPLOYEE BENEFIT LIABILITIES			
	At 1 January		36,098	36,098
	Charge for the year		-	-
	Gain Valuation		-	-
	At 30 September		36,098	36,098
	The above liability represents the Company's provisions for gratuity of its employees based on length of service.			
20	TAXATION PAYABLE	Company Tax =N='000	Educa-tion =N='000	=N='000
	Per Statement of Comprehensive Income Charged for the year			
		-	-	64,879
	Per Statement of Financial Position			
	At 1 January	259,373	18,226	277,599
	Payment during the year	-	-	(57,694)
	Tax expense for the year	0	0	64,879
	At 31 DECEMBER	259,373	18,226	277,599

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21 DEFERRED TAX LIABILITIES

At 1 January	294,036	196,475
Charge for the year (Note 21.1)		97,561
At 30 September	294,036	294,036

21.1 Charge for the year

Profitt or loss charge on timing differences of carrying amounts of taxable assets		
Tax recorded in other comprehensive income		26,327
- Charge on timing difference of carrying amount of taxable assets		
- Revaluation surplus on building (Note 25.1)		
- Fair value gains on available for sale investments (Note 25.2)	-	71,234
At 30 September	-	97,561

22 SHARE CAPITAL

Authorised (Note 22.1)

14,000,000,000 units of ordinary shares of 50k each	7,000,000	7,000,000
17,500,000 units of floating rate irredeemable convertible preference shares of N100 for 2011 and 2010.	-	
	7,000,000	7,000,000

22.1 Authorised Share Capital

The Company at its 15th Annual General Meeting held on Friday, 16th DECEMBER 2011 approved the increase in its authorised share capital from N6.0 billion to N7.0 billion by the creation of additional 2,000,000,000 units of ordinary shares of 50k each, such shares ranking pari passu in all respects with existing ordinary shares of the Company.

The newly created shares have been duly registered with the Corporate Affairs Commission and the requisite stamp duties paid subsequently in 2012.

22.2 Issued and Fully Paid Share Capital:

Ordinary shares		
- 11,993,173,000 units of ordinary shares for 2012.	5,996,587	5,996,587
- 8,493,173,450 units of ordinary shares for 2011 and 2010.		
Preference shares		
- Nil for 2012 (Note 16.1)	-	-
- 17,500,000 units of N100 each 2011 and 2010		
	5,996,587	5,996,587

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	Sep-14 2014	Dec-13 2013
23 TREASURY SHARES	8,737,585	8,737,585
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 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 cancellation of these shares is awaiting the final approval of the Securities and Exchange Commission (SEC)		
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	1,113,425	999,663
Charge for the year	112,014	113,762
At 30 September	1,225,440	1,113,425
25 ACCUMULATED LOSS		
At 1 January	(10,930,515)	(9,935,810)
(Loss)/Profit for the year	315,461	(880,943)
Appropriation to contingency reserve	(112,014)	(113,762)
Dividend to preference shareholders		-
At 31 December	(10,727,068)	(10,930,515)
26 OTHER RESERVES		
Revaluation Reserve (Note 25.1)	703,401	703,401
Fair Value Reserve (Note 25.2)	321,074	601,643
	1,024,475	1,213,929
26.1 Revaluation Reserve		
At 1 January	703,401	703,401
Addition during the year(Note 12)	-	
At 30 September	703,401	703,401
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 surpluses of =N=14,299,000 and =N=767,258,000 respectively.		
26.2 Fair Value Reserves		
This is the net accumulated changes in fair value of available for sale assets.		
Further details are:		
At 1 January	744,110	103,008
Addition during the year-net of income tax	321,074	641,102
At 30 September	1,065,184	744,110
Fair value reserves include the net accumulated changes in the fair value of available for sale assets		
Further details are:		
At 1 January	321,074	712,335
Deferred Tax on fair value gains for the year		(71,234)
At 30 September	321,074	641,102

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27	GROSS PREMIUM INCOME	Aviation	Bonds	Engineering	Fire	General Accident	Marine	Motor Accident	Oil & Gas	Sep-14 2014	Dec-13 2013	
		=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	
	Premium written	13,806	381,012	225,243	268,421	674,730	656,524	795,475	708,389	3,723,599	3,792,076	
	Inward reinsurance premium	-	-	(108)	6,355	3,461	510	(693)	690	10,215		
		13,806	381,012	225,135	274,776	678,191	657,034	794,782	709,078	3,733,814	3,792,076	
	Movements in unexpired risks (Note 26.1)	83	-	684	290	336	4	3,557	-	4,954	(12,442)	
	Gross premium	2014	13,889	381,012	225,819	275,066	678,527	657,037	798,339	709,078	3,738,767	3,779,634
28	REINSURANCE PREMIUM EXPENSES Expense	2014	8,648	(73,936)	40,481	112,705	17,530	68,845	1,028	72,238	247,539	683,716

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014
NOTES TO THE FINANCIAL STATEMENTS

	Sep-14 =N='000	Dec-13 =N='000
29 COMMISSION EARNED ON REINSURANCE		
Aviation	0	1,143
Bond	(609)	84
Engineering	171	887
Fire	921	4,292
General Accident	1,083	7,915
Marine	653	4,235
Motor	(467)	4,279
Oil & Gas	0	10,964
	1,751	33,799
30 CLAIMS EXPENSES		
Claim paid	966,356	1,035,417
Increase in outstanding Claims (Note 14.2.1)	347,431	(167,795)
Increase/(Decrease)in Claims Incurred but not reported (Note 14.2)	(26,193)	298,894
Gross claims incurred	1,287,594	1,166,516
31 UNDERWRITING EXPENSES		
Commision paid:		
Aviation	4,079	26,446
Bond	42,719	30,374
Engineering	56,527	78,385
Fire	79,418	109,128
General Accident	212,390	193,739
Marine	203,989	185,672
Motor	278,504	256,332
Oil & Gas	68,446	87,451
Commission paid - others		100,012
	946,071	1,067,538
Other underwriting Expenses	77,480	
Deffered commision		(14,073)
	1,023,551	1,053,465
32 INVESTMENT INCOME		
Interest on deposits	34,529	134,088
Lease rental income	15,110	10,000
Dividend received	11,622	700
	61,261	144,788
Foreign Exchange difference		182,918
Others	(597)	7,507
	60,663	335,212
33 MANAGEMENT EXPENSES		
Salaries and allowances	201,965	513,011
Other staff costs	50,691	54,151
Director fees and allowances	8,946	41,983
Insurance expenses	12,712	12,938
Rent and rates	16,483	25,330
Repairs and maintenance	105,253	175,000
Depreciation and amortisation	106,579	129,746
Professional fees	130,908	82,827
Bank charges	12,487	42,150
Printing and stationery	17,883	12,413
Advertisement	139,222	20,702
Books and periodicals	668	1,112
Telephone and postages	17,382	34,931
Other administrative expenses	75,366	71,503
Supervisory levies	0	72,522
Staff training and development	7,488	28,447
Audit fee	0	9,000
Corporate expenses	113,394	66,842
Travelling, outstation and hotel expenses	65,096	95,419
Annual General Meeting expenses	6,031	7,203
	1,088,556	1,497,228

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NOTES TO THE FINANCIAL STATEMENTS

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL CHARGES

	Sep-14	Dec-13
	=N='000	=N='000
Bank interests	9,332	27,830
Lease charges	383	25,197
Interest on Daewoo bond	5,928	84,057
	15,643	137,084

35 IMPAIRMENT CHARGES

Impairment charges are:		
Cash and cash equivalent (Note 3.1)	-	5,279
Current account balances (Note 8.1.1)		454,920
Write back of impaired deposit (Note 3.1)	-	(162,848)
	-	297,351

36 INFORMATION TECHNOLOGY DEVELOPMENT LEVY

At 1 January	3,191	3,191
Appropriation for the year	-	
At 30 September	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 Information Technology Development Agency.

37 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):

Depreciation	101,336	122,051
Amortization	5,243	8,308
Auditors' remuneration	-	9,000
Director's remuneration	8,946	41,983

38 PREMIUM RECEIPTS FROM POLICY HOLDERS

Premium due from policyholders at 1 January	7,673	642,257
Gross Premium written in the year	3,738,767	3,779,635
	3,746,440	4,421,892
Less: Premium debts written off	-	
Premium due from policyholders at 30 September	66,916	(7,673)
Premium receipts in the year	3,679,524	4,414,219

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39 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 =N='000	Engineering =N='000	Fire =N='000	General Accident =N='000	Marine =N='000	Motor =N='000	Bond =N='000	Oil & Gas =N='000	Sep-14 2014 =N='000	Dec-13 2013 =N='000
Premium Income										
Premium written	13,806	225,135	274,776	678,191	657,034	794,782	381,012	709,078	3,733,814	3,792,076
(Increase)/Decrease in Unearned premium	83	684	290	336	4	3,557	-	-	4,954	(12,442)
Gross Premium written in the year	13,889	225,819	275,066	678,527	657,037	798,339	381,012	709,078	3,738,767	3,779,634
Reinsurance premium expenses	(8,648)	(40,481)	(112,705)	(17,530)	(68,845)	(1,028)	73,936	(72,238)	(247,539)	(683,716)
Net premium written	5,241	185,338	162,361	660,997	588,192	797,310	454,948	636,841	3,491,228	3,095,918
Commission received on reinsurance	-	171	921	1,083	653	(467)	(609)	-	1,751	33,799
Underwriting income	5,241	185,509	163,282	662,079	588,846	796,843	454,338	636,841	3,492,980	3,129,718
Less Expenses										
Claims										
Claim paid	19,728	51,379	98,886	85,300	26,016	199,624	10,780	474,643	966,356	1,035,417
(Decrease)/Increase in provision for outstanding claims	79,659	(38,147)	64,005	4,685	22,495	194,227	20,507	-	347,431	(167,795)
Claims incurred but not reported (IBNR)									(26,193)	298,894
	99,388	13,231	162,891	89,986	48,511	393,851	31,287	474,643	1,287,594	1,166,516
Claims expenses recoveries from reinsurers		14,394	(54,771)	(15,698)	(40,233)	(1,822)	-		(98,131)	(95,625)
Net Claims expenses	99,388	27,625	108,120	74,287	8,277	392,029	31,287	474,643	1,189,463	1,070,891
Underwriting expenses										
Commission paid less deferred cost	4,079	56,527	79,418	212,390	203,989	278,504	42,719	68,446	946,071	1,053,465
Other underwriting expenses	286	4,672	5,702	14,073	13,634	16,493	7,906	14,714	77,480	
Total underwriting expenses	4,365	61,199	85,120	226,463	217,623	294,996	50,625	83,160	1,023,551	1,053,465
Total Expenses	103,753	88,824	193,240	300,751	225,900	687,025	81,912	557,802	2,213,014	2,124,356
Underwriting profit 2014	(98,512)	96,685	(29,958)	361,329	362,945	109,818	372,427	79,038	1,279,965	1,005,363