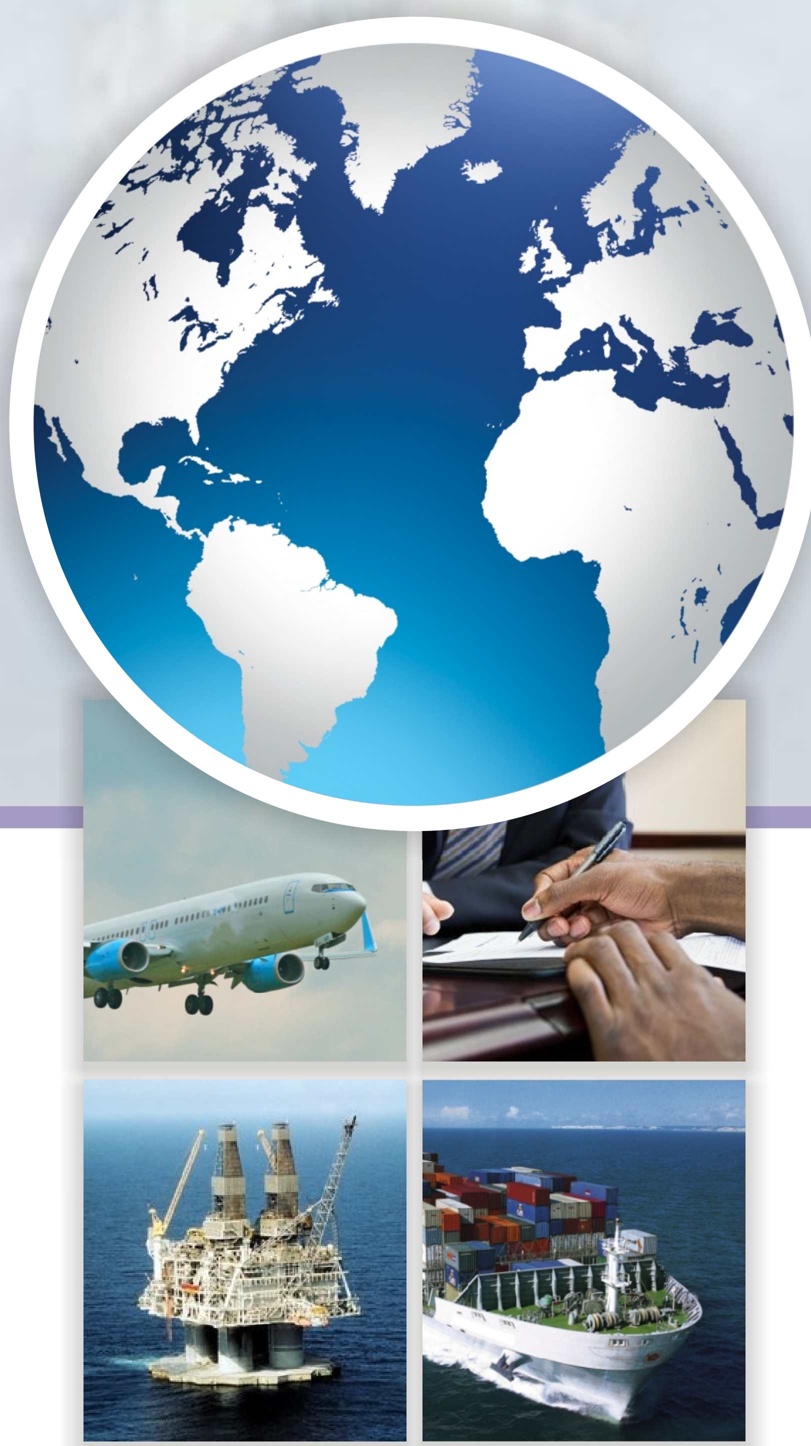

The Universal Insurance Plc.

RC 2460

Annual Report & Accounts 2012

Contents

VISION

"To render prompt, honest, efficient, innovative and dynamic Insurance services to all our Stakeholders, especially, in the areas of provision of adequate cover, risk management services and prompt settlement of claim".

MISSION

Our mission is to become a dominant player through the provision of Insurance services with professional touch, using highly motivated workforce, and modern Information Technology, while discharging our duties to the society and all stakeholders, to achieve long term value for them.

CORE VALUES

Integrity

Honesty Openness

Excellence

Teamwork

Professionalism Respect for People

Pride **Trust**

Your Reliable Partner in Insurance

The Board
FOR THE YEAR ENDED 31 DECEMBER 2012

Engr. Cyril Ajagu
(Servant of God)
Vice Chairman

Mr. Ben Ujoatuonu
Managing Director/ CEO

Pastor Benson Ogbonna, Ph.d
Executive Director

Barr. Gloria Mbanefo
Executive Director

Lt. Gen. Joshua Dogonyaro (RTD) CFR mni
Chairman

Mr. Anthony Okocha
Director

Mr. Reginald Anyanwu
Executive Director

Barr. (Mrs.) Juliet A. Madubueze OON
Director

Corporate Information & Professional Advisers

FOR THE YEAR ENDED 31 DECEMBER 2012

BOARD OF DIRECTORS

Lt. Gen. Joshua Dogonyaro (Rtd),CFR, mni	-	Chairman
Engr. Cyril Ajagu Umunna	-	Vice Chairman
Mr. Ben Ujoatuonu	-	Managing Director/CEO
Barr. Juliet A. Madubueze, (OON)	-	Non-Executive Director
Barr. Gloria Mbanefo	-	Executive Director (Appointed Feb. 2012)
Mr. Reginald Anyanwu	-	Executive Director (Appointed April 2012)
Pastor Benson Ogbonna	-	Executive Director(Appointed April 2012)
Mr Anthony Okocha	-	Non-Executive Director (Appointed Aug. 2012)

MANAGEMENT TEAM

Benedict U. Ujoatuonu	-	Managing Director/CEO
Gloria Mbanefo	-	Exec. Director/Co. Sec &Legal Adviser
Reginald Anyanwu	-	Executive Director (North)
Pastor Benson Ogbonna	-	Executive Director (South)
Samuel U. Ndubuisi	-	Head of Finance
Paulinus Offorzor	-	Head of Technical
Chukwuemeka Ogoke	-	Head Internal Audit
Pastor Tunji Oyebayo	-	Head of Marketing
Ifeoma Ibik	-	Compliance, Admin. & Human Resources
Mercy Okafor	-	Head of Underwriting

CORPORATE HEAD OFFICE
11, Ligali Ayorinde Street
Victoria Island
Lagos.

AUDITORS
Anuebunwa Jude & Co.
(Chartered Accountants)
7, Sabitu Street, Liverpool Estate
Ijegun Zone 2, Satelite Town.
P.O. Box 1231, Festac Town
Lagos.

Tel: 0817 3056 496, 0803 3056 496
FRC/2012/ICAN/00000000121

BANKERS:
1. Union Bank of Nigeria(UBN) Plc.
2. First City Monument Bank (FCMB) Plc.
3. Eco Bank Plc.
4. Guaranty Trust Bank (GTB) Plc.
5. United Bank for Africa (UBA) Plc.
6. Fidelity Bank Plc.
7. First Bank Plc.

REGISTERED OFFICE
4, Ridgeway Road Enugu, Enugu State

CONSULTING ACTUARY
HR Nigeria Limited
AIICO Plaza, Afribank Street,
P.O. Box 75399
Victoria Island
Lagos

REGISTRARS AND TRANSFER OFFICE
Mainstreet Bank Registrars Limited
2a Gbagada Expressway
Anthony Village
Lagos

Notice of 43rd Annual General Meeting

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTICE IS HEREBY GIVEN THAT the Forty Third (43rd) Annual General Meeting of THE UNIVERSAL INSURANCE PLC will be held at Universal Hotel Ltd. Plot 3, Aguleri Street, Independence Layout, Enugu, Enugu State on Thursday 27th March 2014 at 9.00 a.m. to transact the following business:

AGENDA

1. To receive the Audited Financial Statements for the year ended 31st December 2012 and the Report of the Directors and Auditors thereon.
2. To receive the Report of the Audit Committee.
3. To retire/re-elect Directors
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To elect members of the Audit Committee.

NOTES:

i) Proxy

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A Proxy need not be a Member of the Company. A Proxy form is attached to the Annual Report and Accounts and to be valid for the purpose of the Meeting, it must be duly completed, stamped and deposited at the Company's Lagos office, No 11A Ligali Ayorinde Street, Victoria Island, Lagos not less than 48 hours before the time fixed for the Meeting.

ii) Closure of Register of Members

The Register of Members and the Share Transfer Books of the Company will be closed from 20th March to 27th March 2014, both days inclusive.

iii) Nomination for the Audit Committee

In accordance with Section 359(5) of the Companies and Allied Matters Act, 1990 a Member may nominate another Shareholder as a Member of the Audit Committee. Nominations in writing for election to the Audit committee should reach the Company Secretary at least 21 days before the Annual General Meeting.

iv) Change of Registered Address

Members are requested to inform the Company of any change in their registered address.

Dated the 17th day of February, 2014

By Order of the Board

G.N.MBANEFO (MRS.)
COMPANY SECRETARY/LEGAL ADVISER
LAGOS, NIGERIA

Chairman's Statement

FOR THE YEAR ENDED 31 DECEMBER 2012

Highly esteemed Shareholders, Fellow Board Members, Representatives of the Regulatory Authorities here present, Gentlemen of the Press, Ladies and Gentlemen. I happily welcome you to the 43rd Annual General Meeting of our company, The Universal Insurance Plc.

OPERATION ENVIRONMENT

The year 2012 was remarkable in the Nigerian financial sector as it marks the take off of the new financial reporting format as directed by the Financial Reporting Council (FRC). Therefore, our 2012 account was prepared using the International financial Reporting Standards (IFRS).

The global economy witnessed a drop in growth of about 3% as the matured economies are still struggling to come out of the economic crises. In the domestic economy, the Nigerian economy grew by about 7% as at the end of 2012 as against 7.7% in 2011.

The year 2012 started with the increment in the petroleum pump price following removal of subsidy by the government. This triggered an unrest that grounded the economy for two weeks.

FINANCIAL SERVICE SECTOR

The Central Bank of Nigeria kept the monetary policy rate at 12% throughout the year. Inflation rate ranged between 9% - 14% during the year.

The country's external reserve closed at USD 44.26 billion at the end of 2012.

Naira experienced high level of stability during the year. The upper trading point was maintained within N160/US$1 unit all through the year and there was an increased convergence between the official and parallel market.

In the insurance industry, 2012 was a year full of hopes for operators because it is the year the MDRI – Market Development and Restructuring Initiative introduced by the National Insurance Commission (NAICOM) was expected to start yielding results.

During the year NAICOM through a circular provided a guideline for a regime of 'No Premium no Cover' for the insurance industry commencing 1st January 2013. This is a highly commendable initiative that tends to solve the problem of long outstanding premium the insurance industry has been struggling with over the years.

BOARD OF DIRECTORS

In the course of the year, three Directors retired from the Board. They are HRM Igwe Alfred Achebe CFR, mni, Chief Abel Nwankwo (JP) and Evangelist Jasper Azodo. Following this development, Lt. Gen. Joshua Dogonyaro (Rtd) CFR, mni became the Chair of our company and the following were appointed to the Board, the Managing Director Mr. Ben Ujoatuonu, Company Secretary/Legal Adviser Barr. (Mrs.) Gloria Mbanefo, Mr. Reginald Anyanwu, Pastor Benson Ogbonna and Mr. Tony Okocha. I solicit your ratification of appointment of Mr. Tony okocha since the appointment of the other directors was ratified in the last Annual General Meeting.

STAFF

The quality of our workforce is our pride and their commitment is yielding result. We understood that our people are the greatest assets and we will continue to train and equip them for continued better performance.

CONCLUSION

I appreciate our valued customers, brokers, agents, shareholders and various regulatory bodies for your commitment and support in the year 2012.

Thank you.

LT. GEN. JOSHUA DOGONYARO (Rtd) CFR, mni.
CHAIRMAN

Report of the Audit & Compliance Committee

FOR THE YEAR ENDED 31 DECEMBER 2012

To the Shareholders of Universal Insurance Plc.

In accordance with Section 359(6) of the Companies and Allied Matters Act, we the Members of the Audit Committee of Universal Insurance Plc., have reviewed the audited financial statements of the Company for the year ended 31 December 2012 and based on the documents and information available to us, report as follows:

(a) We have reviewed the scope and planning of the external audit requirements and found them adequate.

(b) We have reviewed the financial statements and are satisfied with the explanations obtained.

(c) We deliberated upon the Management Control Report of the External Auditors and the Management responses provided thereto and are satisfied that appropriate steps are being taken to address the issues raised.

(d) The External Auditors confirmed having received full co-operation from management in the course of their statutory audit.

We are of the opinion that the accounting and reporting policies of the Company for the year ended December 31, 2012 are in accordance with the legal requirements and agreed ethical standards.

Mr. C.A.C. Opara
CHAIRMAN, AUDIT COMMITTEE

Members of the Audit Committee:

1.	Mr. C.A.C. Opara	Chairman
2.	Mrs.Anthonia O. Salako	Member
3.	Mr. Angus Amiolemeh	Member
4.	Barr. Juliet A. Madubueze (OON)	Member
5.	Mr. Reginald Anyanwu	Member
6.	Pastor Benson Ogbonna	Member

Report of the Independent Auditor to the Members

FOR THE YEAR ENDED 31 DECEMBER 2012

ANUEBUNWA JUDE & CO.

(Audit, Tax Financial and Management Consultancy) BN 2112660

Corporate Head Office:
7, Sabitu Street, Ijegun Satelite Town, Lagos.
Tel: +234 1 893 3813, 0803 3056 496, 0702 876 8146

Other Office:
31 Ikosi Road, Oregun, Lagos.
P. O. Box. 1231 Festac Town, Lagos
E-mail: ajconsultingng@gmail.com

We have audited the accompanying separate and consolidated financial statements of Universal Insurance Plc. ('the company') and its subsidiaries (together 'the group'). These financial statements comprise the consolidated and separate statement of financial position as at 31 December 2012 and the consolidated and separate statements of comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and the Nigerian Insurance Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the accompanying consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the company and the group as at 31 December 2012 and of the financial performance and cash flows of the company and group for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Nigerian Insurance Act and the Financial Reporting Council Act.

Contraventions

The company contravened certain sections of the NAICOM Guidelines and other circulars issued by National Insurance Commission (NAICOM). Details of these and the relevant penalties have been disclosed in note36 to these financial statements.

Report on other legal requirements

The Companies and Allied Matters Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

ii. In our opinion proper books of account have been kept by the company as far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us.

iii. The company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

Chartered Accountants
18 July 2013
Lagos, Nigeria
FRC/2012/ICAN/00000000121

Report of the Directors

FOR THE YEAR ENDED 31 DECEMBER 2012

The Directors have pleasure in submitting to the members their report and audited financial statements of Universal Insurance Plc. (the Group) for the year ended 31 December 2012.

1. **LEGAL FORM**

The Company was incorporated as a private limited liability company on 1st March, 1961 under the Cap 37 LFN and Lagos 1958 with RC No. 2460. The company was established by the then Eastern Nigeria Government and African Continental Bank Plc. through an association between Eastern Nigerian Development Commission (ENDC) and Pearl Assurance Company Limited of London whereby ENDC acted as agent to the Insurance Company.

The Universal Insurance Company Limited from inception has been in partnership with Swiss Reinsurance company of Zurich, which also provided the necessary Reinsurance support.

The company became a Public Liability Company on 14th December 2007, following the successful recapitalisation and consolidation with the former United Trust Assurance Company Limited, Oriental Insurance Company Limited and African Safety Insurance Company Limited.On the 11th February 2009, the company became listed on the Nigerian Stock Exchange. The subsidiaries wholly owned by the company are Molit Hotels and Catering Limited and Universal Hotels Limited, both in the hospitality industry.

2. **PRINCIPAL ACTIVITIES**

The Company is engaged in Non - Life Insurance Businesses which includes Motor, Fire, General Accident, Workmen compensation, Burglary, Marine Cargo, Marine Hull, Aviation etc.

3a. **OPERATING RESULTS**

The financial results of the subsidiaries have been consolidated in these financial statements.

The following is a summary of the Group's operating results:-
(in thousands of Nigerian Naira)

	Group 2012	Group 2011	Company 2012	Company 2011
Profit before tax	181,758	(646,851)	191,275	(648,391)
Taxation	(24,576)	(17,819)	(24,476)	(17,819)
Profit after tax	156,792	(664,670)	166,409	(666,210)
Transfer to contingency reserve	(12,415)	(10,475)	(12,415)	(10,475)
Retained earnings for the year	48,180	(1,161,114)	116,183	(1,073,411)
Retained earnings, end of year	(2,891,660)	(2,942,450)	(2,004,316)	(2,123,109)
Earnings per share – Basic	0.98	(4.15)	1.04	(4.16)
Total Assets	12,410,531	11,951,509	10,500,401	10,208,991
Cash and cash equivalent	110,593	67,912	103,957	63,732
Financial assets	2,279,253	2,324,013	2,279,253	2,324,013
Insurance Contract liabilities	240,643	199,347	240,643	199,347
Share -holders funds	10,284,729	9,965,148	8,541,872	8,348,909
Statutory Deposits	335,000	335,000	335,000	335,000

3b. FINANCIAL HIGHLIGHTS

	GROUP 2012 `=N=`000	COMPANY 2012 `=N=`000	2011 `=N=`000
Gross Premium Earned	415,847	415,847	349,172
Net Premium Earned	387,759	387,759	348,554
Commission Income	5,086	5,086	2,446
Investment/Other Income	282,419	282,419	241,240
Profit/(Loss) Before Taxation	181,758	191,275	(648,391)
Taxation	(24,966)	(24,866)	(17,819)
Profit/(Loss) After Taxation	156,792	166,409	(666,210)
MAJOR STATEMENT OF FINANCIAL POSITION ITEMS			
Total Assets	13,026,641	11,116,551	10,753,381
Financial Assets	2,879,253	2,879,253	2,924,013
Statutory Deposit	335,000	335,000	335,000
Paid Up Share Capital	8,000,000	8,000,000	8,000,000
Share Premium	825,018	825,018	825,018
Contingency Reserve	233,088	233,088	220,612
Revaluation Reserve	3,170,468	540,268	423,268
Share Holders Funds	10,287,338	8,544,483	8,348,910
Basic Earning per Share	0.98	1.04	(4.16)
No. of Employees	101	72	68
No. of Branches		8	8

4. PROPERTY PLANT AND EQUIPMENT

Movement in Property Plant and Equipment during the year are as shown in note 15 of notes to the financial statements.

5. DIRECTORS

The names of the directors who held office during the period and at the date of this report are as stated on page 3.

In accordance with Section 258 (1)(e) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the under listed members of the Board retired as Directors of the Company:

- HRM. Nnaemeka Achebe (CFR), mni
- Evang. Jasper Azodo
- Chief Abel Nwankwo

Barr. Gloria Mbanefo, Pastor Benson Ogbonna, Mr. Reginald Anyanwuand Mr Anthony Okocha were appointed as Executive and Non-ExecutiveDirectors of the company in February 2012, April 2012 and August 2012 respectively.

Directors remuneration

Non-Executive Directors remuneration comprises of directors fees, sitting allowance and travel allowance for those outside the country payable during the year.
Executive Directors remuneration includes salaries and allowances payable during the year.

6. DIVIDEND

No dividend was proposed for year ended 31 December 2012.

7. DIRECTOR'S INTERESTS

In accordance with sections 275 and 276 of the Companies and Allied Matters Act CAP 20 LFN 2004 and the listing requirement of the Nigerian Stock Exchange, the direct and indirect interests of the directors' shareholding as advised by the Registrar of the company as at 31 December 2012 are as follows:

	2012		2011	
Directors	Direct	Indirect	Direct	Indirect
HRM Nnaemeka Achebe	Nil	Nil	16,050,000	Nil
Lt. Gen. J.N. Dogonyaro(Rtd), CF R,mni	10,000,000	Nil	10,000,000	Nil
Engr. Cyil Ajagu Umunna	80,000,000	753,286,899	80,000,000	753,286,899
Mrs. Juliet Madubueze (OON)	4,400,000	Nil	4,400,000	Nil
Mr. Ben Ujoatuonu	Nil	Nil	Nil	Nil
Mr. Reginald Anyanwu	Nil	Ni	Nil	Nil
Mrs.GloriaMbanefo	Nil	Nil	Nil	Nil
Pastor Benson Ogbonna	Nil	Nil	Nil	Nil
Mr.Anthony Okocha	Nil	Nil	Nil	Nil
Chief Abel Nwankwo (JP)	Nil	Nil	700,000	Nil
Evang Jasper Azodo	Nil	Nil	16,000,000	Nil
Mrs Enase Okonedo	Nil	Nil	16,000	Nil
Alabo Adeye Harry	Nil	Nil	16,000,000	Nil

8. DIRECTORS' INTEREST IN CONTRACTS

None of the Directors has notified the Company for the purposes of Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, of any disallowable interest in contracts with which the Company was involved as at 31 December 2012 or as at the date of this report.

9. ANALYSIS OF SHAREHOLDINGS

The shares of the Company were fully owned by Nigerian citizens and associations.

The range of shareholding as at 31 December 2012 is as follows:

Range of holdings			No. of Shareholders	No. Of shares held	% of Holdings
1	-	5,000,000	60780	4,004,757,812	25.03
5,000,001	-	10,000,000	52	406,723,409	2.54
10,000,001	-	100,000,000	63	2,064,841,848	12.91
100,000,00 1		10,000,000,000	17	9,523,676,931	59.52
Total			**60,912**	**16,000,000,000**	**100.00**

The following shareholders held more than 5% of shares of the company according to the Register of members as at 31st December 2012.

African Alliance Insurance Plc	4,155,106,088	25.97%
Stanbic Nominees Nigeria Limited	1,330,221,424	8.31%
Conau Limited	753,286,899	4.71%
Others	9,761,385,589	61.01%
	16,000,000,000	100.00%

The company did not purchase any of its own shares during the year.

10. FRAUD/FORGERY

There was no fraud recorded during the financial year under review.

11. CORPORATE GOVERNANCE

The Board of Directors and the Management of Universal Insurance Plc. are committed to leadership in corporate governance. The business of the Company is conducted by its employees and officers, under the direction of the Chief Executive Officer and the oversight of the Board, to enhance the long-term value of the company for its shareholders and other stakeholders.

Corporate governance practices in Universal Insurance Plc. are as codified in the NAICOM Code of Corporate Governance for Insurance Industries in Nigeria, Rules 2009, the SEC Code of Corporate Governance 2010, the Companies and Allied Matters Act 2004 and other relevant statutes which provide guidance to the governing of Insurance companies as well as the values upon which the Company was founded. These Codes/Statutes are geared towards ensuring accountability of the Board and Management to the Stakeholders of the Company. The Code also emphasizes the need to meet and address the interests of a range of stakeholders so as to promote the long-term sustainability of the Company.

The Board of Directors is currently made up of eight (8) Directors. The position of the Chairman is distinct from that of the Managing Director. The Board is responsible for controlling and managing the strategic business of the company and constantly reviews and presents a balanced and comprehensive assessment of the company's performance and future prospects. It may exercise all such powers of the company as are not by law or the Articles of Association of the company in General Meetings.

The Board functioned either as a full board or through committees. The Board committees as listed below make recommendations for approval by the full Board.

COMMITTEE	MEMBERSHIP	STATUS
Corporate Governance/Admin/Operations	Barr. Juliet A. Madubueze	Chair
	PastorBenson Ogbonna	Member
	Barr. Gloria N. Mbanefo	Member
	Barr. IfeomaIbik / Mr. Peter Eze	Recorder
Underwriting/Technical Committee	Pastor Benson Ogbonna	Chair
	Ben U. Ujoatuonu	Member
	Peter Eze	Member
	Barr. IfeomaIbik	Recorder
Statutory Audit Committee	Mr. C.A.C. Opara	Shareholder/Chairman
	Barr. Juliet Madubueze (OON)	Director/Member
	Pastor Benson Ogbonna	Director/Member
	Mr. Reginald Anyanwu	Director/Member
	Ms.Anthonia O. Salako	Shareholder/Member
	MrAngus Amiolemeh	Shareholder/Member
Investment/Finance Committee	Engr. Cyril Ajagu	Chair
	Barr. Gloria N. Mbanefo	Member
	Barr. IfeomaIbik	Recorder
Enterprise Risk ManagementCommittee	Mr. Tony Okocha	Chair
	Mr. Ben Ujoatuonu	Member
	Mr. Reginald Anyanwu	Member
	Mr. Paulinus Offorzo	Member
	Mr. Peter Eze	Recorder
Board Audit Committee	Barr. Juliet Madubueze (OON)	Chair
	Mr. Reginald Anyanwu	Member
	Pastor Benson Ogbonna	Member

In addition, a Management Executive Committee meets regularly to address policy implementation and other operational issues.

Corporate Governance/Admin/Operations Committee:
This committee met four times during the year. The committee meets as the need arises to review the composition of the Board and recommend skill mix and diversity required for appointment of new board members and senior management staff. It also makes recommendations relating to Corporate Governance.

Underwriting/Technical committee:
The Committee met four times during the year. It was set up to ensure effective control measures and set up sufficient internal checks to ensure effective and efficient underwriting.

Statutory Audit Committee:
The Committee held three meetings during the year. Section 359(6) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria, 2004 provides for the functions of this committee. In addition, the 2011 Securities and Exchange Commission (SEC) Code of Corporate Governance also assigns responsibilities to the Committee. In addition to this, a Board Audit Committee is constituted to further ensure compliance to the statutory requirements.

Investment/Finance Committee:
The Committee did not meet during the year. It meets as the need arises to review and make recommendations to the Board of Directors with respect to the Company's annual long term financial and investment strategies and objectives.

Enterprise Risk Management Committee:
The Committee met once during the year. It was set up in August 2012 to ensure effective control measures and set up sufficient internal checks to ensure effective and efficient underwriting.

DIRECTORS ATTENDANCE AT MEETINGS

Directors	Board	Corporate Gov/ Admin/Operations Committee	Audit Committees	Underwriting/ Technical Committee	Enterprise Risk Management Committee
Number of Meetings	5	4	3	4	1
HRM Igwe Nnaemeka Achebe, CFR, mni	1	RETIRED			
Engr. Cyril Ajagu	5	N/A	N/A	N/A	N/A
Mr. Ben Ujoatuonu	5	4	N/A	4	1
Evang. Jasper Azodo	1	RETIRED			
Lt. Gen. J. Dogonyaro,(Rtd) CFR,mni	5	N/A	N/A	N/A	N/A
Barr. Juliet A. Madubueze, OON	5	4	3	N/A	N/A
Chief Abel Nwankwo (JP)	1	RETIRED			
Barr. Gloria Mbanefo	3	4	N/A	N/A	N/A
Pastor Benson Ogbonna	3	2	3	N/A	N/A
Mr. Reginald Anyanwu	3	N/A	3	N/A	1
Mr. Anthony Okocha	1	N/A	N/A	N/A	1

In addition, a Management Executive Committee meets regularly to address policy implementation and other operational issues.

12. EMPLOYMENT AND EMPLOYEES

a. Welfare of employees

The Company provides allowances to its employees at all levels for medical, transportation and housing.

b. Employees involvement and training

The Company ensures that employees are informed in respect of the Company's activities especially in areas that concern them.

The Company also invests in training its workforce at various levels both in-house and external courses. This has resulted in enhancing the technical expertise of the workforce.

Workforce
The number of persons employed as at the end of the year were as follows:

	Male	Female	Total
Managerial	9	5	14
Other Staff	55	32	87
	64	37	101

13. DONATIONS AND CHARITABLE GIFT

The company did not make any donation during the year.

14. AUDITORS

In accordance with section 357 of the Companies and Allied Matters Act, 1990, Messrs Anuebunwa Jude & Co (Chartered Accountants) have indicated their willingness to continue in office.

BY THE ORDER OF THE BOARD

....

BARR. (MRS) GLORIA MBANEFO
COMPANY SECRETARY
FRC/2013/NBA/0000003147

Statement of Directors' Responsibility in Relation

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors accept responsibility for the preparation of the annual consolidated financial statements that give a true and fair view of the statement of financial position of the Group and Company at the end of the year and of the its comprehensive income in the manner required by the Companies and Allied Matters Act of Nigeria and the Insurance Act of Nigeria. The responsibilities include ensuring that the Group:

i. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the companies and Allied Matters Act and the Insurance Act.

ii. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities: and

iii. Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, in compliance with;

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- the requirements of the Insurance Act;
- relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); and
- the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Group and of the profit for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made assessment of the Group's ability to continue as a going concern and have no reason to believe that the Group will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

REGINALD ANYANWU	**UJOATUONU BENEDICT**
FRC/2013/NIM/0000003245	**FRC/2013/CIIN/0000003282**

Certification Pursuant to section 60(2)

FOR THE YEAR ENDED 31 DECEMBER 2012

Investment and Securities act no. 27 of 2007

We the undersigned hereby certify the following with regards to our audited reported for the period ended 31st December 2012 that:

a. We have reviewed the report:

b. To the best of our knowledge, the report does not contain:
   i. Any untrue statement of a material fact, or
   ii. Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;

c. To the best of our knowledge, the financial statement and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in the report.

d. We;
   (i) Are responsible for establishing and maintaining internal controls.
   (ii) Have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiary is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
   (iii) Have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;
   (iv) Have, present in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

e. We have disclosed to the auditors of the company and audit committee:
   (i). All significant deficiency in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarise and report financial data and have identified for the company's auditors any material weakness in internal controls, and
   (ii). Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls.

f. We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

REGINALD ANYANWU	**UJOATUONU BENEDICT**
FRC/2013/NIM/0000003245	**FRC/2013/CIIN/0000003282**

NATURE OF BUSINESS

Universal Insurance Plc. is involved in the Underwriting of All Classes of General Insurance business as at December 31, 2012.

The Universal Insurance Plc. has two other Subsidiaries- Universal Hotels Ltd and Molit Hotel and Catering Services Ltd involved in hospitability business.

This Management Discussion and Analysis was prepared as at 31st December 2012 and should be read together with the consolidated financial statement account of the Universal Insurance Plc. and Subsidiaries.

The Universal Insurance Plc. and its Subsidiary Companies are incorporated in Nigeria and are engaged in the provision of insurance underwriting and hospitality services to the Nigerian Populace.
The Company is poised to be a giant in risk bearing in Nigeria and beyond.

Universal Insurance Plc. has commenced the implementation of NAICOM directive on 'No premium no cover' effective 1st January 2013. This is a welcome development that intends to provide liquidity for the operators within the industry. This will reduce large outstanding premium carried in the financial statement of Insurance companies thereby improving the income statements of insurance companies. The obvious effect of this is availability of funds to generate investment income.

However, there will be an initial drop in the written premium income of insurance companies as a result of the time needed by the insuring public to adjust to the new directive.

Our strategy in Universal Insurance Plc. is to adopt effective and efficient service delivery process empowered by technology to render value to our customers.

RESULT OF OPERATIONS

	GROUP			COMPANY		
YEAR	**Dec 2012**	**Dec 2011**	**% change**	**Dec 2012**	**Dec 2011**	**% change**
Gross prem written	415,847	349,172	19%	415,847	349,172	19%
Net Prem Income	387,759	348,554	11%	387,759	348,554	11%
Total u/w income	259,551	222,433	17%	259,551	222,433	17%
Investment income	424,302	376,971	13%	279,419	241,240	16%
Operating Expenses	504,620	1,245,394	(59%)	350,695	1,112,064	(68%)
Profit/loss b/4 tax	181,758	(646,851)	(128%)	191,275	(648,391)	(129%)
Earning per share	0.96	(4.15)		1.02	(4.16)	

Universal Insurance Plc. recorded 19% increase in gross written premium as 31st December 2012 when compared to the 2011 result. This is attributable to renewed vigour by the team to increase our market share by providing value to our clients. Premium generated from marine, general accident, fire and motor insurances accounted for the increase in the written premium.

REVENUE AND UNDERWRITING RESULT

Our earned premium in 2012 grew to N387 million showing an increase of N39 million over 2011. The underwriting result for 2012 stood at N259 million as against N222 million in 2011. We paid a total of N65.6 million in claims for the year as against N54.8 million in 2011.

INVESTMENT INCOME

The Company recorded an investment income of N279 million during the year, anincrease of N38 million from 2011.

OPERATING EXPENSES

The operating expenses for the year 2012 stood at N416 million, showing an increase of N28 million when compared to the year 2011.

Statement of Significant Accounting Policies

FOR THE YEAR ENDED 31 DECEMBER 2012

The following are the statement of significant accounting policies applied in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

As permitted by IFRS 4 Insurance Contracts, the Group continues to apply the existing accounting policies that were applied prior to the adoption of IFRS, with certain modifications allowed by the standard.

1.0 General Information

The financial statements of the company for the year ended 31December 2012 were authorised for issue in accordance with a resolution of the Directors on July 16 2013. The company is a publiclimited company incorporated and domiciled in Nigeria. The corporate head office is located at 11, LigaliAyorinde Street,Victoria Island, Lagos, while the registered office is at 4, Ridgeway Road, Enugu, Enugu State.

The group is principally engaged in the business of providing risk underwriting and related financial services to its customers and hospitality services.

1.1 Going concern status

These financial statements have been prepared on the going concern basis. The group has no intention to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the group due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short – term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the group is carried out by the group to ensure that there are no going concern threats to the operation of the group.

2.0 Basis of preparation

(i) Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS)as issued by the International Accounting Standards Board (IASB).

For all periods up to and including the year ended 31 December 2010, the company prepared its financial statements in accordance with local generally accepted accounting practice (Nigerian GAAP). Thesefinancial statements for period ended 31 December 2012 are the first the company has prepared in accordance with IFRS, and IFRS 1: First-time adoption of International Financial Reporting Standards has been applied for all periods presented beginning 1st January 2011.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the company is provided in note 39 of the financial statements.

(ii) First-time adoption of IFRS

The company has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2012, together with the comparative period data as at and for the period ended 31 December 2011, as described in the accounting policies. In preparing these financial statements, the company's opening statement of financial position was prepared as at 1st January 2011, the Company's date of transition to IFRS.

(i)Transition elections applied:

In preparing these financial statements in accordance with IFRS 1, the company has applied the mandatory exceptions from full retrospective application of IFRS. The optional exemptions and exceptions from full retrospective application selected by the company are summarised below:

. **(a). Exemption for business combinations:-**

IFRS 1 provides the option to apply IFRS 3, 'Business combinations', prospectively from the transition date or from aspecific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The group elected to apply IFRS 3 prospectivelyto business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

(b). Exemption for fair value or revaluation as deemed cost (IAS 16 and IAS38):-

An entity may elect to measure certain items of property, plant and equipment, investment property or intangible assets at the date of transition to IFRS at its fair value and use that fair value as its deemed cost at that date: or may elect to use a previous GAAP revaluation of these assets at, or before, the date of transition to IFRS as deemed costs at the date of the revaluation.

The group elected to measure certain items of property, plant and equipment at fair value as at 1 January 2011. The Deemed cost is the carrying amount as at the date of transition.

(c). Investments in subsidiaries, associates and jointly controlled entities:

The group has measured its investments in the subsidiaries using the previous GAAP carrying amount as deemed cost at the date of transition to IFRS after testing for impairment.

(d) Exception for estimates:-

The estimates made under the Nigerian GAAP at the transition date shall be consistent with estimates made in the company's opening IFRS statement of financial position (after adjustments to reflect any difference in accounting policies).

An entity's estimates under IFRS at the date of transition to IFRS shall be consistent with estimates made for the same date under previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

(e) Designation of previously recognised financial instruments (IAS 39):

IAS 39 permits a financial asset to be designated on initial recognition as available-for-sale (AFS) or a financial instrument at fair value through profit or loss (FVTPL) (provided it meets certain criteria). An entity is permitted to designate, at the date of transition to IFRS, any financial asset or financial liability as at fair value through profit or loss provided the asset or liability meets the criteria stated in IAS 39 at that date. The company has designated its financial assets or financial liability as either, held to maturity, loans and recoverable, available for sale, held for trading, fair value through profit and loss for those that meets the criteria in IAS 39.

(f). **Insurance contracts (IFRS 4):**

The accounting policies for Insurance contracts have not been changed in transition.
The Group has elected to disclose only five years of claims experience data in its claims development tables as permitted in the first financial year in which it adopts IFRS 4 Insurance Contracts. These disclosures will be extended for an additional year in each succeeding year until the 10-year information requirement has been satisfied.

(g). Assets and Liabilities of subsidiaries, associates and joint ventures:

Only the group's consolidated financial statements have been prepared in accordance with IFRS. The subsidiaries shall measure their assets and liabilities as the carrying amount based on their dates of transition to IFRS.

(h). Investments in subsidiaries, associates and jointly controlled entities:

The group has measured its investments in the subsidiaries using the previous GAAP carrying amount as deemed cost at the date of transition to IFRS.

(i) De-recognition of Financial Assets and Liabilities:-

The Group shall apply the de-recognition requirements in IAS 39 Financial Instruments: Recognition and Measurement prospectively for transactions occurring on or after the transition date when applicable. IFRS requires an entity to avoid retrospective application of de-recognition requirements in IAS 39 for transactions entered into before January 1, 2004.

(i) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31December 2012, and have not been applied in preparing these financial statements. The company plans to adopt the standards on their respective effective dates. They have no impact in the accounting policies and financial performance of the Company:

IFRS 9 Financial Instruments (effective on or after 1 January 2015). IFRS 9 addresses classification and measurement of financial asset and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value.

The adoption of this amendment will have no impact on the financial position and performance of the company.

- IFRS 10 Consolidated Financial Statements (effective on or after 1 January 2013).
  IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity.

The adoption of this amendment will have no impact on the financial position and performance of the company.

- IFRS 11 Joint Arrangements (effective on or after 1 January 2013).
  IFRS 11 gives a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form.

The adoption of this amendment will have no impact on the financial position and performance of the company.

- IFRS 12 Disclosure of Interests in other Entities (effective on or after 1 January 2013). This include the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

  The adoption of this amendment will have no impact on the financial position and performance of the company.

- IFRS 13 Fair Value Measurement (effective on or after 1 January 2013). IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS

  The adoption of this amendment will have no impact on the financial position and performance of the company.

- IAS 27 amendment: Separate financial statements; (effective on or after 1 January 2013). This is limited to the accounting for investment in subsidiaries, joint ventures and associates in separate financial statements.

  The adoption of this amendment will have no impact on the financial position and performance of the company.

- IAS 28 amendment: Associates and joint ventures; (effective on or after 1 January 2013). This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

  The adoption of this amendment will have no impact on the financial position and performance of the company.

The adoption of these standards and amendment will have no material effect on the company's accounting policies. The group did not early adopt any new or amended standards in 2012.

2.1 Basis of measurement

2.2 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis to take account of new and available information. Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that period or both current and future periods.

2.3 Basis of Consolidation

i) Subsidiaries

The group financial statements comprise the financial statements of the company and its subsidiaries made up to 31st December of the year. A subsidiary is an entity, including an incorporated entity such as partnership that is controlled by another entity known as the parent. The consolidated financial statements are prepared using uniform accounting policies for the like transactions and event in similar circumstances in the books of the holding company and the subsidiaries. Separate disclosure is made for non-controlling interest if any.

The consolidated financial statements combine the financial statements of Universal Insurance Plc ('the company') and its subsidiaries ('the group') wherein there is majority shareholding and/or control of the Board of Directors and management. The Consolidated subsidiaries are Molit Hotel Limited and Universal Hotels Limited.

Intra-group balances and transactions and any unrealized gains arising from intra-group transactions are eliminated unless the transaction provides evidence of impairment of the asset transferred.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity if any
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss.

Investment in the subsidiaries is stated at cost in the financial statements of the company.

ii) Investments in associated company

An associate is an entity over which the company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are carried in the balance sheet at cost

2.4 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (business segment), or in providing products or services within aparticular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment reporting is based on business segment.

2.5 Foreign currencies

The individual financial statements of each company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the financial statements, the results and financial position of the company are expressed in Naira, which is the functional currency of the parent, and the presentation currency for the financial statements.

Transactions in foreign currencies are recorded in Naira at the rate of exchange ruling on the dates of the transactions. Assets and liabilities in foreign currencies are converted into Naira at the rates of exchange ruling on the balance sheet date. All exchange gains and losses arising therefrom are presented in profit and loss within `Other operating income' or `Other operating expenses'.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.7 Financial Instruments

Financial assets and financial liabilities are recognised in the statement of financial position and measured in accordance with their assigned category.

i) Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as; at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' (HTM) investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables' (L&R).

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

ii) Financial assets at FVTPL

Financial assets classified at FVTPL are where the financial asset is either held for trading or it is designated as at FVTPL at inception.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in statement of comprehensive income. The net gain or loss recognised in income incorporates any dividend or interest earned on the financial asset. The Company's investments in quoted equities are carried at fair-value-through-profit or loss.

iii) Held-to-maturity investments

Held-to-maturity investments are those with fixed or determinable payments and fixed maturity dates that the company has the positive intent and ability to hold to maturity and are classified as held-to-maturity investments.

Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

iv) Available-for-sale financial assets

Available-for-sale financial assets include listed shares and redeemable notes that are traded in an active market and non- derivative financial assets that are either designated in this category or not classified as any other category and are stated at fair value.

They are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in the other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If the asset is determined to be impaired, cumulative gain or loss previously recognised in the other comprehensive income is recognised in the statement of comprehensive income. Interest is calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale is recognised in the statement of comprehensive income.

Dividends on AFS equity instruments are recognised in comprehensive income when the company's right to receive the dividends is established. Investment in unquoted equities and managed funds are classified as available for sale.

v) Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are designated as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

vii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

significant financial difficulty of the issuer or counterparty; or

default or delinquency in interest or principal payments; or

it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets and the loss is recognised in the statement of comprehensive income.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity instruments, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

viii) De-recognition of financial assets

The company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have topay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.8.1 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described below.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

2.8.2 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability
and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

i) De-recognition of financial liabilities

The company de-recognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

ii) Fair value of financial instruments

The fair value of non-derivative financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined by reference to quoted market prices. Financial assets in this category include listed equities, listed debt securities and mortgages. For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs like NIBOR yield curve, FX rates and counterparty market development.

2.9Trade and other receivables

Trade receivables arising from insurance contracts and other receivables are stated after deducting allowance made for specific debts considered doubtful of recovery. Trade receivables are reviewed at every reporting period for impairment.

Impairment:-
A provision for impairment is made when there is objective evidence, (such as the probability of solvency or significant financial difficulties of the debtors) that the group will not be able to collect the amount due under the original terms of the invoice. Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt. Impairment debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognised in the profit and loss.

2.10 Investment properties

Property held for long-term rental yields that is not occupied by the company is classified as investment property. Investment property comprises freehold land and buildings. It is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the company uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent valuation expert. Investment property that is being developed for continuing use as investment property, or for which the market has become less active, continues to be measured at cost.

Changes in fair values are recorded in the income statement.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the company. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon the disposal of such investment property and surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

2.10.1 Property, plant and equipment

Property and equipment comprise mainly land and buildings, motor vehicles, Computer equipment, Office equipment, furniture & fittings and plant and machinery. They are stated at revalued amount or historical cost less accumulated depreciation and accumulated impairment losses. Property and equipment is recognised when it is probable that economic benefits associated with the item will flow to the company and the cost of the item can be reliably measured.

Subsequent costs are included in the assets carrying amount as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. All other repairs and maintenance costs are charged to the statement of comprehensive income in the period they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	2%
Motor Vehicles	25%
Furniture & fittings	10%
Computer equipment	10%

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. The depreciation method is also reviewed at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property and equipment was impaired at 31 December 2012 and 2011.

The gain or loss arising on the disposal or retirement of an asset is determined as the differencebetween the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

2.10.2 Intangible assets

This is a new policy in line with the Statement of Accounting Standard 31: On Intangible Assets issued by the Financial Reporting Council of Nigeria (formerly Nigerian Accounting Standards Board), which is effective for annual periods beginning on or after 1 January 2011.

(a). Computer software

Purchased software that is not integral to the related hardware is recognised at cost. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use; - Management intends to complete the software product and use or sell it;

-There is an ability to use or sell the software product;

-It can be demonstrated how the software product will generate probable future economic benefits;
Adequate technical, financial and other resources to complete the development and to use or sell the software product

· The expenditure attributable to the software product during its development can be reliably measured. Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Direct computer software development costs recognised as intangible assets that have finite useful lives; are amortised on the straight-line basis over 5 years and are carried at cost less accumulated amortization and any accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when the carrying amount exceeds its recoverable amount.

(b). Other intangible assets:

The Company expenses the costs incurred on internally generated intangible assets such as brands, customer lists, customer contracts and similar rights and assets, in the statement of comprehensive income in the period in which the costs are incurred. Prepayment assets are recognised for advertising or promotional expenditure up to the point at which the Company has the right to access the goods purchased or up to the point of receipt of services.

De-recognition of intangible assets: An intangible assets is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in income statement when the asset is de-recognised.

2.10.3 Inventory

Inventory represents raw materials and other store items used in the normal course of business. Stocks are stated at the lower of cost and net realizable value.

2.10.4 Statutory deposit

Statutory deposit represents 10% of the paid up capital of the company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, 2003. Statutory deposit is measured at cost.

3.0. Classification of Insurance Contracts

(I) Insurance contracts are those contracts that transfer significant insurance risk. Contracts that are classified as insurance contracts are those under which the company underwrites significant insurance risk from another party (the Broker or Insured) by agreeing to compensate the insured or other beneficiary if a fortuitous random event (the insured event) adversely affects the policyholder or other beneficiary.

(I) Recognition and measurement of Insurance Contracts Short-term insurance contracts under General business are accounted for on an annual basis. Insurance contracts entered into by the company are accounted for on an annual basis except insurance contracts under Contractors All Risks which may cover the whole period of construction usually exceeding one year.

(a). Insurance Contract Premium:-
Written premium on insurance contracts comprises premium on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period.

Premium relating to expired risk period is taken as earned and recognised as revenue for the period while premium relating to the unexpired risk period is treated as unearned premium.

(b). Claims arising from insurance contracts:- Claims incurred in respect of Insurance contracts consist of claims and claims handling expenses paid during the financial year as well as movements in provision for outstanding claims and claims incurred but not yet reported (IBNR).

3.1 Technical reserves

(i). Reserve for unearned premium – provision for unearned premium represents the portion of gross premium income on short-term general business insurance contracts that relate to a period of risk after the end of accounting period. This is calculated on a time apportionment basis of the risk accepted in the year in accordance with the provisions of Section 20 (1) (a) of the Insurance Act 2003

(ii). Reserve for unexpired risk- A provision for additional unexpired risk reserve (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve (UPR)"

Unexpired risk provision is determined based on the underwriting experiences ofeach class of business written. The unexpired risks provision is determined in a way that allows for proper segregation of items of income and expenditure. In this case, deferred acquisition expenses are disregarded and a provision is made for the entire acquisition expenses being carried forward separately.

(iii). Provision for Outstanding Claims:

· Provision for outstanding claims comprise of estimated costs of settling all claims and related claim handling expenses incurred but unpaid at the balance sheet date.

· Outstanding claims that have occurred at the balance sheet date and have been notified to the Company are carried at their reported amounts, while

· Adequate provisions are also made for claims incurred, but not reported (IBNR) as at the balance sheet date in accordance with the provision of Section 20 (b) (vii) of the Insurance Act 2003. The IBNR is based on the liability adequacy test.

(iv). Liquidity adequacy test:

At each end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities. Any deficiency is immediately charged to profit or loss and subsequently establishing a provision for losses arising from liability adequacy tests "the unexpired risk provision".

IFRS 4 requires a liability adequacy test for the insurance reserves. The provision of section 59 of the Financial Reporting Council Act 2011 gives superiority to the provision of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act 2003, it serves the company's prudential concerns better.
(v). Hypothetication of investment:

In line with the provisions of Section 25 of the Insurance Act 2003, adequate investment is allocated to Policy holders fund in order of liquidity. These investments are held as back up to cover the Insurance Contract Liability Funds at each point in time

3.2 Trade and other Payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount, except the due date of the liability is less than one year.

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.3 Borrowings and borrowing cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least 12 months after the date of the statement of financial position.

Borrowing costs comprise interest payable on loans and bank overdrafts. They are charged to income as incurred. Arrangement fees in respect of financing arrangements are charged to borrowing costs over the life of the related facility.

3.4 Current and deferred tax

Income tax is provided on taxable profit at the current statutory rate.

Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the difference between the net book value of qualifying fixed assets and their corresponding tax written down value.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

3.5 Employee benefit liability

Defined Contribution Plan

The Company operates contributory pension plan for eligible staff. It makes provision for retirement benefit in accordance with the Pension Reform Act of 2004, with the company and the employee contributing a total of 20%. The company contribution is charged to the statement of comprehensive income. Remittances are made to each employee's chosen pension fund administrator.

4.0 Share capital and share premium

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

4.1 Contingency Reserves

The Company maintains contingency reserves in accordance with the provisions of S. 21 of the Insurance Act 2003 to cover fluctuations in securities and variations in statistical estimates atthe rate equal to the higher of 3% of total premium or 20% of the total profit after taxation;until the reserve reaches the greater of minimum paid up capital or 50% of net premium.

4.2 Dividends

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the year in which the dividend is approved by the Company's shareholders.

4.3 Earnings per share

The company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

5.0 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or the group has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallise.

5.1 Revenue recognition

(a) Premium:-Premium income is stated on cash basis.

(i) Gross Premium – is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance cover.

(ii) Gross Premium Earned – is written premium after adjusting for the unearned portion of the premium.Written premiums are recognised as income when due from the policyholders and confirmed receivable. Premiums are stated gross of commission and exclusive of taxes and duties levied on premiums.

(iii) Unearned Premium - premium relating to risk for period not falling within theaccounting period is carried forward as unearned premium.

(iv) Net Premium Earned- net premium earned represents gross premium less reinsurance costs

(b) a) Reinsurance
Proportional and non-proportional reinsurance premiums are accounted for on anaccrual basis. Reinsurance premium are recognized as outflows in accordance withthe tenor of the reinsurance contract.

b) Reinsurance cost
Reinsurance cost represents outwards premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

c) Reinsurance Recoveries
Reinsurance recoveries represent that portion of claims paid/payable on risk ceded out in respect of which recoveries are received/receivable from the Reinsurer

d) Prepaid Reinsurance
Unexpired reinsurance cost is determined on a time apportionment basis and is reported under other assets in the statement of financial position.

(c) Fee and commission income

Fee and commission income consists primarily of investment contract fee income, reinsurance and profit commissions, asset management fees, policyholder administration fees and other contract fees. Reinsurance commissions receivable are deferred in the same way as acquisition costs. All other fee and commission income is recognised as the services are provided.

(d) Investment income

Income from investments comprise of income earned on quoted and unquoted investments and is recognised in the accounts on an accrual basis. Investment return consists of dividends, interest and rents receivable, movements in amortised cost on debt securities and other loans and receivables, realised gains and losses, and unrealised gains and losses on fair value assets.

(e) Interest

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

(f) Dividend income

Dividend income from available-for-sale equities is recognised when the shareholders' rights to receive payment have been established. This is the ex-dividend date for the equity securities.

(g) Rental income

Rental income is recognised on an accruals basis.

(h) Realised gains and losses

The realised gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost as appropriate.

(i) Unrealised gains and losses

Unrealised gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals during the year.

(j) Salvage and subrogation reimbursement

(I) Gross claims paid – consists of direct claims, plus reinsurance claims.
(ii) Gross claims incurred – consists ofclaims and claims handling expenses paidduring the financial year after adjusting for movement in provision for outstandingclaims and IBNR.
(iii) Net claims incurred – is gross claims incurred after adjusting for reinsurance claims recoveries.

5.3 Insurance Contracts

The company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

IFRS 4 permits the continued use of previously applied GAAP.

i) Liability adequacy
At each reporting date, the company performs a liability adequacy test on its insurance contract liabilities less related deferred acquisition costs and intangible assets to ensure that the carrying amount of insurance liabilities is adequate using current estimates of future cash flows. Any deficiency is charged as an expense to the income statement initially by writing off the intangible assets and subsequently by recognising an additional liability.

5.4 Reinsurance

The Group enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards reinsurance business being reinsured.

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses and ceded life policy benefits. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance or investment contracts and in accordance with the terms of the reinsurance contract. Reinsurance is recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take account of reinsurance.

Reinsurance assets are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The impairment loss is recognised as an expense in the income statement. The asset is impaired if objective evidence is available to suggest that it is probable that the company will not be able to collect the amounts due from reinsurers.

5.5 Costs:

1. Underwriting expenses

Underwriting expenses are subdivided into acquisition and maintenance expenses. Acquisition expenses are those incurred in obtaining and renewing insurance contracts'.They include commission paid, policy expenses and indirect expenses such as salaries of underwriting staff; and are deferred and amortized in proportion to the amount of premium determined separately for matching concept. Maintenance expenses are charged to the revenue account in the accounting period in which they are incurred.

2. **Deferred Acquisition Costs**

The proportion of acquisition costs that correspond to the unearned premiums are deferred as an asset and recognized in the subsequent period.

Acquisition costs comprise of all direct and indirect costs arising from the writing of insurance contracts. Deferred acquisition costs represent a proportion of commission and other acquisition costs, which are incurred during the financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium.

3. **Other operating expenses**

These are management expenses other than claims, investments and underwriting expenses. They include salaries and wages, depreciation charges and other non-operating expenses. Management expenses are accounted for on accrual bases and recognised in the income statement upon utilisation of the services or at the date of their origin.

Consolidated Statements of Financial Position

FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	GROUP 31-Dec 2012	GROUP 31-Dec 2011	GROUP 1 Jan. 2011	COMPANY 31-Dec 2012	COMPANY 31-Dec 2011	COMPANY 1 Jan. 2011
Assets		N'000	N'000	N'000	N'000	N'000	N'000
Cash and Cash Equivalents	6	73,696	67,912	59,921	67,060	63,732	55,769
Financial Assets	7	2,879,253	2,924,013	1,971,072	2,879,253	2,924,013	1,971,072
Trade Receivable	8	124,769	43,813	10,508	14,045	96	-
Reinsurance Assets	9	25,513	27,945	17,227	25,513	27,945	17,227
Deferred Acquisition cost	10	15,225	12,293	13,943	15,225	12,293	13,943
Other Receivable	11	1,764,301	1,637,314	3,781	1,733,810	1,613,786	226
Investment in subsidiaries	12	-	-	-	2,561,666	2,561,666	2,561,666
Investment Properties	13	934,118	934,118	1,654,118	934,118	934,118	1,654,118
Intangible Asset	14	4,635	4,472	-	4,635	4,472	-
Property, Plant and Equipment	15	6,870,130	6,572,750	5,494,229	2,546,185	2,339,992	2,080,972
Statutory Deposits	16	335,000	335,000	335,000	335,000	335,000	335,000
Total Assets		**13,026,641**	**12,559,630**	**9,559,799**	**11,116,511**	**10,817,113**	**8,689,993**
Liabilities							
Insurance Contract Liabilities	17	250,597	207,469	182,539	250,597	207,469	182,539
Borrowings	18	-	3,429	79	-	-	-
Trade payable	19	29,903	20,763	47,019	16,484	13,969	5,892
Other payable	20	1,743,892	1,758,006	347,805	1,737,516	1,730,616	311,862
Employee benefit liability	21	1,219	3,943	2,613	1,219	3,943	2,613
Income Tax liabilities	22	118,759	99,465	82,224	118,909	100,043	82,224
Deferred tax liabilities	23	594,934	501,407	15,438	447,305	412,164	15,438
Total Liabilities		**2,739,303**	**2,594,482**	**677,717**	**2,572,029**	**2,468,204**	**600,568**
Equity							
Issued and paid Share capital	24. 1	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Share Premium	24. 2	825,018	825,018	825,018	825,018	825,018	825,018
Contigency Reserves	24. 3	233,088	220,612	210,137	233,088	220,612	210,137
Fair value reserve	24. 4	950,425	1,003,121	-	950,425	1,003,121	-
Revaluation reserve	24. 5	3,170,468	2,858,848	1,628,262	540,268	423,268	103,968
Retained earnings	24. 6	(2,891,660)	(2,942,450)	(1,781,335)	(2,004,316)	(2,123,109)	(1,049,698)
Shareholders funds		10,287,338	9,965,149	8,882,082	8,544,483	8,348,910	8,089,425
Other equtiy instruments		-	-	-	-	-	-
Non - controlling interests		-	-	-	-	-	-
TOTAL EQUITY & LIABILITIES		**13,026,642**	**12,559,632**	**9,559,799**	**11,116,512**	**10,817,115**	**8,689,993**

Signed on behalf of the Board of Directors on 16 July 2013

REGINALD ANYANWU
DIRECTOR
FRC/2013/NIM/0000003245

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

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

Statements of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	GROUP 2012 N'000	GROUP 2011 N'000	COMPANY 2012 N'000	COMPANY 2011 N'000
Gross Premium written	25	415,847	349,172	415,847	349,172
Decrease/(increase) in unearned premium		(11,615)	12,786	(11,615)	12,786
Gross Premium Earned		404,232	361,958	404,232	361,958
Reinsurance Premium Expense	26	(16,472)	(13,404)	(16,472)	(13,404)
Net Insurance Premium Income		387,759	348,554	387,759	348,554
Fees and Commission income	27	5,086	2,446	5,086	2,446
		392,846	351,000	392,846	351,000
Total Underwriting Income					
Claims expenses	28	(72,212)	(71,961)	(72,212)	(71,961)
Claims Expense Recovery from reinsurance	28	11,388	3,783	11,388	3,783
Net claim expenses		(60,824)	(68,178)	(60,824)	(68,178)
Underwriting Expenses					
Acquisition expenses	29	(42,846)	(41,331)	(42,846)	(41,331)
Maintenance expenses		(29,625)	(19,058)	(29,625)	(19,058)
		(72,470)	(60,389)	(72,470)	(60,389)
Underwriting Profit/(Loss)		259,551	222,433	259,551	222,433
Investment income	30	282,419	241,240	282,419	241,240
Other operating income	30 (ii)	144,883	135,731	-	-
Total investment income		427,302	376,971	282,419	241,240
Net Income		686,853	599,404	541,970	463,673
Impairment charges	31 (i)	(96,381)	(86,919)	(96,381)	(86,919)
Net realised gains/(loss) on financial assets	31 (ii)	7,936	(50,180)	7,936	(50,180)
Net fair value gain/(loss) on investment properties	31 (ii)	-	(720,000)	-	(720,000)
Other operating and administrative expenses	32	(416,175)	(388,295)	(262,250)	(254,965)
Total Expenses		(504,620)	**(1,245,394)**	(350,695)	(1,112,064)
Result of operating activities		182,233	(645,990)	191,275	(648,391)
Interest expense	33	(475)	(861)	-	-
Profit or (Loss) before Taxation		181,758	(646,851)	191,275	(648,391)
Income Tax Expense/ (Credit)		(24,966)	(17,819)	(24,866)	(17,819)
Profit or Loss after Taxation		156,792	(664,670)	166,409	(666,210)
Profit attributable to:					
Equity holders of the Company		156,792	(664,670)	166,409	(666,210)
Non-controlling interest		-	-	-	-
Profit/(loss) for the period		156,792	(664,670)	166,409	(666,210)
Other Comprehensive income					
Items within OCI that may be reclassified to the profit or loss;					
Fair value changes in AFS financial assets	24. 4	(52,696)	1,003,121	(52,696)	1,003,121
Deferred tax impact of changes in AFS financial assets	23	(41)	(300,936)	(41)	(300,936)
Items within OCI that will not be reclassified to the profit or loss;					
PPE revaluation gains	24. 5	311,620	1,230,586	117,000	319,300
Deferred tax impact of revaluation gains	23	(93,486)	(185,033)	(35,100)	(95,790)
Other comprehensive income for the period		165,397	1,747,738	29,163	925,695
Total comprehensive income		322,189	1,083,068	195,572	259,485
Total comprehensive income attributable to:					
Equity holders of the company		322,189	1,083,068	195,572	259,485
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		322,189	1,083,068	195,572	259,485
Earnings per share-(basic and diluted)	34	0.98	(4.15)	1.04	(4.16)

Statements of Changes in Equity (GROUP)

FOR THE YEAR ENDED 31 DECEMBER 2012

	Share Capital	Share Premium	Revaluation reserve	Contingency reserve	Fair value reserves	Retained earnings	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2011	8,000,000	825,018	1,628,262	210,137	-	(2,334,127)	8,329,290
Total comprehensive income							-
Profit and loss	-	-	-	-	-	-	-
Other comprehensive income							-
Impairment gain/(loss) on trade and other receivables						(46,883)	(46,883)
Impairment gain on FVTPL -Financial Assets						600,000	600,000
Net change in outstanding claims per valuation							-
Net gain/(loss) on investments now classified as AFS						(326)	(326)
Other comprehensive income	-	-	-	-	-	552,791	552,791
Balance at 1 January 2011	8,000,000	825,018	1,628,262	210,137	-	(1,781,336)	8,882,081
Balance at 1 January 2011	8,000,000	825,018	1,628,262	210,137	-	(1,781,336)	8,882,081
Total comprehensive income for the period							-
Profit or loss	-	-	-	-	-	(664,670)	(664,670)
Other comprehensive income							-
Gain on the revaluation of land and buildings	-	-	1,230,586	-	-	(185,033)	1,045,553
Fair value changes in AFS financial assets	-	-	-	-	1,003,121	(300,936)	702,185
Transfer To Contingency Reserve	-	-	-	10,475	-	(10,475)	-
							-
Other comprehensive income for the period	-	-	1,230,586	10,475	1,003,121	(496,444)	1,747,738
Total comprehesive income for the period	-	-	1,230,586	10,475	1,003,121	(1,161,114)	1,083,068
Balance at 31 December 2011	8,000,000	825,018	2,858,848	220,612	1,003,121	(2,942,450)	9,965,149
Balance at 1 January 2012	8,000,000	825,018	2,858,848	220,612	1,003,121	(2,942,450)	9,965,149
Total comprehensive income for the period							-
Profit or loss						156,792	156,792
Other comprehensive income							-
Gain on the revaluation of land and buildings	-	-	311,620	-	-	(93,486)	218,134
Fair value changes in AFS financial assets	-	-	-	-	(52,696)	(41)	(52,737)
Transfer To Contingency Reserve	-	-	-	12,475		(12,475)	-
							-
Other comprehensive income for the period	-	-	311,620	12,475	(52,696)	(106,002)	165,397
Total comprehesive income for the period	-	-	311,620	12,475	(52,696)	50,790	322,189
Balance at 31 December 2012	8,000,000	825,018	3,170,468	233,088	950,425	(2,891,660)	10,287,338

Statements of Changes in Equity (COMPANY)

FOR THE YEAR ENDED 31 DECEMBER 2012

As at 1 January 2011	Note	Nigerian GAAP N '000	Adjustments Reclassification N '000	Measurement N '000	Error/Opening Adjustment N '000	Total N '000	IFRS N '000
Assets							
Cash and cash balances	i	59,921	(59,921)			(59,921)	-
Cash and cash equivalents	a(i)	-	59,921			59,921	59,921
Trade Debtors	ii	29,423	(29,423)			(29,423)	-
Trade Receivables	b	-	39,931	(29,423)		10,508	10,508
Long Term Investment	iv(c,d)	1,371,398	(1,371,398)			(1,371,398)	-
Financial Assets	c	-	1,371,398	599,674		1,971,072	1,971,072
Investment in Associates		-	-			-	-
Investment in Subsidiaries	d	-	-			-	-
Other Debtors	iii(e,f)	33,042	(33,042)			(33,042)	-
Other Receivables	e	-	21,241	(17,460)		3,781	3,781
Reinsurance Assets	f		1,293	15,934		17,227	17,227
Deferred Acquisition Cost		13,943	-			-	13,943
Deferred Tax Assets						-	
Statutory Deposits		335,000				-	335,000
Investment Properties	g	1,654,118				-	1,654,118
Intangible Assets	h	-				-	-
Property, Plant and Equipment	l	5,494,228				-	5,494,228
TOTAL ASSETS		**8,991,073**	-	**568,725**	-	**568,725**	**9,559,798**
						-	-
						-	-
Liabilities:						-	-
Due to related company	v(m)	277,387	(277,387)	-		(277,387)	-
Insurance funds	vi(j)	166,605	(166,605)	-		(166,605)	-
Insurance Contract Liabilites	j	-	166,605	15,934		182,539	182,539
Bank overdrafts	vii(k)	79	(79)	-		(79)	-
Borrowings	k	-	79	-		79	79
Creditors & accruals	viii(l,m,n)	120,050	(120,050)	-		(120,050)	-
Trade Payable	l	-	47,019	-		47,019	47,019
Other Payable	m	-	347,805	-		347,805	347,805
Employee benefit liabilities	n	-	2,613	-		2,613	2,613
Income Tax Payable		82,224		-		-	82,224
Deferred Tax Liabilities	o	15,438		-		-	15,438
Total Liabilities		**661,783**	-	**15,934**	-	**15,934**	**677,717**
						-	-
EQUITY & LIABILITIES					-	-	-
Equity attributable to owners of the parent;						-	-
Ordinary Share Capital		8,000,000				-	8,000,000
Share Premium		825,018				-	825,018
Contingency Reserve		210,138		-		-	210,138
Asset revaluation reserve	p	1,628,262	-	-		-	1,628,262
Fair value reserve	q	-		-		-	-
General Reserve (Retained Earnings)	r	(2,334,128)		552,791		552,791	(1,781,337)
						-	-
Total Ordinary Shareholder's Equity		8,329,290	-	552,791	-	552,791	8,882,081
Other equity instruments		-	-	-	-	-	-
		8,329,290	-	552,791	-	552,791	8,882,081
Non - controlling interests		-	-	-	-	-	-
		8,329,290	-	552,791	-	552,791	8,882,081
TOTAL EQUITY & LIABILITIES		**8,991,073**	-	**568,725**	-	**568,725**	**9,559,798**

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2012

For the year ended 31 December 2012	GROUP 2012 N'000	GROUP 2011 N'000	COMPANY 2012 N'000	COMPANY 2011 N'000
Cash flows from operating activities				
Insurance premium received from policy holders,Brokers & Agents,Cedants	404,232	361,958	404,232	361,958
Commission received	5,086	2,446	5,086	2,446
Reinsurance receipts in respect of claims	11,388	3,783	11,388	3,783
Reinsurance premium paid	(16,472)	(13,404)	(16,472)	(13,404)
Other operating cash payments	(239,337)	(419,995)	(243,460)	(423,761)
Insurance benefits and Claims paid	(72,212)	(71,961)	(72,212)	(71,961)
Payments to intermediaries to acquire insurance	(72,470)	(60,389)	(72,470)	(60,389)
Interest Received	115,417	21,881	115,417	21,881
Dividend Income Received	935	5,776	935	5,776
Cash generated from operations	136,566	(169,905)	132,443	(173,671)
Company Income Tax paid	(6,150)	(578)	(6,000)	-
Net cash provided by operating activities	130,416	(170,483)	126,443	(173,671)
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(150,189)	(17,033)	(148,672)	(13,873)
Investment income and other receipts	25,556	195,507	25,556	195,507
Net Cash provided by investing activities	(124,632)	178,474	(123,115)	181,634
Cash Flows from Financing Activities				
Proceeds from borrowings	-	-	-	-
Net cash provided by financing activities	-	-	-	-
Net Increase/(decrease) in cash and cash equiv.				
Cash and Cash equivalent at the beginning	67,912	59,921	63,732	55,769
Net increase/decrease in cash and cash equivalents	5,784	7,991	3,328	7,963
Cash and Cash equivalent at the end of period	73,696	67,912	67,060	63,732

1. General Information:

The financial statements of the company for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Directors on July 16 2013. The company is a public limited company incorporated and domiciled in Nigeria. The corporate head office is located at 11, Ligali Ayorinde Street, Victoria Island, Lagos.

The group is principally engaged in the business of providing risk underwriting, related financial services and hospitality services to its customers.

2. Summary of significant accounting policies:

'The principal accounting policies applied in the preparation of these financial statements are disclosed on pages 18-36. These policies have been consistently applied to all the years presented, unless otherwise stated.

3. Critical accounting estimates and judgements:

'The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.(i) Fair value of financial assets:

'Available-for-sale financial assets are deemed to be impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, group evaluates the normal volatility in share price, the financial health of the investee industry and sector performance, technological changes and cashflow among other factors.

'The fair value of financial instruments where no active market exists or where quoted prices are not available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data derived for that instrument and valued in the case of the group, by applying the rulling exchange rate at close of business.

3.(ii) Liabilities arising from insurance contract:

'In accordance with the accounting policy stated in Note 2.9, the group tests annually whether premium receivables have suffered any impairment on individual bases. The recoverable amounts of the premium receivables have been determined based on the incurred loss model. These calculations require the use of estimates.

4. Insurance and Financial risks management

'The Group issues contracts that transfer insurance risk or financial risk or both. Bellow is a summary of these risk and the way they are managed;

4.(i) Financial risk management

The company monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

4.(ii) Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes.

Market risks arises due to flunctuations in both value of assets and liabilities. The company has established policies and procedures in order to manage market risk.

4.(iii) Interest rate risk management

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company is exposed to interest rate risk as the company invest in short term investments at fixed interest rates. Interest rate risk also exists in products sold by the company. The company manages this risk by adopting close asset/liability matching criteria, to minimise the impact of mismatches between asset and liability values arising from interest rate movements.

4.(vi) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the company. The areas of exposure to credit risk for the company are in relation to loans on intermediaries and advance payment for services.

The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Loans and receivables from intermediaries and suppliers generally do not have a credit rating.

The following shows the carrying value of assets that are neither past due nor impaired, past due but not impaired and assets that have been impaired for loans and receivables;

	2012 N'000	2011 N'000
Neither past due nor impaired	794,603	655,126
past due but not impaired	5,556,313	5,609,709
impaired	96,381	86,919

4.(v) Liquidity risk

Liquidity risk is the risk that the company cannot meet its obligations associated with financial liabilities as they fall due. The company has adopted an appropriate liquidity risk management framework for the management of the company's liquidity requirments. The company manages liquidity risk by maintaining banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cashflows and matching thematurity profiles of assets and liabilities. The company is exposed to liquitity risk arising from clients on its insurance contracts. In respect of catastrophic events, there is liquidity risk from a difference in timing between claim payments and recoveries thereon from reinsurers.

Liquidity management ensures that the company has sufficient access to funds necessary to cover insurance claims, and maturing liabilities. The company's assets contain marketable securities which could be converted into cash when required.

The following table shows details of the expected maturity profile of the company's obligations with respect to its financial liabilities and estimated cash flows of recognised insurance contract liabilities.

		Maturity profile				
31 December 2012	**Carrying amount**	**< 3 months**	3-6 months	**6- 12 months**	**1- 5 years**	**> 5 years**
Assets:						
Cash and Cash equivalents	73,696	73,696	-	-	-	-
Financial assets	2,879,253	-	-	2,879,253	-	-
Reinsurance assets	25,513	-	-	25,513	-	-
Total Assets	2,978,463	73,696	-	2,904,766	-	-
Liabilities		-	-	-	-	-
Trade Creditors	1,737,516	-	21,521	1,715,995	-	-
Borrowings	-	-	-	-	-	-
Total liabilities	1,737,516	-	21,521	1,715,995	-	-
liquidity gap	1,240,946	73,696	(21,521)	1,188,771	-	-

31 December 2011	Carrying amount	< 3 months	3-6 months	6- 12 months	1- 5 years	> 5 years
				Maturity profile		
Assets:						
Cash and Cash equivalents	63,732	63,732	-	-	-	-
Financial assets	2,924,013	-	-	223,575	-	2,700,438
Reinsurance assets	27,945	-	-	27,945	-	-
Total Assets	3,015,690	63,732	-	251,520	-	2,700,438
Liabilities		-	-	-	-	-
Trade Creditors	1,730,616	169,655	220,551	1,730,616	-	-
Borrowings	-	-	-	-	-	-
Total liabilities	1,730,616	169,655	220,551	1,730,616	-	-
Liquidity gap	1,285,074	(105,923)	(220,551)	(1,479,096)	-	2,700,438

Although the company has access to financing facilities, the company also expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

4.(vi) Insurance Risks management

The company accepts insurance risk through its insurance contracts and certain investments contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

The company writes general insurance businesses. The most siginificant risks arise from persistency, longevity, morbity, expense variations and investment returns. Concentration of risk may arise from geographic regions, epidemics, accumulation of risks and market risk.

4.(vii) Capital Management

The company manages its capital to ensure that the company will be able to continue as a going concern and comply with the regulators' capital requirements of the markets in which the company operates while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the company consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. Reinsurance is also used as part of capital management.

The National Insurance Commission (NAICOM) specifies the minimum amount and type of capital that must be held by the company to cover the insurance liabilities. The minimum required capital presented in the table below must be maintained at all times.

	2012 N'000	2011 N'000
Shareholders' equity	8,544,483	8,348,910
Capital resources on a regulatory basis	3,000,000	3,000,000

4.(viii)Fair Value Hierarchy

Fair value is the amount for which an asset could be exchanged between willing partners in an arms-lenght transaction. The three levels of fair value measurement are as follows:

Level 1 - This includes exchange-traded prices of fixed maturities and equity instruments in an active market.

Level 2 - This includes instruments measured using quoted market prices in an active market or quoted market prices for similar instruments in a market considered to be less active or other valuation techniques where observable inputs from market can be applied.

Level 3 - This includes instruments that are valued using unobservable inputs. Unobservable inputs are those not readily available in an active market and instruments here are determined using historical observations or inputs of similar nature.

The table below shows the fair value hierarchy of financial instruments measured at fair value as at 31st December 2012

Assets - Group	Level1	Level 2	Level 3	Total
Equity Instruments - At FVTPL	620,177			620,177
Equity Instruments - Available for sale			2,259,076	2,259,076

Assets - Company	Level1	Level 2	Level 3	Total
Equity Instruments - At FVTPL	620,177			620,177
Equity Instruments - Available for sale			2,259,076	2,259,076

5 Segment Information:

.1 By business segment:

	Insurance	Hotel and Catering	2012 Total	2011 Total
	N'000	N'000	N'000	N'000
Gross income	392,846	157,928	550,774	486,731
Investment income	282,419	-	282,419	241,240
Expenses;	675,264	157,928	833,192	727,971
Underwriting expenses:				
Commission paid	(72,470)	-	(72,470)	60,388
Cost of sales	-	(13,045)	(13,045)	14,633
Management expenses	(262,250)	(153,925)	(416,175)	373,662
Claims incurred	(60,824)	-	(60,824)	68,178
Impairment loss on debtors	(96,381)	-	(96,381)	86,919
Finance charges	-	(475)	(475)	861
Fair value (gain)/loss on financial assets	7,936	-	7,936	770,180
	(483,989)	(167,445)	(651,435)	1,374,821
Reportable segment profit before tax	191,275	(9,517)	181,758	(646,850)
Income tax expenses	(24,866)	(100)	(24,966)	
Reportable Profit after tax	166,409	(9,617)	156,792	(646,850)
Total assets employed			10,287,337	9,965,148

No single external customer contributed 10 per cent or more of an entity's revenues as at year end.

		GROUP			COMPANY		
		2012	2011	2011	2012	2011	2011
6	Cash and Cash Equivalents						
	This comprises of:	N'000	N'000	N'000	N'000	N'000	N'000
	Cash and Bank Balances	73,696	67,912	59,912	67,060	63,732	55,769
	Total	73,696	67,912	59,912	67,060	63,732	55,769
7	Financial asset						
	This comprises of:						
	Financial assets at fair value through profit or loss	620,177	612,241	670,906	620,177	612,241	670,906
	Available-for-sale financial assets	2,259,076	2,311,772	1,300,166	2,259,076	2,311,772	1,300,166
	Financial assets	2,879,253	2,924,013	1,971,072	2,879,253	2,924,013	1,971,072
	Current	620,177	612,241	670,906	620,177	612,241	670,906
	Non-current	2,259,076	2,311,772	1,300,166	**2,259,076**	2,311,772	1,300,166
(a)	Financial assets at fair value through profit or loss						
	Equity securities						
	-Listed	612,241	670,906	70,906	612,241	670,906	70,906
	Net impairment gain/(loss)	7,936	(58,665)	600,000	7,936	(58,665)	600,000
	Total financial assets at fair value through profit or loss	620,177	612,241	670,906	620,177	612,241	670,906
	Current	620,177	612,241	670,906	620,177	612,241	670,906
	Non-current	-	-	-	-	-	-

1.2 billion units of African Alliance Insurance Plc shares held at nil value were remeasured and the impairment gain recognised in 2010

(b)	Available-for-sale financial assets						
	Equity securities						
	-Unlisted	2,311,772	1,300,166	1,300,166	2,311,772	1,300,166	1,300,492
	Reversal of impairment loss made under NGAAP	-	8,485	-	-	8,485	-
	Total Equity securities	2,311,772	1,308,651	1,300,166	2,311,772	1,308,651	1,300,492
	Fair value gain/(loss) on AFS unlisted equity	(52,696)	1,003,121	-	(52,696)	1,003,121	(326)
	Total available-for-sale financial assets	2,259,076	2,311,772	1,300,166	2,259,076	2,311,772	1,300,166
	Current	-	-	-	-	-	-
	Non-current	2,259,076	2,311,772	1,300,166	**2,259,076**	2,311,772	1,300,166
8	Trade Receivables						
	Premium receivable (note 8.1)	110,426	87,015	29,423	110,426	87,015	29,423
	Net impairment gain/(loss) (note 8.1a)	(96,381)	(86,919)	(29,423)	(96,381)	(86,919)	(29,423)
		14,045	96	-	14,045	96	-
	Trade receivables	110,724	43,717	10,508	-	-	-
	Net impairment gain/(loss)	-	-	-	-	-	-
		110,724	43,717	10,508	-	-	-
	Balance end of year	124,769	43,813	10,508	**14,045**	96	-
	Current	124,769	43,813	10,508	**14,045**	96	-
	Non-current	-	-	-	-	-	-

8.1 Premium receivable

Premium receivable from agents, brokers and intermediaries

Due from agents	16,146	24,156	58,993	16,146	24,156	58,993
Due from brokers	68,492	58,780	591,800	68,492	58,780	591,800
Due from insurance companies	25,788	4,080	6,066	25,788	4,080	6,066
Amount written off during transistion as uncollectible	-	-	(627,436)		-	(627,436)
	110,426	87,015	29,423	110,426	87,015	29,423

8.1a Movements on the allowance for impairment of receivables arising out of direct insurance arrangements are as follows:

At beginning of year (01 January 2011)	116,342	29,423	627,436	116,342	29,423	627,436
Provision for impairment	96,381	86,919	29,423	96,381	86,919	29,423
Amount written off during the year as uncollectible	-	-	(627,436)	-	-	(627,436)
At end of year (31 December 2012)	212,723	116,342	29,423	212,723	116,342	29,423

		GROUP			COMPANY	
9 Reinsurance Assets	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
Reinsurance Prepaid	2,713	2,713	1,293	2,713	2,713	1,293
Prepaid minimum and deposit reinsurance	6,250	-	-	6,250	-	-
Reinsurance recovery on claim reserve	16,550	25,232	15,934	16,550	25,232	15,934
Total Reinsurance Assets	25,513	27,945	17,227	25,513	27,945	17,227
Current	25,513	27,945	17,227	25,513	27,945	17,227
Non-current						

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

10 Deferred acquisition

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

		GROUP			COMPANY	
	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
Motor	3,912	3,050	3,764	3,912	3,050	3,764
Fire	2,018	1,957	2,963	2,018	1,957	2,963
General accident	9,100	7,120	1,861	9,100	7,120	1,861
Marine	195	166	5,355	195	166	5,355
	15,225	12,293	13,943	15,225	12,293	13,943

10.1 Movement in deferred acquisition cost

At beginning of year	12,293	13,943	23,132	12,293	13,943	23,132
Changes during the year	2,932	(1,650)	(9,189)	2,932	(1,650)	(9,189)
At end of year	15,225	12,293	13,943	15,225	12,293	13,943
Due within 12 months	15,225	12,293	13,943	15,225	12,293	13,943
Due after more than 12 months				-	-	-

11 Other Receivables and prepayments

The balance is analysed as follow:

Prepayment						
Other loans and receivables (note 11 (i))	68,340	900	280	68,340	230	-
Other loans and receivables from related	1,676,637	1,617,596	1,488	1,650,705	1,600,791	1,461
parties (iii)	(4,540)	17,460	17,460	33,460	31,460	17,460
Stock of raw materials	42,559	20,053	3,248	-	-	-
Impairment of other loans and receivables	1,782,996	1,656,009	22,476	1,752,505	1,632,481	18,921
(11.(iv))	(18,695)	(18,695)	(18,695)	(18,695)	(18,695)	(18,695)
Balance at period end	1,764,301	1,637,314	3,781	1,733,810	1,613,786	226
Current	165,359	38,372	3,781	134,868	14,844	226
Non-current	1,598,942	1,598,942	-	1,598,942	1,598,942	-

11.(i) Other loans and receivables

Staff Debtors	3,795	3,115	1,461	3,375	1,326	1,461
Staff Share Loan (note 11.(ii))	1,598,942	1,598,942	-	1,598,942	1,598,942	-
Other receivables	73,900	15,539	27	48,388	523	-
	1,676,637	1,617,596	1,488	1,650,705	1,600,791	1,461
Impairment of other loans and receivables (11.(iii))	-	-	-	-	-	-
	1,676,637	1,617,596	1,488	1,650,705	1,600,791	1,461

11 (ii) Staff Share Loan:-

The amount is made up of African Alliance Insurance Company Plc share purchased during the Private Placement exercise on behalf of staff of the company.

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

Due from related parties	(4,540)	17,460	17,460	33,460	31,460	17,460
	(4,540)	17,460	17,460	33,460	31,460	17,460
Impairment of due from related parties (10.(iiv))	-	-	(17,460)	-	-	(17,460)
	(4,540)	17,460	-	33,460	31,460	-

11 (iv) The movement in impairment charge is as follow:

	GROUP			COMPANY		
	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
Balance beginning of year	18,695	18,695	1,235	18,695	18,695	1,235
(10.(i))	-	-	-	-	-	-
parties	-	-	17,460	-	-	17,460
Balance at period end	18,695	18,695	18,695	18,695	18,695	18,695

12 Investment in subsidiaries

This comprises of investment in:

	GROUP 2012 N'000	GROUP 2011 N'000	GROUP 2011 N'000	COMPANY 2012 N'000	COMPANY 2011 N'000	COMPANY 2011 N'000
Molit Hotels & Catering Services Limited (a)	-	-	-	528,105	528,105	528,105
Universal Hotels Limited (b)	-	-	-	2,033,561	2,033,561	2,033,561
Investment in subsidiaries	-	-	-	2,561,666	2,561,666	2,561,666

12 (a) Molit Hotels and Catering Services Limited

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

12 (b) Universal Hotels Limited

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

13 Investment properties

	GROUP 2012 N'000	GROUP 2011 N'000	GROUP 2011 N'000	COMPANY 2012 N'000	COMPANY 2011 N'000	COMPANY 2011 N'000
Oyingbo Garden Avenue estate (note 12a)	250,000	250,000	250,000	250,000	250,000	250,000
Vine Estate- Abuja (note 12b)	720,000	720,000	720,000	720,000	720,000	720,000
Rumudumu Model Estate Portharcourt (note 12a)	684,118	684,118	684,118	684,118	684,118	684,118
Others	175,369	175,369	175,369	175,369	175,369	175,369
	1,829,487	1,829,487	1,829,487	1,829,487	1,829,487	1,829,487
Impairment loss on investment properties	(895,369)	(895,369)	(175,369)	(895,369)	(895,369)	(175,369)
	934,118	934,118	1,654,118	934,118	934,118	1,654,118

Investment properties represent buildings and un-developed landed properties acquired for subsequent disposal in the near future and not occupied substantially by the company or members of the group of the holding company. They are not subjected to periodic charges for depreciation. Valuation was carried out at point of purchase and this value has been carried at transition as fair value of the investment with provision made for impairment on Vine Estate investment as project development is yet to commence. Other investments have been fully provided for under NGAAP.

13 a. Assets In The Name of Conau Limited:

	N'000 Amount
Oyingbo Garden Avenue estate	250,000
Rumudumu Model Estate Portharcourt	684,118

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

Status of Perfection of Title:

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

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

	N'000 Amount
Vine Estate- Abuja	720,000

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

Status of Perfection of Title:

This project is ongoing. Effort is being made to recover the fund as pace of development of the property is no longer favourable to Universal Insurance Plc. Minaj Holdings Limited, (the developer) have confirmed that the project was stalled and Union Bank of Nigeria eventually sold the debt to the Asset Management Corporation of Nigeria (AMCON). Universal Insurance Plc have registered their interest with AMCON and is waiting response while still in discussion with Minaj Holdings Limited. This amount has been fully provided for in the financial statement.

14 Intangible Assets

	GROUP			COMPANY		
	2012 N'000	2011 N'000	2011 N'000	2012 N'000	2011 N'000	2011 N'000
Cost						
Balance, beginning of period	4,500	-	-	4,500	-	-
Additions	837	-	-	837	-	-
Transferred from PPE (computer)	-	4,500	-	-	4,500	-
Balance, end of period	5,337	4,500	-	5,337	4,500	-
Accumulated amortisation						
Balance, beginning of period	27	-	-	27	-	-
Amortisation expense/impairment charge	675	-	-	675	-	-
Transferred from PPE (computer)	-	28	-	-	28	-
Balance, end of period	702	28	-	702	28	-
Net book amount						
End of period	4,635	4,472	-	4,635	4,472	-

The intangible assets of the company comprised of computer software. The computer softwares are accounted for using the cost model of IAS 38 i.e. cost less accumulated amortization and less accumulated impairment. The amortization is charged to the income statement in line with the Company's policy.

15 Property, plants and equipments

15(a) GROUP

	Land& Building	Plant & Machinery	Furniture and Fittings	Motor Vehicles	Computer Hardware	Total
Cost/Revalued amount						
Balance, beginning of period (15 b)	7,055,354	11,814	105,543	143,162	3,105	7,318,978
Additions during the year	143,500	1,472	2,275	2,014	929	150,189
Disposals	-	-	-	-	-	-
Revaluation	311,620	-	-	-	-	311,620
Balance, end of period	7,510,474	13,286	107,818	145,176	4,034	7,780,787
Accumulated depreciation						
Balance, beginning of period (15 b)	539,426	6,859	69,415	130,501	27	746,228
Charge for the year	141,483	2,290	14,198	5,953	505	164,428
On Disposal	-	-	-	-	-	-
Balance, end of period	680,909	9,149	83,613	136,454	532	910,656
Netbook value as at 31 December 2012	6,829,565	4,137	24,205	8,722	3,502	6,870,131
Netbook value as at 31 December 2011	6,515,928	4,955	36,128	12,661	3,078	6,572,750

15 (b) Property, plants and equipments

GROUP

	Land& Building	Plant & Machinery	Furniture and Fittings	Motor Vehicles	Computer Hardware	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cost/Revalued amount						
Balance, beginning of period	5,824,423	11,715	103,709	136,012	-	6,075,859
Additions during the year	345	99	1,834	7,150	7,605	17,033
Disposals	-	-	-	-	-	-
Revaluation	1,230,586	-	-	-	-	1,230,586
Transfer to Intangible assets (Computer software)	-	-	-	-	(4,500)	(4,500)
Balance, end of period	7,055,354	11,814	105,543	143,162	3,105	7,318,978
Accumulated depreciation						
Balance, beginning of period	410,655	5,436	55,380	110,159	-	581,630
Charge for the year	128,771	1,423	14,035	20,342	54	164,625
On Disposal	-	-	-	-	-	-
Transfer to Intangible assets (Computer software)	-	-		-	(27)	(27)
Balance, end of period	539,426	6,859	69,415	130,501	27	746,228
Netbook value as at 31 December 2011	6,515,928	4,955	36,128	12,661	3,078	6,572,750
Netbook value as at 1 January 2011	5,413,768	6,279	48,329	25,853	-	5,494,229
	-	-	-	-	-	-

The Group's properties belonging to Molit Hotels and Catering Services Limited and universal Hotels Limited were revalued on 31st December 2012 and 1st January 2012 by A.C. Otegbulu & Partners, Estate Surveyors & Valuers (FRC/2013/NIESV/00000001582) to ascertain the open market value. The surplus of N194.620 Million, (1/1/2012 - N297.475 Million), have been incorporated in this financial statement and recognised in the respective statement of equity.

The company's properties at 21, Garden Avenue, Port Harcourt, 4, Ridgeway Road, Enugu and Plot 49A-58A Citylayout , Enugu were revalued on 31st December 2012 and 1st January 2012 by A.C. Otegbulu & Partners, Estate Surveyors & Valuers(FRC/2013/NIESV/00000001582) to ascertain the open market value. The incidental surplus of N117.000 nillion, (1/1/2012 - N319.300), have been incorporated in this financial statement and recognised in the respective statement of equity.

15 (c)Property, plants and equipments
COMPANY

	Land& Building N'000	Plant & Machinery N'000	Furniture and Fittings N'000	Motor Vehicles N'000	Computer Hardware N'000	Total N'000
Cost/Revalued amount						
Balance, beginning of period (15 d)	2,625,614	5,100	66,329	121,675	3,105	2,821,823
Additions during the year	143,500	772	1,458	2,014	929	148,672
Disposals	-	-	-	-	-	-
Revaluation	117,000	-	-	-	-	117,000
Balance, end of period	2,886,114	5,872	67,787	123,689	4,034	3,087,495
Accumulated depreciation						
Balance, beginning of period (15 d)	315,449	2,832	47,503	116,020	27	481,831
Charge for the year	48,996	1,619	6,633	1,726	505	59,478
On Disposal	-	-	-	-	-	-
Balance, end of period	364,445	4,451	54,136	117,746	532	541,309
Netbook value as at 31 December 2012	2,521,669	1,421	13,651	5,943	3,502	2,546,185
Netbook value as at 31 December 2011	2,310,165	2,268	18,826	5,655	3,078	2,339,992

15 (d)Property, plants and equipments
COMPANY

	Land& Building N'000	Plant & Machinery N'000	Furniture& Fittings N'000	Motor Vehicles N'000	Computer Hardware N'000	Total N'000
Cost/Revalued amount						
Balance, beginning of period	2,306,314	5,001	66,329	115,506	-	2,493,150
Additions during the year		99	-	6,169	7,605	13,873
Disposals	-	-	-	-	-	-
Revaluation	319,300	-	-	-	-	319,300
Transfer to Intangible assets (Computer software)	-	-	-	-	(4,500)	(4,500)
Balance, end of period	2,625,614	5,100	66,329	121,675	3,105	2,821,823
Accumulated depreciation						
Balance, beginning of period	269,323	2,080	40,870	99,905	-	412,178
Charge for the year	46,126	752	6,633	16,115	54	69,680
On Disposal	-	-	-	-	-	-
Transfer to Intangible assets (Computer software)	-	-		-	(27)	(27)
Balance, end of period	315,449	2,832	47,503	116,020	27	481,831
Netbook value as at 31 December 2011	2,310,165	2,268	18,826	5,655	3,078	2,339,992
Netbook value as at 1 January 2011	2,036,991	2,921	25,459	15,601	-	2,080,972

16 Statutory deposit

	GROUP			COMPANY		
	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
Statutory deposit	335,000	335,000	335,000	335,000	335,000	335,000
Total	**335,000**	**335,000**	**335,000**	**335,000**	**335,000**	**335,000**
Non-current	335,000	335,000	335,000	335,000	335,000	335,000

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

17 Insurance Contract Liabilities

	2012	Movement	2011	2010
Reserve for Unearned premium	N'000	N'000	N'000	N'000
Motor	32,448	5,545	26,904	44,019
Fire	9,503	(954)	10,457	16,585
General Accident	48,030	6,889	41,140	21,312
Marine	979	135	844	10,215
Gross Unearned Premium Reserve	90,960	11,615	79,346	92,131
Reserve for Outstanding Claims				
Motor	10,769	1,422	9,347	14,747
Fire	60,865	16,582	44,284	3,684
General Accident	56,667	27,934	28,733	22,448
Marine	14,784	(5,744)	20,528	33,596
	143,086	40,195	102,892	74,474
	143,086	40,195	102,892	74,474
Additional charge to claims reserve (IBNR) as per valuation	16,550		25,232	15,934
Gross Outstanding Claims	159,636		128,124	90,408
Gross Insurance Contract Liabilities	250,597		207,469	182,539

The latest valuation of the fund was as at 31 December 2012 by HR Nigeria Limited. At that date, the gross book value of the fund was as stated above for each of the years.

Provision for claims was determined using the basic chain ladder method and claims development from 2008 - 2012.

17 5 Year Cumulative Claims Development table as at December 2012 (stated in N'000)

In addition to the testing, the development of insurance liabilities provided a measure of the group's ability to estimate value of claims. The tabels bellow illustrates how the group's estimate of total claims outstanding for each year has changed at successive year-ends;

Fire	Development Years				
Accident year	1	2	3	4	5
2008	-	3,046	3,046	3,046	3,046
2009	12	12	12	12	
2010	1,449	272	99		
2011	-	3,320			
2012	237				

General Accident	Development Years				
Accident year	1	2	3	4	5
2008	2,622	1,772	3,328	3,328	25
2009	2,853	3,275	1,316	276	
2010	2,843	2,115	50		
2011	419	6,809			
2012	634				

Marine

	Development Years				
Accident year	1	2	3	4	5
2008	1,984	600	55	55	55
2009	1,541	1,565	460	500	
2010	455	1,731	19		
2011	646	3,785			
2012	1,153				

Motor

	Development Years				
Accident year	1	2	3	4	5
2008	6,844	9,869	3,320	3,320	3,320
2009	3,195	9,851	270	6	
2010	4,081	4,046	3,861		
2011	5,865	3,444			
2012	3,376				

17 b. Hypothetication of investment

	Insurance Funds N'000	Shareholder's Funds N'000	2012 N'000	2011 N'000	2010 N'000
Cash and Bank Balances (note 2)	-	67,060	67,060	63,732	55,769
Financial Assets (note 3)	170,597	2,708,656	2,879,253	2,924,013	1,971,072
Investment in Subsidiaries (note 5)		2,561,666	2,561,666	2,561,666	2,561,666
Investment Properties (note 6)	80,000	854,118	934,118	934,118	1,654,118
Statutory Deposit (note 8)	-	335,000	335,000	335,000	335,000
	250,597	6,526,501	6,777,098	6,818,529	6,577,625
Insurance Contract Liabilites (note 18)	250,597			207,469	182,539

18 Borrowings

The bank overdraft (Nil), (2011 - N3,428,996) was obtained by Universal Hotel Limited from Eco bank Plc at an interest rate of 21%. The facility was secured by pledge on the assets of the company.

Bank loan/overdraft	0	3,429	79	0	0	0
Balance at year end	0	3,429	79	0	0	0

19 Trade payables

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

Reinsurance payable	16,484	13,969	5,892	16,484	13,969	5,892
Other trade creditors	13,419	6,794	41,127	0	0	0
Balance at year end	29,903	20,763	47,019	16,484	13,969	5,892
Current	29,903	20,763	47,019	16,484	13,969	5,892

20 Other payables

	GROUP			COMPANY		
	2012	2011	2011	2012	2011	2011
This is analysed as follow:	N'000	N'000	N'000	N'000	N'000	N'000
Due to related parties (note 20.1)	1,701,506	1,726,385	330,770	1,698,295	1,698,995	294,925
Provisions and accruals	42,386	31,621	17,035	39,221	31,621	16,937
	1,743,892	1,758,006	347,805	1,737,516	1,730,616	311,862
Current	59,222	73,336	347,805	52,846	45,946	311,862
Non-current	1,684,670	1,684,670	-	1,684,670	1,684,670	

20.1 Due to related companies

Conau Limited (note 20.1a)	-	-	192,841	-	-	192,841
African Alliance Insurance Plc (note 20.1b)	1,683,967	1,684,667	84,546	1,683,967	1,684,667	84,546
Due to other related parties	17,539	41,718	53,383	14,328	14,328	17,538
	1,701,506	1,726,385	330,770	1,698,295	1,698,995	294,925

20.1a Conau Limited:

The company is the major shareholder of the shares of Universal Insurance Plc. The balance represents transactions and funding

20.1b African Alliance Insurance Plc:

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

21 Employee benefit liabilities

Defined contributory scheme

The Company runs a defined contributory plan in accordance with the Pensions Reform Act where contributions are made to an approved pension fund administrator. The amount recognised as an expense for defined contribution plan in the income statement is N5,319(2012) and N5.318(2011).

	2012	2011	2011	2012	2011	2011
	N'000	N'000	N'000	N'000	N'000	N'000
Staff pension scheme	1,219	3,943	2,613	1,219	3,943	2,613
Current	1,219	3,943	2,613	1,219	3,943	2,613

		GROUP			COMPANY		
22	**Income tax payable**	2012	2011	2011	2012	2011	2011
22.1	**Per Profit and Loss Account**	N'000	N'000	N'000	N'000	N'000	N'000
	Income Tax	19,228	17,819	16,680	19,128	17,819	16,680
	Education Tax	3,826	-	-	3,826	-	-
	Provision for NITDA Tax	1,913	-	-	1,913	-	-
		24,966	17,819	16,680	24,866	17,819	17,819
	Deferred Taxation (Note 23)	-	-	-	-	-	-
	Profit and Loss Account	24,966	17,819	16,680	24,866	17,819	17,819
22.2	**Per Balance Scheet**						
	Taxation						
	At beginning of year	100,043	82,224	82,222	100,043	82,224	82,222
	Charge for the Year (note 22.1)	24,866	17,819	16,680	24,866	17,819	16,680
	Payment during the Year	(6,150)	(578)	(16,678)	(6,000)	-	(16,678)
	At year end	118,759	99,465	82,224	118,909	100,043	82,224
23	**Deferred Tax Liability**						
	At beginning of year	501,407	15,438	15,438	412,164	15,438	15,438
	Addition during the year	93,527	485,969	-	35,141	396,726	-
	Charged to profit and loss	-	-	-	-	-	-
	At year end	594,934	501,407	15,438	447,305	412,164	15,438
	To be recovered after more than 12 months	594,934	501,407	15,438	447,305	412,164	15,438
	To be recovered in 12 months		-	-	-	-	-
	Deferred income tax are attributable to the following:						
	Property and equipment	293,957	200,471	15,438	146,328	111,228	15,438
	Fair value gain/(loss) on AFS unquoted equity	300,977	300,936	-	300,977	300,936	-
	Balance end of year	594,934	501,407	15,438	447,305	412,164	15,438

The tax provision for the year is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004 as amended.

Section 12 (2A) of the Nigerian Information Technology Development Agency (NITDA) Act stipulates that, specified companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. Provision for NITDA has been made in this financial statements.

24. 1 Share capital

	GROUP			COMPANY		
The share capital comprises:	2012 N'000	2011 N'000	2011 N'000	2012 N'000	2011 N'000	2011 N'000
Authorised - 16,000,000,000 Ordinary shares of 50k each	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Issued and fully paid - 16,000,000,000 Ordinary shares of N0.50k each	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000

24. 2 Share premium

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

24. 3.Contingency Reserve

Balance, beginning of period	220,612	210,137	201,085	220,612	210,137	201,085
Transfer from profit and loss	12,475	10,475	9,052	12,475	10,475	9,052
Balance, end of period	233,087	220,612	210,137	233,087	220,612	210,137

In accordance with the Insurance act, a contigency reserve is credited with the greater of 3% of total premiums or 20% of total profits after tax. This shall accumulate until it reaches the amount of greater of minimum paid- up capital or 50 percent of net premium.

24. 4.Fair Value Reserve

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

Balance, beginning of period	1,003,121	0	**0**	1,003,121	0	0
Net Fair value gain/(loss) on available-for-sale unquoted equity	(52,696)	1,003,121	-	(52,696)	1,003,121	-
Balance as at period end	950,425	1,003,121	**0**	950,425	1,003,121	0

24. 5.Revaluation Reserve

	2012 N'000	2011 N'000	2011 N'000	2012 N'000	2011 N'000	2011 N'000
Balance, beginning of period	2,858,848	1,628,262	1,628,262	423,268	103,968	103,968
Revaluation Surplus	311,620	1,230,586	0	117,000	319,300	0
Balance as at period end	3,170,468	2,858,848	1,628,262	540,268	423,268	103,968

24. 6.Retained earnings

The retained earnings represents the amount available for dividend distribution to the equity holders of the company. See statement of changes in equities for movement in retained earnings.

24. 7.Contingencies and commitments

(a) Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. There were (10) (2011 - (6)) outstanding legal proceedings against the Company as at 31 December 2012 with claims totaling N 22,980,326. (2011 - N4,530,850). While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

The Company is also subject to insurance solvency regulations and has complied with all these solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

(b)Bonds and guarantees

The company provides financial guarantee and bonds to third parties at the request of customers in the form of bid and performance bonds or advance payment guarantee. As at the reporting date, the maximum loss that would be recognised if the counter parties failed completely to perform the contract will be N94.605 Million (December 2011: N4.471 Million).

(c) Capital commitments

The Company has no capital commitments as at the reporting date.

	GROUP		COMPANY	
25 Gross Premium Income	**2012 N'000**	**2011 N'000**	**2012 N'000**	**2011 N'000**
Gross premium written				
Direct Premium:				
Motor	69,922	81,259	69,922	81,259
Fire	15,905	36,092	15,905	36,092
General Accident	108,604	77,526	108,604	77,526
Marine	136,900	113,995	136,900	113,995
	331,332	308,872	331,332	308,872
Inward Reinsurance Premium:				
Motor	21,170	12,819	21,170	12,819
Fire	8,262	7,253	8,262	7,253
General Accident	47,847	18,322	47,847	18,322
Marine	7,236	1,906	7,236	1,906
	84,515	40,300	84,515	40,300
Gross premium written	415,847	349,172	415,847	349,172
Changes in unearned premium				
Motor	(5,544)	17,115	(5,544)	17,115
Fire	954	6,128	954	6,128
General Accident	(6,890)	(19,828)	(6,890)	(19,828)
Marine	(135)	9,371	(135)	9,371
Net change in unearned premium	(11,615)	12,786	(11,615)	12,786
Gross premium earned	404,232	361,958	404,232	361,958
Reinsurance expenses (note 26)	(16,472)	(13,404)	(16,472)	(13,404)
Net insurance premium income	387,759	348,554	387,759	348,554
26 Reinsurance expenses				
Reinsurance costs				
Motor	-	-	**-**	-
Fire	6,356	5,647	**6,356**	5,647
General Accident	7,139	5,256	**7,139**	5,256
Marine	2,977	2,501	**2,977**	2,501
Net Reinsurance expenses	16,472	13,404	**16,472**	13,404

	GROUP		COMPANY	
	2012	2011	2012	2011
27 Fees and Commission Income	N'000	N'000	N'000	N'000
Motor	105	-	105	-
Fire	2,300	1,976	2,300	1,976
General Accident	1,976	(72)	1,976	(72)
Marine	706	542	706	542
	5,086	2,446	5,086	2,446

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

	GROUP		COMPANY	
28 Claims expenses	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Direct claims paid during the year	25,420	26,434	25,420	26,434
Changes in outstanding claims	40,195	28,417	40,195	28,417
Net Changes in outstanding claims per actuarial valuation	6,597	17,110	6,597	17,110
Gross claims incurred	72,212	71,961	72,212	71,961
Reinsurance claims recovery	(11,388)	(3,783)	(11,388)	(3,783)
	60,824	68,178	60,824	68,178

29 Underwriting expenses

Underwriting expenses are those expenses incurred in obtaining and renewing insurance contracts. They include commissions or brokerage paid to agents or brokers and those incurred in servicing existing policies/contracts. These include processing cost, preparation of statistics and reports, and other attributable incidental costs.

	GROUP		COMPANY	
	2012	2011	2012	2011
Gross commision paid	N'000	N'000	N'000	N'000
Motor	11,544	12,849	11,544	12,849
Fire	5,347	7,762	5,347	7,762
General Accident	29,524	15,211	29,524	15,211
Marine	28,987	22,917	28,987	22,917
	75,403	58,739	75,403	58,739
Changes in differred commission				
Motor	(862)	2,305	(862)	2,305
Fire	(60)	1,006	(60)	1,006
General Accident	(1,980)	(3,356)	(1,980)	(3,356)
Marine	(30)	1,695	(30)	1,695
	(2,932)	1,650	(2,932)	1,650

Underwriting expenses	72,471	60,389	72,471	60,389
Maintenance expenses	29,624	9,058	29,624	9,058
Acquisition costs	42,847	51,331	42,847	51,331
	72,471	60,389	72,471	60,389
30 (i) Investment Income				
Investment income attributable to policyholders	66,939	113,996	66,939	113,996
Investment income attributable to shareholders	215,480	127,244	215,480	127,244
	282,419	241,240	282,419	241,240

(a) Investment income attributable to policyholders				
Dividend - Quoted and unquoted investments	234	5,562	234	5,562
Gains on sales of shares	25,819	16,243	25,819	16,243
Interest on call deposits	37,237	126	37,237	126
Exchange gain/(loss)	-	506	-	506
Profit/(loss) on disposal of fixed assets	-	73	-	73
Rental Income	3,000	6,940	3,000	6,940
Other income	650	84,546	650	84,546
	66,939	113,996	66,939	113,996
(b) Investment income attributable to shareholders				
Dividend - Quoted and unquoted investments	701	214	701	214
Gains on sales of shares	77,455	-	77,455	
Interest on call deposits	112,417	14,435	112,417	14,435
Exchange gain/(loss)	-	1,634	-	1,634
Other income	24,906	110,961	24,906	110,961
	215,480	127,244	215,480	127,244

30 (ii) Other operating revenue	GROUP		COMPANY	
Gross profit/(loss) from hotel business	2012	2011	2012	2011
Turnover:	N'000	N'000	N'000	N'000
Rooms and accommodation	157,928	150,364	-	-
Cost of sales:				
Purchases	55,604	34,686	-	-
Closing stock	(42,559)	(20,053)	-	-
	13,045	14,633	-	-
Gross profit/(loss)	144,883	135,731	-	-
31 (i) Allowances for impairment;				
On trade receivables	(96,381)	(86,919)	(96,381)	(86,919)
on other receivables	-	-		-
Net impairment charge	(96,381)	(86,919)	(96,381)	(86,919)
31 (ii) Net fair value gains/(loss)				
On investment properties	-	(720,000)	-	(720,000)
On financial assets	7,936	(50,180)	7,936	(50,180)
Net 'Fair value gain/(loss)	7,936	(770,180)	7,936	(770,180)

32 Other operating and administrative expenses

(i) Employee benefits expense				
Staff cost	101,757	86,393	93,810	77,659
Contributions to defined pension scheme	5,319	5,005	5,319	5,005
Other staff costs	3,887	-	2,779	-
	110,962	91,398	101,907	82,664
(ii) Management expenses comprise;				
Bank charges	545	3,198	430	2,708
Other charges and expenses	77,118	66,366	63,768	-
General maintenance and running costs	49,893	43,801	23,899	83,079
Legal and professional fees	8,644	16,092	8,094	14,019
Insurance supervision fees	3,878	2,815	3,878	2,815
Depreciation	164,428	164,625	59,567	69,680
Amortisation of Intangible Assets	707	-	707	-
Interest on overdrafts	-	-	-	-
Cost of sales - Hotels	-	-	-	-
Other operating expenses	305,213	296,897	160,343	172,301
Other operating and administrative expenses	416,175	388,295	262,250	254,965

33 Interest expense

Interest expense represents finance cost recognized on the bank loan during the year under review.

34 Earnings per share

	GROUP		COMPANY	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Profit attributable to equity holders	156,792	(664,670)	166,409	(666,210)
Weighted average number of ordinary shares in issue (in thousands)	16,000,000	16,000,000	16,000,000	16,000,000
Basic earnings per share (kobo per share)	0.98	(4.15)	1.04	(4.16)

The calculation of basic earnings per share at 31 December 2012 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares

35 Related parties

35. 1 Conau Limited

Conau Limited is the major shareholder of the company. It carried out various transactions on behalf of Universal Insurance Plc via a deed of assignment. Conau carried out various transactions from purchase of investment properties, investment in other companies and other transactions that have been incorporated into these financial statements in the prior year.

35. 2 African Alliance Insurance Plc

This is a sister company. Universal Insurance Plc has a common directorship with the company through its major shareholder, Conau Limited. Universal Insurance Plc carried out various transactions on behalf of the company in the past. These have been incorporated int the financial statements. The companies have shareholding interest in each other.

35. 3 Molit Hotels Limited

This is a subsidiary of the company. Various transactions were carried out by Universal Insurance Plc on behalf and with the company in the past. These transactions have been incorporated into the financial statements in the prior year.

35. 4 Universal Hotels Limited

This is a subsidiary of the company. Various transactions were carried out by Universal Insurance Plc on behalf and with the company in the past. These transactions have been incorporated into the financial statements in the prior year.

35. 5 Related party transactions

Related party	**transaction**
Conau Limited	Business acquisition
African Alliance Insurance Plc	Insurance policy

35. 6 Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the company. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Universal Insurance Plc.

Key management personnel compensation for the period comprised:

	2012	**2011**	**2012**	**2011**
	N'000	**N'000**	**N'000**	**N'000**
Short-term employee benefits	28,500	25,960	28,500	25,960
	28,500	25,960	28,500	25,960

Employees and directors

a. Employees

The average number of persons employed by the

Company during the year was as follows:

	2012	**2011**	**2012**	**2011**
	Number	**Number**	**Number**	**Number**
Executive directors	3	3	4	3
Management	14	12	6	4
Non-management	84	83	62	61
	101	98	72	68

Compensation for the above staff (excluding executive directors):

	N'000	N'000	N'000	N'000
Salaries and wages	98,135	91,398	90,188	87,669
Retirement benefit costs	1,749	5,005	1,749	-
Staff training	258	-	258	1,501
	100,142	96,403	92,195	89,170

The number of employees of the Company, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits), were:

	Number	Number	Number	Number
Less than N800,001	30	32	30	32
N800,001 - N2,000,000	27	23	27	23
N2,000,001 - N2,800,000	6	6	6	6
N2,800,001 - N3,500,000	2	2	2	2
N3,500,001 - and Above	7	5	7	5
	72	68	72	68

b. Directors

Remuneration paid to the Company's directors (excluding pension contribution) was:

	N'000	N'000	N'000	N'000
Fees and sitting allowances	0	0	0	0
Executive compensation	5,650	4,200	5,650	4,200
Other director expenses	11,980	8,490	11,980	8,490
	17,630	12,690	17,630	12,690

Fees and other emoluments disclosed above include amounts paid to:

The chairman	3,900	2,800	3,900	2,800
The highest paid director	2,800	2,000	2,800	2,000

The number of directors who received fees and other emoluments (excluding pension contributions, certain benefits and reimbursable expenses) in the following ranges was:

	2012 Number	2011 Number	2012 Number	2011 Number
Below N1,600,000	4	4	4	4
N1,600,000 - N2,000,000	4	3	4	3
N3,400,000 - and above	2	2	2	2
	10	9	10	8

36 i Contraventions:

During the year the company was penalised by the National Insurance Commission (NAICOM) for the contravention of certain sections of the Insurance Act and certain circulars as issued by the NAICOM. Details of the contraventions and the related penalties paid are as stated below:

Description of contravention	Section	Penalties paid N'000
Late submission of quarterly returns	S. 26 & prg 1.1	900
Late submission of audited accounts	S. 26 (3)	500
Violation of Operational Guideline	Form 11E	500
Accounts Restatement		100
		2000

36ii Contraventions:

During the year the company was penalised by the National Insurance Commission

Description of contravention	Section	Penalties paid N'000
Late submission of quarterly returns	S. 26 & prg 1.1	900
Late submission of audited accounts	S. 26 (3)	500
Violation of Operational Guideline	Form 11E	500
Accounts Restatement		100
		2000

36iii The company was penalised by The Nigerian Stock Exchange for late submission of 2012 Audited Account and Reports to the tune of =N=4.2million.

37 Subsequent events review

There were no post balance sheet events which could have had material effect on the state of the company's financial position since the reporting date of 31 December, 2012 and the state of the comprehensive income for the year ended on that date which might require adjustments or disclosure in the financial statements.

38 Explanation of transition to IFRS

(a) Implementation of IFRS

As stated in note 2 on significant accounting policies, these are the Company's first financial statements prepared in accordance with International Financial Reporting Standards. As the company publishes comparative information for one year in its financial statements, the date of transition to IFRS is effectively, 1 January 2011, which represents the start of the earliest period of comparative information presented. The opening balance sheet as at 1 January 2011 has been restated accordingly. The accounting policies as set out in note 2 have been applied consistently to all periods presented in these financial statements.

Comparative information at 31 December, 2011 is restated to take account of the requirements of all standards including IAS 39 – Financial instruments: Recognition and Measurement.

The most significant IFRS impact for the company originated from the implementation of IAS 39 - Financial instruments: Recognition and Measurement which requires the valuation of financial assets and liabilities at fair values and impairment of financial assets to only be accounted if there is objective evidence that a loss event has occurred after initial recognition but before the balance sheet date.

An explanation of how the transition from Nigerian GAAP to IFRS has affected the company's financial position, financial performance and cash flows is set out in the accompanying notes.

Transitional arrangements

The company adopted IFRS effective 1 January 2011. The key principle of IFRS 1 – First-time Adoption of International Financial Reporting Standards for reporting entities with adoption date subsequent to 1 January 2006 is a full retrospective application of IFRS. However, this statement provides exemption from retrospective application in certain instances due to costs and practical considerations. The company's transitional elections in this regard are set out below:

(b) Key impact analysis of IFRS on the financial position as at 31 December 2011 and 1 January 2011, date of transition.

IAS 32, 39 and IFRS 7 financial instruments

Under IFRS, financial assets and liabilities are required to be classified as held for trading, at fair value through profit or loss, fair value through equity, loans and receivables and held to maturity and other financial assets and liabilities. Financial instruments are measured based on their classification. Nigerian GAAP does not require such classification of financial instruments and measurement. The basis of valuation of individual instruments is provided in the accompanying statement of accounting policy.

Impairment of loans and advances:

Under Nigerian GAAP, loans and advances are measured at cost net of impairment losses. A specific risk provision for loan impairment is established to provide for management's estimate of credit losses as soon as the recovery of an exposure is identified as doubtful. This provision is made for each account that is not performing in accordance with the terms of the related facility. Under IFRS, an impairment loss can only be accounted for if there is objective evidence that a loss has occurred after the initial recognition but before the balance sheet date.

(c) Intangible assets

Prior to 2011 under Nigerian GAAP, acquired software was capitalised as computer and office equipment under property and equipment, and depreciated over the estimated useful life of the asset. IFRS require that software should be classified as intangible assets. As a result, the cost of software amounting to Nil and N4.472 million was reclassified to intangible assets as at 1 January 2011 and 31 December 2011. The reclassification resulted to a decrease in the balance of property, plant and equipment.

cash and cash equivalents

There was no impact of application of IFRS on cash and cash equivalents of the company apart from the reclassification. There have been no material adjustments to the cash flow statements in respect of cash utilised by operating activities before tax, cash flows from investing activities and cash flows from financing activities as a result of the adoption of IFRS.

Retained earnings	GROUP		COMPANY	
The effect of IFRS measurement on retained earnings is as follows	2011	2011	2011	2011
	N'000	N'000	N'000	N'000
Balance per GAAP	(3,006,493)	(2,334,127)	(2,276,395)	(1,602,489)
Fair value gain/(loss) on financial assets	-	(326)	-	(326)
Deferred tax expense	(485,969)	-	(396,726)	-
Reversal of impairment loss on AFS financial assets	8,485	-	8,485	-
Impairment gain/(loss) on trade receivables	(40,685)	(29,423)	(40,685)	(29,423)
Impairment gain/(loss) on other receivables	-	(17,460)	-	(17,460)
Adjustment for FA items ommited in account		600,000	-	600,000
Recognition of effect opening adjustments	582,212	-	582,212	
Balance per IFRS	(2,942,450)	(1,781,336)	(2,123,109)	(1,049,698)

39 (a)Explanation of material changes to income statement items

Gross Premium Earned

Under IFRS, interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Under Nigerian GAAP, interest income and expense were recognised in accordance with the terms of the related facility on an accrual basis.

Fair value gain on investment properties and property, plant and equipment
The Company elected to use the fair value as deem cost at date of transiting to IFRS. The impact of the deemed cost election is the fair value gain of N1,003.121 million and net loss of N52.70 million raised to recognise the impact of deemed cost election on the fair value of AFS unquoted equity at 1 January 2012 and 31 December 2012 respectively whilst property, plant and equipment was N616.774 million and N311.620 million fair value gains as at 1 January 2012 and 31 December 2012 respectively.

39 b. Equity reconciliation (Group)

			Adjustments			
		Nigerian			Error/Opening	
		GAAP	Reclassification	Measurement	Adjustment	Total
As at 1 January 2011	Note	N '000	N '000	N '000	N '000	N '000
Assets						
Cash and cash balances	i	59,921	(59,921)			(59,921)
Cash and cash equivalents	a(i)	-	59,921			59,921
Trade Debtors	ii	29,423	(29,423)			(29,423)
Trade Receivables	b	-	39,931	(29,423)		10,508
Long Term Investment	iv (c,d)	1,371,398	(1,371,398)			(1,371,398)
Financial Assets	c	-	1,371,398	599,674		1,971,072
Investment in Associates		-	-			-
Investment in Subsidiaries	d	-	-			-
Other Debtors	iii(e,f)	33,042	(33,042)			(33,042)
Other Receivables	e	-	21,241	(17,460)		3,781
Reinsurance Assets	f		1,293	15,934		17,227
Deferred Acquisition Cost		13,943	-			-
Deferred Tax Assets						-
Statutory Deposits		335,000				-
Investment Properties	g	1,654,118				-
Intangible Assets	h	-				-
Property, Plant and Equipment	I	5,494,228				-
TOTAL ASSETS		**8,991,073**	-	**568,725**	-	**568,725**
Liabilities:						-
Due to related company	v (m)	277,387	(277,387)	-		(277,387)
Insurance funds	vi(j)	166,605	(166,605)	-		(166,605)
Insurance Contract Liabilites	j	-	166,605	15,934		182,539
Bank overdrafts	vii(k)	79	(79)	-		(79)
Borrowings	k	-	79	-		79
Creditors & accruals	viii(l,m,n)	120,050	(120,050)	-		(120,050)
Trade Payable	l	-	47,019	-		47,019
Other Payable	m	-	347,805	-		347,805
Employee benefit liabilities	n	-	2,613	-		2,613
Income Tax Payable		82,224		-		-
Deferred Tax Liabilities	o	15,438		-		-
Total Liabilities		661,783	-	15,934	-	15,934

						-
EQUITY & LIABILITIES						-
						-
Equity attributable to owners of the parent;						-
Ordinary Share Capital		8,000,000				-
Share Premium		825,018				-
Contingency Reserve		210,138		-		-
Asset revaluation reserve	p	1,628,262	-	-		-
Fair value reserve	q	-		-		-
General Reserve (Retained Earnings)	r	(2,334,128)		552,791		552,791
						-
Total Ordinary Shareholder's Equity		8,329,290	-	552,791	-	552,791
Other equity instruments		-	-	-	-	-
		8,329,290	-	552,791	-	552,791
Non - controlling interests		-	-	-	-	-
		8,329,290	-	552,791	-	552,791
TOTAL EQUITY & LIABILITIES		**8,991,073**	**-**	**568,725**	**-**	**568,725**

39 c. Equity reconciliation (Company)

			Adjustments			
		Nigeria GAAP N '000	Reclassification N '000	Measurement N '000	Error/Opening Adjustment N '000	Total N '000
As at 1 January 2011	Note					
Assets						
Cash and cash balances	i	55,769	(55,769)			(55,769)
Cash and cash equivalents	a(i)	-	55,769			55,769
Trade Debtors	ii	29,423	(29,423)			(29,423)
Trade Receivables	b	-	29,423	(29,423)		-
Long Term Investment	iv (c,d)	3,933,064	(3,933,064)	-		(3,933,064)
Financial Assets	c	-	1,371,398	599,674		1,971,072
Investment in Associates		-	-			-
Investment in Subsidiaries	d	-	2,561,666			2,561,666
Other Debtors	iii(e,f)	18,979	(18,979)			(18,979)
Other Receivables	e	-	17,686	(17,460)		226
Reinsurance Assets	f		1,293	15,934		17,227
Deferred Acquisition Cost		13,943	-			-
Deferred Tax Assets						-
Statutory Deposits		335,000				-
Investment Properties	g	1,654,118				-
Intangible Assets	h	-				-
Property, Plant and Equipment	l	2,080,973				-
						-
TOTAL ASSETS		**8,121,269**	-	**568,725**		**568,725**

						-
Liabilities:						-
Due to related company	v(m)	277,387	(277,387)			(277,387)
Insurance funds	vi(j)	166,605	(166,605)			(166,605)
Insurance Contract Liabilites	j	-	166,605	15,934		182,539
Bank overdrafts	vii(k)	-	-			-
Borrowings	k	-	-			-
Creditors & accruals	viii(l,m,n)	42,980	(42,980)			(42,980)
Trade Payable	l	-	5,892			5,892
Other Payable	m	-	311,862			311,862
Employee benefit liabilities	n	-	2,613			2,613
Income Tax Payable		82,224				-
Deferred Tax Liabilities	o	15,438				-
Total Liabilities		584,634	-	15,934	-	15,934
EQUITY & LIABILITIES						
Equity attributable to owners of the parent;						-
Ordinary Share Capital		8,000,000				-
Share Premium		825,018				-
Contingency Reserve		210,138				-
Asset revaluation reserve	p	103,968	-			-
Fair value reserve	q	-				-
General Reserve (Retained Earnings)	r	(1,602,489)		552,791		552,791
						-
Total Ordinary Shareholder's Equity		7,536,635	-	552,791	-	552,791
Other equity instruments		-	-	-	-	-
		7,536,635	-	552,791	-	552,791
Non - controlling interests		-	-	-	-	-
		7,536,635	-	552,791	-	552,791
TOTAL EQUITY & LIABILITIES		**8,121,269**	-	**568,725**	-	**568,725**

39 d. Equity reconciliation (Group)

As at 31 December 2011	Note	Previous GAAP	Adjustments Reclassification	Measurement	Error/Opening Adjustment	Total
		N '000	N '000	N '000	N '000	N '000
Assets						
Cash and cash balances	i	67,912	(67,912)			(67,912)
Cash and cash equivalents	a(i)	-	67,912			67,912
Trade Debtors	ii	40,781	(40,781)			(40,781)
Trade Receivables	b	-	84,498	(40,685)		43,813
Long Term Investment	iv(c,d)	1,312,733	(1,312,733)			(1,312,733)
Financial Assets	c	-	1,312,733	1,011,606	599,674	2,924,013
Investment in Associates		-	-			-
Investment in Subsidiaries	d	-	-			-
Other Debtors	iii(e,f)	1,701,206	(1,701,206)			(1,701,206)
Other Receivables	e	-	1,654,776		(17,460)	1,637,316
Reinsurance Assets	f		2,713	25,232		27,945
Deferred Acquisition Cost		12,293	-			-
Deferred Tax Assets		-				-
Statutory Deposits		335,000				-
Investment Properties	g	934,118				-
Intangible Assets	h	-	4,472			4,472
Property, Plant and Equipment	I	5,960,448	(4,472)	616,775		612,303
TOTAL ASSETS		**10,364,491**	**-**	**1,612,928**	**582,214**	**2,195,142**
Liabilities:						-
Due to related company	v(m)	1,684,667	(1,684,667)			(1,684,667)
Insurance funds	vi(j)	182,237	(182,237)			(182,237)
Insurance Contract Liabilites	j	-	182,237	25,232		207,469
Bank overdrafts	vii(k)	3,429	(3,429)			(3,429)
Borrowings	k	-	3,429			3,429
Creditors & accruals	viii(l,m,n)	98,044	(98,044)			(98,044)
Trade Payable	l	-	20,763			20,763
Other Payable	m	-	1,758,005			1,758,005
Employee benefit liabilities	n	-	3,943			3,943
Income Tax Payable		99,465				-
Deferred Tax Liabilities	o	15,438		485,969		485,969
Total Liabilities		**2,083,280**	**-**	**511,201**	**-**	**511,201**

EQUITY & LIABILITIES						-
						-
Equity attributable to owners of the parent;						-
Ordinary Share Capital		8,000,000				-
Share Premium		825,018				-
Contingency Reserve		220,613				-
Asset revaluation reserve	p	2,242,073	-	616,775		616,775
Fair value reserve	q	-		1,003,121		1,003,121
General Reserve (Retained Earnings)	r	(3,006,493)		(518,169)	582214	64,045
						-
Total Ordinary Shareholder's Equity		8,281,211	-	1,101,727	582,214	1,683,941
Other equity instruments		-	-	-	-	-
		8,281,211	-	1,101,727	582,214	1,683,941
Non - controlling interests		-	-	-	-	-
		8,281,211	-	1,101,727	582,214	1,683,941
TOTAL EQUITY & LIABILITIES		**10,364,491**	-	**1,612,928**	**582,214**	**2,195,142**

39 e. Equity reconciliation (Company)

As at 31 December 2011	Note	Previous GAAP N '000	Adjustments Reclassification N '000	Measurement N '000	Error/Opening Adjustment N '000	Total N '000
Assets						
Cash and cash balances	i	63,732	(63,732)			(63,732)
Cash and cash equivalents	a(i)	-	63,732			63,732
Trade Debtors	ii	40,781	(40,781)			(40,781)
Trade Receivables	b	-	40,781	(40,685)		96
Long Term Investment	iv (c,d)	3,874,399	(3,874,399)			(3,874,399)
Financial Assets	c	-	1,312,733	1,011,606	599,674	2,924,013
Investment in Associates		-	-			-
Investment in Subsidiaries	d	-	2,561,666			2,561,666
Other Debtors	iii(e,f)	1,633,960	(1,633,960)			(1,633,960)
Other Receivables	e	-	1,631,247		(17,460)	1,613,787
Reinsurance Assets	f		2,713	25,232		27,945
Deferred Acquisition Cost		12,293	-			-
Deferred Tax Assets		-				-
Statutory Deposits		335,000				-
Investment Properties	g	934,118				-
Intangible Assets	h	-	4,472			4,472
Property, Plant and Equipment	I	2,025,165	(4,472)	319,300		314,828
						-
TOTAL ASSETS		**8,919,448**	-	**1,315,453**	**582,214**	**1,897,667**

						-
Liabilities:						-
Due to related company	v(m)	1,684,667	(1,684,667)			(1,684,667)
Insurance funds	vi(j)	182,237	(182,237)			(182,237)
Insurance Contract Liabilites	j	-	182,237	25,232		207,469
Bank overdrafts	vii(k)	-	-			-
Borrowings	k	-	-			-
Creditors & accruals	viii(l,m,n)	63,860	(63,860)			(63,860)
Trade Payable	l	-	13,969			13,969
Other Payable	m	-	1,730,615			1,730,615
Employee benefit liabilities	n	-	3,943			3,943
Income Tax Payable		100,043				-
Deferred Tax Liabilities	o	15,438		396,726		396,726
Total Liabilities		**2,046,245**	**-**	**421,958**	**-**	**421,958**
						-
EQUITY & LIABILITIES						-
Equity attributable to owners of the parent;						-
Ordinary Share Capital		8,000,000				-
Share Premium		825,018				-
Contingency Reserve		220,612				-
Asset revaluation reserve	p	103,968	-	319,300		319,300
Fair value reserve	q	-		1,003,121		1,003,121
General Reserve (Retained Earnings)	r	(2,276,395)		(428,926)	582,214	153,288
Total Ordinary Shareholder's Equity		6,873,203	-	893,495	582,214	1,475,709
Other equity instruments		-	-	-	-	-
		6,873,203	-	893,495	582,214	1,475,709
Non - controlling interests		-	-	-	-	-
		6,873,203	-	893,495	582,214	1,475,709
TOTAL EQUITY & LIABILITIES		**8,919,448**	**-**	**1,315,453**	**582,214**	**1,897,667**

40 a. Profit reconciliation (Group)

31 December 2011

			Adjustments			
		N - GAAP	**Reclassification**	**Measurement**	**Total**	**IFRS**
	Note	**N '000**	**N '000**	**N '000**	**N '000**	**N '000**
Gross Premium Written:		349,172			-	349,172
Decrease(increase) in unearned premium		12,786				12,786
Gross Premium Earned:		361,958			-	361,958
Reinsurance Expenses		(13,403)			-	(13,403)
Net Insurance Premium Earned		348,555			-	348,555
Fees and Commission Received		2,446			-	2,446
Total Underwriting Income		351,001				351,001

Claims Expenses	X1(i,ii,iii,iv)		51,068	17,110	68,178	68,178
Direct Claims Paid	i	26,434	(26,434)		(26,434)	-
Provision for Outstaanding Clams (IBNR)	ii	2,583	(2,583)		(2,583)	-
(Increase)/Decrease in Outstanding Claims	iii	25,834	(25,834)		(25,834)	-
Gross Claims Incurred		54,851	(3,783)		13,327	68,178
Reinsurance Recovery	iv	(3,783)	3,783		3,783	-
Net insurance benefits and claims		51,068	-		17,110	68,178
						-
Acquisition cost	X2(v)		41,330		41,330	41,330
Maintenance expenses	X2(v)		19,058		19,058	19,058
Commission Paid	v	60,388	(60,388)		(60,388)	-
Total underwriting expenses		60,388	-		-	60,388
Underwriting Profit		**239,545**	-		**(17,110)**	**222,435**
Investment Income	X3(vi)		241,240		241,240	241,240
Other operating Income	X4(vii)		135,731		135,731	135,731
Gross Profit /(Loss) from Hotel Business	vi	135,731	(135,731)		(135,731)	-
Investment Income/(Loss) & Other Income	vii	241,240	(241,240)		(241,240)	-
Total Investment Income		376,971	-		-	376,971
Net Operating Income		**616,516**	-		**(17,110)**	**599,406**
Allowance for impairments on receivables	d(x)		(46,234)	(40,685)	(86,919)	(86,919)
Other operating and administrative expenses	X5(viii,ix)		(434,828)	46,533	(388,295)	(388,295)
Net realised loss on financial assets	f(xi)		(58,665)	8,485	(50,180)	(50,180)
Fair value loss on investment properties	X6(xii)		(720,000)		(720,000)	(720,000)
Management Expenses:						
Insurance Business	viii	(301,498)	301,498		301,498	-
Hotel Business	ix	(133,330)	133,330		133,330	-
Provision for doubtful Debts	x	(46,234)	46,234		46,234	-
Provision for diminution in value of investment	xi	(58,665)	58,665		58,665	-
Provision for doubtful investment	xii	(720,000)	720,000		720,000	-
Total Expenses		**(1,259,727)**	-		**14,333**	**(1,245,394)**

Result of Operating Activities		(643,211)			-	(645,988)
Finance costs		(861)			-	(861)
Profit before tax		(644,072)			-	(646,849)
Income tax expenses	X7	(17,819)			-	(17,819)
Profit after tax		(661,891)			-	(664,668)
Profit attributable to :					-	
Owners of the parent		(661,891)				(664,668)
Non-controlling interests		-				-
		(661,891)				(664,668)
Other Comprehensive income :						
Items within OCI that may be reclassified to the profit or loss:						
Fair value changes in AFS financial assets (net of deferred tax)	c	-		1,003,121	1,003,121	1,003,121
Less: related deferred tax	o	-		(300,936)	(300,936)	(300,936)
Items within OCI that will not be reclassified to the profit or loss:						
PPE revaluation gains	p	-		1,230,586	1,230,586	1,230,586
Less: related deferred tax	o	-		(185,033)	(185,033)	(185,033)
Other comprehensive income for the period		-			1,747,738	1,747,738
Total comprehensive income for the period		(661,891)		-		1,083,070
Total comprehensive income attributable to :						
Owners of the parent		(661,891)				1,083,070
Non-controlling interests		-				-
		(661,891)		-	-	1,083,070

40 b. Profit reconciliation (Company)

31 December 2011

			Adjustments			
		N - GAAP	Reclassification	Measurement	Total	IFRS
	Note	N '000	N '000	N '000	N '000	N '000
Gross Premium Written:		349,172			-	349,172
Decrease(increase) in unearned premium		12,786				12,786
Gross Premium Earned:		361,958			-	361,958
Reinsurance Expenses		(13,403)			-	(13,403)
Net Insurance Premium Earned		348,555			-	348,555
Fees and Commission Received		2,446			-	2,446
Total Underwriting Income		351,001				351,001

						-
Claims Expenses	X1(i,ii,iii,iv)		51,068	17,110	68,178	68,178
Direct Claims Paid	i	26,434	(26,434)		(26,434)	-
Provision for Outstaanding Clams (IBNR)	ii	2,583	(2,583)		(2,583)	-
(Increase)/Decrease in Outstanding Claims	iii	25,834	(25,834)		(25,834)	-
Gross Claims Incurred		54,851	(3,783)		13,327	68,178
Reinsurance Recovery	iv	(3,783)	3,783		3,783	-
Net insurance benefits and claims		51,068	-		17,110	68,178
						-
Acquisition cost	X2(v)		41,330		41,330	41,330
Maintenance expenses	X2(v)		19,058		19,058	19,058
Commission Paid	v	60,388	(60,388)		(60,388)	-
Total underwriting expenses		60,388	-		-	60,388
Underwriting Profit		239,545	-		(17,110)	222,435
						-
Investment Income	X3(vi)		241,240		241,240	241,240
Investment Income/(Loss) & Other Income	vi	241,240	(241,240)		(241,240)	-
Total Investment Income		241,240	-		-	241,240
Net Operating Income		480,785	-		(17,110)	463,675
Allowance for impairments on receivables	d(x)		(46,234)	(40,685)	(86,919)	(86,919)
Other operating and administrative expenses	X5(viii,ix)		(301,498)	46,533	(254,965)	(254,965)
Net realised loss on financial assets	f(xi)		(58,665)	8,485	(50,180)	(50,180)
Fair value loss on investment properties	X6(xii)		(720,000)		(720,000)	(720,000)
Management Expenses:						
Insurance Business	viii	(301,498)	301,498		301,498	-
Provision for doubtful Debts	x	(46,234)	46,234		46,234	-
Provision for diminution in value of investment	xi	(58,665)	58,665		58,665	-
Provision for doubtful investment	xii	(720,000)	720,000		720,000	-
Total Expenses		(1,126,397)	-		14,333	(1,112,064)

Result of Operating Activities		(645,612)		-	
Finance costs		-		-	(648,389)
Profit before tax		(645,612)		-	-
Income tax expenses	X7	(17,819)		-	(648,389)
Profit after tax		(663,431)		-	(17,819)
				-	(666,208)
Profit attributable to :					
Owners of the parent		(663,431)			
Non-controlling interests		-			(666,208)
		(663,431)			-
Other Comprehensive income :					(666,208)
Items within OCI that may be reclassified to the profit or loss:					
Fair value changes in AFS financial assets (net of deferred tax)	c	-	1,003,121	1,003,121	
Less: related deferred tax	o	-	(300,936)	(300,936)	1,003,121
Items within OCI that will not be reclassified to the profit or loss:					(300,936)
PPE revaluation gains	p	-	319,300	319,300	
Less: related deferred tax	o	-	(95,790)	(95,790)	319,300
Other comprehensive income for the period		-	925,695	925,695	(95,790)
Total comprehensive income for the period		(663,431)			925,695
Total comprehensive income attributable to :					259,487
Owners of the parent		(663,431)			
Non-controlling interests		-			259,487
		(663,431)	-	-	-
					259,487

41 EXPLANATORY NOTES ON 31ST DECEMBER 2011 GAAPS ACCOUNT TO IFRS

		GROUP		COMPANY	
		2011	2011	2011	2011
		N'000	N'000	N'000	N'000
a	Cash and cash equivalents				
	Per Nigerian GAAP	-	-	-	-
	Transfer from cash and bank balances	67,912	59,921	63,732	55,769
	Per IFRS	67,912	59,921	63,732	55,769
	Reclassification of cash and bank balances				
b	Trade Receivables				
	Per Nigerian GAAP	0	0	0	0
	Transfer from trade debtors	40,781	29,423	40,781	29,423
	Transfer from other debtors	43,717	10,508	0	0
	Additional impairment loss computed as per IFRS requirement	(40,685)	(29,423)	(40,685)	(29,423)
	Per IFRS	43,813	10,508	96	-

Transfer from trade debtors	40,781	29,423	40,781	29,423
Transfer from other debtors	43,717	10,508	0	0
Additional impairment loss computed as per IFRS requirement	(40,685)	(29,423)	(40,685)	(29,423)
Per IFRS	43,813	10,508	96	-
Impact on equity	(40,685)	(29,423)	(40,685)	(29,423)

Reclassification of trade debtors balances and additional impairment for debtors doubtfull of recovery as per IFRS requirement

c	Financial Assets				
	Per Nigerian GAAP	0	0	0	0
	Quoted equity at fair value through profit or loss transferred from long term investments (gross)	70,906	70,906	70,906	70,906
	Net impairment gain on AAI shares carried at Nil value	600,000	600,000	600,000	600,000
	Net impairment losses	(58,665)	-	(58,665)	-
		612,241	670,906	612,241	670,906
	Available -for-sale Unquoted equity at cost transferred from long term investments	1,300,492	1,300,492	1,300,492	1,300,492
	Reversal of impairment loss made under NGAAP	8,485	0	8,485	0
	Net Fair value gain/(loss) on available-for-sale unquoted equity	1,002,795	(326)	1,002,795	(326)
		2,311,772	1,300,166	2,311,772	1,300,166
	Per IFRS	2,924,013	1,971,072	2,924,013	1,971,072
	Impact on retained earnings	1,544,130	599,674	1,544,130	599,674

Under IFRS, long term investments are reclassified to financial assets hence quoted and unquoted equities were reclassified to financial assets and impairment gains/(loss) recognised. The AFS unquoted equity is made up of MTN Linked Shares with IBTC Asset Management Limited, denominated in USA dollar and War Stock UK denominated in Pounds Sterling. Both stock have been valued using the closing exchange rate at 31st December to determine their fair value. An indicative value has been used to measure the MTN Linked shares at transition based on an independent valuation by Merrill Lynch South Africa (Proprietary) Limited.

African Alliance Insurance Plc shares held at nil value were remeasured and the impairment gain recognised in 2010

		GROUP		COMPANY	
		2011	2011	2011	2011
		N'000	N'000	N'000	N'000
d	Investment in Subsidiaries				
	Transfer from Long Term Investments	-	-	2,561,666	2,561,666
	Per IFRS	-	-	2,561,666	2,561,666

Under Nigeria GAAP, some long term investments were reclassified to investment in subsidiairies and the above adjustment was done to effect the change

e	Other receivables				
	Per Nigerian GAAP	0	0	0	0
	Transfer from Debtors	1,654,775	21,241	1,631,247	17,686
	Impairment gain/(loss) computed as per IFRS requirement	-	(17,460)	-	(17,460)
	Per IFRS	1,654,775	3,781	1,631,247	226
	Impact on equity	-	(17,460)	-	(17,460)
f	Reinsurance Assets				
	Per Nigerian GAAP	0	0	0	0
	Reclassification from other debtors	2,713	1,293	2,713	1,293
	Share of outstanding claim reserves per valuation	8,122	17,007	8,122	17,007
	Per IFRS	10,835	18,300	10,835	18,300
g	Investment Property				
	Per Nigerian GAAP	934,118	1,654,118	934,118	1,654,118
		-		-	-
	Per IFRS	934,118	1,654,118	934,118	1,654,118
	Impact on retained earnings	-	-	-	-

Investment property were measured at fair value in the past and the impact of the fair value gain recognised in investment property and profit or loss account in the NGAAP. These costs have been carried at transition as fair value while net impairment is recognised during the year in profit or loss.

h	Intangible Assets				
	Per Nigerian GAAP	0	0	0	0
	Transfer from PPE	4,472	0	4,472	0
	Per IFRS	4,472	0	4,472	0
i	PPE				
	Per Nigerian GAAP	5,960,448	5,494,229	2,025,165	2,080,972
	Revaluation Surplus	616,775	0	319,300	0
	Transfer to intangible assets	(4,472)	-	(4,472)	-
	Per IFRS	6,572,751	5,494,229	2,339,993	2,080,972
	Impact on equity	616,775	-	319,300	-

Land and buildings were revalued at transistion and the surplus therein recognised during the period, while other PPE items were carried at cost. Also, softwares classified under computer equipment were reclassified to intangible assets as required by IAS 16, the value of which is noted above.

j	Insurance Contract Liability				
	Per Nigerian GAAP	0	0	0	0
	Reclassification from Insurance Funds	182,237	166,605	182,237	166,605
	Additional Claims reserve per liability Adequacy test	25,232	15,934	25,232	15,934
	Per IFRS	207,469	182,539	207,469	182,539
	Impact on equity	25,232	15,934	25,232	15,934

The Company revised the insurance contract liability based on IFRS requirements and as a result a valuation difference of N25,232 (2011) and N15,934 (2010) recognised in the account

		GROUP		COMPANY	
		2011	2011	2011	2011
		N'000	N'000	N'000	N'000
k	Borrowings				
	Per Nigerian GAAP	0	0	0	0
	Transfer from bank overdraft	3,429	79	0	0
	Per IFRS	3,429	79	0	0
l	Trade payables				
	Per Nigerian GAAP	-	-	-	-
	reclassification from Creditors & Accruals - Reins Companies	13,969	5,892	13,969	5,892
	reclassification from Creditors & Accruals - Trade creditors	6,794	41,127	-	-
	Per IFRS	20,763	47,019	13,969	5,892
m	Other payables				
	Per Nigerian GAAP	0	0	0	0
	Reclassification from due to related compny	1,684,667	277,387	1,684,667	277,387
	Reclassification from Creditors & Accruals	73,338	70,418	45,948	34,475
	Per IFRS	1,758,005	347,805	1,730,615	311,862
n	Emploee benefit liabilities				
	Per Nigerian GAAP	0	0	0	0
	Reclassification from Creditors & Accruals	3,943	2,613	3,943	2,613
	Per IFRS	3,943	2,613	3,943	2,613
o	Deferred Tax Liability				
	Per Nigerian GAAP	15,438	15,438	15,438	15,438
	Deferred tax impact on fair value gain on financial assets-AFS	300,936	-	300,936	-
	Deferred tax impact on PPE Revaluation reserve	185,033	-	95,790	-
	Per IFRS	501,407	15,438	412,164	15,438
	The deferred tax comprise of tax impact of fair value gain on AFS unquoted equity and revaluation reserve on property plant and equipment.				
p	Revaluation Reserve				
	As per Nigerian GAAP	2,242,073	1,628,262	103,968	103,968
	Revaluation Surplus	616,775	0	319,300	0
	As per IFRS	2,858,848	1,628,262	423,268	103,968
	Impact on equity	616,775	-	319,300	-
q	Fair Value Reserve				
	As per Nigerian GAAP	0	0	0	0
	Net Fair value gain/(loss) on available-for-sale unquoted equity	1,003,121	-	1,003,121	-
	As per IFRS	1,003,121	0	1,003,121	0
	Impact on equity	1,003,121	-	1,003,121	-

r	Retained earnings				
	As per Nigerian GAAP	(3,006,493)	(2,334,127)	(2,276,395)	(1,602,489)
	Fair value gain/(loss) on financial assets	-	(326)	-	(326)
	Deferred tax expense	(485,969)		(396,726)	
	Reversal of impairment loss on AFS financial assets	8,485	-	8,485	-
	Impairment gain/(loss) on trade receivables	(40,685)	(29,423)	(40,685)	(29,423)
	Impairment gain/(loss) on other receivables	-	(17,460)	-	(17,460)
	Impairment gain on FVTPL- FA	-	600,000	-	600,000
	Net change in outstanding claims per valuation				
	Recognition of effect of opening adjustments	582,212	-	582,212	-
	Balance as per IFRS	(2,942,450)	(1,781,336)	(2,123,109)	(1,049,698)

		GROUP		COMPANY	
		2011	2011	2011	2011
		N'000	N'000	N'000	N'000
i	Cash and bank blances				
	Per Nigerian GAAP	67,912	59,921	63,732	55,769
	Transfer to cash and cash equivalents	(67,912)	(59,921)	(63,732)	(55,769)
	Per IFRS	-	-	-	-
	Reclassification of cash and bank balances				
ii	Trade debtors				
	Per Nigerian GAAP	40,781	29,423	40,781	29,423
	Transfer to trade receivables	(40,781)	(29,423)	(40,781)	(29,423)
	Per IFRS	-	-	-	-
iii	Other debtors				
	Per Nigerian GAAP	1,701,205	33,042	1,633,960	18,979
	Transfer to trade receivables	(43,717)	(10,508)	-	-
	Transfer to other receivables	(1,654,775)	(21,241)	(1,631,247)	(17,686)
	Transfer to reinsurance assets	(2,713)	(1,293)	(2,713)	(1,293)
	Per IFRS	-	-	-	-
iv	Long term investments				
	Per Nigerian GAAP	1,312,733	1,371,398	3,874,399	3,933,064
	Transfer to financial assets net of impairment- quoted equity	(12,241)	(70,906)	(12,241)	(70,906)
	Transfer to financial assets - unquoted equity	(1,300,492)	(1,300,492)	(1,300,492)	(1,300,492)
	Transfer to investment in subsidiaries	-		(2,561,666)	(2,561,666)
	Per IFRS	-	-	-	-
v	Due to related company				
	Per Nigerian GAAP	1,684,667	277,387	1,684,667	277,387
	Transfer to other payables	(1,684,667)	(277,387)	(1,684,667)	(277,387)
	Per IFRS	0	0	0	0
vi	Insurance Funds				
	Per Nigerian GAAP	182,237	166,605	182,237	166,605
	Transfer to Insurance Contract Liability	(182,237)	(166,605)	(182,237)	(166,605)
	Per IFRS	0	0	0	0
vii	Bank overdrafts				
	Per Nigerian GAAP	3,429	79	-	-
	Transfer to Insurance Contract Liability	(3,429)	(79)	-	-
	Per IFRS	0	0	0	0

viii	Creditors and accruals				
	Per Nigerian GAAP	98,044	120,050	63,860	42,980
	Transfer to trade payables	(20,763)	(47,019)	(13,969)	(5,892)
	Transfer to employee benefits liabilities	(3,943)	(2,613)	(3,943)	(2,613)
	Transfer to other payables	(73,338)	(70,418)	(45,948)	(34,475)
	Per IFRS	-	-	-	-

	Explanatory notes on Profit Reconciliation	GROUP		COMPANY	
		2011 N'000	2011 N'000	2011 N'000	2011 N'000
X1	Claims Expenses				
	Per Nigerian GAAP	-	-	-	-
	Transfer from Direct claims paid	26,434		26,434	
	Transfer from provision for outstanding claims	2,583		2,583	
	Transfer from (increase)/decrease in outstanding claims	25,834		25,834	
	Transfer from reinsurance recovery	(3,783)		(3,783)	
	Net change in outstanding claims per valuation	17,110	-	17,110	-
	Per IFRS	68,178	-	68,178	-
X2	Acquisition & Maintenance Cost				
	Per Nigerian GAAP	-	-	-	-
	Acquisition cost transferred from commission paid	41,330		41,330	
	Maintenance cost transfered from commission paid	19,058		19,058	
	Per IFRS	60,388	-	60,388	-
X3	Investment Income				
	Per Nigerian GAAP	-	-	-	-
	Transfer from investment & other income	241,240		241,240	
	Per IFRS	241,240	-	241,240	-
X4	Other Operating Income				
	Per Nigerian GAAP	-	-	-	-
	Transfer from gross profit/(loss) from hotel business	135,731		135,731	
	Per IFRS	135,731	-	135,731	-
X5	Other Operating and Administrative Expenses				
	Per Nigerian GAAP	-	-	-	-
	Transfer from management expenses from insurance business	301,498		301,498	
	Transfer from management expenses from hotel business	133,330		-	
	Adjustment for error	(46,533)		(46,533)	
	Per IFRS	388,295	-	254,965	-
X6	Fair Value gain/(loss)				
	Per Nigerian GAAP	-	-	-	-
	Transfer from provision for doubtful investment	720,000		720,000	
	Per IFRS	720,000	-	720,000	-
X7	Income Tax Expense				
	As per Nigerian GAAP	17,819	16,680	17,819	16,680
	The deferred tax liability on fair value gain on AFS unquoted equity (N300.9 milliom) and deferred tax liability on revaluation reserve on PPE (N95.8 million) recognised in the Statement of Comprehensive income	485,969	-	396,726	-
	As per IFRS	503,788	16,680	414,545	16,680

Underwriting Revenue Account

FOR THE YEAR ENDED 31 DECEMBER 2012

	MOTOR N`000	FIRE N`000	GENERAL ACCIDENT N`000	MARINE N`000	2012 N`000	2011 N`000
Direct Premium Written	69,922	15,905	108,604	136,900	331,332	308,872
Reinsurance Accepted	21,170	8,262	47,847	7,236	84,515	40,300
Gross Premium Written	91,092	24,168	156,451	144,136	415,847	349,172
Changes in Reserve for Unexpired Risk (*)	(5,544)	954	(6,890)	(135)	(11,615)	12,786
Gross Premium Earned	85,548	25,122	149,561	144,001	404,232	361,958
Reinsurance cost	-	(6,356)	(7,139)	(2,977)	(16,472)	(13,403)
Net Premium Written	85,548	18,765	142,422	141,025	387,759	348,555
Commission Receiveed	105	2,300	1,976	706	5,086	2,446
Net Income	85,653	21,065	144,398	141,730	392,846	351,001
Claims Incurred:						
Direct Claims Paid	8,827	3,603	7,378	8,295	28,103	26,434
Provision for Outstanding claims (IBNR)	129	5,422	2,539	(522)	7,569	2,583
Changes in Provision for Outstanding Claims (**)	1,292	15,074	25,396	(5,222)	36,541	25,834
Gross Claims Incurred	10,249	24,099	35,313	2,552	72,213	71,963
Reinsurance Claims Recovery	(1,508)	(5,204)	(3,559)	(1,117)	(11,388)	(3,783)
Net Claims Incured	8,741	18,896	31,754	1,435	60,825	68,180
Underwriting Expenses:						
Commission Paid	11,544	5,347	29,524	28,987	75,403	58,738
Changes in deferred commission	(862)	(60)	(1,980)	(30)	(2,932)	1,650
Total Underwriting Expenses	10,682	5,287	27,544	28,957	72,471	60,388
Total Expenses	19,423	24,182	59,298	30,392	133,296	128,568
Underwriting Result	66,230	(3,117)	85,099	111,338	259,550	222,433
Provision for Unexpired Risk- 1 January 2012	26,904	10,457	41,140	844	79,345	92,131
Provision for Unexpired Risk- 31 December 2012	32,448	9,503	48,030	979	90,960	79,345
* Changes in reserve for unexpired Risk	(5,544)	954	(6,890)	(135)	(11,615)	12,786
Gross Claims Outstanding						
Provision for Outsanding Claims- 1 January 2012	9,790	55,332	51,516	13,440	130,079	67,704
Provision for Outsanding Claims- 31 December 2012	8,498	40,258	26,120	18,662	93,538	93,538
** Changes in provision for outstanding claims	1,292	15,074	25,396	(5,222)	36,541	25,834

Statement of Financial Position

FOR THE YEAR ENDED 31 DECEMBER 2012

	GROUP			COMPANY		
	2012 N'000	2011 N'000	2010 N'000	2012 N'000	2011 N'000	2010 N'000
Cash and Cash Equivalents	73,696	-	-	67,060	-	-
Financial Assets	2,879,253	2,924,013	1,971,072	2,879,253	2,924,013	1,971,072
Trade Receivable	124,769	43,813	10,508	14,045	96	-
Reinsurance Assets	25,513	27,945	17,227	25,513	27,945	17,227
Other Receivable	1,764,301	1,637,314	3,781	1,733,810	1,613,786	226
Investment in subsidiaries	-	-	-	2,561,666	2,561,666	2,561,666
Deferred Acquisition cost	15,225	12,293	13,943	15,225	12,293	13,943
Investment Properties	934,118	934,118	1,654,118	934,118	934,118	1,654,118
Intangible Asset	4,635	4,472	-	4,635	4,472	-
Property Plant and Equipment	6,870,130	6,572,750	5,494,229	2,546,185	2,339,992	2,080,972
Statutory Deposits	335,000	335,000	335,000	335,000	335,000	335,000
Total Assets	**13,026,641**	**12,491,718**	**9,499,878**	**11,116,511**	**10,753,381**	**8,634,224**
Liabilities						
Insurance Contract Liabilities	250,597	207,469	182,539	250,597	207,469	182,539
Borrowings	-	3,429	79	-	-	-
Trade payable	29,903	20,763	47,019	16,484	13,969	5,892
Other payable	1,743,892	1,758,006	347,805	1,737,516	1,730,616	311,862
Employee benefit liability	1,219	3,943	2,613	1,219	3,943	2,613
Income Tax liabilities	118,759	99,465	82,224	118,909	100,043	82,224
Deferred tax liabilities	594,934	501,407	15,438	447,305	412,164	15,438
Total Liabilities	**2,739,303**	**2,594,482**	**677,717**	**2,572,029**	**2,468,204**	**600,568**
Equity						
Issued and paid Share capital	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Share Premium	825,018	825,018	825,018	825,018	825,018	825,018
Contigency Reserves	233,088	220,612	210,137	233,088	220,612	210,137
Fair value reserve	950,425	1,003,121	-	950,425	1,003,121	-
Fixed asset revaluation reserve	3,170,468	2,858,848	1,628,262	540,268	423,268	103,968
Retained earnings	(2,891,660)	(2,942,450)	(1,781,335)	(2,004,316)	(2,123,109)	(1,049,698)
Shareholders funds	10,287,338	9,965,149	8,882,082	8,544,483	8,348,910	8,089,425
Non - controlling interests		-	-	-	-	-
TOTAL EQUITY & LIABILITIES	**13,026,642**	**12,559,632**	**9,559,799**	**11,116,512**	**10,817,115**	**8,689,993**

STATEMENT OF COMPREHENSIVE INCOME

	GROUP		COMPANY	
	2012 N'000	2011 N'000	2012 N'000	2011 N'000
Gross premium written	415,847	349,172	415,847	349,172
Premium earned	404,232	361,958	404,232	361,958
Profit before taxation	181,758	(646,851)	191,275	(648,391)
Taxation	(24,966)	(17,819)	(24,866)	(17,819)
Profit after taxation	156,792	(664,670)	166,409	(666,210)
Transfer to contingency reserve	(12,475)	(10,475)	(12,475)	(10,475)
Retained earining	144,317	(675,145)	153,934	(676,685)
Earnings per share	0.98	(4.15)	1.04	(4.16)

Mandate Form

FOR THE YEAR ENDED 31 DECEMBER 2012

Date ____________________

The Registrars
Mainstreet Bank Registrars Limited
No 2A, Gbagada Expressway,
Anthony Village, Lagos.

Dear Sir,

Mandate Form for E-Bonus and E-Dividend

I/we hereby mandate you to include my/our shareholding in The Universal Insurance Plc among the e-bonus beneficiaries for future bonus issues. My/our Shareholding particulars are:

Surname ____________________

Other Name ____________________

Address ____________________

Signature ____________________

Telephone ____________________

CSCS Clearing House No. ____________________

Account number ____________________

Note: please ensure that names are identical with those on you Share Certificates.

I/We will also like to receive my/our future dividends directly into my/our bank account electronically through e-dividend. My/Our bank account details are as stated below:

Bank ____________________

Branch ____________________

Account Number ____________________

Bank Sort Code ____________________

Yours faithfully,

____

Signature (s) of the Shareholder(s)

Please Admit

Shareholder's full name ____

To be completed in advance by Shareholder or his duly appointed proxy to the Annual General Meeting of THE UNIVERSAL INSURANCE PLC. which will be held at the
....

1. The admission card must be produced by the Shareholder or his proxy to obtain entrance to the meeting.

2. Shareholders or proxies are requested to sign the admission card before the meeting.

Number of shares held ____
[To be completed by the Company's Officials]

G.N. MBANEFO (MRS.)
[Company Secretary]

THE UNIVERSAL INSURANCE PLC

Annual General Meeting holding at the ---
--------------------------------March 27th 2014

Number of Shares held ____
[To be completed by the Company's Officials]

Shareholder's full name ____
[To be completed in advance by Shareholder]

____
Signature of person attending
[To be signed in the presence of the Company's Official at the entrance of the Hall]

CSCS Account Notification

FOR THE YEAR ENDED 31 DECEMBER 2012

The Registrars
Mainstreet Bank Registrars Limited
No 2A, Gbagada Expressway,
Anthony Village, Lagos.

Please credit my account at Central Securities Clearing Systems Limited (CSCS) with all subsequent allotments and bonuses due to me from holdings in the companies as indicated in the right-hand column

Personal Data

Surname ______________________________

Other Names ______________________________

Address ______________________________

____

____

Mobile Phone ______________________________

Email ______________________________

Shareholder's Signature

1. ______________________________

2. ______________________________

____
Corporate Seal/Stamp (for Corporate Shareholders)

CSCS Details
Stockbroker

Clearing House Number ______________________________

____
Authorised Signature & Stamp of Stockbroker

Name of Company	Account Number

Please attach a copy of your CSCS statement to this form as evidence that a CSCS account has been opened for you.

Proxy Form

FOR THE YEAR ENDED 31 DECEMBER 2012

Annual General Meeting of THE UNIVERSAL INSURANCE PLC

To be held at 9.00 am on Thursday March 27th, 2014 at the Universal Hotel Ltd. Plot 3 Aguleri Street Independent Layout, Enugu.

I/WE...
....
....
....

Being a member/members of THE UNIVERSAL INSURANCE PLC hereby appoint.
....
....

Or failing him **Lt. Gen. Joshua Dogonyaro (RTD) MNI [Chairman]** as my/our proxy to attend and vote for me/us at the Annual General Meeting of the Company to be held on Thursday March 27th, 2014

Dated this .... Day of.............. 2014

RESOLUTION	FOR	AGAINST
1. To receive the Report of Directors, Audited Financial Statements & Auditors report.		
2. To receive the Report of the Audit Committee.		
3. To retire Directors		
4. To authorize the Directors to fix the remuneration of the Auditors.		
5. To elect/re-elect members of the Audit Committee.		

Please indicate with an **X** in the appropriate square how you wish to cast your vote on the resolutions set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion

NOTES:

1. A member [Shareholder] who is unable to attend an Annual General Meeting is allowed to vote by proxy. The above proxy form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.

2. Provision has been made on this form for the Chairman of the meeting to act as proxy, but if you wish, you may insert in the blank spaces on the form the name of any person, whether a member of the company or not who will attend the meeting and vote on your behalf instead of the Chairman of the meeting.

3. Please sign the proxy form if you are not attending the meeting and post it so as to reach The Registrars Mainstreet Bank Registrars Limited No 2A, Gbagada Expressway, Lagos. not later than 48 hours before the time of holding the meeting. If executed by a corporation, the proxy form should be sealed with the common seal.

4. It is a legal requirement that all instruments of proxy must bear appropriate stamp duty from the Duties Office and not adhesive postage stamps.