

MANAGEMENT ACCOUNT
For The Period Ended 30 June 2014

Universal Insurance Plc

RC 2460

Universal Insurance Plc
Statements of Changes in Equity (COMPANY)
for the period ended 30 June 2014

Company In millions of Nigerian naira	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 2014	8,000,000	825,018	540,268	265,713	979,308	(1,882,478)	8,727,829
Total comprehensive income							-
Profit and loss	-	-	-	-	-	-	-
Other comprehensive income							-
Impairment gain/(loss) on trade and other receivables						-	-
Net gain/(loss) on investments now classified as AFS						-	-
Adjustment of FA items omitted in account						-	-
Other comprehensive income	-	-	-	-	-	-	-
Balance at 1 January 2014	8,000,000	825,018	540,268	265,713	979,308	(1,882,478)	8,727,829
Balance at 1 January 2014	8,000,000	825,018	540,268	265,713	979,308	(1,882,478)	8,727,829
Total comprehensive income for the period							-
Profit or loss	-	-	-	-	-	-	-
Other comprehensive income							-
Gain on the revaluation of land and buildings	-	-	-	-	-	-	-
Fair value changes in AFS financial assets	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-
Balance at 1 January 2014	8,000,000	825,018	540,268	265,713	979,308	(1,882,478)	8,727,829
Balance at 1 January 2014	8,000,000	825,018	540,268	265,713	979,308	(1,882,478)	8,727,829
Total comprehensive income for the period						39,917	-
Profit or loss						39,917	39,917
Other comprehensive income							-
Gain on the revaluation of land and buildings	-	-	-	-	-	-	-
Net Fair value changes in AFS financial assets	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	12,773	-	(12,773)	-
Other comprehensive income for the period	-	-	-	12,773	-	(12,773)	-
Total comprehensive income for the period	-	-	-	12,773	-	27,144	39,917
Balance at 30 JUNE 2014	8,000,000	825,018	540,268	278,486	979,308	(1,855,334)	8,767,746

UNIVERSAL INSURANCE PLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at 30 June 2014

	NOTES	30-Jun-14	30-Jun-13
Assets		N'000	N'000
Cash and Cash Equivalents	6	521,114	308,523
Financial Assets	7	2,913,007	2,279,253
Trade Receivable	8	-	-
Reinsurance Assets	9	70,595	15,560
Deferred Acquisition cost	10	64,690	49,810
Other Receivable	11	113,736	1,722,411
Investment in Subsidiaries	12	2,561,666	2,561,666
Investment Properties	13	934,118	934,118
Intangible Asset	14	6,036	4,752
Property, Plant and Equipment	15	2,460,044	2,519,420
Statutory Deposits	16	335,000	335,000
Total Assets		9,980,005	10,730,513
Liabilities			
Insurance Contract Liabilities	17	454,257	389,457
Borrowings	18	-	-
Trade payable	19	13,888	19,574
Other payable	20	154,711	1,742,325
Employee benefit liability	21	1,178	-
Income Tax liabilities	22	132,255	119,167
Deferred tax liabilities	23	455,970	447,305
Total Liabilities		1,212,259	2,717,828
Equity			
Issued and paid Share capital	24. 1	8,000,000	8,000,000
Share Premium	24. 2	825,018	825,018
Contingency Reserves	24. 3	278,486	244,264
Fair value reserve	24. 4	979,308	950,425
Fixed asset revaluation reserve	24. 5	540,268	540,268
Retained earnings	24. 6	(1,855,334)	(2,547,289)
Shareholders funds		8,767,746	8,012,686
Other equity instruments		-	-
Non - controlling interests		-	-
TOTAL EQUITY & LIABILITIES		9,980,005	10,730,514

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

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

Universal Insurance Plc

Statements of Comprehensive Income

For the PERIOD ended 30 June 2014

	Notes	30-06-2014	30-06-2013
		N'000	N'000
Gross Premium written	25	425,777	374,529
Decrease/(increase) in unearned premium		(160,175)	(201,633)
Gross Premium Earned		265,602	172,896
Reinsurance Premium Expense	26	-	(7,896)
Net Insurance Premium Income		265,602	165,000
Fees and Commission income	27	-	2,298
Total Underwriting Income		265,602	167,298
<i>Insurance benefits</i>			
Claims expenses	28	(33,981)	14,268
Claims Expense Recovery from reinsurance	28	586	5,689
Change in contract liabilities	28	-	(8,805)
Net insurance benefit and claims		(33,394)	11,152
Underwriting Expenses			
Acquisition expenses	29	(14,739)	(33,021)
Maintenance expenses		(38,645)	-
		(53,384)	(33,021)
Underwriting Profit/(Loss)		178,823	145,429
Investment income	30	132,271	112,279
Other operating income		-	-
Total investment income		132,271	112,279
Net Income		311,094	257,708
Impairment charges	31 (i)	-	-
Net realised gains/(loss) on financial assets	31 (ii)	-	-
Net fair value gain/(loss) on investment properties	31 (ii)	-	-
Other operating and administrative expenses	32	(269,076)	(172,642)
Total Expenses		(269,076)	(172,642)
Result of operating activities		42,018	85,065
Interest expense	33	-	-
Profit or (Loss) before Taxation		42,018	85,065
Income Tax Expense/ (Credit)		(2,101)	(8,507)
Profit or Loss after Taxation		39,917	76,559
Profit attributable to:			
Equity holders of the Company		39,917	76,559
Non-controlling interest		-	-
Profit/(loss) for the period		39,917	76,559
Other Comprehensive income			
<i>Items within OCI that may be reclassified to the profit or loss;</i>			
Fair value changes in AFS financial assets	24. 4	-	-
Deferred tax impact of changes in AFS financial assets	23	-	-
<i>Items within OCI that will not be reclassified to the profit or loss;</i>			
PPE revaluation gains	24. 5	-	-
Deferred tax impact of revaluation gains	23	-	-
Other comprehensive income for the period		-	-
Total comprehensive income		39,917	76,559
Total comprehensive income attributable to:			
Equity holders of the company		39,917	76,559
Non-controlling interests		-	-
Total comprehensive income for the period		39,917	76,559
Earnings per share-(basic and diluted)	34	0.25	0.48

Universal Insurance Plc

Statement Of Cash Flows

For the year ended 30 June 2014

	30- Jun-2014	31-Dec-2013
	N'000	N'000
Cash flows from operating activities		
Insurance premium received from policy holders,Brokers & Agents,Cedants	265,602	567,763
Commission received	-	2,247
Reinsurance receipts in respect of claims	586	8,425
Reinsurance premium paid	-	8,263
Other operating cash payments	(116,373)	(281,650)
Insurance benefits and Claims paid	(33,981)	(101,327)
Payments to intermediaries to acquire insurance	(53,384)	(101,669)
Interest Received	132,271	153,813
Dividend Income Received	-	317
Cash generated from operations	194,721	256,182
Company Income Tax paid	(4,000)	(7,000)
Net cash provided by operating activities	190,721	249,182
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,094)	(1,413)
Investment income and other receipts	-	16,657
Net Cash provided by investing activities	(1,094)	15,244
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	331,487	67,060
Net increase/decrease in cash and cash equivalents	189,627	264,426
Cash and Cash equivalent at the end of period	521,114	331,486

34 Earnings per share

	30-Jun-2014	30-Jun-2013
	N'000	N'000
Profit attributable to equity holders	39,917	76,559
Weighted average number of ordinary shares in issue (in thousands)	16,000,000	16,000,000
Basic earnings per share (kobo per share)	0.25	0.48

The calculation of basic earnings per share at 31 December 2013 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 into 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

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35.5 Related party transactions

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

Employees and directors

a. Employees

The average number of persons employed by the Company during the year was as follows:

	30-Jun-2014	30-Jun-2013
	Number	Number
Executive directors	4	4
Management	6	6
Non-management	65	62
	<u>75</u>	<u>72</u>

UNIVERSAL INSURANCE PLC

COMPUTATION OF SOLVENCY MARGIN

AS AT June 30, 2014

JUNE
2014
N'000

1 ADMISSIBLE ASSETS

Cash and bank balances	521,114
Financial Assets	2,913,007
Trade Receivable	-
Reinsurance Assets	70,595
Other Receivable	113,736
Investment in Subsidiaries	2,561,666
Deferred Acquisition cost	64,690
Investment Properties	934,118
Intangible Asset	6,036
Property, Plant and Equipment	2,460,044
Statutory Deposits	335,000
	<u>9,980,005</u>
Less: Non Admissible Assets:	
Financial Assets (3 1/2% War Stock UK)	(10,086)
Revaluation surplus	(540,268)
	<u>(550,354)</u>
A	<u><u>9,429,651</u></u>

2 ADMISSIBLE LIABILITIES

Insurance Contract Liabilities	454,257
Trade payable	13,888
Other payable	154,711
Employee benefit liability	1,178
Income Tax liabilities	132,255
Deferred tax liabilities	455,970
	<u>1,212,259</u>
Less Non Admissible Liabilities:	
Due to other insurance and reinsurance companies	(13,888)
B	<u><u>1,198,371</u></u>

Solvency Margin (A-B)	C	8,231,280
15% of Net Premium (385,759 *15%)	D	39,840
Minimum required paid up capital	E	3,000,000

Basis for conclusion:

The solvency margin arrived at in C above shall not be less than 15 per centum of the net premium income D or the minimum paid-up capital E which ever is greater.

Conclusion:

The company is solvent since its solvency margin of N8.008 billion is higher than the minimum paid up capital of N3.00 billion. 6

THE UNIVERSAL INSURANCE PLC

UNDERWRITING REVENUE ACCOUNT FOR THE PERIOD ENDED 30 June 2014

	MOTOR N'000	FIRE N'000	GENERAL ACCIDENT N'000	BOND	ENGINEERING	OIL & GAS	AVIATION	MARINE N'000	2014 N'000	2013 N'000
Direct Premium Written	24,549	4,570	56,964	16,719	4,308	-	62,188	16,530	185,828	288,175
Reinsurance Accepted	18,644	26,988	12,215	1,785	6,270	168,551	-	5,495	239,949	86,353
Gross Premium Written	43,193	31,558	69,178	18,504	10,578	168,551	62,188	22,026	425,777	374,529
Changes in Reserve for Unexpired Risk (*)	949	(13,220)	(11,148)	(14,642)	5,091	(66,606)	(47,836)	(12,763)	(160,175)	(201,633)
Gross Premium Earned	44,142	18,338	58,030	3,862	15,669	101,945	14,352	9,263	265,602	172,896
Reinsurance cost	-	-	-	-	-	-	-	-	-	(7,896)
Net Premium Written	44,142	18,338	58,030	3,862	15,669	101,945	14,352	9,263	265,602	165,000
Commission Received	-	-	-	1,126	-	-	-	-	-	2,298
Net Income	44,142	18,338	58,030	4,988	15,669	101,945	14,352	9,263	265,602	167,298
Claims Incurred:										
Direct Claims Paid	3,312	4,583	9,775	-	16,833	27,422	-	215	62,140	27,752
Provision for Outstanding claims (IBNR)	(757)	(2,646)	(5,092)	(150)	(3,846)	(3,904)	(168)	(572)	(17,134)	8,805
Changes in Provision for Outstanding Claims (**)	(551)	2,658	18,547	-	(17,480)	6,232	(20,214)	(217)	(11,025)	(42,020)
Gross Claims Incurred	2,004	4,595	23,231	(150)	(4,493)	29,750	(20,382)	(574)	33,981	(5,463)
Reinsurance Claims Recovery	(507)	-	(80)	-	-	-	-	-	(586)	(5,689)
Net Claims Incurred	1,497	4,595	23,151	(150)	(4,493)	29,750	(20,382)	(574)	33,394	(11,152)
Underwriting Expenses:										
Commission Paid	5,617	6,966	11,977	3,802	2,166	43,884	12,450	4,117	90,979	67,605
Changes in deferred commission	88	(1,486)	(989)	(2,925)	1,155	(23,019)	(8,053)	(2,366)	(37,595)	(34,584)
Total Underwriting Expenses	5,705	5,480	10,988	877	3,321	20,866	4,397	1,751	53,384	33,021
Total Expenses	7,202	10,075	34,139	727	(1,172)	50,616	(15,985)	1,176	86,779	21,869
Underwriting Result	36,940	8,264	23,891	4,261	16,840	51,329	30,337	8,086	178,823	145,429
Provision for Unexpired Risk- 31 DECEMBER 2013	27,159	11,734	38,133	-	7,681	57,815	-	922	143,444	90,960
Provision for Unexpired Risk- 30 JUNE 2014	26,210	24,954	49,281	14,642	2,590	124,421	47,836	13,685	303,619	292,593
* Changes in reserve for unexpired Risk	949	(13,220)	(11,148)	(14,642)	5,091	(66,606)	(47,836)	(12,763)	(160,175)	(201,633)
Gross Claims Outstanding										
Provision for Outsanding Claims- 31 DECEMBER 2013	8,401	16,627	38,849	1,250	17,480	37,727	23,049	4,585	147,968	130,078
Provision for Outsanding Claims- 30 JUNE 2014	7,850	19,285	57,396	1,250	-	43,959	2,835	4,368	136,943	88,058
** Changes in provision for outstanding claims	(551)	2,658	18,547	-	(17,480)	6,232	(20,214)	(217)	(11,025)	(42,020)

