2013 ANNUAL REPORT & ACCOUNTS

The Universal Insurance Plc.

RC 2460

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

- Honesty
- Openness
- Integrity
- Excellence
- Teamwork
- Professionalism
- Respect for People
- Pride
- Trust

Your Reliable Partner in Insurance

THE BOARD
FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013

BOARD OF DIRECTORS

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

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, LigaliAyorindeStreet
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.

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

REGISTERED OFFICE
4, Ridgeway Road, Enugu, Enugu State

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

Notice of 44th Annual General Meeting

FOR THE YEAR ENDED 31 DECEMBER 2013

NOTICE IS HEREBY GIVEN THAT the Forty Fourth (44th) 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 16th July 2015 at 9.00 a.m. to transact the following business:

AGENDA

1. To receive the Audited Financial Statements for the year ended 31st December 2013 and the Report of the Directors and Auditors thereon.
2. To receive the Report of the Audit Committee.
3. To 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 9th July to 16th July 2015, 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 5th day of May, 2015

By Order of the Board

G.N.MBANEFO (MRS.)
COMPANY SECRETARY/LEGAL ADVISER
LAGOS, NIGERIA
FRC/2013/NBA/0000003147

Esteemed Shareholders, fellow Board members, distinguished ladies and gentlemen. I warmly welcome you to the 44th Annual General Meeting of our Company Universal Insurance Plc to present the Financial Statements and Reports for the year ended 31st December 2013.

OPERATING ENVIRONMENT

Global economic activity showed signs of improvement in 2013. Available data suggested that global growth in 2013 was clearly stronger than what was projected for the year. However, growth in the developing economies slowed down, with monetary authorities struggling in large part to stem significant portfolio outflows and the corresponding impact on their reserves and exchange rates.

On the domestic front despite, socio-political challenges (escalated violence and increased internal security issues particularly within various locations across the Northern Region of Nigeria); Nigeria's economy was relatively stable.

The National Bureau of Statistics reported a GDP growth estimate of 6.89% for 2013 compared to 6.58% for 2012. The non-oil sector led the economic growth by 8.76% in the 4th quarter of 2013. During the year, a single digit inflation rate of 8% was achieved below the 10% ceiling by the Central Bank of Nigeria due to monetary policy tightening.

The All Share index in 2013 closed with its strongest since 2008 as it appreciated by 47.2% while the market capitalization peaked at N13.2 trillion. The index crossed the 40, 000 psychological barrier.

The power sector reforms of President Goodluck Jonathan broke the monopoly of Power Holding Company of Nigeria in 2013 and formally handed over Share Certificates and licenses to 14 new core owners of successor companies. The expected dividend of the reform is still being hampered by inefficient transmission and insufficient gas supply.

INSURANCE INDUSTRY

The effective enforcement of the "No Premium No Cover" guideline by the National Insurance Commission (NAICOM)in 2013 resulted in dramatic improvement in the cash flow of insurance companies. The results for the industry are coming out slowly, because premium growth remained modest, cashflow of the insurance companies improved during the year. Notwithstanding, the future looks bright for the industry.

FINANCIAL RESULT

The Company recorded 33% growth in Gross premium written in 2013 to N620.25 million from N415.85 million in 2012. Net premium recorded a growth of 29% in 2013 to N543.68million from N387.76 million in 2012.

This resulted into a profit before tax of N345.40 million as against N191.27 million in 2012. The profit after tax stood at N303.96 million as against N166.41 million in 2012. The Shareholders funds grew by 3.8% to N8.67 billion from N8.54 billion in 2012.

FUTURE OUTLOOK

Competition remains stiff within the insurance industry with a lot of dynamism introduced into the industry business environment. Also we expect to see policy decisions and developments at the industry; state and federal levels continue to impact our business environments.

Notwithstanding, Nigeria's economy and growing population offer great incentive to businesses in the country. The potentials of the economy cannot be denied. All of these, coupled with low penetration rate of insurance market point to great opportunities existing in the Nigeria Insurance industry.

We assure you of our unrelenting resolve to continue to deploy our resources strategically to meet the needs and aspirations of our customers and in actualizing our expanding ambitions.

CONCLUSION

Ladies and gentlemen, I wish to thank the Almighty God who had seen us through thus far and pray that He continues to direct us.

To our valued customers, I appreciate you for the confidence reposed in our company, without your patronage, it would have been impossible for us to gather today. I assure you of our continuous excellent service delivery.

To our wonderful Shareholders, thank you for your understanding. We will leave no stone unturned in our drive to meet your expectations from the company.

The regulators are not left out for your support and commitment in the year 2013.

Thank you.

Lt. Gen. Joshua N. Dogonyaro (Rtd) CFR, mni
Chairman

Report of the Audit & Compliance Committee

FOR THE YEAR ENDED 31 DECEMBER 2013

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, 2013 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

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 2013 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 2013 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.

Anuebunwa Jude

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A557515

Anuebunwa Jude & Co
Chartered Accountants
16 February 2015
Engagement Partner: Jude Anuebunwa
FRC/2012/ICAN/00000000121

Report of the Directors

FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013.

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, and Aviation etc.

3. **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 2013	Group 2012	Company 2013	Company 2012
Profit before tax	307 379	47,726	345 404	191,274
Taxation	(41 748)	(24,966)	(41 448)	(24,866)
Profit after tax	265 631	22 660	303 955	166,408
Transfer to contingency reserve	(60 791)	(12,475)	(60 791)	(12,475)
Retained earnings for the year	204 840	10 185	243 164	118 793
Retained earnings, end of year	(2,828 998)	(3 025 173)	(1 769 817)	(2,004,316)
Earnings per share – Basic	1.66	0.14	1.90	1.04
Total Assets	3,335,229	12,922,947	11,563,217	11,116,512
Cash and cash equivalent	334 160	73,696	331,486	67,060
Financial assets	2,913,007	2,879,253	2,913,007	2,879,253
Insurance Contract liabilities	322,241	250,597	322,241	250,597
Share-holders funds	10,435 612	10,149 762	8,868 656	8,544 483
Statutory Deposits	335,000	335,000	335,000	335,000

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.

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 2013.

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 2013 are as follows:

Directors	2013		2012	
	Direct	Indirect	Direct	Indirect
Lt. Gen. J.N. Dogonyaro (Rtd), CFR, mni	10,000,000	Nil	10,000,000	Nil
Engr. Cyril 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	150,000	Nil	Nil	Nil
Mrs. Gloria Mbanefo	34,000	Nil	Nil	Nil
Pastor Benson Ogbonna	80,000	Nil	Nil	Nil
Mr. Anthony Okocha	503,434	Nil	Nil	Nil

8. DIRECTORS' INTEREST IN CONTRACTS
a. 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 2013 or as at the date of this report.

b. Engr. Cyril Ajagu Umunna is representing Conau Ltd. on the board.

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 2013 is as follows:

Range of holdings			No. of Shareholders	No. Of shares held	% of Holdings
1	-	5,000,000	607 16	3,963,043,003	24.76
5,000,001	-	10,000,000	52	406,723,409	2.54
10,000,001	-	100,000,000	60	1,972,308,407	12.33
100,000,001		10,000,000,000	17	9,657,925,181	60.36
Total			**60,845**	**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 2013.

African Alliance Insurance Plc	4,155,106,088	25.97%
Stanbic Nominees Nigeria Limited	1,430,667,418	8.94%
Others	10,414,226,494	65.09%
Total	**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 theoversight 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.

BOARD MEETINGS	COMPOSITION	NO. OF ATTEN DANCE	30 January 2013	24 April 2013	24 July 2013	24 November 2013
LT. GEN. JOSHUA DOGONYARO CFR, mni	Chairman	4	X	X	X	X
ENGR. CYRIL AJAGU (s.o.G)	Member	4	X	X	X	X
Mr. BEN UJOATUONU	Member	4	X	X	X	X
Mr. REGINALD ANYANWU	Member	4	X	X	X	X
BARR. JULIET MADUBUEZE	Member	4	X	X	X	X
BARR. GLORIA MBANEFO	Member	4	X	X	X	X
PASTOR BENSON OGBONNA	Member	3	X	X		X
Mr. TONY OKOCHA	Member	3		X	X	X

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
	Pastor Benson Ogbonna	Member
	Barr. Gloria N. Mbanefo	Member
	Barr. Ifeomalbik / Mr. Peter Eze	Recorder
Underwriting/Technical Committee	Pastor Benson Ogbonna	Chair
	Ben U. Ujoatuonu	Member
	Peter Eze	Member
	Barr. Ifeoma Ibik	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
	Mrs. Anthonia O. Salako	Shareholder/Member
	Mr. Angus Amiolemeh	Shareholder/Member

COMMITTEE	MEMBERSHIP	STATUS
Investment/Finance Committee	Engr. Cyril Ajagu	Chair
	Barr. Gloria N. Mbanefo	Member
	Barr. IfeomaIbik	Recorder
Enterprise Risk Management Committee	Mr. Tony Okocha	Chair
	Mr. Ben Ujoatuonu	Member
	Mr. Regiald Anyanwu	Member
	Mr. PaulinusOfforzo	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 fourtimes 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.

NAME	COMPOSITION	NO. OF ATTEN DANCE	29 January 2013	23 April 2013	24 July 2013	24 November 2013
Barr. Juliet Madubueze (OON)	Chairman	4	X	X	X	X
Barr. Gloria Mbanefo	Member	4	X	X	X	X
Pasto Benson Ogbonna	Member	3	X	X		X

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.

NAME	COMPOSITION	NO. OF ATTEN DANCE	29 January 2013	23 April 2013	24 July 2013	4 December 2013
Mr. Tony Okocha	Chairman	4	X	X	X	X
Mr. Ben Ujoatuonu	Member	4	X	X	X	X
Mr. Reginald Anyanwu	Member	4	X	X	X	X

Statutory Audit Committee:
The Committee held four 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.

(BOARD/SHAREHOLDERS AUDIT COMMITTEE)

NAME	COMPOSITION	NO. OF ATTEN DANCE	29 January 2013	25 April 2013	16 July 2013	4 December 2013
Barr. Juliet Madubueze (OON)	Member	4	X	X	X	X
Mr. Ben Ujoatuonu	Member	4	X	X	X	X
Mr. Reginald Anyanwu	Member	4	X	X	X	X

(BOARD AUDIT COMMITTEE)

NAME	COMPOSITION	NO. OF ATTEN DANCE	29 January 2013	23 April 2013	16 July 2013	4 December 2013
Barr. Juliet Madubueze (OON)	Chairman	4	X	X	X	X
Mr. Reginald Anyanwu	Member	4	X	X	X	X
Pastor Benson Ogbonna	Member	4	X	X	X	X

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 three 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.

NAME	COMPOSITION	NO. OF ATTEN DANCE	29 January 2013	23 April 2013	24 July 2013	4 December 2013
Mr. Tony Okocha	Chairman	4	X	X	X	X
Mr. Ben Ujoatuonu	Member	4	X	X	X	X
Mr. Reginald Anyanwu	Member	4	X	X	X	X

12. INCORPORATION AND SHARE CAPITAL HISTORY

The Universal Insurance Ltd was incorporated as a Private Limited Liability Company on 1st of March 1961 and commenced business operations on 1st January, 1962.

The Company's authorized share capital at incorporation was N200, 000.00 and has progressively increased over the years to N15, 000,000,000 divided into 30,000,000,000 ordinary shares of 50 Kobo each. The Company currently has an Issued & Fully paid capital of N8, 000,000,000 divided into 16,000,000,000 Ordinary shares of 50 Kobo each..

The following changes have taken place in the company's authorized and issued capital since incorporation:

1.1<u>Changes to Authorized Share Capital</u>

Date of Resolution	Increased from	Increased to
24/4/1962	₦ 200,000.00	₦ 500,000.00
2/2/1977	₦ 500,000.00	₦ 1,000,000.00[2]
1/11/1991	₦ 1,000,000.00	₦ 25,000,000.00
9/10/1998	₦ 25,000,000.00	₦ 100,000,000.00
6/01/2004	₦ 100,000,000.00	₦ 400,000,000.00
15/02/2007	₦ 400,000,000.00	₦ 2,000,000,000.00
29/03/2007	₦ 2,000,000,000.00	₦ 8,000, 000,000.00
25/09/2007	₦ 8,000,000,000.00	₦ 11,000,000,000.00
12/10/2007	₦ 11,000,000,000.00	₦ 16,000,000,000.00

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

13 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	56	34	90
	65	39	104

14. DONATIONS AND CHARITABLE GIFT
The company did not make any donation during the year.

15. TRADING POLICY
"The Company has adopted a Securities Trading Policy regarding securities transactions by its Directors. The Board ultimately has the responsibility for the Company's compliance with the rules relating to insider trading. The Company's directors, executives and senior employees are prohibited from dealing with the Company's shares in accordance with the Investments & Securities Act, 2007. As required by law, the shares held by Directors are disclosed in the Annual Report"

16. AUDITORS
In accordance with section 357 of the Companies and Allied Matters Act, 1990, Messrs Anuebunwa Jude & Co (Chartered Accountants) has 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' Responsibilities in Relation

FOR THE YEAR ENDED 31 DECEMBER 2013

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**

NATURE OF BUSINESS

Universal Insurance Plc underwrites all Classes of General Insurance business and its two subsidiaries- Universal Hotels Ltd and Molit Hotel Catering Services Ltd engage in hospitality business as at December 31, 2013.

This Management Discussion and Analysis was prepared as at 31st December 2013 and should be read in conjunction 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 both in the corporate and personal line businesses.
The Company aims to be a leading name in the provision of insurance services in Nigeria and beyond.

In 2013 the implementation of the NAICOM guideline on the 'No premium No cover' though a welcome development affected the written premium of Universal insurance Plc. However the implementation of the guideline reduced drastically the outstanding premium in our records and caused a great improvement in the cash flow of the company.

Notwithstanding the effect of the guideline on the premium income growth, the company recorded about 33% growth in the premium income in the year 2013 over the 2012 figure.

The company is developing strategic plan that will reposition the subsidiary companies and turn them into world class hospitality providers, increasing their revenue base and return on the investment.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 2013	Dec 201 2	% change	Dec 201 3	Dec 201 2	% change
Gross prem written	620,247	415,847	33 %	620,247	415,847	33 %
Net Prem Income	543 ,275	387,759	29 %	543 ,675	387,759	29 %
Total u/ w income	545 ,922	392,846	28 %	545 ,922	392,846	28 %
Investment income	410 ,11 3	427,302	(4%)	237 ,692	282,419	(19%)
Operating Expenses	453 ,259	638 ,653	(41 %)	243 ,640	350,69 6	(44 %)
Profit/loss b/4 tax	307 ,379	47 ,726	84 %	345 ,404	191,274	45 %
Earnings per share	1.66	0.14		1.90	1.04	

Universal Insurance Plc. recorded 33% increase in gross written premium as 31st December 2013 when compared to the 2012 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 2013 grew to N620 million showing an increase of N204 million over 2012. The underwriting result for 2013 stood at N351.3 million as against N259.5 million in 2012. We paid a total of N92.9 million in claims for the year as against N60.8 million in 2012.

INVESTMENT INCOME

The Company recorded an investment income of N237.6 million during the year, a decrease of N44.7 million from 2012.

OPERATING EXPENSES

The operating expenses for the year 2013 stood at N453.2million, showing a decrease of N185million when compared to the year 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.

1.0 General Information

The financial statements of the company for the year ended 31December 2013 were authorised for issue in accordance with a resolution of the Directors on June25 2014. 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) applicable to companies reporting under IFRS. Additional information required by national regulations is included where appropriate.

The consolidated financial statements comprises of the consolidated statement of comprehensive in come, the consolidated statement of financial position, the statements of changes in equity, the consolidated statement of cash flows and the notes.

(ii) Changes in accounting policy and disclosures

(a) New Standards and Amendments adopted by the Group:

Below are the IFRSs and International Financial Reporting Interpretations Committee, (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have an impact on the group.

(I) Amendments to IFRS 7 on offsetting financial assets and financial liabilities (2011)

Disclosures- Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7):

This introduces disclosures about the impact of right of offsets and related arrangements for financial instruments under master netting or similar arrangements. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendments are applied retrospectively; the Group does not have offsetting arrangements in place as at 31 December 2013. The application of the amendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

(ii) IFRS 10 Consolidated Financial Statements:

IFRS 10 replaces all of the consolidation guidance of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The new standard changes the definition of control such that it can only be present when there is (i) power, (ii) exposure to variability in returns and (iii) ability to use the power to affect returns. Consolidation will only be required when all the three criteria are met. IFRS 10 is effective for annual periods beginning on or after 1 January 2013. The application of the amendments will impact the Group's previous treatment of assets held under management. All such assetsso held by the Group have been consolidated.

(iii) **IFRS 11 Joint Arrangements**

IFRS 11 overhauls the accounting for joint ventures and replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities - Non Monetary Contributions by Ventures. It uses the principles of control in IFRS 10 in defining joint control and whether joint control exists may change. Under IFRS 11, there are only two types of joint arrangements (i) Joint operations (ii) Joint ventures. The new standard does not allow proportional consolidation of joint ventures and the equity method must be applied. IFRS 11 is effective in annual periods beginning on or after 1 January 2013. The Group does not have any joint arrangement relationship.

(v) **IFRS 12 Disclosure of Interests in Other Entities**

IFRS 12 includes all of the disclosure requirements for subsidiaries, joint arrangements, associated entities, structured entities and other statement of financial position vehicles. Changes include the requirement to disclose the judgements made to determine whether it controls another entity and other more extensive disclosures in the consolidated financial statements. IFRS 12 is effective in annual periods beginning on or after 1 January 2013.

vi) **IFRS 13 Fair Value Measurement**

IFRS 13 provides a single source of guidance on how fair value is measured and disclosed, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs; this is applicable to both financial and non- financial instruments. The exceptions include leasing transactions within the scope of IAS 17 - Leases, IFRS 2 - Share based payments and some measurements with similarities to fair value but are not fair value e.g. value in use for impairment assessment purpose or net realisable value for measuring inventories. Although many of the IFRS 13 disclosure requirements regarding financial assets and financial liabilities are already required, the adoption of IFRS 13 will require the Group to provide additional disclosures.

These include fair value hierarchy disclosures for non-financial assets/liabilities and disclosures on fair value measurements that are categorised in Level 3.

IFRS 13 requires prospective application from 1 January 2013, specific transition provision was also granted to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the application of this standard. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(vii) **IAS 1 Presentation of Financial Statements**

AS 1 addresses changes in the presentation of other comprehensive income. The amended standard retains the option to present either a single statement or as two separate statements. The amendment also includes new terminologies whose use is not mandatory. Under IAS 1 amended, the statement of comprehensive income is renamed as the statement of profit or loss account and other comprehensive income and the income statement is renamed as the statement of profit and loss. The Group continues to adopt the single statement approach.

The amendments to IAS 1 also require items of other comprehensive income be grouped into two categories (a) Items that may be subsequently reclassified in the profit and loss account when specific conditions are met (b) Items that will not be subsequently reclassified to profit and loss account. Income tax on items in other comprehensive income should also be allocated in the same manner. The amendment did not remove the option to report the items in other comprehensive income before or net of tax. This standard is applicable for annual periods beginning on or after 1 July 2012.

(b) New standards and amendments issued and effective for the financial year beginning 1 January 2013 and has no impact on the financial statements of the group.

A number of standards, interpretations and amendments thereto, had been issued by the IASB which are effective but do not impact on thisConsolidated financial statements. Improvements to IFRSs (issued May 2012) by the IASB as part the 'annual improvements process' resulted in the following amendments to standards issued. These are summarised in the table below:

IFRS	Effective Date	Subject of amendment
Amendments to IFRS 1, 'First time adoption of IFRS'	1 January 2013	The amendment clarifies that an entity may apply IFRS 1 more than once under certain circumstances and that an entity can choose to adopt IAS 23, 'Borrowing costs', either from its date of transition or from an earlier date. Lastly the amendmentclarifies that a first-time adopter should provide the supporting notes for all statements presented.
Amendment to IAS 1, 'Presentation of financial statements'	1 January 2013	The amendment clarifies the disclosure requirements for comparative information when an entity provides a third statement of financial position either: as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'; or voluntarily. In addition the standard also requires a disclosure of items in other comprehensive income that will be transferred to the profit or loss statement and those that would not be transferred.
Amendment to IAS 16, 'Property, plant and equipment'	1 January 2013	The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.
Amendment to IAS 34, 'Interim financial reporting' IFRIC 20 - Stripping costs in the production phase of a surface mine	1 January 2013	The amendment brings IAS 34 into line with the requirements of IFRS 8, 'Operating segments'. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements.
IAS 19 Employee benefits	1 January 2013	The amendment requires changes in the defined benefit obligation and fair value of plan assets to be recognised in the period as they occur. The "corridor"method is eliminated and actuarial gains and losses and unrecognised past service costs are recognised directly in other comprehensive income. Because actuarial gains and losses are no longer deferred, affecting both the net defined benefit liability/asset and the amounts recognised in profit or loss are affected.
IFRIC 20 - Stripping costs in the production phase of a surface mine		In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'. The Interpretation clarifies there can be two benefits accruing to an entity from stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The Interpretation considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently.

(c) New standards and interpretations not yet adopted

As at 31 December 2013, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these consolidated financial statements. None of these standards is expected to have a significant effect on the consolidated financial statement of the group, except the following set out below.

IFRS 9 Financial Instruments: Classification and Measurement (effective 1 January 2015)
IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets.

IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

The IFRS 9 (2009) requirement represents a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories of financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables. For an investment in equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividends on such investments are recognized in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investments. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognized in profit or loss. The group is yet to assess IFRS 9's full impact. The group will also consider the impact of the remaining phases of IFRS 9 when completed by the board.

Amendments to IAS 32 – Financial Instruments: Presentation (effective 1 January 2014).:-

Presentation on asset and liability offsetting,(effective for periods beginning on or after 1 January 2014). This amendment clarifies some of the requirements for offsetting financial assets and liabilities on the date of the statement of financial position .The Company is yet to assess the full effect of IAS 32 and intends to adopt IAS 32 no later than the accounting period beginning on or after 1 January 2014.

Amendments to IAS 36 – Impairment of Assets (effective 1 January 2014):-

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed; and to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed.

IFRIC 21 – Levies (effective 1 January 2014)
IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The inte pretation addresses what the obligating event, is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.1 Basis of measurement

These financial statements are prepared under the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value
- Investment properties are measured at fair value.
- Land and Building under property, plant and equipment are measured at fair value.

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 equity and debt securities. The Group classifies as available-for-sale those financial assets that are generally not designated as another category of financial assets, and strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

The AFS financial assets are carried at fair value, with the exception of investments in unquoted equities without quoted market prices in an active market and debt securities where fair value cannot be reliably determined.They are carried at cost and tested for impairments. Fair value gains and losses are 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.

2.9 Trade 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 Reinsurance assets

The Group enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures.

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses and ceded businesses. 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.

2.11 Deferred Acquisition Cost

The proportion of acquisition costs that correspond to the unearned premiums aredeferred 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.

2.12 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.

2.13.1 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 orsell 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 assets is recognised in income statement when the asset is de-recognised.

2.13.2 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.

2.10.3 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.

(ii) 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 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.

3.3 Trade and other Payables
Trade and other payables are recognised initially at fair value and subsequently measured atamortised 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.

3.4 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.

3.5 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.

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 at the 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 portionof 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.

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

(ii) **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) Unrealized 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
Some insurance contracts permit the company to sell (usually damaged) property acquired in settling a claim (for example salvage). The company may also have the right to pursue third parties for payment of some or all costs (for example subrogation).

Salvaged property is recognized in other assets when the amount that can reasonably be recovered from the disposal of the property has been established and salvage recoveries are included as part of claims recoveries. Subrogation reimbursements are recognized in claim recoveries when the amount to be recovered from the liable third party has been established.

5.2 Gross Claims Incurred

Benefits and claims
Gross benefits and claims consist of benefits and claims paid to policyholders.

All claims paid and incurred are charged against revenue as expense when incurred. Reinsurance recoveries are recognised when the company records the liability for the claims. Anticipated reinsurance recoveries on claims are disclosed separately as assets.

(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 expenses
Reinsurance cost represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year. Outward 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.

5.5 Costs:

1. **Underwriting expenses**

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

2. **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 2013

	NOTES	GROUP 31-Dec-13	GROUP 31-Dec-12	COMPANY 31-Dec-13	COMPANY 31-Dec-12
Assets		N'000	N'000	N'000	N'000
Cash and Cash Equivalents	6	334,160	73,696	331,486	67,060
Financial Assets	7	2,913,007	2,879,253	2,913,007	2,879,253
Trade Receivable	8	84,434	33,695	22,222	14,045
Reinsurance Assets	9	38,243	25,513	38,243	25,513
Deferred Acquisition cost	10	27,095	15,225	27,095	15,225
Other Receivable	11	1,739,563	1,740,934	1,710,087	1,733,810
Investment in subsidiaries	12	-	-	2,561,666	2,561,666
Investment Properties	13	1,126,500	934,118	1,126,500	934,118
Intangible Asset	14	6,431	4,635	6,431	4,635
Property, Plant and Equipment	15	6,730,795	6,880,878	2,491,479	2,546,187
Statutory Deposits	16	335,000	335,000	335,000	335,000
Total Assets		**13,335,229**	**12,922,947**	**11,563,217**	**11,116,512**
Liabilities					
Insurance Contract Liabilities	17	322,241	250,597	322,241	250,597
Borrowings	18	-	-	-	-
Trade payable	19	27,307	29,903	13,888	16,484
Other payable	20	1,792,647	1,778,642	1,747,920	1,737,515
Employee benefit liability	21	1,184	1,219	1,184	1,219
Income Tax liabilities	22	153,857	119,109	153,357	118,909
Deferred tax liabilities	23	602,380	593,715	455,970	447,305
Total Liabilities		**2,899,617**	**2,773,184**	**2,694,561**	**2,572,029**
Equity					
Issued and paid Share capital	24. 1	8,000,000	8,000,000	8,000,000	8,000,000
Share Premium	24. 2	825,018	825,018	825,018	825,018
Contigency Reserves	24. 3	293,879	233,088	293,879	233,088
Fair value reserve	24. 4	979,308	950,425	979,308	950,425
Revaluation reserve	24. 5	3,166,405	3,166,405	540,268	540,268
Retained earnings	24. 6	(2,828,998)	(3,025,173)	(1,769,817)	(2,004,316)
Shareholders funds		10,435,612	10,149,762	8,868,656	8,544,483
Other equtiy instruments		-	-	-	-
Non - controlling interests		-	-	-	-
TOTAL EQUITY & LIABILITIES		**13,335,228**	**12,922,947**	**11,563,217**	**11,116,512**
		(0)	(0)	(0)	(0)

Signed on behalf of the Board of Directors on 30 June 2014

REGINALD ANYANWU
DIRECTOR
FRC/2013/NIM/0000003245

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

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

Statements of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	GROUP		COMPANY	
		2013 N'000	2012 N'000	2013 N'000	2012 N'000
Gross Premium written	25	620,247	415,846	620,247	415,846
Decrease/(increase) in unearned premium		(52,484)	(11,615)	(52,484)	(11,615)
Gross Premium Earned		567,763	404,231	567,763	404,231
Reinsurance Premium Expense	26	(24,088)	(16,472)	(24,088)	(16,472)
Net Insurance Premium Income		543,675	387,759	543,675	387,759
Fees and Commission income	27	2,247	5,087	2,247	5,087
Total Underwriting Income		545,922	392,846	545,922	392,846
Claims expenses	28	(101,327)	(72,212)	(101,327)	(72,212)
Claims Expense Recovery from reinsurance	28	8,425	11,388	8,425	11,388
Net claim expenses		(92,902)	(60,824)	(92,902)	(60,824)
Underwriting Expenses					
Acquisition expenses	29	(41,366)	(42,846)	(41,366)	(42,846)
Maintenance expenses		(60,302)	(29,625)	(60,302)	(29,625)
		(101,669)	(72,471)	(101,669)	(72,471)
Underwriting Profit/(Loss)		351,352	259,552	351,352	259,551
Investment income	30	237,692	282,419	237,692	282,419
Other operating income	30 (ii)	172,421	144,883	-	-
Total investment income		**410,113**	**427,302**	**237,692**	**282,419**
Net Income		**761,465**	**686,854**	**589,044**	**541,970**
Net realised gains on financial assets		-	-		
Impairment charges	31 (i)	(57,972)	(232,109)	(20,342)	(96,381)
Net realised gains/(loss) on financial assets	31 (ii)	4,872	7,936	4,871	7,936
Net fair value gain/(loss) on investment properties	31 (ii)	192,382	-	192,382	-
Other operating and administrative expenses	32	(592,541)	(414,480)	(420,551)	(262,251)
Total Expenses		**(453,259)**	**(638,653)**	**(243,640)**	**(350,696)**
Result of operating activities		308,205	48,201	345,404	191,274
Interest expense	33	(826)	(475)	-	-
Profit or (Loss) before Taxation		307,379	47,726	345,404	191,274
Income Tax Expense/ (Credit)		(41,748)	(25,066)	(41,448)	(24,866)
Profit or Loss after Taxation		265,631	22,660	303,955	166,408
Profit attributable to:					
Equity holders of the Company		265,631	22,660	303,955	166,408
Non-controlling interest		-	-	-	-
Profit/(loss) for the period		265,631	22,660	303,955	166,408
Other Comprehensive income					
Items within OCI that may be reclassified to the profit or loss;					
Fair value changes in AFS financial assets	24. 4	28,883	(52,696)	28,883	(52,696)
Deferred tax impact of changes in AFS financial assets	23	(8,665)	(41)	(8,665)	(41)
Items within OCI that will not be reclassified to the profit or loss;					
PPE revaluation gains	24. 5	-	605,032	-	117,000
Deferred tax impact of revaluation gains	23	0	(181,510)	0	(35,100)
Other comprehensive income for the period		20,218	370,786	20,218	29,163
Total comprehensive income		285,849	393,446	324,173	195,571
Total comprehensive income attributable to:					
Equity holders of the company		285,849	393,446	324,173	195,571
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		285,849	393,446	324,173	195,571
Earnings per share-(basic and diluted)	34	1.66	0.14	1.90	1.04

Statement of Changes in Equity (GROUP)

FOR THE YEAR ENDED 31 DECEMBER 2013

	Share Capital N'000	Share Premium N'000	Revaluation reserve N'000	Contingency reserve N'000	Fair value reserves N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2013	8,000,000	825,018	3,166,405	233,088	950,425	(3,025,173)	10,287,338
Total comprehensive income for the period							-
Profit or loss						265,631	265,631
Other comprehensive income							-
Gain on the revaluation of land and buildings	-	-	-	-	-	0	0
Fair value changes in AFS financial assets	-	-	-	-	28,883	(8,665)	20,218
Transfer To Contingency Reserve	-	-	-	60,791		(60,791)	-
							-
Other comprehensive income for the period	-	-	-	60,791	28,883	(69,456)	20,218
Total comprehesive income for the period	-	-	-	60,791	28,883	196,175	285,849
Balance at 31 December 2013	8,000,000	825,018	3,166,405	293,879	979,308	(2,828,998)	10,573,188
Balance at 1 January 2012	8,000,000	825,018	2,561,373	220,612	1,003,121	(2,853,807)	9,965,149
Total comprehensive income for the period							-
Profit or loss						22,660	156,792
Other comprehensive income							-
Foreign currency translation diferrence							-
Fair value reserve (available-for-sale) financial assets							-
Net change in fair value							-
Gain on the revaluation of land and buildings	-	-	605,032	-	-	(181,510)	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	-	-	605,032	12,475	(52,696)	(194,026)	165,397
Total comprehesive income for the period	-	-	605,032	12,475	(52,696)	(171,366)	322,189
Balance at 31 December 2012	**8,000,000**	**825,018**	**3,166,405**	**233,088**	**950,425**	**(3,025,173)**	**10,287,338**

Statements of Changes in Equity (COMPANY)

FOR THE YEAR ENDED 31 DECEMBER 2013

Company

In millions of Nigerian naira	Share Capital N'000	Share Premium N'000	Revaluation reserve N'000	Contingency reserve N'000	Fair value reserves N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2013	8,000,000	825,018	540,268	233,088	950,425	(2,004,316)	8,544,483
Total comprehensive income for the period							-
Profit or loss						303,955	303,955
Other comprehensive income							-
Gain on the revaluation of land and buildings	-	-	-	-	-	0	0
Net Fair value changes in AFS financial assets	-	-	-	-	28,883	(8,665)	20,218
Transfer to contingency reserve	-	-	-	60,791		(60,791)	-
							-
Other comprehensive income for the period	-	-	-	60,791	28,883	(69,456)	20,218
Total comprehesive income for the period	-	-	-	60,791	28,883	234,499	324,173
Balance at 31 December 2013	8,000,000	825,018	540,268	293,879	979,308	(1,769,817)	8,868,656
Balance at 1 January 2012	8,000,000	825,018	423,268	220,612	1,003,121	(2,123,109)	8,348,910
Total comprehensive income for the period							-
Profit or loss						166,409	166,409
Other comprehensive income							-
Gain on the revaluation of land and buildings	-	-	117,000	-	-	(35,100)	81,900
Net 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	-	-	117,000	12,475	(52,696)	(47,616)	29,163
Total comprehesive income for the period	-	-	117,000	12,475	(52,696)	118,793	195,572
Balance at 31 December 2012	8,000,000	825,018	540,268	233,088	950,425	(2,004,316)	8,544,483

Statement of Cash Flows
FOR THE YEAR ENDED 31 DECEMBER 2013

For the year ended 31 December 2013	GROUP		COMPANY	
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
	N'000	N'000	N'000	N'000
Cash flows from operating activities				
Insurance premium received from policy holders,Brokers & Agents,Cedants	567,763	404,231	567,763	404,231
Commission received	2,247	5,087	2,247	5,087
Reinsurance receipts in respect of claims	8,425	11,388	8,425	11,388
Reinsurance premium paid	(24,088)	(16,472)	(24,088)	(16,472)
Other operating cash payments	(239,388)	(239,337)	(249,299)	(243,460)
Insurance benefits and Claims paid	(101,327)	(72,212)	(101,327)	(72,212)
Payments to intermediaries to acquire insurance contracts	(101,669)	(72,471)	(101,669)	(72,471)
Interest Received	153,813	115,417	153,813	115,417
Dividend Income Received	317	935	317	935
Cash generated from operations	266,093	136,566	256,182	132,443
Interest Paid	-	-	-	-
Company Income Tax paid	(7,000)	(6,000)	(7,000)	(6,000)
Net cash provided by operating activities	259,093	130,566	249,182	126,443
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(15,287)	(150,189)	(1,414)	(148,672)
Investment income and other receipts	16,657	25,556	16,657	25,556
Net Cash provided by investing activities	1,371	(124,633)	15,243	(123,116)
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	**73,696**	**67,912**	**67,060**	**63,732**
Net increase/decrease in cash and cash equivalents	**260,464**	**5,934**	**264,426**	**3,328**
Cash and Cash equivalent at the end of period	**334,160**	**73,846**	**331,486**	**67,060**

1 **General Information:**

The financial statements of the company for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Directors on June 25 2014. 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 contact:**

'Liabilities for unpaid claims are estimated on case by case basis. The reserves made for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported (IBNR) are determined using statistical analyses. The group believes that the reserves are adequate for the period.

3. (iii) **Impairment of receivables:**

'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**

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.

4.(iv) **Credit risk**

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;

	31-Dec-2013	31-Dec-2012
	N'000	N'000
Neither past due nor impaired	2,395,601	794,603
past due but not impaired	2,372,684	5,542,688
impaired	20,342	96,381

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 frameqork 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 the maturity profiles of assets and liabilities. The company is exposed to liquidity risk arising from clients on its insurance contracts. In respect of catastrphic 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 2013	**Carrying amount**	**< 3 months**	**3-6 months**	**6- 12 months**	**1- 5 years**	**> 5 years**
Assets:						
Cash and Cash equivalents	334,160	334,160	-	-	-	-
Financial assets	2,913,007	-	-	2,913,007	-	-
Reinsurance assets	38,243	-	-	38,243	-	-
Total Assets	3,285,411	334,160	-	2,951,251	-	-
liabilities		-	-	-	-	-
Trade Creditors	1,747,920	-	21,521	1,726,399	-	-
Borrowings	-	-	-	-	-	-
Total liabilities	1,747,920	-	21,521	1,726,399	-	-
liquidity gap	1,537,491	334,160	(21,521)	1,224,852	-	-

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

4. (vii) Capital Management

The capital structure of the group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. Universal Insurance Company also utilizes adequate and efficient reinsurance arrangements to protect shareholders' funds by reducing the need for further funding following unfavorable events such as catastrophes or just large random single claims. The Company's operations are also subject to regulatory requirements within the environment in which it operates. The minimum paid up capital requirments as specified by National Insurance commission (NAICOM) for Non-life business in Nigeria is N3 billion and the insurers are also manadated to maintain 10% of this paid up capital with the Central Bank of Nigeria as Statutory Deposit. In addition, quarterly and annual returns must be submitted to NAICOM on a regular basis.

The regulations prescribed by NAICOM not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (such as the solvency margin) to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as there arise. The Company has met the requirments throuhout the financial year.

In reporting the Company's solvency status, solvency margin are computed using the rules prescribed by NAICOM. The margin of solvency, according to NAICOM is defined as total admissible assets less total liabilities. This shall not be less than 15% of net premium or the minimum paid up share capital whichever is higher. Universal's capital management policy is to hold sufficient capital to cover the statutory requirements based on the NAICOM regulations, including any additional amounts required by the regulators. Universal Insurance company seeks to optimize the structure and sources of capital to ensure that it consistently maximizes returns to the shareholders and policy holders.

The company's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. Management uses regulatory capital ratios to monitor its capital base. Capital is allocated between specific operations and activities and to a large extent driven by optimisation of the return achieved on the capital allocated. The amount of caiptal allocated to each activity is based primarily on the regulatory capital. In some cases the regulatory requirements do not fully reflect the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations or activities is undertaken independently of those responsible for the operation by a committee.

Synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the company's longer-term strategic objectives are also considered in allocating capital to operations. The company's policies in respect of capital management and allocation are reviewed regularly by the board of directors.

The table below summarises the minimum authorised capital set by the regulator and the paid up capital held by the Company:

	31-Dec-2013	31-Dec- 2012
	N'000	N'000
Minimum paid up capital (required by regulator)	3,000,000	3,000,000
Paid up share capital	8,000,000	8,000,000

Insurance industry regulator measures the financial strength of non-life insurers using a solvency margin model, NAICOM generally expect non-life insurers to comply with this capital adequacy requirement. This test compares insurers' capital against the risk profile. Section 24 (1) of the Insurance Act, 2003 requires that an insurer shall in respect of its business other than its life insurance business, maintain at all times a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria. The solvency margin shall not be less than 15 percent of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid-up capital whichever is greater. During the year, the Company has complied with this capital requirement. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement as deemed necessary.

The sovency margin for the company as at 31 December 2013 is as follows:

Assets:	**Total N'000**	**Inadmissible N'000**	**Admissible N'000**
Admissible assets:			
Cash and bank balances	331,486		331,486
Financial Assets	2,913,007	8,485	2,904,522
Trade Receivable	22,222		22,222
Reinsurance Assets	70,595		70,595
Deferred Acquisition cost	27,095		27,095
Other Receivable	111,145	106,932	4,213
Investment in subsidiaries	2,561,666		2,561,666
Investment Properties	934,118		934,118
Intangible Asset	6,431	6,431	(0)
Land and building	2,475,545	2,409,663	65,882
Other items of PPE	15,934		15,934
Statutory Deposits	335,000		335,000
	9,804,245	2,531,511	7,272,734

Liabilities:			
Insurance Contract Liabilities	322,241		322,241
Trade payable	13,888		13,888
Other payable	148,978		148,978
Employee benefit liability	1,184		1,184
Income tax liabilities	134,154		134,154
Deferred tax liabilities	455,970	455,970	(0)
	1,076,416	455,970	620,446
			6,652,289

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 2013 and 2012.

Assets - Group (2013)	Level1	Level2	Level3	Total
Equity Instruments - At FVTPL	625,048			625,048
Equity Instruments - Available for sale			2,287,959	2,287,959

Assets - Company (2013)	Level1	Level2	Level3	Total
Equity Instruments - At FVTPL	625,048			625,048
Equity Instruments - Available for sale			2,287,959	2,287,959

Assets - Group (2012)	Level1	Level2	Level3	Total
Equity Instruments - At FVTPL	620,177			620,177
Equity Instruments - Available for sale			2,259,076	2,259,076

Assets - Company (2012)	Level1	Level2	Level3	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 N'000	Hotel and Catering N'000	2013 Total N'000	2012 Total N'000
Gross income	545,922	186,019	731,941	550,774
Investment income	237,692	-	237,692	282,419
	783,614	186,019	969,633	833,192
Expenses;				
Underwriting expenses:				
Commission paid	(101,669)	-	(101,669)	(72,470)
Cost of sales	-	(13,598)	(13,598)	(13,045)
Management expenses	(420,551)	(171,990)	(592,541)	(416,175)
Claims incurred	(92,902)	-	(92,902)	(60,824)
Impairment gain/(loss) on debtors	(20,342)	-	(20,342)	(96,381)
Finance charges	-	(826)	(826)	(475)
Fair value (gain)/loss on financial assets	4,871	-	4,871	7,936
	(630,592)	(186,414)	(817,006)	(651,435)
Reportable segment profit before tax	153,022	(395)	152,627	181,758
Income tax expenses	(41,448)	(300)	(41,748)	(24,966)
Reportable Profit after tax	**111,573**	**(695)**	**110,878**	**156,792**
Total assets employed	**-**	**-**	**10,435,612**	**10,287,337**

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

6 Cash and Cash Equivalents

	GROUP		COMPANY	
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
This comprises of:	N'000	N'000	N'000	N'000
Cash and Bank Balances	179,379	73,696	176,704	67,060
Placement with banks	154,782	-	154,782	-
Total	334,160	73,696	331,486	67,060

Placement with banks are call deposits and tenored deposits made with banks with less than 3 months maturity from the date of acquisition. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

7 Financial asset

This comprises of:				
Financial assets at fair value through profit or loss	625,048	620,177	625,048	620,177
Available-for-sale financial assets	2,287,959	2,259,076	2,287,959	2,259,076
Financial assets	2,913,007	2,879,253	2,913,007	2,879,253
Current	625,048	620,177	625,048	620,177
Non-current	2,287,959	2,259,076	2,287,959	2,259,076

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

Equity securities				
-Listed	620,177	612,241	*620,177*	612,241
Net impairment gain/(loss)	4,872	7,936	4,872	7,936
Total financial assets at fair value through profit or loss	625,048	620,177	625,048	620,177
Current	625,048	620,177	625,048	620,177
Non-current	-	-	-	-

(b) Available-for-sale financial assets

Equity securities				
-Unlisted	2,259,076	2,311,772	2,259,076	2,311,772
Total Equity securities	2,259,076	2,311,772	2,259,076	2,311,772
Fair value gain/(loss) on AFS unlisted equity	28,883	(52,696)	28,883	(52,696)
Total available-for-sale financial assets	2,287,959	2,259,076	2,287,959	2,259,076
Current	-	-	-	-
Non-current	2,287,959	2,259,076	2,287,959	2,259,076

Investments in MTN Nigeria and War Stock UK were fair valued using the closing exchange rates applicable to their respective balances as at 31 December. A net fair value gain/(loss) of N28.883 Million (2012: (N52.696 Million)) derived have been considered in this report. They company does not intend to dispose any of these investments within the next financial year.

		GROUP		COMPANY	
		31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
8	**Trade Receivables**	N'000	N'000	N'000	N'000
	Premium receivable (note 8.1)	42,564	110,426	42,564	110,426
	Net impairment gain/(loss) (note 8.1a)	(20,342)	(96,381)	(20,342)	(96,381)
		22,222	14,045	22,222	14,045
	Trade receivables	190,916	110,724	-	-
	Net impairment gain/(loss) (note 8.2)	(128,704)	(91,074)	-	-
		62,212	19,650	-	-
	Balance end of year	84,434	33,695	22,222	14,045
	Current	84,434	33,695	22,222	14,045
	Non-current	-	-	-	-
8.1	**Premium receivable**				
	Premium receivable from agents, brokers and intermediaries				
	Due from agents	2,687	16,146	2,687	16,146
	Due from brokers	11,731	68,492	11,731	68,492
	Due from insurance companies	28,147	25,788	28,147	25,788
		42,564	110,426	42,564	110,426

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

At beginning of year	212,723	116,342	212,723	116,342
Impairment gain/(loss)	20,342	96,381	20,342	96,381
Amount written off during the year as uncollectible	-	-	-	-
At end of year (31 December 2013)	233,065	212,723	233,065	212,723

8.2 Movements on impairment of trade receivable are as follows:

At beginning of year	91,074	-	-	-
Impairment gain/(loss)	37,630	91,074	-	-
Amount written off during the year as uncollectible	-	-	-	-
At end of year (31 December 2013)	128,704	91,074	-	-

		GROUP		COMPANY	
9	**Reinsurance Assets**	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
		N'000	N'000	N'000	N'000
	Reinsurance balances	2,470	2,713	2,470	2,713
	Prepaid minimum and deposit reinsurance	15,921	6,250	15,921	6,250
	Reinsurance recovery (IBNR) per actuarial valuation	3,693	16,550	3,693	16,550
	Reinsurance recovery (UPR) per actuarial valuation	16,159	-	16,159	-
	Total Reinsurance Assets	38,243	25,513	38,243	25,513
	Current	38,243	25,513	38,243	25,513
	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	
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
	N'000	N'000	N'000	N'000
Motor	3,367	3,912	3,367	3,912
Fire	2,583	2,018	2,583	2,018
General accident	19,435	9,100	19,435	9,100
Marine	1,711	195	1,711	195
	27,095	15,225	27,095	15,225

10.1 Movement in deferred acquisition cost

At beginning of year	15,225	12,293	15,225	12,293
Changes during the year	11,870	2,932	11,870	2,932
At end of year	27,095	15,225	27,095	15,225
Due within 12 months	27,095	15,225	27,095	15,225
Due after more than 12 months			-	-

11 Other Receivables and prepayments

The balance is analysed as follow:

Prepayment	94,161	68,340	94,161	68,340
Other loans and receivables (note 11 (i))	1,637,875	1,663,135	1,603,161	1,650,705
Other loans and receivables from related parties (iii)	31,460	33,460	31,460	33,460
Stock of raw materials	6,316	42,559	-	-
Impairment of stock of raw materials	-	(36,311)	-	-
	1,769,812	1,771,183	1,728,782	1,752,505
Impairment of other loans and receivables (11.(iv))	(30,249)	(30,249)	(18,695)	(18,695)
Balance at period end	1,739,563	1,740,934	1,710,087	1,733,810
Current	1,739,563	141,992	1,710,087	134,868
Non-current	-	1,598,942	-	1,598,942

11.(i) Other loans and receivables

Staff Debtors	4,633	3,795	4,213	3,375
Staff Share Loan (note 11.(ii))	1,598,942	1,598,942	1,598,942	1,598,942
Other receivables	34,300	60,398	6	48,388
	1,637,875	1,663,135	1,603,161	1,650,705
Impairment of other loans and receivables (11.(iv))	-	(11,554)	-	-
	1,637,875	1,651,581	1,603,161	1,650,705

11 (ii) Staff Share Loan:-

The amount is made up of African Alliance Insurance Company Plc share provided for during the Private Placement exercise on behalf of staff of the company. This transaction was cancelled by the Board of Directors during the year as no allotment of shares were made during the process.

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

Due from related parties	31,460	33,460	31,460	33,460
	31,460	33,460	31,460	33,460
Impairment of due from related parties (11.(iv))	-	-	-	-
	31,460	33,460	31,460	33,460

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

	GROUP		COMPANY	
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
	N'000	N'000	N'000	N'000
Balance beginning of year	30,249	18,695	18,695	18,695
Impairment of other loans and receivables (11.(i))	-	11,554	-	-
Impairment of receivables due from related parties	-	-	-	-
Balance at period end	30,249	30,249	18,695	18,695

12 Investment in subsidiaries

This comprises of investment in:

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

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

Oyingbo Garden Avenue estate (note 12a)	314,000	250,000	314,000	250,000
Vine Estate- Abuja (note 12b)	720,000	720,000	720,000	720,000
Rumudumu Model Estate Portharcourt (note 12a)	812,500	684,118	812,500	684,118
Others	175,369	175,369	175,369	175,369
	2,021,869	1,829,487	2,021,869	1,829,487
Impairment loss on investment properties	(895,369)	(895,369)	(895,369)	(895,369)
	1,126,500	934,118	1,126,500	934,118

The properties of the company at Oyingbo Garden Estate and Rumudumu Model Estates were revalued on 31st December 2013 by A.C. Otegbulu & Partners, Estate Surveyors & Valuers (FRC/2013/NIESV/00000001582) to ascertain the open market value of the investment properties. The open market value of the properties were (Oyingbo Garden Avenue), N314 Million, (2012:- N250 Million), and (Rumudumu Model Estate) N812.5 Million, (2012:- N684.118 Million). The fair value gain/(loss) on the investment properties have been recognised in the Statement of Comprehensive Income for the period and the impact on deferred taxation recognised.

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. Provision has been made for impairment on Vine Estate investment as project development is yet to commence.

13 a. Assets In The Name of Conau Limited:

	N'000 Amount
Oyingbo Garden Avenue estate	314,000
Rumudumu Model Estate Portharcourt	812,500

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

Status of Perfection of Title:

The firm of IBOM Partners, a firm of attorneys, solicitors, fraud examiners & legal consultants was appointed to perfect the title to the properties in the name of Universal Insurance Plc. The process is in the last stage of completion at date of reporting.

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	
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
	N'000	N'000	N'000	N'000
Cost				
Balance, beginning of period	5,337	4,500	5,337	4,500
Additions	3,092	837	3,092	837
Transferred from PPE (computer)	-	-	-	-
Balance, end of period	8,429	5,337	8,429	5,337
Accumulated amortisation				
Balance, beginning of period	702	27	702	27
Amortisation expense/impairment charge	1,296	675	1,296	675
Transferred from PPE (computer)	-	-	-	-
Balance, end of period	1,999	702	1,999	702
Net book amount				
End of period	6,431	4,635	6,431	4,635

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 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	7,510,474	15,735	118,065	146,025	4,060	7,794,36
Additions during the year	3,557	6,345	4,393	-	993	15,287
Disposals	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Balance, end of period	7,514,031	22,080	122,458	146,025	5,053	7,809,64
Accumulated depreciation						
Balance, beginning of period	680,908	9,640	85,710	136,665	558	913,482
Charge for the year	138,684	3,692	17,706	4,566	722	165,369
On Disposal	-	-	-	-	-	-
Balance, end of period	819,593	13,332	103,416	141,230	1,280	1,078,85
Netbook value as at 31 December 2013	6,694,438	8,748	19,042	4,795	3,773	6,730,79
Netbook value as at 31 December 2012	6,829,566	6,095	32,355	9,360	3,502	6,880,87

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.

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 (b)Property, plants and equipments

COMPANY

	Land& Building N'000	Plant & Machinery N'000	Furniture and Fittings N'000	Motor Vehicles N'000	Computer Hardware N'000	Total N'000
Cost/Revalued amount						
Balance, beginning of period	2,886,116	5,872	67,849	123,689	4,060	3,087,585
Additions during the year	-	421	-	-	993	1,414
Disposals	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Balance, end of period	2,886,116	6,293	67,849	123,689	5,053	3,088,999
Accumulated depreciation						
Balance, beginning of period	364,445	4,451	54,197	117,746	558	541,398
Charge for the year	46,126	534	6,784	1,955	722	56,121
On Disposal	-	-	-	-		=
Balance, end of period	410,571	4,985	60,981	119,701	1,280	597,519
Netbook value as at 31 December 2013	2,475,545	1,307	6,867	3,988	3,773	2,491,479
Netbook value as at 31 December 2012	2,521,671	1,420	13,651	5,943	3,502	2,546,187

16 Statutory deposit

	GROUP		COMPANY	
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
	N'000	N'000	N'000	N'000
Statutory deposit	335,000	335,000	335,000	335,000
Total	335,000	335,000	335,000	335,000
Non-current	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

	2013 N'000	Movement N'000	2012 N'000
Reserve for Unearned premium			
Motor	27,159	(5,289)	32,448
Fire	11,859	2,356	9,503
General Accident	105,119	57,090	48,030
Marine	8,534	7,554	979
	152,672	61,711	90,960
Additional charge (UPR) per actuarial valuation	(9,228)		
Gross Unearned Premium Reserve	143,444	61,711	90,960
Reinsurance recovery per actuarial valuation	(16,159)		
Net Unearned Premium Reserve	127,285		
Reserve for Outstanding Claims			
Motor	8,554	(5,178)	10,769
Fire	25,370	(36,004)	60,866
General Accident	128,941	59,193	56,667
Marine	8,095	(6,689)	14,785
	170,960	11,322	143,087

	170,960	11,322	143,087
Additional charge to claims reserve (IBNR) as per valuation	7,837		16,550
Gross Outstanding Claims	178,797		159,637
Reinsurance recovery per actuarial valuation	(3,693)		
	175,104		
Gross Insurance Contract Liabilities	322,241		250,597
Net Insurance Contract Liabilities	302,389		

The latest valuation of the fund was as at 31 December 2013 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 inflation adjusted chain ladder method and claims development from 2008 - 2013.

17 a. Cumulative Claims Development table as at December 2013 (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	6
2008	-	3,046	3,046	3,046	-	-
2009	12	12	12	12	-	
2010	1,449	272	99	634		
2011	-	3,320	7,875			
2012	237	655				
2013	139					

General Accident	Development Years					
Accident year	1	2	3	4	5	6
2008	2,622	1,772	3,328	3,328	25	1083
2009	2,853	3,275	1,316	276	2,099	
2010	2,843	2,115	50	810		
2011	419	6,809	82			
2012	634	12,487				
2013	7,231					

Marine

	Development Years					
Accident year	1	2	3	4	5	6
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	1,640				
2013	624					

Motor

	Development Years					
Accident year	1	2	3	4	5	6
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	170		
2011	5,865	3,444	938			
2012	3,376	5,308				
2013	4,861					

17 b. Hypothetication of investment

	Insurance Funds N'000	Shareholder's Funds N'000	2013 N'000	2012 N'000
Cash and Bank Balances (note 2)	-	331,486	331,486	67,060
Financial Assets (note 3)	222,241	2,690,766	2,913,007	2,879,253
Investment in Subsidiaries (note 5)		2,561,666	2,561,666	2,561,666
Investment Properties (note 6)	100,000	1,026,500	1,126,500	934,118
Statutory Deposit (note 8)	-	335,000	335,000	335,000
	322,241	6,945,418	7,267,659	6,777,097
Insurance Contract Liabilites (note 18)	322,241			250,597

18 Borrowings

Bank loan/overdraft	0	0	0	0
Balance at year end	0	0	0	0

19 Trade payables

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

Reinsurance payable	13,888	16,484	13,888	16,484
Other trade creditors	13,419	13,419	0	0
Balance at year end	27,307	29,903	13,888	16,484
Current	27,307	29,903	13,888	16,484

20 Other payables

	GROUP		COMPANY	
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
This is analysed as follow:	N'000	N'000	N'000	N'000
Due to related parties (note 20.1)	1,697,995	1,698,295	1,697,995	1,698,295
Provisions and accruals	94,652	83,558	49,925	39,220
Provisions no longer required	-	(3,211)	-	-
	1,792,647	1,778,642	1,747,920	1,737,515
Current	1,707,922	93,972	1,663,195	52,845
Non-current	84,725	1,684,670	84,725	1,684,670

20.1 Due to related companies

Conau Limited (note 20.1a)	-	-	-	-
African Alliance Insurance Plc (note 20.1b)	1,683,667	1,683,967	1,683,667	1,683,967
Due to other related parties	14,328	14,328	14,328	14,328
	1,697,995	1,698,295	1,697,995	1,698,295

20.1a Conau Limited:

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

20.1b African Alliance Insurance Plc:

This is a sister company having common directorship with Universal Insurance Plc. Conau Limited has majority shareholding in African Alliance Insurance Plc. The balance represent amount payable to African Alliance Insurance Plc in respect of funds collected on behalf of African Alliance Insurance Plc during the 2008 private placement and other transactions carried out during the period. N1.598 billion represent the worth of shares earmarked for staff on the private placement of African Alliance Insurance Company Plc 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 N5,760 and N5.319(2012).

	GROUP		COMPANY	
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
	N'000	N'000	N'000	N'000
Staff pension scheme	1,184	1,219	1,184	1,219
Current	1,184	1,219	1,184	1,219

		GROUP		COMPANY	
22	**Income tax payable**	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
		N'000	N'000	N'000	N'000
22.1	**Per Profit and Loss Account**				
	Income Tax	34,840	19,328	34,540	19,128
	Education Tax	3,454	3,826	3,454	3,826
	Provision for NITDA Tax	3,454	1,913	3,454	1,913
		41,748	25,066	41,448	24,866
	Deferred Taxation (Note 23)	-	-	-	-
	Profit and Loss Account	41,748	25,066	41,448	24,866
22.2	**Per Balance Sheet**				
	Taxation				
	At beginning of year	119,109	100,043	118,909	100,043
	Charge for the Year (note 22.1)	41,748	25,066	41,448	24,866
	Payment during the Year	(7,000)	(6,000)	(7,000)	(6,000)
	At year end	153,857	119,109	153,357	118,909
23	**Deferred Tax Liability**				
	At beginning of year	593,715	412,164	447,305	412,164
	Addition during the year	8,665	181,551	8,665	35,141
	Charged to profit and loss	-	-	-	-
	At year end	602,380	593,715	455,970	447,305
	To be recovered after more than 12 months	602,380	593,715	455,970	447,305
	To be recovered in 12 months		-	-	-
	Deferred income tax are attributable to the following:				
	Property and equipment	292,697	292,738	146,287	146,328
	Fair value gain/(loss) on AFS unquoted equity	309,683	300,977	309,683	300,977
	Balance end of year	602,380	593,715	455,970	447,305

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.

		GROUP		COMPANY	
24.1.	**Share capital**				
	The share capital comprises:	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
		N'000	N'000	N'000	N'000
	Authorised -				
	16,000,000,000 Ordinary shares of 50k each	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

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	233,088	220,612	233,088	220,612
Transfer from profit and loss	60,791	12,475	60,791	12,475
Balance, end of period	293,879	233,087	293,879	233,087

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	950,425	1,003,121	950,425	1,003,121
Net Fair value gain/(loss) on available-for-sale unquoted equity	28,883	(52,696)	28,883	(52,696)
Balance as at period end	979,308	950,425	979,308	950,425

24.5. Revaluation Reserve

	GROUP		COMPANY	
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
	N'000	N'000	N'000	N'000
Balance, beginning of period	3,166,405	2,561,373	540,268	423,268
Revaluation Surplus	0	605,032	0	117,000
Balance as at period end	3,166,405	3,166,405	540,268	540,268

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 (5) (2012 - (10)) outstanding legal proceedings against the Company as at 31 December 2013 with claims totaling N11,729,499. (2012 - N22,980,326). 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 N56.848 Million (December 2012: N94.605 Million).

(c) Capital commitments

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

25 (i) Gross Premium Income

	GROUP		COMPANY	
	31-Dec-2013	31-Dec- 2012	31-Dec-2013	31-Dec-2012
	N'000	N'000	N'000	N'000
Gross premium written				
Direct Premium:				
Motor	74,473	69,922	74,473	69,922
Fire	17,408	15,905	17,408	15,905
General Accident	239,997	108,605	239,997	108,605
Marine	117,880	136,900	117,880	136,900
	449,758	331,332	449,758	331,332

Inward Reinsurance Premium:				
Motor	23,988	21,170	23,988	21,170
Fire	20,699	8,262	20,699	8,262
General Accident	109,380	47,847	109,380	47,847
Marine	16,421	7,236	16,421	7,236
	170,489	84,515	170,489	84,515
Gross premium written	620,247	415,847	620,247	415,847
Changes in unearned premium				
Motor	5,289	(5,544)	5,289	(5,544)
Fire	(2,356)	954	(2,356)	954
General Accident	(57,089)	(6,890)	(57,089)	(6,890)
Marine	(7,555)	(135)	(7,555)	(135)
	(61,712)	(11,615)	(61,712)	(11,615)
Change in UPR per Actuarial Valuation	9,228	-	9,228	-
Net change in unearned premium	(52,484)	(11,615)	(52,484)	(11,615)
Gross premium earned	567,763	404,232	567,763	404,232
Reinsurance expenses (note 26)	(24,088)	(16,472)	(24,088)	(16,472)
Net insurance premium income	543,675	387,760	543,675	387,760

25 (ii) Policies Underwritten

	Number of Policies	Total Sum Insured N'000
Bond	395	10,530,465
Engineering	22	12,735,496
Fire	50	29,585,886
General Accident	261	31,580,771
Aviation	17	11,378,663
Marine Cargo	312	11,913,773
Marine Hull	7	3,192,325
Oil & Gas	37	9,758,205
Motor	265	2,736,939
Total	**1,366**	**123,412,523**

26 Reinsurance expenses

	GROUP		COMPANY	
	31-Dec-2013 N'000	31-Dec-2012 N'000	31-Dec-2013 N'000	31-Dec-2012 N'000
Reinsurance costs				
Motor	-	-	-	-
Fire	2,305	6,356	2,305	6,356
General Accident	35,661	7,139	35,661	7,139
Marine	2,281	2,977	2,281	2,977
	40,247	16,472	40,247	16,472
Reinsurance projection on UPR per Actuarial Valuation	(16,159)	-	(16,159)	-
Net Reinsurance expenses	24,088	16,472	24,088	16,472

27 Fees and Commission Income

Motor	-	105	-	105
Fire	791	2,300	791	2,300
General Accident	997	1,976	997	1,976
Marine	459	706	459	706
	2,247	5,087	2,247	5,087

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

28 Claims expenses

	GROUP		COMPANY	
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
	N'000	N'000	N'000	N'000
Direct claims paid during the year	56,300	25,420	56,300	25,420
Changes in outstanding claims	40,882	40,195	40,882	40,195
Changes in outstanding claims per actuarial valuation	7,837	16,550	7,837	16,550
Gross claims incurred	105,020	82,165	105,020	82,165
Reinsurance claims recovery	(8,425)	(11,388)	(8,425)	(11,388)
Reinsurance recovery per Actuarial Valuation	(3,693)	(9,953)	(3,693)	(9,953)
	92,902	60,824	92,902	60,824

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	
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
Gross commision paid	N'000	N'000	N'000	N'000
Motor	13,940	11,544	13,940	11,544
Fire	8,013	5,347	8,013	5,347
General Accident	64,397	29,524	64,397	29,524
Marine	27,188	28,987	27,188	28,987
	113,538	75,402	113,538	75,402
Changes in differred commission				
Motor	546	(862)	546	(862)
Fire	(565)	(60)	(565)	(60)
General Accident	(10,335)	(1,980)	(10,335)	(1,980)
Marine	(1,516)	(30)	(1,516)	(30)
	(11,870)	(2,932)	(11,870)	(2,932)
Underwriting expenses	101,669	72,470	101,669	72,470
Maintenance expenses	60,302	29,623	60,302	29,623
Acquisition costs	41,366	42,847	41,366	42,847
	101,669	72,470	101,669	72,470

30 (i) Investment Income

Investment income attributable to policyholders	79,055	66,939	79,055	66,939
Investment income attributable to shareholders	158,637	215,480	158,637	215,480
	237,692	282,419	237,692	282,419
(a) Investment income attributable to policyholders				
Dividend - Quoted and unquoted investments	150	234	150	234
Gains on sales of shares	-	25,819	-	25,819
Interest on call deposits	66,905	37,237	66,905	37,237
Exchange gain/(loss)	-	-	-	-
Profit/(loss) on disposal of fixed assets	-	-	-	-
Rental Income	12,000	3,000	12,000	3,000
Other income	-	650	-	650
	79,055	66,939	79,055	66,939
(b) Investment income attributable to shareholders				
Dividend - Quoted and unquoted investments	167	701	167	701
Gains on sales of shares	-	77,455	-	77,455
Interest on call deposits	141,813	112,417	141,813	112,417
Exchange gain/(loss)	-	-	-	-
Other income	16,657	24,906	16,657	24,906
	158,637	215,480	158,637	215,480

		GROUP		COMPANY	
		31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
		N'000	N'000	N'000	N'000
30 (ii)	**Other operating revenue**				
	Gross profit/(loss) from hotel business				
	Turnover:				
	Rooms and accommodation	186,019	157,928	-	-
	Cost of sales:	13,598	13,045	-	-
	Gross profit/(loss)	172,421	144,883	-	-
31 (i)	**Allowances for impairment;**				
	On trade receivables	(57,972)	(187,455)	(20,342)	(96,381)
	on other receivables	-	(11,554)	-	-
	on stock of raw materials	-	(36,311)	-	-
	on other payable	-	3,211	-	-
	Net impairment charge	(57,972)	(232,109)	(20,342)	(96,381)
31 (ii)	**Net fair value gains/(loss)**				
	On investment properties	192,382	-	192,382	-
	On financial assets	4,872	7,936	4,872	7,936
	Net 'Fair value gain/(loss)	197,254	7,936	197,254	7,936
32	**Other operating and administrative expenses**				
	(i) Employee benefits expense				
	Staff cost	112,248	106,978	95,282	93,810
	Contributions to defined pension scheme	5,760	5,319	5,760	5,319
	Other staff costs	5,569	3,887	4,917	2,779
		123,577	116,184	105,959	101,908
	(ii) Management expenses comprise;				
	Bank charges	2,143	545	2,143	430
	Other charges and expenses (ii a)	180,511	69,604	173,219	63,768
	General maintenance and running costs	84,556	47,346	50,492	23,899
	Legal and professional fees	21,316	4,209	19,149	3,894
	Audit fees	7,600	4,750	6,000	4,200
	Insurance supervision fees	6,202	3,878	6,202	3,878
	Depreciation	165,369	167,257	56,120	59,567
	Amortisation of Intangible Assets	1,264	707	1,264	707
	Other operating expenses	468,963	298,296	314,591	160,343
	Other operating and administrative expenses	592,541	414,480	420,551	262,251
	(ii a) Other charges and expenses				
	Directors expenses	14,040	14,240	14,040	14,040
	Levy, fees and penalties	11,419	2,779	11,419	2,779
	Staff training, GPA and leave allowance	14,801	359	14,801	359
	Government levy	5,719	3,360	5,719	3,360
	Rent & rates	14,614	6,565	14,614	6,565
	Business promotion	65,126	29,386	62,790	28,261
	Other professional charges	5,834	1,328	5,834	1,328
	Subscriptions to professional bodies	1,121	65	1,121	65
	Postages, printing and consumables	6,987	4,719	6,088	3,502
	Hotel Accommodation	8,616	3,509	8,616	3,509
	Office entertainment	12,717	824	12,507	-
	Office Local transport	19,517	2,470	15,670	-
		180,511	69,604	173,219	63,768
	-	(0)		(0)	

33 Interest expense

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

34 Earnings per share

	GROUP		COMPANY	
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
	N'000	N'000	N'000	N'000
Profit attributable to equity holders	265,631	22,660	303,955	166,408
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)	1.66	0.14	1.90	1.04

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

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:

	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
	N'000	N'000	N'000	N'000
Short-term employee benefits	34,500	28,500	34,500	28,500
	34,500	28,500	34,500	28,500

Employees and directors

a. ***Employees***

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

	2013 Number	2012 Number	2013 Number	2012 Number
Executive directors	3	3	4	4
Management	14	14	6	6
Non-management	87	84	65	62
	104	101	75	72

Compensation for the above staff (excluding executive directors):

	N'000	N'000	N'000	N'000
Salaries and wages	103,229	98,135	95,282	90,188
Retirement benefit costs	1,141	1,749	1,141	1,749
Staff training	2,910	258	2,910	258
	107,280	100,142	99,333	92,195

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	30	23	30	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
	75	68	75	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	2,400	0	2,400	0
Executive compensation	0	5,650	0	5,650
Other director expenses	11,980	11,980	11,980	11,980
	14,380	17,630	14,380	17,630

Fees and other emoluments disclosed above include amounts paid to:

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

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

	2013 Number	2012 Number	2013 Number	2012 Number
Below N1,600,000	4	4	4	4
N1,600,000 - N2,000,000	4	4	4	4
N3,400,000 - and above	2	2	2	2
	10	10	10	10

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	870
Late submission of audited accounts	S. 26 (3)	295
Violation of Operational Guideline	S. 81 (1)	600
		1,765

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, 2013 and the state of the comprehensive income for the year ended on that date which might require adjustments or disclosure in the financial statements.

Statement of Financial Position (GROUP)

FOR THE YEAR ENDED 31 DECEMBER 2013

	GROUP			
	2013	2012	2011	2010
	N'000	N'000	N'000	N'000
Cash and Cash Equivalents	334,160	73,696	67,913	59,921
Financial Assets	2,913,007	2,879,253	2,924,013	1,971,072
Trade Receivable	84,434	33,695	43,813	10,508
Reinsurance Assets	38,243	25,513	27,945	17,227
Deferred Acquisition cost	27,095	15,225	1,637,314	3,781
Other Receivable	1,739,563	1,740,934	-	-
Investment in subsidiaries	-	-	12,293	13,943
Investment Properties	1,126,500	934,118	934,118	1,654,118
Intangible Asset	6,431	4,635	4,472	-
Property Plant and Equipment	6,730,795	6,880,877	6,572,750	5,494,229
Statutory Deposits	335,000	335,000	335,000	335,000
Total Assets	**13,335,229**	**12,922,946**	**12,559,631**	**9,559,799**
Liabilities				
Insurance Contract Liabilities	322,241	250,597	207,469	182,539
Borrowings	-	-	3,429	79
Trade payable	27,307	29,903	20,763	47,019
Other payable	1,792,647	1,778,642	1,758,006	347,805
Employee benefit liability	1,184	1,219	3,943	2,613
Income Tax liabilities	153,857	119,109	99,465	82,224
Deferred tax liabilities	602,380	593,715	501,407	15,438
Total Liabilities	**2,899,617**	**2,773,184**	**2,594,482**	**677,717**
Equity				
Issued and paid Share capital	8,000,000	8,000,000	8,000,000	8,000,000
Share Premium	825,018	825,018	825,018	825,018
Contigency Reserves	293,879	233,088	220,612	210,137
Fair value reserve	979,308	950,425	1,003,121	-
Fixed asset revaluation reserve	3,166,405	3,166,405	2,858,848	1,628,262
Retained earnings	(2,828,998)	(3,025,173)	(2,942,450)	(1,781,335)
Shareholders funds	10,435,612	10,149,762	9,965,149	8,882,082
Non - controlling interests		-	-	-
TOTAL EQUITY & LIABILITIES	**13,335,228**	**12,922,947**	**12,559,631**	**9,559,799**
	(0)	0	-	-

STATEMENT OF COMPREHENSIVE INCOME	GROUP		
	2013	2012	2011
	N'000	N'000	N'000
Gross premium written	620,247	415,846	349,172
Premium earned	567,763	404,231	361,958
Profit before taxation	307,379	181,758	(646,851)
Taxation	(41,748)	(25,066)	(17,819)
Profit after taxation	265,631	156,792	(664,670)
Transfer to contingency reserve	60,791	(12,473)	(10,475)
Retained earining	326,422	144,319	(675,145)
Earnings per share	1.66	0.98	(4.15)

Statement of Financial Position (COMPANY)

FOR THE YEAR ENDED 31 DECEMBER 2013

	COMPANY			
	2013	2012	2011	2010
	N'000	N'000	N'000	N'000
Cash and Cash Equivalents	331,486	67,060	63,733	55,769
Financial Assets	2,913,007	2,879,253	2,924,013	1,971,072
Trade Receivable	22,222	14,045	96	-
Reinsurance Assets	38,243	25,513	27,945	17,227
Deferred Acquisition cost	27,095	15,225	1,613,786	226
Other Receivable	1,710,087	1,733,810	2,561,666	2,561,666
Investment in subsidiaries	2,561,666	2,561,666	12,293	13,943
Investment Properties	1,126,500	934,118	934,118	1,654,118
Intangible Asset	6,431	4,635	4,472	-
Property Plant and Equipment	2,491,479	2,546,187	2,339,992	2,080,972
Statutory Deposits	335,000	335,000	335,000	335,000
Total Assets	**11,563,217**	**11,116,512**	**10,817,114**	**8,689,993**
Liabilities				
Insurance Contract Liabilities	322,241	250,597	207,469	182,539
Borrowings	-	-	-	-
Trade payable	13,888	16,484	13,969	5,892
Other payable	1,747,920	1,737,515	1,730,616	311,862
Employee benefit liability	1,184	1,219	3,943	2,613
Income Tax liabilities	153,357	118,909	100,043	82,224
Deferred tax liabilities	455,970	447,305	412,164	15,438
Total Liabilities	**2,694,561**	**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
Share Premium	825,018	825,018	825,018	825,018
Contigency Reserves	293,879	233,088	220,612	210,137
Fair value reserve	979,308	950,425	1,003,121	-
Revaluation reserve	540,268	540,268	423,268	103,968
Retained earnings	(1,769,817)	(2,004,316)	(2,123,109)	(1,049,698)
Shareholders funds	8,868,656	8,544,483	8,348,910	8,089,425
Non - controlling interests	-	-	-	-
TOTAL EQUITY & LIABILITIES	**11,563,217**	**11,116,512**	**10,817,114**	**8,689,993**
	(0)	(0)	-	-

	COMPANY		
STATEMENT OF COMPREHENSIVE INCOME	2013	2012	2011
	N'000	N'000	N'000
Gross premium written	620,247	415,846	349,172
Premium earned	567,763	404,231	361,958
Profit before taxation	345,404	191,275	(648,391)
Taxation	(41,448)	(24,866)	(17,819)
Profit after taxation	303,955	166,409	(666,210)
Transfer to contingency reserve	(60,791)	(12,475)	(10,475)
Retained earining	243,164	153,934	(676,685)
Earnings per share	1.90	1.04	(4.16)

Four Year Financial Summary (GROUP)
FOR THE YEAR ENDED 31 DECEMBER 2013

	GROUP			
	2013	2012	2011	2010
	N'000	N'000	N'000	N'000
Cash and Cash Equivalents	334,160	73,696	67,913	59,921
Financial Assets	2,913,007	2,879,253	2,924,013	1,971,072
Trade Receivable	84,434	33,695	43,813	10,508
Reinsurance Assets	38,243	25,513	27,945	17,227
Deferred Acquisition cost	27,095	15,225	1,637,314	3,781
Other Receivable	1,739,563	1,740,934	-	-
Investment in subsidiaries	-	-	12,293	13,943
Investment Properties	1,126,500	934,118	934,118	1,654,118
Intangible Asset	6,431	4,635	4,472	-
Property Plant and Equipment	6,730,795	6,880,877	6,572,750	5,494,229
Statutory Deposits	335,000	335,000	335,000	335,000
Total Assets	13,335,229	12,922,946	12,559,631	9,559,799
Liabilities				
Insurance Contract Liabilities	322,241	250,597	207,469	182,539
Borrowings	-	-	3,429	79
Trade payable	27,307	29,903	20,763	47,019
Other payable	1,792,647	1,778,642	1,758,006	347,805
Employee benefit liability	1,184	1,219	3,943	2,613
Income Tax liabilities	153,857	119,109	99,465	82,224
Deferred tax liabilities	602,380	593,715	501,407	15,438
Total Liabilities	2,899,617	2,773,184	2,594,482	677,717
Equity				
Issued and paid Share capital	8,000,000	8,000,000	8,000,000	8,000,000
Share Premium	825,018	825,018	825,018	825,018
Contigency Reserves	293,879	233,088	220,612	210,137
Fair value reserve	979,308	950,425	1,003,121	-
Fixed asset revaluation reserve	3,166,405	3,166,405	2,858,848	1,628,262
Retained earnings	(2,828,998)	(3,025,173)	(2,942,450)	(1,781,335)
Shareholders funds	10,435,612	10,149,762	9,965,149	8,882,082
Non - controlling interests		-	-	-
TOTAL EQUITY & LIABILITIES	13,335,228	12,922,947	12,559,631	9,559,799

	GROUP		
STATEMENT OF COMPREHENSIVE INCOME	2013 N'000	2012 N'000	2011 N'000
Gross premium written	620,247	415,846	349,172
Premium earned	567,763	404,231	361,958
Profit before taxation	307,379	181,758	(646,851)
Taxation	(41,748)	(25,066)	(17,819)
Profit after taxation	265,631	156,792	(664,670)
Transfer to contingency reserve	60,791	(12,473)	(10,475)
Retained earining	326,422	144,319	(675,145)
Earnings per share	1.66	0.98	(4.15)

Four Year Financial Summary (COMPANY)

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 N'000	2012 N'000	2011 N'000	2010 N'000
Cash and Cash Equivalents	331,486	67,060	63,733	55,769
Financial Assets	2,913,007	2,879,253	2,924,013	1,971,072
Trade Receivable	22,222	14,045	96	-
Reinsurance Assets	38,243	25,513	27,945	17,227
Deferred Acquisition cost	27,095	15,225	1,613,786	226
Other Receivable	1,710,087	1,733,810	2,561,666	2,561,666
Investment in subsidiaries	2,561,666	2,561,666	12,293	13,943
Investment Properties	1,126,500	934,118	934,118	1,654,118
Intangible Asset	6,431	4,635	4,472	-
Property Plant and Equipment	2,491,479	2,546,187	2,339,992	2,080,972
Statutory Deposits	335,000	335,000	335,000	335,000
Total Assets	11,563,217	11,116,512	10,817,114	8,689,993
Liabilities				
Insurance Contract Liabilities	322,241	250,597	207,469	182,539
Borrowings	-	-	-	-
Trade payable	13,888	16,484	13,969	5,892
Other payable	1,747,920	1,737,515	1,730,616	311,862
Employee benefit liability	1,184	1,219	3,943	2,613
Income Tax liabilities	153,357	118,909	100,043	82,224
Deferred tax liabilities	455,970	447,305	412,164	15,438
Total Liabilities	2,694,561	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
Share Premium	825,018	825,018	825,018	825,018
Contigency Reserves	293,879	233,088	220,612	210,137
Fair value reserve	979,308	950,425	1,003,121	-
Revaluation reserve	540,268	540,268	423,268	103,968
Retained earnings	(1,769,817)	(2,004,316)	(2,123,109)	(1,049,698)
Shareholders funds	8,868,656	8,544,483	8,348,910	8,089,425
Non - controlling interests	-	-	-	-
TOTAL EQUITY & LIABILITIES	**11,563,217**	**11,116,512**	**10,817,114**	**8,689,993**

		COMPANY	
STATEMENT OF COMPREHENSIVE INCOME	**2013**	**2012**	**2011**
	N'000	**N'000**	**N'000**
Gross premium written	620,247	415,846	349,172
Premium earned	567,763	404,231	361,958
Profit before taxation	345,404	191,275	(648,391)
Taxation	(41,448)	(24,866)	(17,819)
Profit after taxation	303,955	166,409	(666,210)
Transfer to contingency reserve	(60,791)	(12,475)	(10,475)
Retained earining	243,164	153,934	(676,685)
Earnings per share	1.90	1.04	(4.16)

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2013

	GROUP		COMPANY	
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
	N'000	N'000	N'000	N'000
Cash flows from operating activities				
Insurance premium received from policy holders,Brokers & Agents,Cedants	567,763	404,231	567,763	404,231
Commission received	2,247	5,087	2,247	5,087
Reinsurance receipts in respect of claims	8,425	11,388	8,425	11,388
Reinsurance premium paid	(24,088)	(16,472)	(24,088)	(16,472)
Other operating cash payments	(239,388)	(239,337)	(249,299)	(243,460)
Insurance benefits and Claims paid	(101,327)	(72,212)	(101,327)	(72,212)
Payments to intermediaries to acquire insurance contracts	(101,669)	(72,471)	(101,669)	(72,471)
Interest Received	153,813	115,417	153,813	115,417
Dividend Income Received	317	935	317	935
Cash generated from operations	266,093	136,566	256,182	132,443
Interest Paid	-	-	-	-
Company Income Tax paid	(7,000)	(6,000)	(7,000)	(6,000)
Net cash provided by operating activities	259,093	130,566	249,182	126,443
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(15,287)	(150,189)	(1,414)	(148,672)
Investment income and other receipts	16,657	25,556	16,657	25,556
Net Cash provided by investing activities	1,371	(124,633)	15,243	(123,116)
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	73,696	67,912	67,060	63,732
Net increase/decrease in cash and cash equivalents	260,464	5,934	264,426	3,328
Cash and Cash equivalent at the end of period	334,160	73,846	331,486	67,060

Underwriting Revenue Account

FOR THE YEAR ENDED 31 DECEMBER 2013

	MOTOR	FIRE	GENERAL ACCIDENT	MARINE	2013	2012
	N`000	N`000	N`000	N`000	N`000	N`000
Direct Premium Written	74,473	17,408	239,997	117,880	449,758	331,332
Reinsurance Accepted	23,988	20,699	109,380	16,421	170,489	84,515
Gross Premium Written	98,461	38,108	349,377	134,301	620,247	415,847
Changes in Reserve for Unexpired Risk (*)	5,317	(2,231)	(55,626)	57	(52,484)	(11,615)
Gross Premium Earned	103,778	35,876	293,751	134,359	567,764	404,232
Net Reinsurance Recovery (UPR) per actuarial valuation	-	2,723	13,436	-	16,159	
Reinsurance cost	-	(2,305)	(35,661)	(2,281)	(40,247)	(16,472)
Net Premium Written	103,778	36,294	271,526	132,078	543,675	387,759
Commission Receiveed	-	791	997	459	2,247	5,086
Net Income	103,778	37,085	272,523	132,537	545,922	392,846
Claims Incurred:						
Direct Claims Paid	11,355	9,304	28,411	7,231	56,300	28,103
Changes in Provision for Outstanding Claims (**)	152	(34,130)	67,041	15,655	48,718	36,541
Gross Claims Incurred	11,507	(24,827)	95,453	22,886	105,019	72,213
Reinsurance Claims Recovery per actuarial valuation	-	(692)	(2,317)	(683)	(3,692)	-
Reinsurance Claims Recovery	(1,814)	(4,033)	(1,813)	(765)	(8,425)	(11,388)
Net Claims Incured	9,693	(29,552)	91,323	21,438	92,902	60,825
Underwriting Expenses:						
Commission Paid	13,940	8,013	64,397	27,188	113,538	75,403
Changes in deferred commission	546	(565)	(10,335)	(1,516)	(11,870)	(2,932)
Total Underwriting Expenses	14,485	7,449	54,062	25,672	101,669	72,471
Total Expenses	24,178	(22,103)	145,385	47,110	194,570	133,296
Underwriting Result	79,599	59,188	127,138	85,427	351,352	259,550
Provision for Unexpired Risk- 1 January 2013	32,448	9,503	48,030	979	90,960	79,345
Provision for Unexpired Risk- 31 December 2013	27,159	11,859	105,119	8,534	152,672	90,960
Additional charge (UPR) per actuarial valuation	(28)	(125)	(1,463)	(7,612)	(9,228)	-
Reserve for Unearned premium	27,131	11,734	103,656	922	143,444	90,960
* Changes in reserve for unexpired Risk	5,317	(2,231)	(55,626)	57	(52,484)	(11,615)
Gross Claims Outstanding						
Provision for Outsanding Claims- 31 December 2013	7,011	20,795	105,689	6,636	140,131	130,079
Provision for Outstanding claims (IBNR)	1,542	4,575	23,252	1,460	30,829	7,569
Additional charge to claims reserve per actuarial valuation	1,389	(4,168)	(10,384)	21,000	7,837	-
Reserve for outstanding claims	9,943	21,202	118,557	29,095	178,797	
Provision for Outsanding Claims- 1 January 2013	9,790	55,332	51,516	13,440	130,079	93,538
** Changes in provision for outstanding claims	152	(34,130)	67,041	15,655	48,718	36,541

Mandate Form

FOR THE YEAR ENDED 31 DECEMBER 2013

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)

Admission Form

FOR THE YEAR ENDED 31 DECEMBER 2013

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 --
---------------------------------16th July, 2015

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 2013

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 2013

Annual General Meeting of THE UNIVERSAL INSURANCE PLC

To be held at 9.00 am on Thursday 16th July, 2015 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 16th July, 2015

Dated this .... Day of.............. 2015

Shareholder's signature

RESOLUTION	FOR	AGAINST
1. To receive the Report of Directors, Audited Financial Statements & Auditors report.		
2. To receive the Report of the Audit Committee.		
DIRECTOR FOR RE-ELECTION: Lt. Gen. Joshua Dogonyaro Engr. Cyril Ajagu Bar. Juliet Madubueze OON Mr. Anthony Okocha		
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.