

**MANAGEMENT ACCOUNT**  
**For The Period Ended 30 June 2015**

**Universal Insurance Plc**

RC 2460

---

**Universal Insurance Plc**  
**Statements of Changes in Equity (COMPANY)**  
*for the period ended 30 June 2015*

Company In millions of Nigerian naira	Share Capital	Share Premium	Revaluation reserve	Contingency reserve	Fair value reserves	Retained earnings	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2015	8,000,000	825,018	540,268	315,546	976,018	(1,998,311)	8,658,538
Total comprehensive income							
Profit and loss	-	-	-	-	-	-	-
Other comprehensive income							
Impairment gain/(loss) on trade and other receivables						-	-
Net gain/(loss) on investments now classified as AFS						-	-
Adjustment of FA items omitted in account						-	-
Other comprehensive income	-	-	-	-	-	-	-
Balance at 1 January 2015	8,000,000	825,018	540,268	315,546	976,018	(1,998,311)	8,658,538
Balance at 1 January 2015	8,000,000	825,018	540,268	315,546	976,018	(1,998,311)	8,658,538
Total comprehensive income for the period							
Profit or loss	-	-	-	-	-	-	-
Other comprehensive income							
Gain on the revaluation of land and buildings	-	-	-	-	-	-	-
Fair value changes in AFS financial assets	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-
Balance at 1 January 2015	8,000,000	825,018	540,268	315,546	976,018	(1,998,311)	8,658,538
Balance at 1 January 2015	8,000,000	825,018	540,268	315,546	976,018	(1,998,311)	8,658,538
Total comprehensive income for the period							
Profit or loss						42,476	42,476
Other comprehensive income							
Gain on the revaluation of land and buildings	-	-	-	-	-	-	-
Net Fair value changes in AFS financial assets	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	13,737	-	(13,737)	-
Other comprehensive income for the period	-	-	-	13,737	-	(13,737)	-
Total comprehensive income for the period	-	-	-	13,737	-	28,740	42,476
Balance at 30 June 2015	8,000,000	825,018	540,268	329,282	976,018	(1,969,572)	8,701,015

**UNIVERSAL INSURANCE PLC**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
As at 30 June 2015

	NOTES	30-Jun-15	30-06-2014
		N'000	N'000
<b>Assets</b>			
Cash and Cash Equivalents	6	1,212,841	521,114
Financial Assets	7	1,983,993	2,913,007
Trade Receivable	8	64,027	-
Reinsurance Assets	9	40,910	70,595
Deferred Acquisition cost	10	52,593	64,690
Other Receivable	11	1,701,715	113,736
Investment in Subsidiaries	12	2,561,916	2,561,666
Investment Properties	13	1,126,500	934,118
Intangible Asset	14	8,776	6,036
Property, Plant and Equipment	15	2,398,801	2,460,044
Statutory Deposits	16	335,000	335,000
<b>Total Assets</b>		<b>11,487,071</b>	<b>9,980,006</b>
<b>Liabilities</b>			
Insurance Contract Liabilities	17	551,531	454,257
Borrowings	18	-	-
Trade payable	19	35,923	13,888
Other payable	20	1,676,041	154,711
Employee benefit liability	21	-	1,178
Income Tax liabilities	22	66,593	132,255
Deferred tax liabilities	23	455,970	455,970
<b>Total Liabilities</b>		<b>2,786,057</b>	<b>1,212,259</b>
<b>Equity</b>			
Issued and paid Share capital	24. 1	8,000,000	8,000,000
Share Premium	24. 2	825,018	825,018
Contingency Reserves	24. 3	329,282	278,486
Fair value reserve	24. 4	976,018	979,308
Fixed asset revaluation reserve	24. 5	540,268	540,268
Retained earnings	24. 6	(1,969,572)	(1,855,334)
<b>Shareholders funds</b>		<b>8,701,015</b>	<b>8,767,746</b>
Other equitiy instruments		-	-
<b>Non - controlling interests</b>		<b>-</b>	<b>-</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>11,487,071</b>	<b>9,980,005</b>



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



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

# Universal Insurance Plc

## Statements of Comprehensive Income

For the PERIOD ended 30 June 2015

	Notes	306-2015	30-6-2014
		N'000	N'000
Gross Premium written	25	457,895	425,777
Decrease/(increase) in unearned premium		(152,961)	(160,175)
Gross Premium Earned		304,934	265,602
Reinsurance Premium Expense	26	(8,030)	-
Net Insurance Premium Income		296,904	265,602
Fees and Commission Income	27	5,398	-
Total Underwriting Income		302,302	265,602
<i>Insurance benefits</i>			
Claims expenses	28	(29,315)	(33,981)
Claims Expense Recovery from reinsurance	28	(42)	586
Change in contract liabilities	28	-	-
Net insurance benefit and claims		(29,357)	(33,395)
Underwriting Expenses			
Acquisition expenses	29	(24,963)	(14,739)
Maintenance expenses		(29,501)	(38,645)
		(54,464)	(53,384)
Underwriting Profit/(Loss)		218,481	178,823
Investment income	30	44,487	132,271
Other operating income		-	-
Total investment income		44,487	132,271
Net Income		262,968	311,094
Impairment charges	31 (i)	-	-
Net realised gains/(loss) on financial assets	31 (ii)	-	-
Net fair value gain/(loss) on investment properties	31 (ii)	-	-
Other operating and administrative expenses	32	(218,256)	269,076
Total Expenses		(218,256)	269,076
Result of operating activities		44,712	42,018
Interest expense	33	-	-
Profit or (Loss) before Taxation		44,712	42,018
Income Tax Expense/ (Credit)		(2,236)	(2,101)
Profit or Loss after Taxation		42,476	39,917
Profit attributable to:			
Equity holders of the Company		42,476	39,917
Non-controlling interest		-	-
Profit/(loss) for the period		42,476	39,917
Other Comprehensive income			
<i>Items within OCI that may be reclassified to the profit or loss;</i>			
Fair value changes in AFS financial assets	24. 4	-	-
Deferred tax impact of changes in AFS financial assets	23	-	-
<i>Items within OCI that will not be reclassified to the profit or loss;</i>			
PPE revaluation gains	24. 5	-	-
Deferred tax impact of revaluation gains	23	-	-
Other comprehensive income for the period		-	-
Total comprehensive income		42,476	39,917
Total comprehensive income attributable to:			
Equity holders of the company		42,476	39,917
Non-controlling interests		-	-
Total comprehensive income for the period		42,476	39,917
Earnings per share-(basic and diluted)	34	0.27	0.25

Universal Insurance Plc

Statement Of Cash Flows

For the year ended 30 June 2015

	30-6-2015	31-12-2014
	N'000	N'000
Cash flows from operating activities		
Insurance premium received from policy holders, Brokers & Agents, Cedants	304,934	701,086
Commission received	5,398	13,998
Reinsurance receipts in respect of claims	(42)	586
Reinsurance premium paid	(8,030)	(44,665)
Other operating cash payments	48,812	(851,085)
Insurance benefits and Claims paid	(29,315)	(120,860)
Payments to intermediaries to acquire insurance contracts	(54,464)	(141,429)
Interest Received	44,487	260,014
Dividend Income Received	-	-
Cash generated from operations	311,780	(182,355)
Company Income Tax paid	(89,000)	(74,000)
Net cash provided by operating activities	222,780	(256,355)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(576)	(1,734)
Investment income and other receipts	-	917,239
Net Cash provided by investing activities	(576)	915,505
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	990,637	331,487
Net increase/decrease in cash and cash equivalents	222,204	659,150
Cash and Cash equivalent at the end of period	1,212,841	990,637

**Universal Insurance Plc**  
Notes to the financial statements  
For the PERIOD ended 30 June 2015

**1 General Information:**

The financial statements of the company for the period ended 30 June 2015 were authorised for issue in accordance with a resolution of the Directors. 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 Company 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 .

**3 Critical accounting estimates and judgements:**

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the period. 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 ruling exchange rate at close of business.

**3. (ii) Liabilities arising from insurance contract:**

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 or receivables:**

In accordance with the accounting policy, the Company 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 Company issues contracts that transfer insurance risk or financial risk or both.

**4 (i) Financial risk management**

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

**4 (ii) Market risk**

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, 'interest rates and other price changes. Market risks arises due to fluctuations in both value of assets and liabilities. 'The company has established policies and procedures in order to manage market risk.

**4 (iii) Interest rate risk management**

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

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

**4 (iv) Credit risk**

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

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

**4v Liquidity risk**

Liquidity risk is the risk that the company cannot meet its obligations associated with financial liabilities as they fall due. The company has adopted an appropriate liquidity risk management framework for the management of the company's liquidity requirements. 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 catastrophic events, there is liquidity risk from a difference in timing between claim payments and recoveries thereon from reinsurers.

**UNIVERSAL INSURANCE PLC**

**COMPUTATION OF SOLVENCY MARGIN  
AS AT June, 2015**

	<b>June 2015 N'000</b>
<b>1 ADMISSIBLE ASSETS</b>	
Cash and bank balances	1,212,841
Financial Assets	1,983,993
Trade Receivable	64,027
Reinsurance Assets	40,910
Other Receivable	1,701,715
Investment in Subsidiaries	2,561,916
Deferred Acquisition cost	52,593
Investment Properties	1,126,500
Intangible Asset	8,776
Property, Plant and Equipment	2,398,801
Statutory Deposits	335,000
	<b>11,487,071</b>
Less: Non Admissible Assets:	
Financial Assets (3 1/2% War Stock UK)	-
Revaluation surplus	(540,268)
	<b>(540,268)</b>
A	<b>10,946,803</b>
<b>2 ADMISSIBLE LIABILITIES</b>	
Insurance Contract Liabilities	551,531
Trade payable	35,923
Other payable	1,676,041
Employee benefit liability	-
Income Tax liabilities	66,593
Deferred tax liabilities	455,970
	<b>2,786,057</b>
Less Non Admissible Liabilities:	
Due to other insurance and reinsurance companies	(35,923)
B	<b>2,750,134</b>
<b>Solvency Margin (A-B)</b>	<b>C</b> <b>8,196,669</b>
15% of Net Premium (385,759 *15%)	<b>D</b> <b>44,536</b>
Minimum required paid up capital	<b>E</b> <b>3,000,000</b>

**Basis for conclusion:**

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

**Conclusion:**

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

## THE UNIVERSAL INSURANCE PLC

### UNDERWRITING REVENUE ACCOUNT FOR THE PERIOD ENDED 30 June 2015

...

	MOTOR N'000	FIRE N'000	GENERAL ACCIDENT N'000	BOND	ENGINEERING	OIL & GAS	AVIATION	MARINE N'000	2015 N'000	2014 N'000
Direct Premium Written	31,825	10,111	93,790	14,984	348	155,583	40,318	17,422	364,381	185,828
Reinsurance Accepted	1,670	27,693	6,826	1,944	33,177	20,148	136	1,920	93,514	239,949
Gross Premium Written	33,495	37,804	100,616	16,928	33,525	175,731	40,454	19,342	457,895	425,777
Changes in Reserve for Unexpired Risk (*)	12,395	(2,713)	(12,221)	(13,813)	(18,965)	(74,715)	(30,871)	(12,057)	(152,961)	(160,175)
Gross Premium Earned	45,890	35,091	88,395	3,115	14,560	101,016	9,583	7,285	304,934	265,602
Net Reinsurance Recovery (UPR) per actuarial valuation	-	-	-	-	-	-	-	-	-	-
Reinsurance cost	(849)	-	(7,071)	(110)	-	-	-	-	(8,030)	-
Net Premium Written	45,041	35,091	81,324	3,005	14,560	101,016	9,583	7,285	296,904	265,602
Commission Received	3,565	-	1,800	33	-	-	-	-	5,398	-
Net Income	48,607	35,091	83,124	3,038	14,560	101,016	9,583	7,285	302,302	265,602
Claims Incurred:										
Direct Claims Paid	2,996	1,327	2,574	100	-	-	-	3,816	10,813	62,140
Provision for Outstanding claims (IBNR)	652	293	1,760	-	-	(778)	21	(267)	1,682	(17,134)
Changes in Provision for Outstanding Claims (**)	6,522	2,935	17,600	-	-	(7,776)	206	(2,667)	16,820	(11,025)
Gross Claims Incurred	10,170	4,555	21,934	100	-	(8,554)	227	882	29,315	33,981
Reinsurance Claims Recovery	-	-	42	-	-	-	-	-	42	(586)
Net Claims Incurred	10,170	4,555	21,976	100	-	(8,554)	227	882	29,357	33,395
Underwriting Expenses:										
Commission Paid	6,047	10,188	18,219	3,464	6,818	18,611	7,922	3,654	74,922	90,979
Changes in deferred commission	1,443	(1,024)	(3,601)	(2,820)	(3,782)	(1,353)	(7,261)	(2,059)	(20,458)	(37,595)
Total Underwriting Expenses	7,489	9,164	14,617	645	3,036	17,257	661	1,595	54,464	53,384
Total Expenses	17,660	13,719	36,593	745	3,036	8,704	888	2,477	83,821	86,779
Underwriting Result	30,947	21,372	46,530	2,293	11,524	92,312	8,695	4,808	218,481	178,823
Provision for Unexpired Risk- 31 DECEMBER 2014	44,049	17,878	49,143	-	5,094	46,096	-	2,321	164,581	143,444
Provision for Unexpired Risk- 30 June 2015	31,654	20,591	61,364	13,813	24,059	120,811	30,871	14,378	317,542	303,619
* Changes in reserve for unexpired Risk	12,395	(2,713)	(12,221)	(13,813)	(18,965)	(74,715)	(30,871)	(12,057)	(152,961)	(160,175)
Gross Claims Outstanding										
Provision for Outsanding Claims- 31 DECEMBER 2014	8,903	19,472	39,611	-	56,630	56,775	7,470	7,035	195,896	147,968
Provision for Outsanding Claims- 30 June 2015	15,425	22,407	57,211	-	56,630	48,999	7,676	4,368	212,716	136,943
** Changes in provision for outstanding claims	6,522	2,935	17,600	-	-	(7,776)	206	(2,667)	16,820	(11,025)