

RC:681998

**MUTUAL BENEFITS LIFE ASSURANCE LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER, 2010**

**Babington**

**Ashaye & Co.**

Chartered Accountants  
Speedway House  
21, Araromi Street, off Moloney Street  
Onikan, Lagos  
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## Directors and Professional Advisers

### Directors:

Chief Chamberlain Oyibo

Mr. Akin Opeodu ✓

Mr. Akin Ogunbiyi ✓

Mr. Godspower Agofure

Mr. Adesoye Olatunji ✓

Mr. Dipo Owolabi

Mr. Gbenga Ogunko ✓

Mr. David Balogun

Dr. M.O. Ajaja

Mrs. I.Z. Aret-Adams

Chief Ladi Rotimi-Williams (SAN)

Mr. Fisayo Oyedeji

Prof. Pat Utomi

Mr. Michael Govan

Amb. Hans H. Hertell

Chairman

Vice Chairman

Managing

Chief Operating Officer

Executive

Executive

Executive

Executive

( American)

( American)

### Registered Office

Mutual Benefits Assurance Plc

Aret Adams House

233, Ikorodu Road

Illupeju

Lagos.

### Major Bankers

Access Bank Plc

First Bank Nigeria Plc

Sterling Bank Plc

### Company Secretary

Abdulai Taiwo & Co.

Goodwill House

278, Ikorodu Road

Anthony

Lagos.

### Auditors

Babington Ashaye & Co.

Speedway House

21, Araromi Street

Off Moloney Street

Onikan

Lagos.



**REPORT OF THE INDEPENDENT AUDITORS TO MEMBERS OF  
MUTUAL BENEFITS LIFE ASSURANCE PLC**

We have audited the financial statements on pages 6 to 15 which have been prepared on the basis of the accounting policies on pages 4 to 5.

**DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004 and the Insurance Act CAP 117 LFN 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

**AUDITORS' RESPONSIBILITY**

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

**BASIS OF OPINION**

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors considered internal control relevant to the company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 company has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies and Allied Matters Act CAP C20 LFN 2004 and the Insurance Act CAP 117 LFN 2004.

The financial statements give a true and fair view of the financial position of **Mutual Benefits Life Assurance Plc** as at 31 December 2010, and of its profit and cash flow for the year ended in accordance with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board.

*Babington Ashaye & Co*  
CHARTERED ACCOUNTANTS  
LAGOS, NIGERIA.

*April 28, 2011*

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Partners:

A. A. Babington - Ashaye  
Tunde Ajayi  
Bolanle Alao (Mrs.)  
Jide Oni

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# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER, 2010

### 1 Basis of Accounting

The financial statements are prepared on the historical cost convention, and comply with all relevant statements of accounting standards issued by the Nigerian Accounting Standards Board.

### 2 Premium Income

This represents Insurance premium on both direct and indirect business.

### 3 Gross Premium

Gross Premium is recognised at the point of attachment of risk to a policy before deducting cost of reinsurance cover. All written premium relating to risk for period not falling within the accounting period is carried forward as unearned premium.

### 4 Reinsurance Cost

This represents Re-insurance Premium paid after adjusting for increase or decrease in unexpired portion.

### 5 Investments

Investments are stated at cost. Provision is made where there is a permanent diminution in value of the investments.

### 6 Income on Investments

Interest income is accounted for on an accrual basis, while dividend income is accounted for on the basis of the amounts actually received during the year.

### 7 Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost of fixed assets in equal annual instalments over the estimated useful lives at the following rates:

Freehold Land & Building	2%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicles	25%
Leasehold improvements	20%
Plants and Machinery	20%

### 8 Debtors

Debtors are stated after making adequate provision for balances doubtful of recovery.

### 9 Technical Reserves

#### General Reserve Fund

For life business, general reserve is calculated and credited with an amount equal to the net liabilities on policies in force at the actuarial and an additional 25% of the net premium for the year between valuation date.

## MUTUAL BENEFITS LIFE ASSURANCE LIMITED

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES- CONT'D YEAR ENDED 31 DECEMBER, 2010

#### 10 Deposit Administration

Inflow to Deposit Administration and similar saving businesses are recognised as liabilities. Interest accruing to depositors from investment of the savings is recognised in the deposit administration revenue account in the year it is earned while interest paid and due to depositors is recognised as an expense.

#### 11 Claims Expenses

All claims paid and incurred are charged against revenue as expense when incurred. Reinsurance recoveries are recognised when the re-insurer accepts liability for the claims.

#### 12 Underwriting Expenses

Underwriting expenses for insurance contracts are recognised as expense when incurred, with the exception of acquisition costs, which are recognised on a time apportionment basis in respect of risks.

#### 13 Management Expenses

Management expenses are expenses other than claims, investment and underwriting expenses. They include salaries and wages, depreciation expenses and other non-operating expenses. They are accounted for on an accrual basis.

#### 14 Foreign Currencies

Transactions arising in foreign currencies are converted into naira at appropriate rate of exchange ruling at the time they arise. Assets and liabilities in foreign currencies are translated into naira at the exchange rates ruling at the balance sheet date. Gain and losses arising on translation are included in the profit and loss account.

#### 15 Pension Scheme



The company maintains a pension scheme for its employees in line with the Pension Reform Act. 2004. Contribution to the scheme is by the company and the employees. The contribution by the employees and the company is 7.5% each of the employees' total emoluments.

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## BALANCE SHEET AS AT 31 DECEMBER, 2010

	Note	2010 N'000	2009 N'000
<b>ASSETS</b>			
Cash and short term funds	2	472,023	179,017
Due on insurance accounts	3	322,282	367,544
Prepayments and other debit balances	4	605,466	173,245
Advances under Finance lease	5	1,597,654	645,060
Long-term Investments	6	563,308	1,092,474
Lease to Subsidiary	6a	1,351,408	
Investment in Subsidiaries - non Insurance	6b	20,000	20,000
Investment in Real Estate	6c	2,131,609	2,376,553
Investment in Projects	6d	-	200,000
Deposit with Central Bank of Nigeria		200,000	200,000
Fixed assets	7	119,068	100,308
<b>Total Assets</b>		<b>7,382,819</b>	<b>5,354,202</b>
<b>LIABILITIES</b>			
Creditors and accruals	8	3,402	222,765
Taxation	9	386	381
Deferred taxation	9	15,285	15,285
Deposit administration	10	4,480,755	2,482,183
Insurance funds	11	643,802	439,573
<b>TOTAL LIABILITIES</b>		<b>5,143,630</b>	<b>3,160,186</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	150,000	150,000
Share premium		1,850,000	1,850,000
General reserve	13	155,352	130,602
Contingency reserve	14	83,837	63,414
<b>Shareholders' funds</b>		<b>2,239,189</b>	<b>2,194,016</b>
		<b>7,382,819</b>	<b>5,354,202</b>

The financial statements were approved by the Board of Directors on April 21, 2011 and signed on its behalf by :

  
 \_\_\_\_\_ }  
 Director }  
  
 \_\_\_\_\_ }  
 Director }

The accounting policies on pages 4 & 5 and the notes on pages 11 to 15 form part of these financial statements.

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

REVENUE ACCOUNT  
YEAR ENDED 31 DECEMBER, 2010

	2010 N'000	2009 N'000
Direct premium	689,704	654,584
Investment Income	35,165	29,664
<b>Total Income</b>	<u>724,869</u>	<u>684,248</u>
Net Claim Incurred	150,929	218,352
Acquisition Cost	63,923	-
Maintenance Expenses	9,214	79,072
Management expense	296,574	212,610
<b>Total Expenses</b>	<u>520,640</u>	<u>510,034</u>
<b>Increase in Life fund</b>	<u>204,229</u>	<u>174,214</u>



# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## PROFIT AND LOSS ACCOUNT YEAR ENDED 31 DECEMBER, 2010

	2010 N'000	2009 N'000
Investment Income	30,945	59,327
Profit from deposit administration	32,065	47,406
<b>Net Operating Income</b>	<u>63,010</u>	<u>106,733</u>
Management expense	(16,476)	(26,576)
Profit before taxation	<u>46,534</u>	<u>80,157</u>
Taxation	(5)	(15,666)
Profit after taxation	<u>46,529</u>	<u>64,491</u>
Transferred to Contingency reserve	20,423	17,421
Profit transferred to general reserve	26,106	47,070
	<u>46,529</u>	<u>64,491</u>

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## REVENUE FOR DEPOSIT ADMINISTRATION YEAR ENDED 31 DECEMBER, 2010

LIFE	2010 N'000	2009 N'000
<b>INCOME</b>		
Interest Income	39,507	26,744
Investment income	<u>597,687</u>	<u>477,538</u>
	<u>637,194</u>	<u>504,282</u>
<b>EXPENSES</b>		
Commission	544,316	407,226
Guarantee Interest	41,721	23,074
Maintenance Cost	2,616	-
Management expenses	16,476	26,576
Total Expenses	<u>605,129</u>	<u>456,876</u>
Profit from Deposit Administration	<u>32,065</u>	<u>47,406</u>

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## STATEMENT OF CASH FLOW YEAR ENDED 31 DECEMBER, 2010

	2010 N'000	2009 N'000
<b>Cash flow from operating activities</b>		
Premium received from policy holders	3,772,925	2,810,179
Cash paid to and on behalf of employees	(105,322)	(88,745)
Other Operating Cash Payments	(3,649,911)	(724,105)
Claims and commission paid	(882,611)	(727,724)
Other income	637,194	593,273
	<hr/>	<hr/>
Cash generated from operations	(227,726)	1,862,879
	<hr/>	<hr/>
Net cash provided by operating activities(Note 16)	(227,726)	1,862,878
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(56,568)	(105,491)
Purchase of Investments	577,298	(1,857,878)
	<hr/>	<hr/>
Net cash used by investing activities	520,732	(1,963,368)
	<hr/>	<hr/>
Net (Decrease)/increase in cash and cash equivalents	293,006	(100,490)
	<hr/>	<hr/>
Cash and cash equivalents as at 1 January, 2010	179,017	279,507
	<hr/>	<hr/>
Cash and cash equivalent as at 31 December, 2010(Note 17)	<u>472,022</u>	<u>179,017</u>

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER, 2010

### 1. Legal form

Mutual Benefits Life Assurance Limited was incorporated as a limited liability company under the Companies and Allied Matters Act CAP C20 LFN 2004 on February 2007 and was granted license as a life insurer with effect from 1 March, 2007. A wholly owned subsidiary of Mutual Benefits Assurance Plc. It has its Head Office in Lagos and Branch Offices at Abuja, Ikeja, Apapa, Akure, Ikoyi, Ado Ekiti, Oshogbo, Warri, Calabar, Abeokuta, Kano, Ibadan, Port Harcourt and Yenagoa. The company is principally involved in the provision of Life Insurance businesses.

	2010 N'000	2009 N'000
<b>2. Cash and short-term funds</b>		
Cash and bank balances	374,788	131,291
Short-term deposits	97,235	47,726
	<u>472,023</u>	<u>179,017</u>
<b>3. Due on Insurance</b>		
Due on Insurance	322,282	367,544
Less: Provision for doubtful debts	-	-
	<u>322,282</u>	<u>367,544</u>
<b>4. Prepayments and other debit balances</b>		
Prepayments	20,094	37,581
Rent receivable	-	27,240
Staff loans and advances	23,043	13,962
Policy Loan	27,945	24,052
Other debtors	534,384	70,411
	<u>605,466</u>	<u>173,245</u>
<b>5 Advances under finance lease</b>		
Balance at 1 January,	645,060	131,800
Additions in the year	256,848	527,200
Payments	(33,580)	(13,940)
Transfer	729,326	-
Balance as at 31 December	<u>1,597,654</u>	<u>645,060</u>
<b>6. Long -term investments:</b>		
<b>1. Unquoted</b>		
Ordinary shares	463,308	992,474
21% Redemable preference shares (2005/2008)	100,000	100,000
	<u>563,308</u>	<u>1,092,474</u>
<b>6a. Lease to Subsidiary</b>		
Mutual Benefits Properties Ltd	1,351,408	-
	<u>1,351,408</u>	<u>-</u>
<b>6b. Investment in Subsidiaries - non Insurance</b>		
Mutual Benefits Homes & Properties Ltd	20,000	20,000
	<u>20,000</u>	<u>20,000</u>
<b>6c Investment in Real Estate</b>		
Short Term		
Investment in Landed properties (held for developments)	2,131,609	1,654,274
Long Term		
	<u>2,131,609</u>	<u>722,279</u>
		<u>2,376,553</u>
<b>6d Investment in Projects</b>		
Balance at 1 January,	200,000	200,000
Additions - Investment Valuation		
Transfer	(200,000)	-
Balance as at 31 December	<u>-</u>	<u>200,000</u>

The directors are of the opinion that the market value of unquoted investments at 31 December, 2010 were below the cost and adequate provision has been made for diminution in value



# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER, 2010

## 7. Fixed assets

	Leasehold Land & building	Motor Vehicles	Furniture, Fittings & Equipment	Plant and Machinery	Total
	N'000	N'000	N'000	N'000	N'000
<b>Cost:</b>					
At 1 January , 2010	62,207	14,906	55,199	2,468	72,574
Additions	4,065	26,250	24,398	1,856	56,568
At 31 December, 2010	66,272	41,156	79,597	4,323	129,141
<b>Depreciation:</b>					
At 1 January , 2010	11,240	5,179	17,455	599	23,232
Charge for the year	18,421	5,110	13,784	494	37,808
At 31 December, 2010	29,661	10,289	31,238	1,092	61,040
<b>Net book value:</b>					
At 31 December, 2010	<u>36,612</u>	<u>30,867</u>	<u>48,358</u>	<u>3,231</u>	<u>119,068</u>
At 31 December, 2009	<u>50,967</u>	<u>9,728</u>	<u>37,744</u>	<u>1,869</u>	<u>100,308</u>

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER, 2010

	2010 N'000	2009 N'000
<b>8. Creditors and accruals</b>		
Accruals	1,500	-
Other payables	1,902	222,765
	<u>3,402</u>	<u>222,765</u>
<b>9. Taxation</b>		
<b>i Per profit and loss account</b>		
Charge for the year		
Income tax	5	381
Education tax	-	-
	<u>5</u>	<u>381</u>
Deferred taxation	-	15,285
	<u>5</u>	<u>15,666</u>
<b>ii Per balance sheet</b>		
At 1 January	381	-
Charge for the year	5	381
Payment in the year	-	-
	<u>386</u>	<u>381</u>
At 31 December	<u>386</u>	<u>381</u>
<b>iii Deferred taxation</b>		
At 1 January	15,285	-
Charge for the year	-	15,285
	<u>15,285</u>	<u>15,285</u>
At 31 December	<u>15,285</u>	<u>15,285</u>
<b>10. Deposit administration</b>		
At 1 January	2,482,183	1,263,092
Additions in the year	3,037,960	1,974,151
Withdrawals	(1,039,388)	(755,060)
	<u>4,480,755</u>	<u>2,482,183</u>
At 31 December	<u>4,480,755</u>	<u>2,482,183</u>
<b>11. Insurance funds</b>		
<b>Life and pension</b>		
At 1 January	439,573	265,359
Transfer from revenue account	204,229	174,214
	<u>643,802</u>	<u>439,573</u>
At 31 December	<u>643,802</u>	<u>439,573</u>
<b>12. Share capital</b>		
	2010 N'000	2009 N'000
<b>Authorised:</b>		
300,000,000 ordinary shares of 50k each	<u>150,000</u>	<u>150,000</u>
<b>Called-up and fully paid:</b>	N'000	N'000
At 1 January	150,000	150,000
At 31 December	<u>300,000</u>	<u>300,000</u>

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER, 2010

	2010 N'000	2009 N'000	
<b>13. General reserve</b>			
At 1 January	130,602	83,919	
Transfer from Profit and Loss Account	26,106	47,070	
Prior year adjustment	(1,356)	(387)	
	<u>155,352</u>	<u>130,602</u>	
<b>14. Contingency reserve</b>			
	<b>At 01-Jan 2010 N'000</b>	<b>Transfer from revenue N'000</b>	<b>At 31-Dec 2010 N'000</b>
Life	<u>63,414</u>	<u>20,423</u>	<u>83,837</u>
<b>15. Premium</b>			
	<b>2010 N'000</b>	<b>2009 N'000</b>	
Life Premium	<u>3,727,664</u>	<u>2,628,736</u>	
<b>16. Reconciliation of operating profit to the cash provided by operating activities:</b>			
	<b>2010 N'000</b>	<b>2009 N'000</b>	
Depreciation	7,786	26,451	
Increase in creditors	2,104,860	1,726,308	
Increase in debtors	(1,339,553)	110,119	
	<u>773,093</u>	<u>1,862,878</u>	
<b>17. Cash &amp; Cash equivalents as at end of the year</b>			
Cash and Bank Balances	374,788	131,291	
Short-term Deposits	97,235	47,726	
	<u>472,023</u>	<u>179,017</u>	

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## VALUE ADDED STATEMENT YEAR ENDED 31 DECEMBER, 2010

	2010 N'000	%	2009 N'000	%
Net Premium income	6,765,624		2,628,735	
Investment and other income	637,194		504,282	
	<b>7,402,818</b>		<b>3,133,017</b>	
Claims and commissions	(955,748)		(727,724)	
Other expenses and services	(6,067,914)		(2,035,727)	
<b>VALUE ADDED</b>	<b>379,156</b>	<b>100</b>	<b>369,567</b>	<b>100</b>
<b>APPLIED AS FOLLOWS:</b>				
<b>Employees</b>				
Salaries and wages	105,322	28	88,745	24
<b>Government</b>				
Taxation	5	0.00	381	0
<b>Retained in business:</b>				
- Depreciation, for maintenance of assets	7,786	2	26,451	7
- Deferred taxation	15,285	4	15,285	4
- Contingency reserve	20,423	5	17,421	5
- Insurance Funds	26,106	7	47,070	13
- For future growth	204,229	54	174,214	47
	<b>379,156</b>	<b>100</b>	<b>369,567</b>	<b>100</b>

The value added represents the wealth created through the use of the company's assets by the employees of the company



# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## MANAGEMENT EXPENSES

	2010 N'000	2009 N'000
Directors' emoluments	2,150	2,178
Staff salaries	129,319	88,745
Training & Development	6,736	
Advertising and public relations	12,805	22,814
Vehicles running expenses	3,391	1,470
Audit fees	1,500	1,500
Bank charges	7,786	17,367
Depreciation	36,588	26,451
Donations and subscriptions	641	796
Legal & Professional fees	13,131	23,445
Electricity, Rent and rates	27,713	19,904
Entertainment	8,978	3,553
Transport and travelling	8,080	11,992
Newspapers and periodicals	142	194
Printing and stationery	11,078	14,355
Postages & courier services	1,074	2,207
Repairs and maintenance	16,796	8,907
Telecommunications	6,808	4,301
Toiletries & Provision	1,904	2,654
Computer Resources	5,821	3,274
Insurance Levy	21,041	5,431
Insurance	3,459	1,908
Pension funds	2,586	2,320
	<hr/>	<hr/>
	<b>329,527</b>	<b>265,763</b>
	<hr/> <hr/>	<hr/> <hr/>