



**MUTUAL BENEFITS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS,
31 DECEMBER 2011**





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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MUTUAL BENEFITS LIFE ASSURANCE LIMITED

We have audited the accompanying financial statements of *Mutual Benefits Life Assurance Limited* for the year ended 31 December 2011, set out on pages 9 to 22, which have been prepared on the basis of significant accounting policies on pages 3 to 8 and other explanatory notes on pages 13 to 20.

Directors' responsibility for the financial statements

2. The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Statements of Accounting Standards issued by Financial Reporting Council of Nigeria and with the requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004 and the Insurance Act, CAP 117, LFN 2004 and its interpretation issued by the National Insurance Commission in its insurance industry policy guidelines. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of 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

3. 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 evidence about the amounts 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 consider 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 Company'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.

Basis of opinion

4. In our opinion, the financial statements give a true and fair view of the state of affairs of the Company's financial position as at 31 December 2011 in accordance with Statements of Accounting Standards issued by Financial Reporting Council of Nigeria, the Companies and Allied Matters Act, CAP C20 LFN, 2004 and the Insurance Act CAP 117, LFN 2004 and its interpretation issued by the National Insurance Commission in its insurance industry policy guidelines.

Report on other legal requirements

5. The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires 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 purpose of our audit.
- ii) in our opinion, proper books of account have been kept by the Company; and
- iii) the Company's balance sheet and profit and loss account are in agreement with the books of account.

Lagos, Nigeria
2 July 2012

BDO Professional Services
Chartered Accountants



MUTUAL BENEFITS LIFE ASSURANCE LIMITED

FINANCIAL STATEMENTS, 31 DECEMBER 2011

ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Company in the preparation of these financial statements.

(a) **Basis of preparation**

These financial statements are prepared in accordance with Statements of Accounting Standards (SAS) issued by the Financial Reporting Council of Nigeria, the Companies and Allied Matters Act CAP C20 LFN, 2004, the Insurance Act, CAP 117, LFN 2004 and its interpretations issued by the National Insurance Commission in its Insurance Industry Policy Guidelines.

The financial statements have been prepared under the historical cost convention as modified by the carrying of certain property, plant and equipment as well as certain long term investments at valuation amounts. The financial statements have been prepared using the fund accounting basis.

Use of estimates in the preparation of financial statements

The preparation of financial statements requires the use of certain critical accounting estimates and assumption. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Although these estimates are based on the historical information, actuarial analyses and the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis to take account of new and available information. Revision to accounting estimates are recognised in the year in which the estimates is revised.

Reporting Currency

The financial statements are presented in Nigerian currency (Naira), which is the Company's reporting currency.

(b) **Gross Premium**

Gross Premium represents total amount invoiced to policy holders and is recognised at the point of attachment of risk to a policy before deducting cost of reinsurance cover.

(c) **Net Premium**

Net Premium represents the total amount invoiced to policy holders less reinsurance costs. It is recognised as income from the date of attachment of risks.

(d) **Reinsurance Premium**

Reinsurance premium is recognised at the point of ceding to another insurer or a reinsurer part of the risk or liability accepted. Both proportional and non- proportional reinsurance premiums are accounted for on an accrual basis and are recognised as outflows in accordance with the tenor of the reinsurance contract.

- Reinsurance Cost

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

- Reinsurance recoveries

Reinsurance recoveries represent the portion of claims paid/payable on risk ceded out in respect of which recoveries are received/receivable from the reinsurer.

(e) **Claims Expenses**

All claims paid and incurred are charged against revenue as expense when incurred.

- **Gross claims paid** consist of direct claims, plus reinsurance claims.

- **Gross claims incurred** consist of claims and claims handling expenses paid during the financial year.

- **Net claims incurred** consist of gross claims incurred after adjusting for reinsurance claims recoveries

(f) **Underwriting results**

The underwriting results are stated after recognising claims, commissions, expenses and reserves.

(g) **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.

(h) **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 as an expense in the deposit administration revenue account at the rates mutually agreed with respective customers while investment income is credited to the account. The profit or loss in the deposit administration is taken to the profit and loss account.

(i) **Investments**

Investments are initially recognised at cost and classified into short and long term in accordance with the Statement of Accounting Standard (SAS 13) on accounting for investments depending on the purpose for which they are acquired. This classification is re-evaluated on every reporting date.

i **Short-term investments**

An investment is classified into this category at inception if acquired principally on temporary basis for a period not more than one year. Such investments can be converted into cash when current financing needs make it desirable, or if it forms part of a portfolio of financial assets in which there is evidence of short-term profit taking. Short-term investments are valued at the lower of cost and market value. The amount by which cost exceeds market value (unrealised loss) is charged to the profit and loss account for the year.

ii **Long-term investments**

Long-term investments relate to investments held over a long period of time to earn income. These are investments other than short-term investments and include:

iii **Quoted Investments**

Quoted investments are stated at valuation amount (market value) as at balance sheet date. An increase in the carrying amount arising from the revaluation of quoted investment is credited to owner equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same investment that has been credited to revaluation surplus and not subsequently reversed or utilised, it is charged against the revaluation surplus rather than profit and loss account.

iv **Unquoted Investments**

These are stated at cost. Where in the opinion of the directors the value of any unquoted investment is below its cost, an appropriate provision for the diminution in value thereof is charged against the profit and loss account of the relevant year.

v **Investments in Subsidiaries**

Investments in Subsidiaries are carried in the Company's Balance Sheet at cost less provision for impairment losses. Where in the opinion of the Directors, there has been impairment in the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Profit and Loss account.

vi **Investments in Projects**

Investment in Projects are stated at revalued amount as at the balance sheet date. The excess of the valuation amounts over the cost at the balance sheet date is taken to an Investment Revaluation Reserve Account.

(j) **Income on Investments**

Investment income comprises interest earned on short-term deposits, rental income and income earned on trading of securities. Investment income is accounted for on an accrual basis.

(k) **Property, plant and equipment**

Property, plant and equipment are stated at cost/valuation less accumulated depreciation.

(l) **Depreciation of property, plant and equipment**

Depreciation is provided to write off the cost of Property, plant and equipment on straight line method over the estimated useful lives at the following rates:

Freehold Land & Buildings	2%
Leasehold improvements	20%
Plant and Machinery	20%
Office equipment	20%
Motor vehicles	25%
Furniture & fittings	20%

(m) **Leases**

The company classifies a lease as a finance or operating lease in accordance with SAS 11

Asset under finance lease are recognised in the books of the company as an investment in a lease and not as Property, Plant and Equipment. At the inception of the lease, the company recognise in the accounts simultaneously:

- a) Gross investment in the lease; and
- b) Unearned finance income from the lease.

The unearned finance lease income is deferred and allocated to income of the company over the lease term based on a pattern reflecting a constant periodic rate of return on the company's net investment in the lease.

Contingent rentals are recognised in the accounts of the period to which they relate. Initial direct costs that are identifiable with direct financing leases are taken to the income statement in the period in which the costs were incurred.

Investment in leases are reviewed periodically for recoverable, but having regards to the security, if any, held by the company. Where a reappraisal is made of the residual value of the asset and this shows a diminution, the resulting loss is charged to the income statement and the gross investment in the lease is similarly written down.

(n) **Lease to Subsidiary**

This is a lease arrangement of buses to our Subsidiary (Mutual Model Transport Limited) a sub operator of LAGBUS (BRT).

(o) **Debtors**

Debtors are stated after writing off bad debts and deducting provision made for other specific debts considered doubtful of recovery. An allowance for specific debts is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of the receivables. In line with the statutory guideline set by NAICOM, allowance for outstanding premium is made as follows:

Age of debt	Provision
3 months	-
4 - 6 months	50%
Above 6 months	100%

When a receivable in respect of which a provision has already been made is deemed uncollectible, it is written off against the related provision and subsequent recoveries are credited to the profit and loss accounts.

(p) **Technical Reserves**

i **Contingency Reserve**

Contingency reserve is credited with an amount equal to higher of 1% of gross premium or 10% of net profits until it reaches the amount of minimum paid up capital in accordance with section 22 (l)(b) of the Insurance Act CAP 117 LFN 2004

ii **Life Fund**

Life fund is credited with an amount equal to the net liabilities on policies in force at the time of actuarial valuation and an additional 25% of the net premium for the year between valuation date in accordance with section 22 (l) (a) of Insurance Act, CAP 117, LFN, 2004.

(q) **Deferred Taxation**

Deferred Taxation is provided by the liability method at the ruling tax rate on the timing differences between the treatment of certain items for accounting purposes and their treatment for taxation.

(r) **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.

(s) **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.

(t) **Actuarial Valuation**

Actuarial valuations are conducted at least once in every three years to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All deficits arising there from are charged to the profit and loss account while a maximum of 40% of the surplus is appropriated to the shareholder credited to the profit and loss account.

(u) **Segment Reporting**

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

(v) **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is more likely than not that an outflow of economic benefit will be required to settle the obligation.

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 company.

Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to materialise.

A contingent asset is a possible asset 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 company.

A contingent liability and contingent asset are never recognised rather they are disclosed in the financial statements when they arise.

(w) **Cash and Cash Equivalents**

Cash and cash equivalents comprises of cash on hand deposits held with banks. Cash equivalents are short-term, highly liquid instruments which are:

- a) Readily convertible into cash, whether in local or foreign currency; and
- b) So near to their maturity dates as to present insignificant risk of changes in value as a result of changes in interest rates.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2011

ASSETS	Notes	2011 N'000	2010 N'000
Cash and bank balances	2	194,332	374,788
Short term investments	3	933,798	97,235
Premium debtors	4	404,661	322,282
Other debtors and prepayments	5	2,617,900	630,878
Investment in finance lease	6	2,518,357	2,949,062
Long term investments	7	4,946,221	2,341,793
Investment in subsidiaries	8	347,713	347,713
Statutory deposit	9	200,000	200,000
Property, plant and equipment	10	84,124	119,068
Intangible asset	11	19,192	-
		<u>12,266,298</u>	<u>7,382,819</u>
 LIABILITIES			
Creditors and accruals	12	540,201	3,402
Taxation payable	13	98,216	386
Deferred taxation	13	12,339	15,285
Outstanding claims	14	43,508	-
Life insurance fund	15	4,888,289	643,802
Deposit administration	16	4,388,969	4,480,755
		<u>9,971,522</u>	<u>5,143,630</u>
 NET ASSETS		 <u>2,294,776</u>	 <u>2,239,189</u>
 CAPITAL AND RESERVES			
Share capital	17(b)	150,000	150,000
Share premium	18	1,850,000	1,850,000
Contingency reserve	19	116,334	83,837
Retained earnings	20	178,442	155,352
SHAREHOLDERS' FUNDS		<u>2,294,776</u>	<u>2,239,189</u>

The financial statements and notes on pages 9 to 22 were approved by the Board of Directors on 29 June 2012 and signed on its behalf by:

(i) Mr. Akin Ogunbiyi)
 (ii) Mr. Soye Olatunji) **Directors**

The accounting policies on pages 3 to 8 and notes on pages 13 to 20 form part of these financial statements.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

		2011 N'000	2010 N'000
INCOME:	Notes		
Investment income	21	319,745	30,945
Profit from deposit administration		<u>283,262</u>	<u>32,065</u>
Net Operating Income		603,007	63,010
EXPENSES:			
Management expenses		(199,938)	(16,476)
Provision for doubtful balances	22	<u>(252,597)</u>	-
Profit before taxation and IT development levy	24(a)	150,471	46,534
Information technology development levy		<u>(4,337)</u>	-
Profit before taxation and after IT development levy		146,134	46,534
Taxation	13(a)	<u>(90,547)</u>	<u>(5)</u>
Profit after taxation		55,587	46,529
Provision for contingency	19	<u>(46,022)</u>	<u>(20,423)</u>
Retained earnings	20	<u>9,565</u>	<u>26,106</u>
Basic earnings per share (kobo)	23	<u>3</u>	<u>9</u>

The accounting policies on pages 3 to 8 and notes on pages 13 to 20 form part of these financial statements.

Auditors' report pages, 1 and 2

MUTUAL BENEFITS LIFE ASSURANCE LIMITED
REVENUE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 N'000	2010 N'000
<u>LIFE BUSINESS</u>			
INCOME:			
Direct Premiums		4,602,157	689,704
Inward reinsurance premiums		-	-
Gross Written Premiums		<u>4,602,157</u>	<u>689,704</u>
Less Reinsurance costs		<u>(40,745)</u>	<u>-</u>
Net Written Premiums		4,561,412	689,704
Commission received		-	-
Investment Income	21	<u>159,872</u>	<u>35,165</u>
Underwriting income		<u>4,721,284</u>	<u>724,869</u>
EXPENSES:			
Direct Claims:			
- Death claims		(127,308)	(150,929)
- Maturity		-	-
- Surrender		-	-
Inward reinsurance claims paid		<u>(127,308)</u>	<u>(150,929)</u>
Reinsurance recoveries		-	-
Net claims incurred		<u>(127,308)</u>	<u>(150,929)</u>
Commission paid		(73,890)	(63,923)
Underwriting expenses			
- Acquisition cost		-	-
- Maintenance expenses		(115,648)	(9,214)
Management expenses		<u>(159,951)</u>	<u>(296,574)</u>
Total expenses		<u>(476,797)</u>	<u>(520,640)</u>
Accretion to life fund		<u>4,244,487</u>	<u>204,229</u>
REVENUE ACCOUNT FOR DEPOSIT ADMINISTRATION			
INCOME:			
Investment income	21	1,119,107	597,687
Interest Income		<u>49,626</u>	<u>39,507</u>
Total Income		<u>1,168,733</u>	<u>637,194</u>
EXPENSES:			
Guaranteed interest		(208,999)	(41,721)
Maintenance cost		(27,628)	(2,616)
Management expenses		(39,987)	(16,476)
Commission		<u>(608,857)</u>	<u>(544,316)</u>
Total expenses		<u>(885,471)</u>	<u>(605,129)</u>
Profit from Deposit Administration		<u>283,262</u>	<u>32,065</u>

The accounting policies on pages 3 to 8 and notes on pages 13 to 20 form part of these financial statements.

Auditors' report pages, 1 and 2.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 N'000	2010 N'000
Cash flow from operating activities			
Cash receipts from policy holders		4,724,105	3,207,480
Outward reinsurance premium		(40,745)	-
Net commissions paid		(73,890)	(63,923)
Other operating cash payments		(1,623,290)	(1,721,615)
Direct claims paid		(127,308)	(150,929)
Company income tax paid		-	-
Net cash provided by operating activities	25(a)	<u>2,858,872</u>	<u>1,271,013</u>
Cash flow from investing activities			
Purchase of fixed assets	10	(19,441)	(56,568)
Purchase of intangible asset	11	(9,600)	-
Purchase of long term investments		(2,173,724)	(4,935,611)
Proceeds from sale of investments		-	4,014,172
Net cash outflow from investing activities		<u>(2,202,765)</u>	<u>(978,007)</u>
Net increase in cash and cash equivalents		656,107	293,006
Cash and cash equivalents at the beginning of the year		<u>472,023</u>	<u>179,017</u>
Cash and cash equivalents at the end of the year	25(b)	<u><u>1,128,130</u></u>	<u><u>472,023</u></u>

The accounting policies on pages 3 to 8 and notes on pages 13 to 20 form part of these financial statements.

Auditors' report pages, 1 and 2

MUTUAL BENEFITS LIFE ASSURANCE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

NOTES TO THE FINANCIAL STATEMENTS

1. The Company Mutual Benefits Life Assurance Limited is a subsidiary of Mutual Benefits Assurance Plc. The principal activity of the Company is the underwriting of life insurance policies.

Cash and bank balances

	2011	2010
	N'000	N'000
2. Cash	230	173
Local bank balances	194,102	374,615
	<u>194,332</u>	<u>374,788</u>

Short term investments

	2011	2010
	N'000	N'000
3(a). Fixed deposits with banks	935,824	97,235
Less: Provision for bad debt	(2,026)	-
	<u>933,798</u>	<u>97,235</u>
(b) Movements in provision for bad debts		
Balance at the beginning of the year	-	-
Charge for the year	2,026	-
Balance at the end of the year	<u>2,026</u>	<u>-</u>

Premium debtors

4. Amount due from brokers	535,260	322,282
Less: Provision for bad debts(Note 4a)	(130,599)	-
	<u>404,661</u>	<u>322,282</u>
(a) Movements in provision for bad debts		
Balance at the beginning of the year	-	-
Charge for the year	130,599	-
Balance at the end of the year	<u>130,599</u>	<u>-</u>

(b) **Age analysis of premium debtors**

The age analysis of debtors and related provisions are as follows:

	2011	2011	2010	2010
	N'000	N'000	N'000	N'000
	Gross	Provision	Gross	Provision
	Premium		Premium	
Under 90 days	348,301	-	322,282	-
91-180 days	112,720	56,360	-	-
Above 180 days	74,239	74,239	-	-
	<u>535,260</u>	<u>130,599</u>	<u>322,282</u>	<u>-</u>

Other debtors and prepayments

	2011	2010
	N'000	N'000
5(a) Prepayments	15,450	20,094
Interest receivable	22,852	-
Loan to policyholders	13,557	27,946
Staff loans and advances	18,654	23,043
Amount due from related companies (Note 5(b))	<u>2,547,387</u>	<u>559,795</u>
	<u>2,617,900</u>	<u>630,878</u>

(b) Amount due from related companies

	2011	2010
	N'000	N'000
Mutual Benefit Assurance Plc	878,559	88,043
Mutual Model Transport	469,872	433,573
Mutual Benefit - Liberia	350	350
TFS Securities	12,418	12,418
Mutual Homes and Properties Limited	1,160,777	-
Associated Micro Finance Bank	25,411	25,411
Balance at the end of the year	<u>2,547,387</u>	<u>559,795</u>

Investment in finance lease

6(a) Gross investment in finance lease	2,538,329	2,949,062
Unearned finance income	-	-
	<u>2,538,329</u>	<u>2,949,062</u>
Provision for doubtful balances	(19,972)	-
	<u>2,518,357</u>	<u>2,949,062</u>

(b) The breakdown of gross investment in finance lease is as follows:

Finance lease to third parties	1,516,949	1,597,654
Lease to subsidiary	<u>1,001,408</u>	<u>1,351,408</u>
	<u>2,518,357</u>	<u>2,949,062</u>

(c) Movement in finance lease is as follows:

Balance at the beginning of the year	2,949,062	1,496,468
Additions during the year	30,000	756,848
Payments during the year	(440,733)	(33,580)
Transfer	-	729,326
Provision for the year	(19,972)	-
Balance at the end of the year	<u>2,518,357</u>	<u>2,949,062</u>

Long term investments

	2011	2010
	N'000	N'000
7(a). Unquoted investments (at cost)		
Ordinary shares	100,000	210,184
Investments in joint venture/projects (Note 7(b))	<u>4,946,221</u>	<u>2,131,609</u>
	5,046,221	2,341,793
Provision for doubtful investment	(100,000)	-
	<u>4,946,221</u>	<u>2,341,793</u>
(b). Investment in joint venture/project		
Prime Exploration	1,359,557	-
Mutual Homes and Properties Limited	<u>3,586,664</u>	<u>2,131,608</u>
	<u>4,946,221</u>	<u>2,131,608</u>

8.	<u>Investment in subsidiaries</u>	2011	2010
		N'000	N'000
	Assurance generales du Cameroun S. A	127,713	127,713
	Associated Micro Finance Bank	200,000	200,000
	Mutual Homes and Properties Limited	<u>20,000</u>	<u>20,000</u>
		<u>347,713</u>	<u>347,713</u>

	<u>Statutory deposit</u>	2011	2010
		N'000	N'000
9.	Balance at the beginning and end of the year	<u>200,000</u>	<u>200,000</u>

This represents fixed deposit with the Central Bank of Nigeria in accordance with section 9(1) and section 10(3) of the Insurance Act, CAP 117 LFN, 2004.

Property, plant and equipment

10.	This comprises:				
		Leasehold building	Plant and Machinery	Furniture & fittings	Motor vehicles
	<u>Cost/valuation</u>	N'000	N'000	N'000	N'000
	Balance at 1 January	66,272	4,323	79,596	41,156
	Additions	735	631	14,825	3,250
	Reclassification (Note 11)	-	-	(14,400)	-
	Balance at 31 December	<u>67,007</u>	<u>4,954</u>	<u>80,021</u>	<u>44,406</u>
	<u>Depreciation</u>				
	Balance at 1 January	29,661	1,092	31,236	10,289
	Charge for the year	13,303	889	17,738	10,944
	Reclassification (Note 11)	-	-	(2,888)	-
	Balance at 31 December	<u>42,964</u>	<u>1,981</u>	<u>46,086</u>	<u>21,233</u>
	<u>Net Book Values at:</u>				
	31 December 2011	<u>N24,043</u>	<u>N2,973</u>	<u>N33,935</u>	<u>N23,173</u>
	31 December 2010	<u>N36,612</u>	<u>N3,231</u>	<u>N48,358</u>	<u>N119,068</u>

	<u>Intangible asset</u>	2011	2010
		N'000	N'000
11.	<u>Cost</u>		
	Balance at the beginning of the year	-	-
	Additions	9,600	-
	Reclassification (Note 10)	<u>14,400</u>	-
	Balance at the end of the year	<u>24,000</u>	-
	<u>Amortization</u>		
	Balance at the beginning of the year	-	-
	Reclassification (Note 10)	2,888	-
	Charge for the year	<u>1,920</u>	-
	Balance at the end of the year	<u>4,808</u>	-
	<u>Net Book Values at:</u>		
	31 December 2011	<u>19,192</u>	-
	31 December 2010	<u>-</u>	-

- b) Intangible asset represents Insurance Enterprise software purchased in year 2010. The cost of the asset is to be amortised over a period of 5 years.

Creditors and accruals

	2011 N'000	2010 N'000
12(a) Co-insurance payable	56,507	-
Accruals (Note 12(b))	54,414	1,500
Amount due to related company (Note 12(c))	389,638	-
Other payables (Note 12(d))	<u>39,642</u>	<u>1,902</u>
	<u>540,201</u>	<u>3,402</u>
(b) Accruals	2011 N'000	2010 N'000
Audit fees	4,000	1,500
Tax consultants fees	1,000	-
Software	4,800	-
Naicom levy	<u>45,614</u>	<u>-</u>
	<u>55,414</u>	<u>1,500</u>
(c) Amount due to related company	2011 N'000	2010 N'000
Asset Management Limited	<u>389,638</u>	<u>-</u>
(d) Other payables	2011 N'000	2010 N'000
Credit balance in due on insurance	39,642	-
Withholding tax payable	-	5
PAYEE	-	1,743
Staff pension	<u>-</u>	<u>154</u>
	<u>39,642</u>	<u>1,902</u>
Taxation	2011 N'000	2010 N'000
13(a) Per Profit and Loss Account:		
Income Tax	89,309	5
Education Tax	4,184	-
Write back of deferred taxation	<u>(2,946)</u>	<u>-</u>
	90,547	5
Information technology development levy	<u>4,337</u>	<u>-</u>
	<u>94,884</u>	<u>5</u>
Per Balance Sheet:		
Balance at the beginning of the year		
Income Tax	381	381
Education Tax	<u>5</u>	<u>-</u>
	386	381
Payments during the year:		
Income Tax	-	-
Education Tax	<u>-</u>	<u>-</u>
	386	381
Provision for the year		
Income Tax	89,309	5
Education Tax	4,184	-
	<u>93,879</u>	<u>5</u>
Information technology development levy	<u>4,337</u>	<u>-</u>
Balance at the end of the year	<u>98,216</u>	<u>386</u>
(b) The amount provided as Income Tax on the result for the year has been computed on the basis of minimum tax in accordance with the Companies Income Tax Act, CAP C21 LFN, 2004		
(c) The provision for Education tax represents 2% of assessable profit in accordance with Education Tax Act CAP E4 LFN 2004 (as amended).		
(d) Deferred taxation	2011 N'000	2010 N'000
Balance at the beginning of the year	15,285	15,285
Write back of provision for the year	<u>(2,946)</u>	<u>-</u>
Balance at the end of the year	<u>12,339</u>	<u>15,285</u>
(e) As a result of accelerated rates of capital allowances the net book values of the fixed assets at 31 December 2011 exceeds tax written down value by N41,130,000 (2010: N50,950,000). A provision of N12,399,000 has been made for tax that will become payable in future periods upon reversal of this timing difference as depreciation charges exceeds capital allowances in these periods.		

Outstanding claims		2011		2010
		N'000		N'000
14(a)	Group Life		32,130	-
	Individual life		11,378	-
			<u>43,508</u>	<u>-</u>
(b)	The movement in outstanding claims during the year was as follows:			
	Balance at the beginning of the year		-	-
	Increase in provision for outstanding claims		43,509	-
	Balance at the end of the year		<u>43,509</u>	<u>-</u>
(c)		2011	2011	2011
		Individual	Group	Total
		Life	Life	
		N'000	N'000	N'000
	Surrender	-	-	-
	Death	-	32,130	32,130
	Maturity	11,378	-	11,378
		<u>11,378</u>	<u>32,130</u>	<u>43,508</u>
(d)	Age analysis of outstanding claims is as analysed below			
	0 - 90 days		43,500	-

Life Insurance Fund

15. Group life:		2011		2010
		N'000		N'000
	Balance at the beginning of the year		643,802	439,573
	Accretion to life fund		4,244,487	204,229
	Balance at the end of the year		<u>4,888,289</u>	<u>643,802</u>
(a)	Hypothecation of investments	Policyholders	Shareholders'	
		funds	funds	
		N'000	N'000	2011
				N'000
	Short term deposit	560,279	93,380	653,659
	Long term investment	2,967,733	494,622	3,462,355
	Investment in finance lease	1,360,277	1,157,980	2,518,257
		<u>4,888,289</u>	<u>1,745,982</u>	<u>6,634,271</u>
				<u>2,518,357</u>
				<u>2,586,422</u>

Deposit Administration fund

16. The movement on liability for administered deposit during the year was as follows:		2011		2010
		N'000		N'000
	Balance at the beginning of the year		4,480,755	2,482,183
	Deposits received		542,998	3,037,960
	Guaranteed interest		208,998	-
			<u>5,232,751</u>	<u>5,520,143</u>
	Withdrawals		(843,782)	(1,039,388)
	Balance at the end of the year		<u>4,388,969</u>	<u>4,480,755</u>
(a)	The Deposit Administration fund balance represents deposits managed for various Groups and Associations under their Welfare Schemes.			

Share Capital

	2011 N'000	2010 N'000
17(a) Authorized Value		
Balance at the beginning and end of the year (300,000,000 ordinary shares of 50kobo each)	<u>150,000</u>	<u>150,000</u>
Number		
Balance at the beginning and end of the year 300,000,000 ordinary shares of 50kobo each	<u>300,000</u>	<u>300,000</u>
(b) Issued and fully paid Value		
Balance at the beginning and end of the year 300,000,000 ordinary shares of 50kobo each	<u>150,000</u>	<u>150,000</u>

Share premium

	2011 N'000	2010 N'000
18. Balance at the beginning and end of the year	<u>1,850,000</u>	<u>1,850,000</u>

Statutory contingency reserve

	2011 N'000	2010 N'000
19. Balance at the beginning of the year		
- as previously stated	83,837	63,414
- prior year adjustment (Note 20(b))	<u>(13,525)</u>	<u>-</u>
- as restated	70,312	63,414
Accretion to contingency reserve	<u>46,022</u>	<u>20,423</u>
	<u>116,334</u>	<u>83,837</u>

Retained earnings

	2011 N'000	2010 N'000
20(a) Balance at the beginning of the year		
- as previously stated	155,352	130,602
- prior year adjustment (Note 20(b))	<u>13,525</u>	<u>(1,356)</u>
- as restated	168,877	129,246
Results for the year	<u>9,565</u>	<u>26,106</u>
Balance at the end of the year	<u>178,442</u>	<u>155,352</u>

(b) Prior year adjustment represents excess provision made for contingency reserve in prior year.

Investment Income

21. The investment income reflected in the profit and loss account is the shareholders' portion of the total investment income generated in the year.

	2011 N'000	2010 N'000
Investment income	1,584,808	663,797
Leasing income	<u>13,916</u>	<u>-</u>
	<u>1,598,724</u>	<u>663,797</u>
Reallocation to:		
Deposit Administration	(1,119,107)	(597,687)
Life fund	<u>(159,872)</u>	<u>(35,165)</u>
	<u>319,745</u>	<u>30,945</u>

Provision for bad and doubtful balances

22.	Analysis of provision for bad and doubtful balances is as follows:	2011	2010
		N'000	N'000
	Provision for premium debtors (note 4(b))	130,599	-
	Provision for long term investments (note 7(a))	100,000	-
	Provision for investment in finance lease (note 6(a))	19,972	-
	Provision for short term investments (note 3(b))	<u>2,026</u>	<u>-</u>
		<u>252,597</u>	<u>-</u>

Basic earnings per ordinary share

23. Basic earnings per ordinary share of 50k each is calculated by dividing the results for the year attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2011	2010
	'000	'000
Profit for the year attributable to shareholders	<u>N9,565</u>	<u>N26,106</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>300,000</u>	<u>300,000</u>
Basic earnings per share	<u>3 kobo</u>	<u>9 kobo</u>

Profit before taxation

	2011	2010	
	N'000	N'000	
24(a)	Profit before taxation is arrived at after charging:		
	Directors' emoluments	17,658	2,150
	Auditors' remuneration	3,000	1,500
	Depreciation of property, plant and equipment.	42,874	37,808
	Amortisation of intangible assets	<u>1,920</u>	<u>-</u>
		<u>63,452</u>	<u>41,458</u>
(b)	Emoluments of directors and employees:	2011	2010
		N'000	N'000
i)	Aggregate emoluments of the directors were:		
	Fees	-	-
	Other emoluments	-	-
		-	-
ii)	The emoluments of the Chairman (excluding pension contributions) totalled	-	-
iii)	The emoluments (excluding pension contributions) of the highest paid director amounted to	2,150	2,150
(c)	Staff numbers		
	The average number of persons employed (excluding directors) in the company during the year was as follows:		
	Operations	-	-
	Administration and Finance	5	5
		<u>11</u>	<u>16</u>
(d)	Staff costs		
i)	The aggregate payroll costs of these persons were as follows:	2011	2010
		N'000	N'000
	Wages and salaries	38,093	-
	Staff welfare	75,887	-
	Medical	1,417	-
	Staff Training	7,411	-
	Pension and gratuity	3,347	-
		<u>126,155</u>	<u>-</u>
(e)	Pension and Gratuity		
	Balance at the beginning of the year	-	-
	Provision during the year	11,564	-
	Payment during the year	<u>(8,217)</u>	<u>-</u>
	Balance at the end of the year	<u>3,347</u>	<u>-</u>

- (f) The table below shows the numbers of employees of the Company who earned over N500,000 in the year and which fell within the bands stated:

N	N	2011 N'000	2010 N'000
500,001	- 600,000	49	36
1,000,001	- 1,000,000	38	25
2,000,001	- 3,000,000	6	4
3,000,001	- 4,000,000	3	3
4,000,001	- 6,000,000	3	3
6,000,001	- 8,000,000	-	-
8,000,001	- 10,000,000	-	-
10,000,001	- above	1	1
		<u>100</u>	<u>72</u>

- (g) Staff position as at the end of the year:

Category	Male	Female	Total
Executive Directors	1	-	1
Management (Manager & Abo)	11	1	12
Senior Staff	24	14	38
Junior Staff	28	21	49
Total	<u>64</u>	<u>36</u>	<u>100</u>

- (h) Changes during the year 2011:

	Executive Directors	Management	Senior Staff	Junior Staff
Additions	-	-	2	6
Withdrawals	-	-	-	1

Reconciliation of operating profit/(loss) to cash provided by operating activities

Notes	2011 N'000	2010 N'000
25(a) Operating profit after taxation	55,587	46,529
Depreciation	42,874	37,808
Amortization of intangible assets	1,920	-
Prior year adjustment	-	(1,356)
	<u>100,381</u>	<u>82,981</u>
Changes in operating assets/liabilities		
(Increase)/decrease in premium receivable	(82,379)	45,262
Increase in other debtors	(1,987,022)	(432,221)
Increase/(decrease) in life fund	4,244,487	(204,229)
Increase/(decrease) in creditors and accruals	536,799	(219,363)
Increase in outstanding claims	43,508	-
(Decrease)/increase deposit administration	(91,786)	1,998,572
Increase in tax	94,884	11
	<u>2,758,491</u>	<u>1,188,032</u>
Cash generated from operations	<u>2,858,872</u>	<u>1,271,013</u>

- (b) Cash and cash equivalents included in the statement of cashflows are represented by:

	2011 N'000	2010 N'000
Bank and cash balances	194,332	374,788
Short term investments	933,798	97,235
	<u>1,128,130</u>	<u>472,023</u>

Capital commitments

26. There were no commitments to capital expenditure at the balance sheet date (2010 : Nil).

Contingent liabilities

27. There were no contingent liabilities at the balance sheet date (2010 : Nil)

Comparative figures

28. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year in accordance with the Statement of Accounting Standard (SAS) 2.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 N'000	%	2010 N'000	%
Gross premium written	4,602,157		689,704	
Investment income	<u>319,745</u>		<u>30,945</u>	
	4,921,902		720,649	
Reinsurance, claims, commissions and services - local	<u>(4,600,482)</u>		<u>(541,562)</u>	
Value added	<u><u>321,420</u></u>	<u>100</u>	<u><u>179,087</u></u>	<u>100</u>
Value added as a percentage of gross premium	<u><u>7%</u></u>		<u><u>25%</u></u>	
Applied as follows:				
In payment of employees				
Salaries and other employee benefits	126,155	39	88,745	51
In payment to Government				
Taxation	94,884	29	5	-
Retained for maintenance and expansion of company				
Depreciation of property, plant and equipment	42,874	13	37,808	22
Amortisation of intangible assets	1,920	1	-	-
Contingency reserves	46,022	15	20,423	12
Results for the year	<u>9,565</u>	<u>3</u>	<u>26,106</u>	<u>15</u>
	<u><u>321,420</u></u>	<u>100</u>	<u><u>173,087</u></u>	<u>100</u>

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

FINANCIAL STATEMENTS, 31 DECEMBER 2011

FIVE YEAR FINANCIAL SUMMARY

	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
RESULTS					
Gross premium written	4,602,157	689,704	654,584	305,081	286,744
Net premium written	4,561,412	689,704	654,584	305,081	286,744
Profit before tax	150,471	46,534	80,157	-	-
Profit after tax	-	-	64,491	-	-
Basic Earnings/(Loss) per Share (k)	3 kobo	9 kobo	0.4 kobo	-	-
BALANCE SHEETS					
Assets					
Current Assets	4,150,691	1,425,183	719,806	943,678	478,898
Investments	7,812,291	5,638,568	4,334,087	2,462,949	2,137,323
Statutory Deposits	200,000	200,000	200,000	200,000	200,000
Fixed Assets	84,124	119,068	100,308	78,581	7,142
Intangible Assets	19,192	-	-	-	-
TOTAL ASSETS	12,266,298	7,382,819	5,354,201	3,685,208	2,823,363
Liabilities					
Current liabilities	5,070,894	4,484,543	2,705,327	1,289,938	562,728
Deferred taxation	12,339	15,285	15,285	-	-
Insurance funds	4,888,289	643,802	439,573	235,981	159,711
Total liabilities	9,971,522	5,143,630	3,160,185	1,525,919	722,439
NET ASSETS	2,294,776	2,239,189	2,194,016	2,159,289	2,100,923
SHAREHOLDERS FUNDS					
Share Capital	150,000	150,000	150,000	150,000	150,000
Share Premium	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000
Contingency Reserves	116,334	83,837	63,414	48,892	35,428
Revenue Reserves	178,442	155,352	130,602	110,397	65,495
	2,294,776	2,239,189	2,194,016	2,159,289	2,100,923