MUTUAL BENEFITS LIFE ASSURANCE LIMITED
AND ITS SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS,
31 DECEMBER 2014

BDO

MUTUAL BENEFITS LIFE ASSURANCE LIMITED AND ITS SUBSIDIARY COMPANIES

Introduction

Mutual Benefits Life Assurance Limited Financial statements comply with the applicable legal requirements of the Companies and Allied Matters Act CAP C20, LFN 2004 regarding financial statements and comprise Consolidated and Separate Financial Statements for the year ended 31 December 2014. The consolidated financial statements have been prepared in compliance with IAS 1, 'Presentation of financial statements' issued by the International Accounting Standards Board.

Mutual Benefits Life Assurance Limited
and its Subsidiary Companies

Contents

Corporate information

Country of incorporation and domicile	Nigeria
Company registration number	**RC: 681998**
Nature of business and principal activities	The principal activity of the Company is the provision of Life Assurance, Annuity and Mortgage Protection
Directors	Akin A. Ogunbiyi Adesoye Olatunji Gbenga Ogunko Segun Omosehin Femi Asenuga
Secretary	Babajide Ibitayo (Esq) FRC/2013/NBA/0000003123
Registered Office	233, Ikorodu Road, Ilupeju, Lagos.
Bankers	Access Bank Plc Eco Bank Plc Enterprise Bank Limited Fidelity Bank Plc First Bank of Nigeria Limited First City Monument Bank Plc Zenith Bank Plc Sterling Bank Plc Safe Trust Savings and Loan Limited Mutual Micro Finance Bank Limited Unity Bank Plc
Auditors	BDO Professional Services (Chartered Accountants) ADOL House, 15 CIPM Avenue Central Business District Alausa, Ikeja, Lagos. P.O.Box 4929,GPO, Marina Lagos. www.bdo-ng.com

Results at a glance

	Group			Company		
	31 December 2014 N'000	31 December 2013 N'000	%	31 December 2014 N'000	31 December 2013 N'000	%
Gross premium written	4,096,522	2,534,143	62	3,543,233	2,534,143	40
Gross premium income	4,188,470	2,170,345	93	3,812,728	2,170,345	76
Net underwriting income	4,186,708	2,146,070	95	3,823,041	2,146,070	78
Net claim expenses	(1,107,133)	(1,038,357)	7	(979,324)	(1,038,357)	(6)
Acquisition costs	(293,454)	(162,842)	80	(235,409)	(162,842)	45
Maintenance expenses	(374,350)	(354,517)	6	(374,350)	(354,517)	6
Profit/(loss) before tax	1,451,006	(536,955)	(370)	590,863	126,693	366
Tax expense	(55,517)	(93,367)	(41)	(21,773)	(49,273)	(56)
profit(loss) after tax	1,395,489	(630,322)	(321)	569,090	77,420	635
Total assets	28,456,232	20,471,928	39	28,277,534	20,181,393	40
Insurance contract liabilities	2,264,376	1,704,176	33	2,082,391	1,704,176	22
Investment contract liabilities	20,423,869	14,927,699	37	20,413,170	14,927,699	37
Shareholders funds	1,821,744	435,990	318	3,136,446	2,567,357	22
Earnings/(Loss) per share (Kobo)	930	(420)	(321)	379	52	635

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' Responsibilities in relation to the Financial Statements for the year ended 31 December 2014.

In accordance with the provisions of the Companies and Allied Matters Act CAP C20 LFN 2004, the Insurance Act CAP I17, LFN, 2004 and National Insurance Commission's operational guidelines 2011, the Directors are responsible for the preparation of annual financial statements which reflect a true and fair view of the state of affairs of the Group and the profit or loss and other comprehensive income for the financial year.

The Directors responsibilities include ensuring that the Group:

i. implements appropriate internal controls to secure the assets of the Group, prevent and detect fraud and other financial irregularities

ii. keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act CAP C20, LFN 2004, Insurance Act CAP I17, LFN, 2004, and NAICOM Operational Guidelines and Circulars.

iii. has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

The Directors accept responsibility for maintaining adequate accounting records as required by:

a. International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
b. Companies and Allied Matters Act, CAP C20, LFN 2004;
c. Insurance Act, CAP I17, LFN 2004;
d. NAICOM Operational Guidelines and circulars.

The Directors are of the opinion that the financial statements give a true and fair view of the state of affairs 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 the financial statements, as well as adequate systems of internal control.

Nothing has come to the attention of the Directors that indicate that the Company and its subsidiaries will not remain going concerns for at least 12 (twelve) months from the date of approval of the financial statements.

....	....	....
Mr. Omosehin Olúsegun	*Mr. Femi Asenuga*	Mr. Amusa Lateef
Director	*Managing Director*	*Chief Finance Officer*
FRC/2013/CIIN/00000003103	*FRC/2013/CIIN/00000003104*	*FRC/2013/ICAN/00000002486*

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER, 2014

The Directors have the pleasure of presenting their Report on the affairs of the Mutual Benefits Life Assurance Limited ("the Company") and its subsidiaries to the Shareholders together with the Group Audited Financial Statements and the auditor's report for the year ended 31 December 2014.

Legal Status and Principal Activity
The Company was incorporated on 20th February 2007 as a Private Limited Liability Company and issued with a license to carry on Life Insurance Business by the National Insurance Commission in November 2007.

The Company's Registered Office address is at "Aret Adams House", 233, Ikorodu Road, Ilupeju, Lagos and has branches spread across the nation in Abeokuta, Abuja, Ado - Ekiti, Akure, Port Harcourt, Warri, Lagos, Benin, Calabar, Ikorodu, Ilorin, Ibadan, Kaduna, Kano, Ojo, Oshogbo, Otta, Owerri and Yenogoa.

BUSINESS REVIEW
The Company's Principal activity continues to be the provision of life insurance business and risk management solutions to corporate and retail customers.

MUTUAL's products and services are as follows:

Personal Accident
Group Personal Accident
Individual Savings & Pension Plan
Personal Pension & Investment Plan
Mutual Education Guarantee Plan
Keyman Assurance
Mortgage Protection
Group Life Assurance
Term Assurance
Endowment Assurance
Micro Personal Investment Plan

Dividends
During the period under review, the Directors have not declared any dividends.

OPERATING RESULTS
Below is a summary of the Company's operating results:
(in thousands of Naira)

	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Gross Premium	4,188,470	2,170,345	3,812,728	2,170,345
Profit/(loss) before Taxation	1,451,006	(536,955)	590,863	126,693
Taxation	(55,517)	(93,367)	(21,773)	(49,273)
Profit/(loss) after Taxation	1,395,489	(630,322)	569,090	77,420
Shareholders' Funds	1,821,744	435,990	3,136,446	2,567,357

BOARD APPOINTMENTS
The Board composition remained unchanged as there were no appointments or resignations in the year.

DIRECTORS' INTEREST IN CONTRACTS
In compliance with Section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interest in contracts involving the Company during the year under review.

PROPERTY AND EQUIPMENT

Information relating to changes in property and equipment is given in Note 30 to the Accounts. In the directors' opinion, the market value of the Group's properties is not less than the value shown in the financial statements.

DIRECTORS REMUNERATION

Remuneration	Description	Timing
Basic Salary	Part of gross salary package for Executive Directors only	Paid monthly during the financial year
	A competitive salary package that reflects the desires of the Company to remain at the apex of the industry.	
13th month salary	Part of the salary package of Executive Directors	Paid at the last month of the year
Director fees	Allowances paid to Non-Executive Directors	Paid during the year
Travelling allowances	Allowances paid to Non-Executive Directors who reside outside Nigeria.	Paid during the year
Sitting allowances	Allowances paid to Non-Executive Directors only for sitting at board meetings and other business meetings.	Paid during the year

POST BALANCE SHEET EVENTS

There are no significant post balance sheet events which could have had material effect on the state of affairs of the company as at 31 December 2014.

EMPLOYMENT AND HR MATTERS

i). Employee Involvement and Training

The Company recognises that the acquisition of knowledge is continuous, and that to foster commitment, its employees need to hone their awareness of factors: economic, financial or otherwise, that affects its growth. To this end, the Company in the execution of its training programmes (both local and international) encourages and provides the opportunity for its staff to develop and enhance their skills, awareness and horizon.

Gender Analysis

The number and percentage of women employed during the financial year vis-à-vis total workforce is as follows:

	Male Number	Female Number	Male %	Female %
Employees	98	55	64	36
Gender analysis of Board and Top Management is as follows:				
Board	5	-	100	-
Top Management	3	1	75	25

Detailed analysis of the Board and Top Management is as follows:

	Male Number	Female Number	Male %	Female %
Assistant General Manager	2	1	67	33
Deputy General Manager	-	-	-	-
Executive Director	-	-	-	-
Chief Executive Officer	1	-	100%	-
Non-Executive Director	4	-	100%	-

ii). **Employment of Disabled Persons**

The Company adopts a non-discriminatory policy of giving fair consideration to applications for employment including those received from disabled persons having regard to their particular aptitudes and abilities.

iii). **Employee Health Safety and Welfare**

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, free medical services are provided for the Company's employees through clinics on retainership with the company. The clinics, which are manned by professionals who are specialists in different medical lines, offer first class medical services to the employees. Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises. It also operates a contributory pension plan in line with the Pension Reform Act 2004.

Welfare facilities provided include: housing for employees (or payment of allowance in lieu), transport allowance; car loans or official cars. Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these include promotions, salaries, wages review amongst others.

Auditors

The Auditors, Messrs BDO Professional Services have indicated their willingness to continue in office in compliance with NAICOM Corporate Governance regulation. Messrs BDO has been appointed as Auditor in compliance with section 357(1) of the Companies and Allied Mattes Act of Nigeria.

COMPLIANCE WITH CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2014

In line with the principles of Corporate Governance the Company made efforts to satisfy the requirement of convening a Board Meeting every quarter. The Board Committees established are equally viable and are working in line with their Terms of Reference.

By Order of the Board

JIDE IBITAYO
COMPANY SECRETARY
FRC/2013/NBA/00000003123
ARET ADAMS HOUSE
233 IKORODU ROAD
ILUPEJU
LAGOS
26 March 2015

CORPORATE GOVERNANCE REPORT

INTRODUCTION

MUTUAL BENEFITS LIFE ASSURANCE LIMITED. remains committed to the principles and practice that promote good Corporate Governance. We recognize that sound corporate governance practices are necessary for effective management and control of the Company's business with a view to maximizing the shareholders value and meeting the expectations of other Stakeholders. In furtherance of the commitment to high ethical conduct, we regularly review our processes and practices to ensure compliance with the legislative and best practice changes in the global corporate governance environment.

The Company continues to comply with its Internal Governance Policies and the Code of Corporate Governance for Companies in Nigeria. As an Insurance Company, the Company also complies with the Code of Good Corporate Governance for the Insurance Industry in Nigeria, issued by the National Insurance Commission in February, 2009. The NAICOM'S Code of Corporate Governances covers a wide range of issues including Board structure, Quality of Board Members, duties of the Board, conduct of the Board of Directors, Rights of Shareholders and Committees of the Board.

THE BOARD OF DIRECTORS

The Board of Directors has the ultimate responsibility for the overall functioning of the Company. The responsibilities of the Board include setting the Company's strategic objectives and policies, providing leadership to put them into effect, supervising the management of the business, ensuring implementation of decisions reached at the Annual General Meeting, ensuring value creation to shareholders and employees, determination of the terms of reference and procedures of all Board Committees, ensuring maintenance of ethical standard as well as compliance with the Laws of Nigeria. At the moment, the Board is composed of 5 members including a Non-Executive Chairman, 3 Non-Executive Directors and the Managing Director. The Directors are experienced stakeholders with diverse professional backgrounds in Insurance, Accounting, Commerce, Management, Information Technology, etc. The Directors are men of impeccable character and high integrity.

The Company is indeed delighted to have a versatile Board with deep understanding of its responsibilities to Shareholders, Regulatory Authorities, Government and other Stakeholders. The Board always takes proactive steps to master and fully appreciate all cultural, legislative, ethical, institutional and all other factors, which impact our operations and operating environment. This has ensured that a culture of compliance with rules and regulation is entrenched at all levels of operations within the Company.

The meetings of the Board are scheduled well in advance and highlights from the sub-committees of the Board are circulated to all the Directors. The Board meets regularly.

(a) RECORD OF DIRECTOR'S ATTENDANCE

In accordance with Section 258 (2) of the Companies and Allied Matters Act (Cap C20, Laws of the Federation of Nigeria 2004), the record of Director's attendance and meetings held during year 2013 is available for inspection at the Annual General Meeting. The meetings of the Board were presided over by the Chairman and the Board met three times during the year. Written notices of the Board meetings, along with the agenda were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated. The Board met five times during the year, records of attendance at the meetings are as follows:

Directors	28/1/14	8/4/14	5/6/14	14/7/14	9/12/14	Total
Dr. Akin Ogunbiyi	✓	✓	✓	✓	✓	5
Mr. Soye Olatunji	✓	✓	✓	✓	✓	5
Mr. Olusegun Omosehin	✓	✓	✓	✓	✓	5
Mr. Gbenga Ogunko	✓	✓	✓	✓	✓	5
Mr. Femi Asenuga	✓	✓	✓	✓	✓	5

(b) COMMITTEES

The Board performed its functions through a total of three Standing Committees during the year under review.

The Committees have clearly defined responsibilities, scope of authority and procedures for reporting to the Board. Membership of these Committees is structured in such a manner as to take optimum advantage of the skills and experience of the Non-Executive Directors. The following are the standing Committees of the Company.

(i) FINANCE AND GENERAL PURPOSES COMMITTEE

The Finance and General purposes Committee comprises of three members.

The Committee met four times to review the investment guidelines of the Company, ensure that investments embarked upon by the Management are in line with the guidelines as well as the appropriate statutory regulations, and also considered other miscellaneous issues. The records of attendance at the meetings are as follows:

Members	28/1/14	8/4/14	15/7/14	9/12/14	4/11/14	18/11/14	Total
Dr. Akin Ogunbiyi	✓	✓	✓	✓	✓	✓	6
Mr. Soye Olatunji	✓	✓	✓	✓	✓	✓	6
Mr. Gbenga Ogunko	✓	✓	✓	✓	✓	✓	6
Mr. Femi Asenuga	✓	✓	✓	✓	✓	✓	6

(ii) ESTABLISHMENT COMMITTEE

The Establishment Committee comprises of three members namely:

Members	10/7/14	8/9/14	2/10/14	Total
Dr. Akin Ogunbiyi	✓	✓	✓	3
Mr. Gbenga Ogunko	✓	✓	✓	3
Mr. Olusegun Omosehin	✓	✓	✓	3
Mr. Femi Asenuga	✓	✓	✓	3

The Committee met three times to considers and make recommendations on human resource matters like promotion to senior and management positions, and remuneration of the staff of the Company.

(iii) TECHNICAL / RISK MANAGEMENT COMMITTEE

The Technical / Risk Management Committee comprises of three members.

The Committee met four times to ensure compliance with Enterprise Risk Policies and the Regulatory Risk Requirements. The Committee also deliberate and make recommendations to the Board on technical and special matters as assigned to it from time to time by the Board. Records of attendance at the meetings held during the year are as follows:

Members	17/1/14	6/5/14	3/10/14	3/12/14	Total
Mr. Gbenga Ogunko	✓	✓	✓	✓	4
Mr. Olusegun Omosehin	✓	✓	✓	✓	4
Mr. Femi Asenuga	✓	✓	✓	✓	4

(c) **ENTERPRISE RISK MANAGEMENT**

i. **Introduction and Overview**

Mutual Benefits Life Assurance Limited has a clear and functional Enterprise Risk Management (ERM) framework that is responsible for identifying, assessing and managing the likely impact of risked faced by the company. The Company is exposed to financial risk and business risk. Financial risks are those risks with the probability of loss inherent in financing methods which may impair the ability to provide adequate returns. Business risk plus the financial risk equal total corporate risk.

ii. **Enterprise -wide Risk Management Principles**

Here in Mutual Benefits Life Assurance Limited, we try as much as possible to balance our portfolio while maximizing our value to stakeholders through an approach that mitigates the inherent risk and reward in our business.

To ensure effective and economic resources, we operate strictly by the following principles:

- The Company will not take any action that will compromise its integrity.
- The Company will at all times comply with all government regulations and uphold best international practice.
- The Company will build an enduring risk culture, which shall pervade the entire organisation.
- The Company will at all times hold a balanced portfolio and adhere to guidelines on investment issued by regulator and Finance and General Purpose Committee of the Company.
- The Company will ensure that there is adequate reinsurance in place for the business above its limit and also prompt payment of such premiums.

iii. **Approach to Risk Management**

In Mutual Benefits Life Assurance Limited, there are levels of authority put in place for the oversight function and management of risk to create and promote a culture that mitigates the negative impact of risks facing the company.

iv. **The Board**

The Board sets the organisation's objectives, risk appetite and approves the strategy for managing risk. There are various committees nominated to serve of whom their various functions are geared towards minimizing the likelihood of the impacts of risks faced by the company.

v. **Technical /Risk Management Committee**

This committee oversees the business process. Their functions include;

- Reviewing of company's risk appetite
- Oversee management's process for the identification of significant risk across the company and the adequacy of prevention detection and reporting mechanisms.
- Review underwriting risks especially above limit for adequacy of reinsurance and company's participation.
- Review and recommended for approval of the Board Risk management procedures and controls for new products and services.

vi. **Finance & General Purpose Committee**

- Set the investment limit and the type of business the company should invest in.
- Reviews and approve the company's investment policy.
- Approves investments over and above management's approval limit.
- Ensure that there is optimal asset location in order to meet the targeted goals of the company.

The second level is the management of the company. This comprises of the Managing Director and the Management of the company.

They are responsible for strategic implementation of the Enterprise Risk Management policies and guidelines set both by the regulator, government and the Board for risk mitigation. This is achieved through the business unit they supervise. The last level is that of the independent assurance. This comprises of the internal audit function that provides independent and objective assurance of the effectiveness of the Company's system of internal control established by the first and second lines of defence in management of Enterprise Risk across the organisation.

CORPORATE SOCIAL RESPONSBILITY REPORT

At Mutual Benefits Life Assurance Limited, we care for the environment and the society in which we operate. In appreciation of the gesture towards the upliftment of our company during the year 2014 particularly, donations were made to various organization in order to bring relieve to the society especially the less privilege ones.

JIDE IBITAYO
COMPANY SECRETARY
FRC/2013/NBA/00000003123

CORPORATE SOCIAL RESPONSIBILITY REPORT

At Mutual Benefits Life Assurance Limited, we care for the environment and the society in which we operate. In appreciation of the gesture towards the upliftment of our company during the year 2014 particularly, donations were made to various organisation in order to bring relieve to the society especially the less privilege ones.

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MANAGEMENT DISCUSSION AND ANALYSIS

THE NATURE OF THE BUSINESS

Mutual Benefits Life Assurance Limited is a life insurance business with over 7 years experience in Nigeria. The company is known for providing expertise knowledge especially in partnerships, value creation and empowerment. Our company is known by the populace for prompt payment of claims and other support as it may be necessary.

The major bulk of our business comes from brokers market and support from the parent company in form of referral.

MANAGEMENT'S OBJECTIVES

The Company strives to be well run Company with entrenched best practices skilled in wealth creation with outstanding returns to Shareholders.

OUR STRATEGIES

The Company strives to take advantage of the 'No premium, no cover' policy which takes effect from 1 January 2013. It will eliminate the incidence of high premium receivables giving rise to high quality assets and also increase the liquidity level of the Company which will free up more fund for investment and lead to an increase in the investment income to the Company.

OUR RESOURCES, RISKS AND RELATIONSHIP

Our most valuable resources are our human capital. The staff welfare is paramount to the company. Non-human resources are of small relevance without appropriate personnel to drive the system.

Insurance business is a kind of business that is full of risk known as insurable risks. This is a known risk but which the likelihood and magnitude of the occurrence is not certain.

The company have put in place a balanced re-insurance policy to absorb the impact of such risks at any time in future. Aside from this, the company is also faced with diverse risks which are financial and non-financial in nature. Several strategies are already in place to mitigate their negative impact on the business and the company itself. Mutual Benefits Life Assurance Limited is a life insurance company and one of the leading life insurance underwriters in the country.

FINANCIAL RESULTS AND PROSPECTS

	Group			Company		
	31 December 2014 N'000	31 December 2013 N'000	%	31 December 2014 N'000	31 December 2013 N'000	Growth %
Gross premium written	4,096,522	2,534,143	62	3,543,233	2,534,143	40
Gross premium income	4,188,470	2,170,345	93	3,812,728	2,170,345	76
Re-insurance expense	(122,337)	(75,460)	62	(110,262)	(75,460)	46
Fees and commission	120,575	51,185	136	120,575	51,185	136
Net underwriting income	4,186,708	2,146,070	95	3,823,041	2,146,070	78
Claims expenses	(1,107,133)	(1,038,357)	7	(979,324)	(1,038,357)	(6)
Increase in insurance contract liabilities	(180,210)	-	100	(180,210)	-	100
Acquisition expenses	(293,454)	(162,842)	80	(235,409)	(162,842)	45
Maintenance expenses	(374,350)	(354,517)	6	(374,350)	(354,517)	6
Total Underwriting expenses	(1,955,147)	(1,555,716)	26	(1,769,293)	(1,555,716)	14
Underwriting results	2,231,561	590,354	278	2,053,748	590,354	248
Investment and other income	1,860,060	357,830	420	591,346	801,624	(26)
Operating and management expenses	(2,640,614)	(1,485,139)	78	(2,054,232)	(1,265,285)	62
Profit/(loss) before tax	1,451,006	(536,955)	(370)	590,863	126,693	366
Income tax expense	(55,517)	(93,367)	(41)	(21,773)	(49,273)	(56)
Profit/(loss) after tax	1,395,489	(630,322)	(321)	569,090	77,420	635
Investment contract liabilities	20,423,869	14,927,699	37	20,413,170	14,927,699	37
Insurance contract liabilities	2,264,376	1,704,176	33	2,082,391	1,704,176	22
Shareholders fund	1,821,744	435,990	318	3,136,446	2,567,357	22
Earnings/(loss) per share (kobo)	930	(420)		379	52	635

FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk

Risk management framework

Mutual Benefits Life Assurance Limited has a clear a risk management committee which is responsible for developing and monitoring the Company's risk management policies which are established to identify and analyse the risks faced by the Company, to set appropriate risk limit and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Risk management objectives,policies and procedures

We have incorporated an approach aimed at creating and maximizing returns to our stakeholders that strategically balances the risk and rewards in our business.

Mutual Benefits Life Assurance Limited's risk philosophy is guided by the following principles:

- The Company will not take any action that will compromise its integrity. It shall identify, measure manage, control and report as practical as possible all risks.
- The Company will at all times comply with all government regulations and uphold corporate standards in accordance with international best practice.
- The Company will institute a sustainable risk culture enterprise-wide.
- The Company will only accept risks within its risk acceptance criteria and that have commensurate returns and continually review its activities to determine inherent risk levels and adopt appropriate risk response to residual risk levels at all times.
- The Company will make decisions based on resilient analysis of the implications of such risks to its strategic goals and operating environment

The Board recognizes that the practice of risk management is critical to the achievement of corporate objectives and has actively encouraged a risk culture that embraces innovation and opportunity, primed risk-taking and acceptance of risk as inherent in all our activities, whilst reducing barriers to successful implementation. We constantly recognize that nature of risk is dynamic and pervasive in our business and the responsibility is that of all, hence we have created a structured approach across all functions of the organization flowing from strategic planning to the service level in order to identify, mitigate and report these risks.

Our structured approach to managing risks is evident in the integration of the internal audit function; which is charged with the responsibility of undertaking risk-based audit on all business units using outputs of the annual company financial risk assessment to guide its annual audit program. A quarterly assessment exercise is conducted by this unit and a rated score expressed in percentage is applied to measure the level of compliance. This policy has been continuosly maintained.

Enterprise-wide Risk Management Principles

Here in Mutual Benefits Life Assurance Limited, we try as much as possible to balance our portfolio while maximizing our value to stakeholders through an approach that mitigate the inherent risk and reward in our business.

To ensure effective and economic use of resources, we operate strictly by the following principles

- The company will not take any action that will compromise its integrity
- The company will at all times comply with all government regulations and uphold best international practice.
- The company will build an enduring risk culture, which shall prevade the entire organisation
- The company will at all time hold a balanced portfolio and adhere to guidelines on investment issued by the regulator and Finance and General Purpose Committee of the company.
- The company will ensure that there is adequate reinsurance in place for the business above its limit and also prompt payment of such premiums.

Approach to Risk Management

In Mutual Benefits Life Assurance Limited, there are levels of defence model put in place for the oversight function and management of risk to create and promote a culture that mitigate the negative impact of risks facing the company.

First Level - Risk Oversight

The Board

The Board sets the organisation's objectives, risk appetite and approves the strategy for managing risk. There are various committees nominated to serve of whom their various functions are geared towards minimising likehood impacts of risks faced by the company.

The Audit Committee:

This is one of the most powerful arms of the Board which is saddled with the following functions:

- Perform oversight function on accounting and financial reporting
- Liase with the external auditor
- Ensure regulatory compliance
- Monitoring the effectiveness of internal control processes within the company.

Board Risk Committee

This is more of technical committee that oversee the business process. Their functions include;

- Reviewing of company's risk appetite
- Oversee management's process for the identification of significant risk across the company and the adequacy of prevention, detection and reporting mechanisms.
- Review underwriting risks especially above limit for adequacy of reinsurance and company's participation.
- Review and recommend for approval of the Board risk management procedures and controls for new products and services.

Board Investment Committee

- Set the investments limit and the type of business the company should invest in
- Reviews and approves the above company's investment policy
- Approves investments over and above managements' approval limit
- Ensures that there is optimal asset location in order to meet the targeted goals of the company.

The second level - Management

This comprises of Managing Director and the management staff of the company.

They are responsible for strategy implementation of the Enterprise Risk Management policies and guidelines set both by the regulator, government and the board for risk mitigation. This is achieved through the business unit they supervised.

The third level - Independent assurance

This comprises the internal audit function that provides independent and objective assurance of the effectiveness of the company's systems of internal control established by the first and second lines of defence in management of enterprise risks across the organisation.

Risk Categorisation

As a business entity and an underwriter, Mutual Benefits Life Assurance Limited is exposed to an array of risk through its operations. The company has identified and categorised its exposure to these broad risks as listed below.

- Financial risk
- Business risk
- Operational risk
- Hazard risk
- Underwriting risk

Financial risk comprises of market, liquidity and credit risk.

Market risks are sub-divided into interest-rate risk, exchange risk, property price risk and equity risk. The liquidity risk includes; liquidation value risk, affiliated investment risk and capital funding risk. The credit risk: This includes default risk, downgrade or mitigation risk, indirect credit or spread risk and concentration risk. Business risk relates to the potential erosion of our market position. This includes customer risk, innovation risk and brand reputation risk.

Operational Risk

This is the risk of loss resulting from inadequacy or failure of internal processing arising from people, systems and or from external events.

Hazard Risk

These are risk which are rare in occurrence but likely impact may be major on the company. Examples of these are natural disaster, terrorism, health and environmental risk, employee injury and illness, property damage and third-party liability.

Insurance/underwriting Risk

Our activities involve various range of risk arising from the business itself. This manifest from underwriting, re-insurance, claims management, reserve development risk, premium default, product design and pricing risk. Our company has a pragmatic approach in identifying, assessing and mitigating risk of such approaches as stated above.

The risk categorization are presented in the table below:

FINANCIAL RISK REGISTER — TABLE I

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	Market	a) interest rate risk	a) losses resulting from movement in interest rates to the extent that future cash flows from asset and liabilities are not well matched	extreme	where interest rate flunctuates in relation to existing commitments as a result of change in economic & monetary policies and CBN reserve deposits	setting of metrics to measure exposure to interest rate risk factors, setting appropriate limit structure to control exposures to interest rate risk, document appropriate alternative products to hedge exposures against interest rate risk, use stress testing to determine the potential effect of economic shifts, market events on interest rate
		b) equity risk	b) losses resulting from movement of market values of equities; to the extent that the insurer makes capital investments, which exposes its portfolio to sustained declines in market values	extreme	where equity prices flunctuates widely as a result of speculations and industry induced factors, while the company is forced to sell to meet emerging commitments, thus, incurring losses from fall in value of equity	setting of metrics to measure exposure to equity value risk factors, setting appropriate limit structure to control exposures to equity value risk, document appropriate alternative products to hedge exposures against equity value risk, use stress testing to determine the potential effect of economic shifts and market events on equity value
		c) real estate	c) losses resulting from movement of market values of real estates and other assets; to the extent that the insurer makes capital investments in real estate by which it becomes exposed to sustained declines in market values	high	where real estate prices fall in response to various market conditions	setting of metrics to measure exposure to real estate risk factors, setting appropriate limit structure to control exposures to real estate risk, document appropriate alternative products to hedge exposures against real estate risk, use stress testing to determine the potential effect of economic shifts and market events on real estate
		d) currency risk	d) losses resulting from movements in exchange rates; to the extent that cash flows, assets and liabilities are denominated in different currencies	high	where the naira flunctuates in response to limited intervention from CBN and oil majors	set appropriate limits for foreign currency holding
ii	Credit	a) Default risk	a) non- receival or delayed receival of cash flow or assets to which it is entitled due to default in one or more obligation by the other party	extreme	where premium are not received on time or interest and principal are delayed or become irrecoverable	credit is extended only on secured basis, where credit is unsecured a limit structure is established. Transactions and exposures involving affiliated entities must receive special approval and portfolio diversification

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
		b) Downgrade or Mitigation risk	b) changes in the probability of a future default by an obligor will adversely affect the present value of the contract with the obligor today	low	where insurance premium owed overtime is to be rediscounted for payment	set appropriate premium credit limit structure
		d) Concentration risk	d) losses due to concentration of investments in a geographical area, economic sector, counterparty, or connected parties	extreme	where the company's investment portfolio is skewed towards a particular instrument or issuer, where premium generated is predominantly from one or two intemediaries	diversification of investment portfolio and premium base
iii	liquidity	a) liquidation value risk	a) unexpected timing or amounts of needed cash may require the liquidation of assets when market conditions could result in loss of realised value	high	where fund is not available to meet emerging but urgent claims and other statutory payments as a result of deterioration of the economy and abnormally volatile or stressed market	set appropriate limits
		b) affiliated investment risk	b) investment in a member company of the conglomerate or group may be difficult to sell, or that affiliates may create a drain on the financial or operating resources from the insurer	extreme	where investment in affiliate company is not easily realisable when needed as a result of economic shifts or unquoted nature of the investment	set appropriate limits
		c) capital funding risk	c) inability to obtain sufficient outside funding, as its assets are illiquid, at the time it needs it (to meet an unanticipated large claim)	medium	where additional funding is difficult to obtain or raising of equity is laborious and long as a result of deterioration of the economy or stressed market	set appropriate limits

BUSINESS/STRATEGIC RISK REGISTER

TABLE II

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	Business	customer risk, innovations risk & brand reputation risk	losses resulting from any incident or circumstance which dramatically alters customer preference, or deployment of new innovative products by competitors which induces a heavy reduction in company's customer base or renders company's product obsolete	medium	where extensive market rumours arise, where severe regulatory sanction arises, where competitors introduce a revolutionary innovative product, and where economic shift result in severe changes in customer taste & preferences	customer relationship management, monitoring of industry and market changes, continous product innovations & development
ii	Reputational	corporate governance breaches, reputational risk management process and event	losses resulting from any incidence or circumstance which ultimately results in reputation risk- the risk that the company's reputation may be damaged through negative publicity of its business practices, conduct or financial conditions	extreme	where the company suffers negative publicity, impaired public confidence which may result in costly litigation or decline in its customer base or businesss revenue	effective reputation risk management process, institution of good corporate governance, adequate management of reputation events
iii	Compliance	proposed regulatory changes, corporate positioning	losses resulting from forced merger and acquistion bid or the inability to anticipate fundamental changes in operative legislation	medium	where the company could not access capital funding to meet new legislation requirement	progressively build up share capital and share holders fund, establish media to anticipate new legislations, regularly monitor industry and market changes

TABLE III

HAZARD RISK REGISTER

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	Natural Disasters, Terrorism & Vandalism	Fundamental perils, Acts of Terrorism, Riot & Commotion	losses arising out of any one event or series of event caused by the occurrence of earthquake, civil war, riots or acts of terrorism that may result in damage to company's property or injury to staff or lead to a third party liability.	medium	where company is located near the source of a fundamental peril	insurance
ii	Health safety & Environmental risk	Pollution, Contagious diseases, Hazardous materials / Substances	losses arising out of any one event or series of event caused by pollution, contagious disease and use of hazardous material which may result in health risk to employees.	medium	where hazardous substances or materials are used in work processes or where pollution is prevalent around the work environment or where an employee with a contagious diseaese is not restricted	removal of hazardous processes and substances from work environment, restriction of access to employees in hazardous areas, wearing of protective devices for hazardous processes, restriction of employees with contagious disease to specified areas
iii	Employee injury & illness	Workplace accident, Hazardous Processes, Suffocation, Electrical shocks & burns	losses arising out of any one event or series of event caused by accident, electrical shocks & burns, resulting in illness, injury or permanent disability to the employee	medium	where hazardous processes are engaged or work environment is badly structured or where the company has a poor maintenance culture	removal of hazardous processes, effective maintenance system and decent work environment
iv	Property damage	fire, explosion, robbery, accidental damage	losses arising out of any one event or series of events caused by fire, explosion, robbery and accidental damage which may result in loss of property or injury to employees and third parties	medium	where the company has a poor maintenance culture, poor house-keeping and weak security system	good house-keeping, good security system
v	Third-Party Liability	Slipping / tripping/ falling risk, falling Objects	losses arising out of any one event or series of events caused by slipping, tripping or falling objects which may result in loss of property or injury to third parties	medium	where the company has a poor maintenance culture, poor house-keeping and weak security system	good house-keeping, good security system

UNDERWRITING/INSURANCE RISK REGISTER TABLE IV

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	Insurance Underwriting	Risk Assessment & Risk Rating, Process & Control deficiency, System Risk	weaknesses in the system of underwriting and control which exposes the company to more than normal risks or limits the ability of the company to charge equitable premium	extreme	where material information necessary for prudent underwriting is ambiguos without the undewriter getting clarifications, where necessary risk survey and inspection are not carried out, where risks are written at ridiculous rates and where system error compounds the underwriting process	existence of underwriting policy, rating guides, and functional reporting & supervision system
ii	Re-insurance	a) Inadequate reinsurance arrangement	weaknesses in the reinsurance process which may result in omission of risks exposures from current reinsurance coverage or exhaustion of reinsurance covers through multiple losses	high	where there is failed process or errors of omission by staff or system error	existence of reinsurance policy and procedure, functional reporting & supervision system, rendition of quarterly accounts
		b) Reinsurers selection error / failure	weakness in the reinsurance management process which overlooks the strength, capacity and performance as necessary factors in selection of reinsurers from time to time : insufficient consideration for the possibility of insolvency of the reinsurer or its inability to respond to cash calls during the year	medium	where the reinsurers are not regularly appraised and evaluated	annual pre-qualifications for reinsurers, standard parameters established for reinsurers participation in companys' accounts
iii	Claims Management	illiquidity, Failed Process, Fraud	weaknesses in the underwriting & Claims management process which may hinder or prevent the company from fulfilling its contractual obligation to policy holders; illiquidity arising out of huge outstanding premium, or inability to liquidate assets or obtain funding; or inability to discover claims fraud	extreme	where the underwriting is poorly done, where the company has illiquidity problems or where claims consultants collude with staff to defraud the company, or where the process is laborious	existence of claim management policies & procedures, existence off internal SLAs, functional reporting & supervision system

	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
iv	Reserve Development risk	Computation error, Solvency & System error	weakness in reserving method which results in insurance reserve being less than the net amount payable when the risks crystalise, such weaknesses may include, calculation error, system error, people error or a sign of the impending insolvency of the company	extreme	where calculation error, systeme error, people error exists or where the company is tending toward insolvency	statutory basis for reserve calculation, internal & external audit checks
v	Premium default	Agent default, Brokers default & Fraud	weakness in the management system that allows agent and brokers to freely owe or defraud the company	extreme	where there are huge outstanding premium due to uncollectable premium from agents, brokers or direct insured; where there is collusion between staff members and such intermediaries; where there is pressure to meet production target	defined basis for premium recognition, pre-qualification for premium credit, establishment of credit control
vi	Product Design & Pricing risk	Product recall / default, Pricing Defect	the possiblity that a newly developed product may be wrongly priced or not accepted in the market	extreme	where new product is not based on market need, or where a produt is inappropriately priced	step by step procedure for new product development, new product emerge only through a committee comprising members from different departments

OPERATIONAL RISK REGISTER

TABLE V

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
1	People	a) Discrimination	a)Gender discrimination, Tribe discrimination+ Qualification discrimination (B.Sc/ HND).	High	a)where HR employs more males than females, or B.sc, is given precedence over HND, or one tribe is predominantly employed.	a)Recruitment & Selection is strictly on merit, minimum qualifications are specified for every position in the organisation, deliberate policy of the company is to engage a minimum number of physically challenged people
		b) Demotivated & Disgruntled workforce	b)Poor conditions of service, Bad Management, Delayed gratuity payment, poor work environment	Medium	b) where Salary, Promotion & confirmation of Staff are delayed, Where Salary & emoluments are not regularly reviewed	b) review of salaries & emoluments in line with inflation, adherence to employees union agreements, agreed timeline for payment of salaries & emoluments
		c) Employee Health & safety	c)Unconducive work environment, staff constant exposure to harzadous pollutants	Medium	c) where adequate provision is not made for Health maintenance of employees, where work environment is tight & untidy	c) Availability of Health Insurance, retained Medical clinics for emergencies, Decent & well lighted work environment
		d) Misappropriation of assets	d)Conversion of company's asset for personal use, theft.	High	d) where assets are not properly labelled, where assets register is poorly maintained, and where assets movement & control are inadequate.	d) regularly updated assets register, adequately labelled & asset inscription, strict security checks, documented asset movement
		e) Internal fraud	e)Ghost workers, forgery, Aiding and abetting, financial collusions, over invoicing, delayed retirement of advances & IOU	High	e) where financial control is loose, where regular audit is far in between, where filing & access to financial documents / department is free	e) Regular Audit, regular monitoring of compliance with financial controls, regular updating of financial controls, secure financial documents & checks, establishment of comprehensive control administrative & accounting procedure, strict adherence to functional reporting.
		f) High Staff attrition	f) High turn-over of Staff, forced & Voluntary resignations, Abadonment	Medium	f) where there is the absence of Staff forum, where there is poor management-staff relationship, where there is poor internal communication and where there is under-employment of Staff	f) competitive remuneration package, comprehensive Learning & Development program, continously improved work environment, fully engaged employees

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
		g) Sudden Resignation of Key employee	g) Efficient employees leaving, key employees leaving	High	g) where employees productivity is not matched with reward, where there is poor Management-Staff relationship, where Management integrity is absent, where Manageent & Board is wasteful	g) regular management-key employees dialogue, comprehensive training & development program, adequate motivation
ii	Process	a)Clientele Service/ Interaction	a)Poor customer relations management, Unable to meet customers promised deadlines	High	where there is delayed response to customers enquiries and requests arising out of process breakdown and poor interpersonal relations and abridged communication	matching employees skills with roles, comprehensive Human Capital Learning & Development programs, Customer Relationship Management training, Service Level Agreements
		b) Documentation Errors	b) flaws in documentation, flaws in marketing & promotion literature, errors in policy documentation, failure to maintain proper records.	High	where employees are poorly trained, sentimentally recruited & supervision is weak, where functional manuals are not made available, where manual record keeping is still prevalent	automation of processes, re-engineering of processes, enforcement of strong supervisory controls, zero tolerance for process errors, introduction of self assessment programs, Training & development
		c) Miscommunication / Misreporting	c) issuance of factually incorrect or misleading information to internal &external customers, errors in policy wordings & financial statements, unauthorised disclosure of confidential information	High	where functional supervision is loose, where functional reporting is not strictly enforced, where there is no comprehensive control administrative procedure	establishment of central communication center at corporate & functional levels, enforcement of strong supervisory control
		d) Transaction & Payment processing error	d)Manual data entry errors, design & specification errors, casting errors, omissions	High	where record keeping is still largely manual, where there is no comprehensive control accounting procedures, where financial controls are weak, and where employees are poorly trained	enforcement of comprehensive control and accounting procedure, automation of processes, pre-payment audit
		e) Sales advise / practice errors	e) Mis-selling & negligent sales advisory services	High	where customers frequently return policies and endorsements, where sales people oversell company's products, and where policies are prematurely terminated or not renewed	training & employees capacity building in sales & marketing management, customer retention as a KPI for Sales/ Marketing employees

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
iii.	**System**	Hardware failure, software failure, utility disruptions	system hang, system hacking, electricity disruption, software design failure, data corruption, viruses, theft of information, security breaches	extreme	where disruption is caused to service delivery for internal & external customers because of system failure, telecommunication failure, security breaches and frequent down-time	standardised proprietry hardware, robust software deployment, availability of maintenance contract, strict adherence to security control system, adequate system & data Back-up, controlled infrastructure and dependable telecommunications network
iv	**External events**	a)legislative & regulatory risk	a) non compliance, delayed compliance & inability to fully comply with regulatory & legislative procedures	extreme	where penalties are paid for non-compliance or delayed compliance of regulatory procedures	establishment of compliance unit, enforment of compliance requirement
		b) damage to company's assets	b) loss of company assets due to terrorism, riots and civil commotion and other fundamental perils	extreme	where the company looses one of its assets due to the occurrence of a fundametal peril	asset insurance, authorised movement of assets
		c) external fraud	c) Theft of information, financial collusion & forgery, impersonation, frauduent claims, fraudulent billing by suppliers	extreme	where signatures are forged by third parties, where fraudulent billings are presented and where policy claims are manipulated	secured storage of company's financial documents, pre & post audit of supplies, pre audit of claims payment
		d) Third party liabilities.	d)outsourcing delivery failure, actions by third party against the company	medium	where services outsourced to third parties are impaired, and where third parties make claims on the company for negligence or breach of contract	enforceable outsourcing contract, imposition of by-laws within company premises
v	**Legal/ Litigation**	Contracts &documentation, outsourcing, fiduciary breaches	a) missing or incomplete legal documentation, poor contract staff management, risk relating to tax legislation, either general taxation or VAT, claims dispute	extreme	where contracts are not carefully drafted, where policy documents are ambiguous, where existing legislation is hard to comply with	centralisation of all contracts with legal, functional supervision of policy documents

Aside from these, the company train and re-train the personnel in risk handling techique which has put the company as one of the leading underwriters with proven track records over the years.

BDO

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

We have audited the accompanying consolidated and separate financial statements of Mutual Benefits Life Assurance Limited ('the Company') and its subsidiaries (together 'the Group'). These financial statements comprise the consolidated and separate statements of financial position as at 31 December 2014, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity, the consolidated and separate statements of cash flows for the year then ended, a summary of the 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 issued by the International Accounting Standards Board, and in compliance with relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, CAP C20 LFN 2004 and the Insurance Act, CAP I17, LFN 2004 and its interpretations 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

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 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 controls 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.

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Contravention of laws and regulations

During the year the Company contravened certain sections of the Insurance Act, CAP I17, LFN 2004 and NAICOM's operational guidelines. Details of the contraventions and appropriate penalties thereon are disclosed in note 49.

Opinion

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 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act No 6, 2011, the Companies and Allied Matters Act, CAP C20, LFN 2004 and Insurance Act, CAP I17, LFN 2004 and its interpretations issued by the National Insurance Commission in its Insurance Industry Policy Guidelines.

Report on other legal requirements

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 statement of financial position and statement of comprehensive income are in agreement with the books of account.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A1002553

Ebenezer O. Olabisi
FRC/2012/ICAN/00000000104
For: BDO Professional Services
Chartered Accountants

Lagos, Nigeria
15 June 2015

The following are the significant accounting policies adopted by the Group in the preparation of its financial statements.These policies have been consistently applied to all year's presentations, unless otherwise stated.

1 The Group

The group comprises of Mutual Benefits Life Assurance Limited (the Company) and its subsidiaries - Mutual Benefits Microfinance Bank Limited, Mutual Benefits Homes and Properties Limited, Mutual Benefits - Liberia and Mutual Benefits - Niger Republic.

1.1 The Company

Mutual Benefits Life Assurance Limited was incorporated on 20 February 2007 as a wholly owned subsidiary of Mutual Benefits Assurance Plc.

1.2 General information

Mutual Benefits Life Assurance Limited is a Life Business underwriting firm fully capitalised in line with statutory requirements of the industry regulatory body - National Insurance Commission. The Company underwrites Group Life and Individual Life Assurance and Group and Individual Investment Policies.

The Company identifies prompt claims, maturities and surrenders settlement as a means to achieving policyholders' satisfaction and therefore emphasises prompt settlement of claims, maturities and surrenders in its operations. The Company also invests its available funds in interest bearing instruments to generate adequate returns to meet its claims and interest obligations.

The Company is a private limited liability company incorporated and domiciled in Nigeria and has its registered office at Aret Adams House, 233 Ikorodu Road, Ilupeju, Lagos.
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 years ahead.

The consolidated financial statements, including the assets and liabilities of the Company and all its subsidiaries, were authorised for issue by the directors on 11 June 2015

However, Insurance regulators, National Insurance Commision have the power to amend these financial statements after it's authorisation for issue by the board of directors.

1.3 Subsidiaries

Mutual Benefits Homes and Properties Limited is a wholly owned subsidiary of Mutual Benefits Assurance Limited incorporated in December 2007. It carries on the business of property acquisition, development and construction and sale to corporate and individual customers.

Mutual Benefits Microfinance Bank Limited was incorporated in Nigeria in January 2008 and its principal activity involves the provision of retail banking services to both individual and corporate customers. Mutual Benefits Life Assurance Limited obtained control of the company with acquisition of 80% of the voting rights in January 2009.

Mutual Benefits Niger Republic commenced operations on 2nd January, 2014. The Company is into underwriting of all classes of non-life businesses. It is a wholly owned subsidiary of Mutual Benefits Life Assurance Limited.

Mutual Benefits Liberia was incorporated on 29th August 2007 and commenced operations on 2nd January, 2008. It is into underwriting of all classes of Life and non-life businesses. It is 95% owned by Mutual Benefits Life Assurance Limited.

1.4 Consolidation

The Group financial statements comprises the financial statements of the company and its subsidiaries, Mutual Benefits Microfinance Bank Limited and Mutual Benefits Homes and Properties Limited, all made up to 31 December, each year. The financial statements of subsidiaries are consolidated from the date the group acquires control, up to the date that such effective control ceases. A subsidiary is an entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Mutual Benefits Homes and Properties Limited is a wholly owned subsidiary, while the Company has an 80% interest in Mutual Benefits Microfinance Bank Limited.

All intercompany transactions, balances, unrealized surplus and deficit on transactions between group companies are eliminated on consolidation. Unrealized losses are also eliminated in the same manner as unrealized gains. The financial statements of the subsidiaries have been prepared in accordance with IFRS and the accounting policies of the subsidiaries are consistent with the accounting policies adopted by the group which are in accordance with IFRS.

2 Basis of presentation:

2.1 Statement of compliance with IFRS

These financial statements are the separate and consolidated financial statements of the Company and its Subsidiaries (together, "the Group"). The Group financial statements for the year 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board ("IASB"). The financial statements have also been prepared in compliance with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, Insurance Act, CAP I17 LFN, 2004 and regulatory guidelines and circulars issued by the National Insurance Commission (NAICOM) which also do not conflict with the requirements of IFRS in any way.

2.2 Going concern

The Company's directors have made an assessment of its ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis.

2.3 Basis of measurement

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

- Available-for-sale financial assets are measured at fair value.
- Investment property is measured at fair value.

2.4 Functional and presentation currency

The financial statements are presented in Nigerian naira which is the Group's functional currency. The financial statements are presented in thousands of Nigeria Naira

2.5 Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Group operates and transacts business), which is the Nigerian Naira. Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are converted into the functional currency using the exchange rate prevailing at that date. The resulting foreign exchange gains and losses from the settlement of such conversion and from year-end conversion are recognised on a net basis in profit or loss in the year in which they arise, except for differences arising on conversion of non-monetary available-for-sale financial assets, which are recognised in other comprehensive income.

3	IFRS Reference	Nature of change	Application date	Impact on initial Application
3.1	IFRS 1 First-time Adoption of International Financial Reporting Standards			
	Annual Improvements (2011-2013 Cycle) Issued December 2013	The amendment to the Basis for Conclusions clarifies that an entity has an option to use either: - The IFRSs that are mandatory at the reporting date, or - One or more IFRSs that are not yet mandatory, if those IFRSs permit early application.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption	No impact, as the Company has already adopted IFRS
3.2	IFRS 2 Share-based Payment			
	Annual Improvements (2010-2012 Cycle) Issued December 2013	The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.	Mandatory adoption for periods beginning on or after 1 July 2014. Early	No impact as the Company has no share based payment
3.3	IFRS 3 Business Combinations			
	Annual Improvements (2010-2012 Cycle) Issued December 2013	The amendment clarifies that contingent consideration is assessed as either being a liability or an equity instrument on the basis of IAS 32 Financial Instruments: Presentation, and also requires contingent consideration that is not classified as equity to be remeasured to fair value at each reporting date, with changes in fair value being reported in profit or loss.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption	No impact.
	Annual Improvements (2011-2013 Cycle) Issued December 2013	The amendments to IFRS 3 clarify that: - The formation of all types of joint arrangements as defined in IFRS 11 (ie joint ventures and joint operations) are excluded from the scope of IFRS 3 - The scope exception only applies to the accounting by the joint arrangement in its own financial statements and not to the accounting by the parties to the joint arrangement for their interests in the joint arrangement.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	No impact
3.4	IFRS 5 Non-current Assets Held for Sale and Discontinued Operations			
	Annual Improvements (2012-2014 Cycle) Issued December 2013	The amendment clarifies that the reclassification of an asset or disposal group from being held for sale to being held for distribution to owners, or vice versa is considered to be a continuation of the original plan of disposal. Upon reclassification, the classification, presentation and measurement requirements of IFRS 5 are applied. If an asset ceases to be classified as held for distribution to owners, the requirements of IFRS 5 for assets that cease to be classified as held for sale apply.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The Company will assess the impact on adoption of the Standard and when it holds assets as 'distribution to owner'

	IFRS Reference	Nature of change	Application date	Impact on initial Application
3.5	**IFRS 7 Financial Instruments: Disclosures**			
	Annual Improvements (2012-2014 Cycle)	The IASB clarified the circumstances in which an entity has continuing involvement from the servicing of a transferred asset. Continuing involvement exists if the servicer has a future interest in the performance of the transferred financial asset. Examples of situations where continuing involvement exists are where a transferor's servicing fee is: - A variable fee which is dependent on the amount of the transferred asset that is ultimately recovered; or - A fixed fee that may not be paid in full because of non-performance of the transferred financial asset. The amendment is required to be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, the amendment needs not to be applied for any period beginning before the annual period in which the entity first applies the amendments. A consequential amendment has been made to IFRS 1 First-time Adoption of International Financial Reporting Standards, in order that the same transitional provision applies to first time adopters. Applicability of the offsetting amendments in condensed interim financial statements A further amendment to IFRS 7 has clarified that the application of the amendment Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) issued in December 2011 is not explicitly required for all interim periods. However, it is noted that in some cases these disclosures may need to be included in condensed interim financial statements in order to comply with IAS 34.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The Company is yet to assess the impact of the adoption of this standard.
3.6	**IFRS 8 Operating Segments**			
	Annual Improvements (2010-2012 Cycle) Issued: December 2013	The amendments require additional disclosures regarding management's judgements when operating segments have been aggregated in determining reportable segments, including: - A description of the operating segments that have been aggregated - The economic indicators considered in determining that the aggregated operating segments share similar economic characteristics. Reconciliation of the total of a reportable segment's assets to the entity's assets: The amendment clarifies that a reconciliation of the total of reportable segments assets to the entity's assets is only required if a measure of segment assets is regularly provided to the chief operating decision maker.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The Company would implement the standard on adoption.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
3.7	**IFRS 9 Financial Instruments**			
	IFRS 9 (2009) Issued: November 2009	IFRS 9 (2009) applies to all assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 requires that on initial recognition, all financial assets are measured at fair value (plus an adjustment for certain transaction costs if they are not measured as at fair value through profit or loss) and are classified into one of two subsequent measurement categories: - Amortised cost - Fair value. IFRS 9 (2009) eliminates the Held to Maturity (HTM), Available for Sale (AFS) and Loans and Receivables categories. In addition, the exception under which equity instruments and related derivatives are measured at cost rather than fair value, where the fair value cannot be reliably determined, has been eliminated with fair value measurement being required for all of these instruments. A financial asset is measured after initial recognition at amortised cost only if it meets the following two conditions: 1. The objective of an entity's business model is to hold the financial asset in order to collect contractual cash flows 2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	Can only be applied if an entity's date of initial application is before February 2015.	To be implemented on adoption of the standard.
		All other instruments are required to be measured after initial recognition at fair value. IFRS 9 (2009) retains the current requirement for financial instruments that are held for trading to be recognised and measured at fair value through profit or loss, including all derivatives that are not designated in a hedging relationship. Hybrid contracts with a host that are within the scope of IFRS 9 (2009) (ie a financial host) must be classified in their entirety in accordance with the classification approach summarised above. This eliminates the existing IAS 39 requirement to account separately for a host contract and certain embedded derivatives. The embedded derivative requirements under IAS 39 continue to apply where the host contract is a non-financial asset and for financial liabilities.		

	IFRS	Nature of change	Application	Impact on initial
		IFRS 9 (2009) includes an option which permits investments in equity instruments to be measured at fair value through other comprehensive income. This is an irrevocable election to be made, on an instrument by instrument basis, at the date of initial recognition. Where the election is made, no amounts are subsequently recycled from other comprehensive income to profit or loss. Where this option is not taken, equity instruments with the scope of IFRS 9 (2009) are classified as at fair value through profit or loss. Irrespective of the approach adopted for the equity instrument itself, dividends received on an equity instrument are always recognised in profit or loss (unless they represent a return of the cost of investment). Subsequent reclassification of financial assets between the amortised cost and fair value categories is prohibited, unless an entity changes its business model for managing its financial assets in which case reclassification is required. However, the guidance is restrictive and such changes are expected to be very infrequent. IFRS 9 (2009) states explicitly that the following are not changes in business model: 1. A change in intention relating to particular financial assets (even in circumstances of significant changes in market conditions) 2. A temporary disappearance of a particular market for financial assets 3. A transfer of financial assets between parts of the entity with different business models.		
3.'8	IFRS 9 (2010) Issued: October 2011	As noted above, IFRS 9 (2009) was published in November 2009 and contained requirements for the classification and measurement of financial assets. Equivalent requirements for financial liabilities were added in October 2010, with most of them being carried forward unchanged from IAS 39.		

	IFRS Reference	Nature of change	Application date	Impact on initial Application
		In consequence: - A financial liability is measured as at fair value through profit or loss (FVTPL) if it is held for trading, or is designated as at FVTPL using the fair value option - Other liabilities are measured at amortised cost. In contrast to the requirements for financial assets, the bifurcation requirements for embedded derivatives have been retained; similarly, equity conversion features will continue to be accounted for separately by the issuer. However, some changes have been made, in particular to address the issue of where changes in the fair value of an entity's financial liabilities designated as at FVTPL using the fair value option, which arise from changes in the entity's own credit risk, should be recorded. This amendment is a result of consistent feedback received by the IASB from its constituents that changes in an entity's own credit risk should not affect profit or loss unless the financial liability is held for trading. IFRS 9 (2010) requires that changes in the fair value of financial liabilities designated as at FVTPL which relate to changes in an entity's own credit risk should be recognised directly in other comprehensive income (OCI). However, as an exception, where this would create an accounting mismatch (which would be where there is a matching asset position that is also measured as at FVTPL), an irrevocable decision can be taken to recognise the entire change in fair value of the financial liability in profit or loss.		
3.9	IFRS 9 (2013) Issued: November 2013	Three significant changes/additions were made compared to the previous version of IFRS 9: - Add new hedge accounting requirements - Withdraw the previous effective date of 1 January 2015 and leave it open pending the completion of outstanding phases of IFRS 9 - Make the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option available for early adoption without early application of the other requirements of IFRS 9. The new hedge accounting requirements are more principles-based, less complex, and provide a better link to risk management and treasury operations than the requirements in IAS 39 Financial Instruments: Recognition and Measurement. The new model allows entities to apply hedge accounting more broadly to manage profit or loss mismatches, and as a result reduce 'artificial' hedge ineffectiveness that can arise under IAS 39.	Can only be applied if an entity's date of initial application is before February 2015.	To be implemented on adoption of the standard.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
		Key changes introduced by the new model include: - Simplified effectiveness testing, including removal of the 80-125% highly effective threshold - More items will now qualify for hedge accounting, eg pricing components within a non-financial item, and net foreign exchange cash positions - Entities can hedge account more effectively the exposures that give rise to two risk positions (eg interest rate risk and foreign exchange risk, or commodity risk and foreign exchange risk) that are managed by separate derivatives over different periods - Less profit or loss volatility when using options, forwards, and foreign currency swaps - New alternatives available for economic hedges of credit risk and 'own use' contracts which will reduce profit or loss volatility.		
3.10	IFRS 9 (2014) Issued: July 2014	IFRS 9 Financial Instruments (2014) incorporates the final requirements on all three phases of the financial instruments projects - classification and measurement, impairment, and hedge accounting. IFRS 9 (2014) adds to the existing IFRS 9: - New impairment requirements for all financial assets that are not measured at fair value through profit or loss . -Amendments to the previously finalised classification and measurement requirements for financial assets. In a major change, which will affect all entities, a new 'expected loss' impairment model in IFRS 9 (2014) replaces the 'incurred loss' model in IAS 39 Financial Instruments: Recognition and Measurement. Under IFRS 9 (2014), the impairment model is a more 'forward looking' model in that a credit event (or impairment 'trigger') no longer has to occur before credit losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income (FVTOCI), an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.	Mandatory adoption for periods beginning on or after 1 January 2018. Early adoption permitted.	The Company is still assessing the impact of adoption.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
		For trade receivables there is a practical expedient to calculate expected credit losses using a provision matrix based on historical loss patterns or customer bases. However, those historical provision rates would require adjustments to take into account current and forward looking information. The new impairment requirements are likely to bring significant changes. Although provisions for trade receivables may be relatively straightforward to calculate, new systems and approaches may be needed. However, for financial institutions the changes are likely to be very significant and require significant changes to internal systems and processes in order to capture the required information. In other changes, IFRS 9 (2014) also introduces additional application guidance to clarify the requirements for contractual cash flows of a financial asset to be regarded as giving rise to payments that are Solely Payments of Principal and Interest (SPPI), one of the two criteria that need to be met for an asset to be measured at amortised cost. Previously, the SPPI test was restrictive, and the changes in the application of the SPPI test will result in additional financial assets being measured at amortised cost. For example, certain instruments with regulated interest rates may now qualify for amortised cost measurement, as might some instruments which only marginally fail the strict SPPI test. A third measurement category has also been added for debt instruments - FVTOCI. This new measurement category applies to debt instruments that meet the SPPI contractual cash flow characteristics test and where the entity is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets. In comparison with previous versions of IFRS 9, the introduction of the FVTOCI category may result in less profit or loss volatility, in particular for entities such as insurance companies which hold large portfolios with periodic buying and selling activities. The amendments could lead to significant reclassifications of debt instruments across the different measurement categories: amortised cost, FVTOCI, and FVTPL. This may lead to less volatility in profit or loss for debt investment portfolios, but greater equity volatility if assets are reclassified from amortised cost to FVTOCI (which could affect regulatory capital).		

	IFRS Reference	Nature of change	Application date	Impact on initial Application
3.11	IFRS 9 (own credit risk requirements)	IFRS 9 (2014) provides an option to early adopt the 'own credit' provisions for financial liabilities measured at fair value through profit or loss (FVTPL) under the fair value option without any of the other requirements of IFRS 9. This option will remain available until 1 January 2018. Entities that use the fair value option and designate financial liabilities at fair value through profit or loss (FVTPL) present the fair value changes in 'own credit' in OCI instead of profit or loss. Therefore, for financial liabilities designated at FVTPL, entities can continue to apply IAS 39 Financial Instruments: Recognition and Measurement but follow the presentation requirement in IFRS 9 and present the changes in 'own credit' in OCI. This amendment is expected to mainly affect financial institutions and insurers.	Can be applied until the effective date of IFRS 9 (2014) which is 1 January 2018.	To be adopted on from the effective date
3.12	**IFRS 10 Consolidated financial statements**			
	Amendments to IFRS 10 Issued: September 2014	Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The amendments clarify the accounting for transactions where a parent loses control of a subsidiary, that does not constitute a business as defined in IFRS 3 Business Combinations, by selling all or part of its interest in that subsidiary to an associate or a joint venture that is accounted for using the equity method. In the case of any retained interest in the former subsidiary, gains and losses from the remeasurement are treated as follows: - The retained interest is accounted for as an associate or joint venture using the equity method: The parent recognises the gain or loss in profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The remainder is eliminated against the carrying amount of the investment in the associate or joint venture. - The retained interest is accounted for at fair value in accordance with IFRS 9 Financial Instruments: The parent recognises the gain or loss in full in profit or loss.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	No impact.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
3.13	IFRS 11 Joint Arrangements			
	Amendments to IFRS 11 Issued: May 2014	Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations The amendments require an entity to apply all of the principles of IFRS Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined by IFRS 3. The amendment also includes two new Illustrative Examples: - Accounting for acquisitions of interests in joint operations in which the activity constitutes a business - Contributing the right to use know-how to a joint operation in which the activity constitutes a business. A consequential amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards has also been made, to clarify that the exemption from applying IFRS 3 to past business combinations upon adoption of IFRS also applies to past acquisitions of interests in joint operations in which the activity of the joint operation constitutes a business, as defined in IFRS 3.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	No impact.
3.14	IFRS 13 Fair Value Measurement			
	Annual Improvements (2010-2012 Cycle) Issued: December 2013	The amendment clarifies that short-term receivables and payables with no stated interest rate can still be measured at the invoice amount without discounting, if the effect of discounting is immaterial.	Mandatory adoption for periods beginning on or after 1 July 2014. Early	No impact.
3.15	Scope of IFRS 13.52 (portfolio exemption)			
	Improvements (2011-2013 Cycle) Issued: December 2013	IFRS 13.52 defines the scope of the exception that permits an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis. This is often referred to as the portfolio exception. The amendment clarifies that the portfolio exception applies to all contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9 Financial Instruments if this has been adopted early), regardless of whether they meet the definition of financial assets or financial liabilities in IAS 32 Financial Instruments: Presentation.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	No impact.
3.16	IFRS 14 Regulatory Deferral Accounts			
	IFRS 14 Issued: January 2014	In many countries, industry sectors (including utilities such as gas, electricity and water) are subject to rate regulation where governments regulate the supply and pricing. This can have a significant effect on the amount and timing of an entity's revenue. Some national GAAPs require entities that operate in industry sectors subject to rate regulation, to recognise associated assets and liabilities. The scope of IFRS 14 is narrow, with this extending to cover only those entities that:	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	No impact.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
3.17	**IFRS 14 Regulatory Deferral Accounts**			
	IFRS 14 Issued: January 2014	In many countries, industry sectors (including utilities such as gas, electricity and water) are subject to rate regulation where governments regulate the supply and pricing. This can have a significant effect on the amount and timing of an entity's revenue. Some national GAAPs require entities that operate in industry sectors subject to rate regulation, to recognise associated assets and liabilities. The scope of IFRS 14 is narrow, with this extending to cover only those entities that: - Are first-time adopters of IFRS - Conduct rate regulated activities - Recognise associated assets and/or liabilities in accordance with their current national GAAP. Entities within the scope of IFRS 14 would be afforded an option to apply their previous local GAAP accounting policies for the recognition, measurement and impairment of assets and liabilities arising from rate regulation, which would be termed regulatory deferral account balances. Any regulatory deferral account balances, and their associated effect on profit or loss, would be recognised and presented separately from other items in the primary financial statements. As a result, for those entities that elect to adopt IFRS 14, all other line items and subtotals would exclude the effects of regulatory deferral accounts, meaning that they would be comparable with other entities that report in accordance with IFRS but do not apply IFRS 14. Application guidance is included in IFRS 14 in respect of other IFRSs that would need to be considered alongside the previous national GAAP accounting requirements in order for these regulatory deferral accounts to be accounted for appropriately in an entity's IFRS financial statements, including: - IAS 10 Events after the Reporting Period - IAS 12 Income Taxes - IAS 28 Investments in Associates and Joint Ventures - IAS 33 Earnings per Share - IAS 36 Impairment of Assets - IFRS 3 Business Combinations - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - IFRS 10 Consolidated Financial Statements - IFRS 12 Disclosure of Interests in Other Entities.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	No impact.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
3.18	IFRS 15 Revenue from Contracts with Customers			
	IFRS 15 Issued: May 2014	IFRS 15 Revenue from Contracts with Customers supersedes IAS 18 Revenue, IAS 11 Construction Contracts and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services).The objective of IFRS 15 is to clarify the principles of revenue recognition. This includes removing inconsistencies and perceived weaknesses and improving the comparability of revenue recognition practices across companies, industries and capital markets. In doing so IFRS 15 establishes a single revenue recognition framework. The core principle of the framework is, that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To accomplish this, IFRS 15 requires the application of the following five steps: 1. Identify the contract 2. Identify the performance obligation(s) 3. Determine the transaction price 4. Allocate the transaction price to each performance obligation 5. Recognise revenue when each performance obligation is satisfied. IFRS 15 also includes specific guidance related to several additional topics, some of the key areas are: - Contract costs - Sale with a right of return - Warranties - Principal vs agent considerations - Customer options for additional goods and services - Customers unexercised rights - Non-refundable upfront fees (and some related costs) - Licensing Repurchase agreements - Consignment arrangements - Bill-and-hold arrangements - Customer acceptance. Furthermore the guidance significantly enhances the required qualitative and quantitative disclosures related to revenue. The main objective of the requirements is the disclosure of sufficient information in terms of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In order to meet this objective, IFRS 15 requires specific disclosures for contracts with customers and significant judgements.	Mandatory adoption for periods beginning on or after 1 January 2017. Early adoption permitted.	The Company is currently assessing the impact on adoption.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
3.19	IAS 16 Property, Plant and Equipment			
	Annual Improvements (2010-2012 Cycle) Issued: December 2013	Revaluation method - proportionate restatement of accumulated depreciation The amendment clarifies the computation of accumulated depreciation when items of property, plant and equipment are subsequently measured using the revaluation model. The net carrying amount of the asset is adjusted to the revalued amount, and either: i. The gross carrying amount is adjusted in a manner consistent with the net carrying amount (eg proportionately to the change in the [net] carrying value, or with reference to observable market data). Accumulated depreciation is then adjusted to equal the difference between the gross and net carrying amounts ii. Accumulated depreciation is eliminated against the gross carrying amount.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.
3.20	Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation			
	Amendments to IAS 16 Issued: May 2014	Paragraph 62A of IAS 16 has been added to prohibit the use of revenue-based methods of depreciation for items of property, plant and equipment. Paragraph 62A clarifies that this is because the revenue generated by an activity that includes the use of an item of property, plant and equipment generally reflects factors other than the consumption of the economic benefits of the item, such as: - Other inputs and processes - Selling activities and changes in sales - Volumes and prices, and - Inflation. Paragraph 56 of IAS 16, which includes guidance for the depreciation amount and depreciation period, has been expanded to state that expected future reductions in the selling price of items produced by an item of property, plant and equipment could indicate technical or commercial obsolescence (and therefore a reduction in the economic benefits embodied in the item), rather than a change in the depreciable amount or period of the item.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The Company is currently assessing the impact on adoption.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
3.21	IAS 19 Employee Benefits			
	Amendments to IAS 19 Issued: November 2013	Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions The amendment introduces a narrow scope amendments that: - Provides a practical expedient for certain contributions from employees or third parties to a defined benefit plan, but only those contributions that are independent of the number of years of service - Clarifies the treatment of contributions from employees or third parties to a defined benefit plan that are not subject to the practical expedient. These are accounted for in the same way that the gross benefit is attributed in accordance with IAS 19.70. Contributions that are independent of the number of years of service include: - Contributions that are based on a fixed percentage of salary - Contributions of a fixed amount throughout the service period - Contributions that are dependent on the employee's age.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.
3.22	IAS 19 Employee Benefits			
	Annual Improvements (2012-2014 Cycle) Issued: September 2014	The guidance in IAS 19 has been clarified and requires that high quality corporate bonds used to determine the discount rate for the accounting of employee benefits need to be denominated in the same currency as the related benefits that will be paid to the employee. Entities are required to apply the amendment from the earliest comparative period presented in the financial statements, with initial adjustments being recognised in retained earnings at the beginning of that period.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.
3.23	IAS 24 Related Party Disclosures			
	Annual Improvements (2010-2012 Cycle) December 2013	The amendment clarifies that an entity that provides key management personnel services (management entity) to a reporting entity (or to the parent of the reporting entity), is a related party of the reporting entity, and: - Would require separate disclosure of amounts recognised as an expense for key management personnel services provided by a separate management entity - Would not require disaggregated disclosures by the categories set out in IAS 24.17.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
3.24	IAS 27 Separate Financial Statements			
	Amendments to IAS 27 Issued: August 2014	The amendments include the introduction of an option for an entity to account for its investments in subsidiaries, joint ventures, and associates using the equity method in its separate financial statements. The accounting approach that is selected is required to be applied for each category of investment. Before the amendments, entities either accounted for its investments in subsidiaries, joint ventures or associates at cost or in accordance with IFRS 9 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement for those entities that have yet to adopted IFRS 9). The option to present its investments using the equity method result in the presentation of a share of profit or loss, and other comprehensive income, of subsidiaries, joint ventures and associates with a corresponding adjustment to the carrying amount of the equity accounted investment in the statement of financial position. Any dividends received are deducted from the carrying amount of the equity accounted investment, and are not recorded as income in profit or loss. A consequential amendment was also made to IAS 28 Investments in Associates and Joint Ventures, to avoid a potential conflict with IFRS 10 Consolidated Financial Statements for partial sell downs.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.
3.25	IAS 34 Interim Financial Reporting			
	Annual Improvements (2012-2014 Cycle) Issued: September 2014	The requirements of paragraph 16A of IAS 34 require additional disclosures to be presented either in the: - Notes to the interim financial statements or - Elsewhere in the interim financial report. The amendment clarifies, that a cross-reference is required, if the disclosures are presented 'elsewhere' in the interim financial report, such as in the management commentary or the risk report of an entity. However, to comply with paragraph 16A of IAS 34, if the disclosures are contained in a separate document from the interim report, that document needs to be available to users of the financial statements on the same terms and at the same time as the interim report itself.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
3.28	**IAS 40 Investment Property**			
	Annual Improvements (2011-2013 Cycle) Issued: December 2013	The amendment notes that determining whether the acquisition of an investment property is a business combination requires consideration of the specific requirements of IFRS 3, independently from the requirements of IAS 40, in relation to: - Whether the acquisition of investment property is the acquisition of an asset, a group of assets, or a business combination (by applying the requirements of IFRS 3 only) - Distinguishing between investment property and owner-occupied property (by applying the requirements of IAS 40 only).	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.
3.29	**IAS 41 Agriculture**			
	Amendments to IAS 41 Issued: June 2014	The amendments extend the scope of IAS 16 Property, Plant and Equipment to include bearer plants and define a bearer plant as a living plant that: - Is used in the production process of agricultural produce, - Is expected to bear produce for more than one period; and - Has a remote likelihood of being sold (except incidental scrap sales). The changes made result in bearer plants being accounted for in accordance with IAS 16 using either: - The cost model, or - The revaluation model. The agricultural produce of bearer plants remains within the scope of IAS 41 Agriculture. The amendments include the following transitional reliefs for the purposes of their first time application: - Deemed cost exemption - Entities are allowed to use the fair value of the bearer plants at the beginning of the earliest period presented as the deemed cost. - Disclosures - Quantitative information describing the effect of the first time application as required by IAS 8.28(f) is not required for the current reporting period, but is required for each prior period presented.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate less provision for impairment. Gains or losses on loans and receivables are recognised in profit or loss. The groups loans and receivables include loans issued to corporate individuals and loan and advances to customers. These loans and advances are reviewed annually for impairment using the applicable prudential guidelines and as ultimately determined by objective review of the recoverability of the receivables.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. Held-to-maturity financial assets comprise mostly of bonds on lien. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Held-to-maturity financial assets are subsequently measured at amortised cost using the effective interest. Interest income on held-to-maturity financial instruments is included in profit or loss. In the event of impairment, it is being reported as a deduction from the carrying value of the investment and recognised in profit or loss.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceeding categories. They include financial assets in unquoted shares and mutual funds. These financial assets are initially recorded at fair value plus transaction costs. Where equity instruments do not have a quoted market price and their fair value cannot be reliably measured the instruments have to be measured at cost. After initial measurement, available-for-sale financial assets are measured at fair value. In cases where the fair value of unlisted equity cannot be measured reliably, the instruments are carried at cost less impairment. Fair value gains and losses are reported as a separate component in other comprehensive income until the financial assets are derecognised or the financial assets are determined to be impaired. On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity are reclassified to profit or loss.

(v) Reclassification of financial assets

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories, if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as at the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date.

(vi) Impairment of financial assets

Financial assets carried at amortised cost

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of finacial assets is impaired includes observable data that comes to the attention of the Group about the following events:

- Significant financial difficulty of the issuer or debtor ;
- A breach of contract, such as a default or delinquency in payments;
- It is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including: adverse changes in the payment status of issuers or debtors in the group; or national or local economic conditions that correlate with defaults on the assets in the group.

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of a write-down allowance account, and the amount of the loss is recognised in profit or loss. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

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 (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the write-down allowance account. The amount of the reversal is recognised, to the maximum of past impairment loss(es) previously recognised in profit or loss.

Allowance for impairment on loan and advances

Allowance for impairment on mortgage loan receivables and other receivables are made based on estimated possible losses which may arise from non-collection of certain receivable accounts. The Group applies Loan-loss provision and Credit portfolio classification requirements of Central Bank of Nigeria (CBN) Prudential Guidelines coupled with significant management judgment to determine the adequacy of the allowance for doubtful debts to cover any losses which may be incurred from uncollectible accounts on outstanding loan and other receivables as of the end of the reporting period.

Loan-loss Provision and Credit Portfolio Classification requirements of CBN

In accordance with this Statutory Guideline, Credit facilities are classified as either performing or non-performing and are stated after the deduction of appropriate provision.

Provision is made for each account that is not performing in accordance with the terms of the related facility as follows:

Period of non-performance	*Classification*	*Provision for outstanding* principal balane
1 - 30 Days	Pass & Watch	5%
31 - 60 Days	Substandard	20%
61 - 90 Days	Doubtful	50%
91 or more days or restructured	Lost	100%

i) **Adapting the CBN Prudential Guidelines to IFRS**

With effect from 1 July 2010, as prescribed by CBN Prudential Guideline, the Group is required to make provisions for loans as prescribed in the relevant IFRS. Provisions for loans recognised in the Income statement are determined based on the requirements of IFRS. However, the IFRS provisions are compared with provisions determined under the prudential guidelines and the expected impact/changes are treated in general reserve as follows:

(i) Where the Prudential Provisions is greater than IFRS provisions; the company transfers the difference from the general reserve to a non-distributable "Regulatory Credit Risk's Reserve".

(ii) Where the Prudential Provisions is less than IFRS provisions; the Company transfers the resulting excess charges from the Regulatory Credit Risk Reserve to the general reserve to the extent of the non-distributable reserve previously recognized. "Regulatory Credit Risk Reserve" is classified under Tier 1 as part of the Company's core capital. However, the groups loan and advances are carried in the statement of financial position and their recoverable amount in line with the provision of IFRS.

Assets classified as available for sale

The Group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

The cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in profit or loss. Impairment losses recognised on equity instruments are not reversed through profit or loss. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(vii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.3 Trade receivables

Trade receivables are recognised when due. These include amounts due from agents, brokers, reinsurers, co-insurers, insurance contract holders and property buyers. They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. An allowance for impairment is made when there is an objective evidence (such as the probability of solvency or financial difficulties of the debtors) that the Group will not be able to collect all amount due under the original terms of the invoice. If there is objective evidence that the insurance receivables are impaired, the Group reduces the carrying amount of the insurance receivables accordingly and recognises that impairment loss in profit or loss. The Group first assesses whether objective evidence of impairment exists individually for receivables that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment using the model that reflects the company's historical outstanding premium collection ratio per sector. If in a subsequent period the amount of impairment loss decreases and the decrease can be related objectively to an event occuring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of impairment loss is recognised in profit or loss.

4.4 Reinsurance assets

These are assets arising from contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group, and which also meets the definition of insurance contracts.

Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included in insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

The Group assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets.

4.5 Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the origination of insurance contracts. These costs are amortised and deferred over the terms of the related policies to the extent that they are considered to be recoverable from unearned premium. Amount of acquistion cost calculated at every statement of financial position date is recognised as asset in the statement of financial position. Periodical movement in deferred acqusition costs is recognised in profit or loss.

4.6 Other receivables and prepayments

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtors) that the Group will not be able to collect all the amount due under the original terms of the invoice. Impaired 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 occurring after the impairment was recognised, the previous recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss. Prepayments are carried at cost less accumulated impairment losses.

Loan to policy holders represents loans granted to investment contract holders and it is fully secured by the investment contract balance of the customers. Policy loan is measured at fair value on initial recognition less any attributable transaction costs. Subsequently, the asset is measured at amortised cost using effective interest rate method less any impairment.

Impairment on individual policy loan is evaluated at end of each reporting period on a case by case basis. The impairment is calculated as the difference between the present value of future cash flows, discounted at the loan's original effective interest rate and the loan's carrying value.

4.7 Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As Lessor

Finance leases

Assets held under finance leases are recognized as finance lease receivables of the Group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The related liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between interest income and capital redemption of the asset, Interest is recognized immediately in profit or loss, unless attributable to qualifying assets, in which case they are capitalised to the cost of those assets. Contingent rentals are recognised as income in the periods in which they are earned.

4.8 Inventories

The Group recognises property as inventory under the following circumstances:

- property held for sale in the ordinary course of business;
- property in the process of construction (work in progress under the scope of IAS 11, Construction Contracts);
- property purchased for the specific purpose of resale;
- property constructed for the specific purpose of resale;
- property transferred from investment property to inventories. This is permitted when the Group commences the property's development with a view to sell; and
- Other items, including work in progress, to be consumed in construction of property for resale

They are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where appropriate, labour and production overheads that have been incurred in bringing the inventories and work in progress to their present location and condition. Cost is determined using weighted average cost. Net realisable value represents the estimated selling price less estimated costs to completion and costs to be incurred in marketing, selling and distribution.

4.9 Investment in subsidiaries

The consolidated financial statements incorporates the financial statements of the Company and all its subsidiaries where it is determined that there is a capacity to control. Control means the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. All the facts of a particular situation are considered when determining whether control exists. Control is usually present when an entity has:

- power over more than one-half of the voting rights of the other entity;
- power to govern the financial and operating policies of the other entity;
- power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- power to cast the majority of votes at meetings of the board of directors or equivalent governing body of the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group. In its separate accounts, the Company accounts for its investment in subsidiaries at cost. Inter-company transactions, balances and unrealised gains on transactions between companies are eliminated in the same manner as unrealised gains, but only to the extent that there is no impairment. Consistent accounting policies are used throughout the Group for the purposes of consolidation.

4.10 Investment in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over these policies. Significant influence is generally demonstrated by the Group holding in excess of 20%, but less than 50%, of the voting rights. The Group's share of results of the associate entity is included in the consolidated income statement. Investments in associates are carried in the statement of financial position at cost plus the Group's share of post-acquisition changes in the net assets of the associate. Investments in associates are reviewed for any indication of impairment at least at each reporting date. The carrying amount of the investment is tested for impairment, where there is an indication that the investment may be impaired. When the Group's share of losses or other reductions in equity in an associate equals or exceeds the recorded interest, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity.

The excess of the cost of an acquisition over the Group's share of the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is included in the carrying amount of the investment and assessed for impairment as part of the investment. A gain on acquisition is recognised immediately in profit or loss if there is an excess of the Group's share of the fair value of the identifiable net assets acquired over the cost of the acquisition. The Group's share of the results of associates is based on financial statements made up to a date not earlier than three months before the statement of financial position date, adjusted to conform with the accounting policies of the Group. Unrealised gains and losses on transactions are eliminated to the extent of the Group's interest in the investee. Losses may provide evidence of impairment of the asset transferred, in which case appropriate provision is made for impairment. In the separate financial statements of the Company, investments in associates are stated at cost less accumulated impairment losses, if any.

4.11 **Investment in properties**

Investment property is property held to earn rental income or for capital appreciation or both. Investment property, including interest in leasehold land, is initially recognised at cost. Subsequently, investment property is carried at fair value representing the open market value at the statement of financial position date determined by annual valuations carried out by external registered valuers. Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. The fair value of the investment properties is a reasonable approximate of their values as at the date of the Statement of Financial Position presented.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other subsequent expenditure is recognised as expense in the year in which it is incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to comprehensive income.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of the change in use.

When the Company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in other comprehensive income.

4.12 **Intangible assets**

Software licence costs and computer software that is not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Group are recognised as intangible assets. Amortisation is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life.

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

An intangible asset with an infinite life is initially recognised at cost and subsequently at fair value. Intangible assets with an infinite life are not subject to amortisation on an annual basis but subject to review for impairment.

An intangible asset shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Amortisation is calculated using the straight line method to write down the cost of each intangible asset to its residual value over its estimated useful life or the licence term.

4.13 <u>Goodwill</u>

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non controlling interest in the acquiree and the fair value of the acquirer's previoiusly held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable asseets acquired and the liabilities assumed. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is presented by each primary reporting segment.

4.14 <u>Property, Plant and Equipment</u>

All categories of property, plant and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment.

Property , plant and equipment, includes a work in progress owner-occupied property, this is stated at cost to date, and yet to be decomponetised as the asset is not ready for use.

Subsequent costs to property, plant and equipment are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Land is not depreciated. Subsequently, land and building can either be carried at cost or at revalued amount.

Gains and losses in the carrying amount of an item of property, plant and equipment arising on revaluation are recognised in equity.

Depreciation is calculated using the straight line method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

Leasehold land	Over the remainder of the Life of the Lease
Leasehold building	20%
Building in progress -	Nil
Plant & Machinery	20%
Motor Vehicles	25%
Computer Equipment	20%
Office Equipment	20%
Furniture & Fittings	20%

Depreciation of an item of property, plant and equipment commences when it is available for use and continues to be depreciated until it is derecognised, even if during that period the item is idle. Depreciation of an item ceases when the item is retired from active use or is being held for disposal.

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use.

Repairs and maintenance expenses are charged to the profit or loss in the year in which they are incurred.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

Revaluation of land and building

Property, plant & equipment are initially recorded at cost. Land and building are subsequently carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in the statement of profit or loss.

When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in the statement of profit or loss.

De-recognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(i) Impairment of non-financial assets

The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognised as revaluation decrease.

Assets that have an indefinite useful life - for example, land - are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4.15 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, CAP I17, LFN 2004 Statutory deposit is measured at cost.

4.16 **Insurance contract liabilities**

In accordance with IFRS 4, the company has continued to apply the accounting policies it applied in accordance with pre-changeover Nigerian GAAP subject to the use of Liability Adequacy Test. Balances arising from insurance contracts primarily includes unearned premium, provisions for outstanding claims and adjustment expenses and a provision for incurred but not reported claims, re-insurers share of provision for unearned premium and outstanding claims and adjustment expenses, deferred acquisition costs, and salvage and subrogation receivables.

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium method. The liability is determined as the sum of the discounted value of the expected future benefits, and is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case a margin for risk and adverse deviation is generally included.

A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and premium deficiency, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Group. Adjustments to the liabilities at each reporting date are recorded in profit or loss. Profits originated from margins of adverse deviations on run-off contracts are recognised in profit or loss over the life of the contract, whereas losses are fully recognised in profit or loss during the first year of run-off. The liability is derecognised when the contract expires, is discharged or is cancelled.

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate, net of deferred acquisition cost, by using an existing liability adequacy test as laid out under the Insurance Act, CAP I17, LFN, 2004. The liability value is adjusted to the extent that it is insufficient to meet future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment such as:

Discounted cash flows,

i) Option pricing models and stochastic modelling.
ii) Aggregation levels and the level of prudence applied in the test are consistent with the requirements of Insurance Act, CAP I17, LFN, 2004.

To the extent that the test involves discounting of cash flows, the interest rate applied may be prescribed by Insurance Act regulations or may be based on management's prudent expectation of current market interest rates. Any inadequacy is recorded in profit or loss, initially by impairing PVIF and Deferred Acquisition Cost and, subsequently, by establishing a technical reserve for the remaining loss. In subsequent periods, the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of the loss recognition. The assumptions do not include a margin for adverse deviation. Impairment losses resulting from liability adequacy testing can be reversed in future years if the impairment no longer exists, as allowed under Insurance Act, CAP I17, LFN 2004.

(i) **Reserves for unearned premium**

In compliance with Section 20 (1) (a) of Insurance Act, CAP I17, LFN 2004, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

(ii) **Reserves for outstanding claims**

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus an estimate of claims incurred but not reported ("IBNR") as at the date of the statement of financial position. The IBNR is based on the liability adequacy test.

(iii) Reserves 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)"

(iv) Liability adequacy test

At each reporting date, the company performs a liability adequacy test through an Actuary on its insurance contract liabilities less deferred acquisition costs to ensure the carrying amount is adequate, using current estimate of future cash flows, taking into consideration the relevant investment return. If the estimate shows the carrying amount of liabilities is inadequate, any deficiency is recognised as an expense to profit or loss initially by writing off the deferred acquisition expense and subsequently by recognising an additional claims liability for claims provisions.

4.17 Investment contracts liabilities

The Group administers the funds for a number of retirement benefit schemes. The Group also sells investment products which are embedded in the insurance policies purchased by individuals. The liability of the Company to the schemes is included in the statement of financial position. The investment contracts are classified into two categories:

i) Investment contacts -Group
ii) Investment contracts- Individual

Receipts from administered schemes are initially recognised in group investment contract liabilities. Guaranteed interest on the schemes is recognised in profit or loss and credited to group investment contract liabilities. Actuarial differences arising on valuation of the liabilities at the reporting date is recognised in profit or loss. Group investment contract liabilities are derecognised when paid, refunded or cancelled.

Deposits from savings and investment policies are initially recognised in individual investment contract liabilities. Guaranteed interest on the policies is recognised in profit or loss and credited to individual investment contract liabilities. Actuarial differences arising on valuation of the liabilities at the reporting date is recognised in profit or loss. Individual investment contract liabilities are derecognised when settled at maturity, surrendered or used to offset policy loans.

4.18 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

The estimated fair value of payables with no stated maturity which includes no interest payables is the amount repayable on demand.

4.19 Other payables and accruals

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted.

4.20 Borrowings

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 rate.

Fees paid on the establishment of loan facilities are recognised as a transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least twelve months after the date of the statement of financial position.

4.21 **Deposit from customers**

Deposits from customers include current, term and savings deposits with the Group by depositors. Deposits from customers are initially recognised in liabilities at fair value and subsequently measured at amortised cost.

Interest paid on the deposits is expensed as 'interest and similar expense in profit or loss' during the period in which the Group has the obligation to pay the interest.

Deposits are derecognised when repaid to customers on demand or used to offset amount(s) due from the customer as agreed in the contract.

4.22 **Current income tax**

Current income tax is the amount of income tax payable on the taxable results for the year determined in accordance with the Companies Income Tax Act, CAP I17, LFN 2004 (As amended). The tax rates and tax laws used to compute the liability are those that are enacted or substantively enacted as at the reporting date.

4.23 **Deferred Income tax**

Deferred income tax is provided in full on all temporary differences except for those arising on the initial recognition of an asset or liability. Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the statement of financial position date and expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off such as:

- current tax assets against current income tax liabilities and
- the deferred taxes relate to the same taxable entity and
- the same taxation authority

4.24 **Share capital and premium**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Equity Instruments issued are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax

4.25 **Contingency Reserve**

This is credited with an amount equal to higher of 1 percent of the gross premium and 10 percent of the net profit (whichever is greater and accumulated) until it reaches the amount of the minimum paid up capital, in accordance with section 22(1)(b) of the Insurance Act, CAP I17, LFN 2004

4.26 Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to owners of the Parent Company.

4.27 Gross premium

(i) Premiums

Gross premiums comprise the premiums on life insurance and life insurance component of investment contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was considered direct business, taking into account the product classification of the reinsured business.

(ii) Unearned premiums

Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using a time proportionate basis, or another suitable basis for uneven risk contracts. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs.

(iii) Reinsurance premium

The Company cedes insurance risk in the normal course of its business for businesses that exceed its risk retention limit.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed. The earned portion of premiums received is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognised as expense in accordance with the pattern of indemnity received.

4.28 Claim expenses

Claims expenses consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. The provision for outstanding claims represent the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the statement of financial position date whether reported or not. The provision includes an allowance for claims management and handling expenses. The provision for outstanding reported claims is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in profit or loss in the financial period in which adjustments are made, and disclosed separately, if material. Reinsurance recoverables are recognised when the Group records the liability for the claims and are not netted off claims expense but are presented separately in profit or loss. Claims incurred in respect of long-term insurance contracts (i.e. pure life business and annuity contracts) consist of claims arising during the year including provision for policyholders' liabilities. Outstanding claims on long-term insurance contracts that have occurred at the statement of financial position date and have been notified by the insured are carried at the claim amounts advised.

(i) Gross benefits and claims

Gross benefits and claims for life insurance contracts are included in the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims as well as changes in the gross valuation of outstanding claims and incurred but not reported claims. The classes of claims recognised are death claims, maturity claims, and annuity payments. Death claims are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

(ii) Reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

4.29 Fees and commission

Fees and commission consist of reinsurance commission which is recognised as income over the period of the underlying contracts. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

4.30 Investment income

Investment income is recognised in profit or loss as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument. Investment income also includes dividend income which is recognised when the right to receive the payment is established. Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease term.

Realised/unrealised gains and losses on investments recorded in profit or loss include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are the difference between net sales proceeds and the original carrying or amortised cost and are recorded on occurrence of the sale transaction.

4.31 Other operating income

Other operating income are income that are earned by the Group outside the ordinary course of business. They includes the Group's microfinance fees and commission; SMS, closed accounts and default charges; income from logistics operations.

Unless included in the effective interest calculation, microfinance fees and commissions are recognised on an accruals basis in profit or loss as the service is provided. Fees and commissions not integral to effective interest arising from negotiating, or participating in the negotiation of a transaction from a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, portfolio and other management advisory and service fees are recognised based on the applicable service contracts. The same principle is applied to the recognition of income from wealth management, financial planning and custody services that are continuously provided over an extended period of time.

Income from logistics operations is recognised in profit or loss in the period during which the service is rendered if it is probable that future economic benefits will flow to the Group.

4.32 Net income from microfinance: Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the income statement using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective interest rate. Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

4.33 Net income from real estate operations:

(i) Revenue from real estate operations

Revenue from sale of properties is recognised when the Group has transferred the significant risks and rewards of ownership of the properties to the buyer; it no longer retains control or managerial involvement over the properties; and it is probable that future economic benefits will flow to the Group.

Revenue is measured at the fair value of consideration received, taking into account any trade discounts and volume rebates.

If the sale transaction includes a financing element, the Group measures the revenue by discounting all future cash receipts at an imputed rate of interest.

(ii) Cost of real estate operations

Cost of real estate operations include cost incurred in acquisition and construction of properties sold. Cost of properties sold is expensed in profit or loss in the same period the associated revenue is recognised in line with matching concept.

4.34 Impairment charge

Impairment of assets (financial and non-financial) is assessed based on impairment policies under the respective assets. Impairment provision so determined is charged to profit or loss in the period in which it is assessed. Subsequent reversal of impairment charge of an impairment loss is recognised in profit or loss.

4.35 Management expenses

(i) Expenses of marketing and administration

These are expenses other than claims, investment expenses and underwriting expenses. They include administrative expenses, selling expenses, management and other non-operating expenses. These expenses are accounted for on an accrual basis and recognised in the profit or loss upon utilisation of the service or the date of their origin.

(ii) Employee benefit expenses

These are costs incurred in respect of services rendered by the Group's workforce. They include staff salaries, wages, and the Group's contribution to defined contribution scheme. These expenses are accounted for on an accrual basis and recognised in the profit or loss upon utilisation of the service or the date of their origin.

The Group operates a defined contributory pension scheme for eligible employees. Employees and the Group contributes 3% and 10% each of the qualifying staff's salary in line with the provisions of the Pension Reform Act, 2004 as commended in 2014. The Group pays contributions to the appointed pension fund administrators on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expenses when they are due. Prepaid contributions are recognised as asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Other operating expenses

These are expenses other than marketing and administration expenses and employee benefit expenses. They include depreciation and amortisation charges, professional fees, depreciation, management and other operating expenses. These expenses are accounted for on an accrual basis and recognised in the profit or loss upon utilisation of the service or the date of their origin.

4.36 Earnings per share

The Group 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 Group by the weighted average number of ordinary shares outstanding during the period.

4.37 Comparatives

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year. Where changes are made and affect the statement of financial position, a third statement of financial position at the beginning of the earliest period is presented together with the corresponding notes.

4.38 Events after the statement of financial position date

The financial statements are adjusted to reflect events that occurred between the statement of financial position date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the statement of financial position date. Events that are indicative of conditions that arose after the statement of financial position date are disclosed, but do not result in an adjustment of the financial statements.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED
Statement of Financial Position
As at 31 December 2014

	Note	Group 31 December 2014 N'000	31 December 2013 N'000	Company 31 December 2014 N'000	31 December 2013 N'000
ASSETS					
Cash and cash equivalents	8	7,867,884	2,545,132	7,513,647	2,437,248
Financial assets					
Available for sale Financial assets	9	505,400	-	-	-
- Loans and receivables	9	8,865,925	8,470,687	10,905,049	12,007,347
Trade receivables	10	43,072	8,380	-	8,380
Reinsurance assets	11	327,508	156,784	327,508	156,784
Deferred acquisition costs	12	51,309	66,351	51,309	66,351
Other receivables and prepayments	13	580,166	2,644,581	374,340	2,621,630
Finance lease receivables	14	407,179	467,666	407,143	467,544
Inventories	15	1,635,019	3,614,524	-	-
Investment in subsidiaries	16	-	-	896,981	175,038
Investment properties	17	6,937,764	1,846,398	6,937,764	1,846,398
Deferred income tax assets	28(c)	16,074	16,074	16,074	16,074
Intangible assets	18	11,577	14,486	8,809	10,774
Goodwill	19	17,980	4,273	-	-
Deposit for shares	19.1	140,000	-	140,000	-
Property, plant and equipment	20	849,375	416,592	498,910	167,825
Statutory deposit	21	200,000	200,000	200,000	200,000
TOTAL ASSETS		28,456,232	20,471,928	28,277,534	20,181,393
LIABILITIES					
Insurance contract liabilities	22	2,264,376	1,704,176	2,082,391	1,704,176
Investment contract liabilities	23	20,423,869	14,927,699	20,413,170	14,927,699
Trade payables	24	81,322	73,279	71,958	73,279
Other payables and accruals	25	2,915,043	2,087,999	2,373,796	719,839
Borrowings	26	-	603,192	-	-
Deposits from customers	27	485,281	277,369	-	-
Current income tax liabilities	28	234,431	191,199	179,552	157,779
Deferred income tax liabilities	28(b)	145,196	137,592	20,221	31,264
TOTAL LIABILITIES		26,549,519	20,002,505	25,141,088	17,614,036
EQUITY					
Share capital	29	150,000	150,000	150,000	150,000
Share premium	30	1,850,000	1,850,000	1,850,000	1,850,000
Contingency reserve	31	358,420	219,845	276,753	219,845
Retained earnings	32	(536,676)	(1,783,855)	859,693	347,512
Total equity attributable to the owners of the parent		1,821,744	435,990	3,136,446	2,567,357
Non-controlling interest in equity	33	84,969	33,433	-	-
TOTAL EQUITY		1,906,713	469,423	3,136,446	2,567,357
TOTAL LIABILITIES AND EQUITY		28,456,232	20,471,928	28,277,534	20,181,393

Signed on behalf of the Board of Directors on 11 June 2015 by:

Mr. Amusa Lateef
Chief Finance Officer
FRC/2013/ICAN/00000002486

Mr. Femi Asenuga
Managing Director
FRC/2013/CIIN/00000003104

Additionally certified by:

Mr. Omosehin Olusegun
Director
FRC/2013/CIIN/00000003103

MUTUAL BENEFITS LIFE ASSURANCE LIMITED
Statement of Comprehensive Income
for the year ended 31 December 2014

	Notes	Group		Company	
		31 December 2014	31 December 2013 Restated	31 December 2014	31 December 2013 Restated
		N'000	N'000	N'000	N'000
Gross premium written	34	4,096,522	2,534,143	3,543,233	2,534,143
Gross premium income	34	4,188,470	2,170,345	3,812,728	2,170,345
Re-insurance expenses	34	(122,337)	(75,460)	(110,262)	(75,460)
Net premium income		4,066,133	2,094,885	3,702,466	2,094,885
Fees and commission	34(d)	120,575	51,185	120,575	51,185
Net underwriting income		4,186,708	2,146,070	3,823,041	2,146,070
Claim expenses	35	1,107,133	1,038,357	979,324	1,038,357
Increase in insurance contract liabilities	22(d)	180,210	-	180,210	-
Acquisition expenses	36(a)	293,454	162,842	235,409	162,842
Maintenance expenses	36(b)	374,350	354,517	374,350	354,517
Total underwriting expenses		1,955,147	1,555,716	1,769,293	1,555,716
Underwriting results		2,231,561	590,354	2,053,748	590,354
(Loss)/profit on investment contract liabilities	37	(267,318)	(406,390)	31,654	119,215
Investment income	38	395,837	214,096	412,752	308,682
Other income	39	1,567,010	382,447	146,941	192,343
Net interest income from Microfinance Bank	40	164,531	170,962	-	-
Net income/(loss) from real estate operations	41	-	(71,922)	-	-
Impairment no longer required	42(a)	-	167,677	-	181,384
Impairment charge	42(b)	-	(33,963)	(43,457)	(20,000)
Management expenses	43	(2,640,614)	(1,550,216)	(2,010,775)	(1,245,285)
Results of operating activities		1,451,006	(536,955)	590,863	126,693
Profit/loss) before tax		1,451,006	(536,955)	590,863	126,693
Income tax expense	28(a)	(55,517)	(93,367)	(21,773)	(49,273)
Profit/loss) for the year after tax		1,395,489	(630,322)	569,090	77,420
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Reclassification of foreign exchange reserve on disposal of associate		-	-	-	-
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		1,395,489	(630,322)	569,090	77,420
Profit/(Loss) for the year attributable to:					
Owners of the parent		1,385,754	(633,749)	569,090	77,420
Non-controlling interests	33(a)	9,735	3,427	-	-
Profit/(Loss) for the year		1,395,489	(630,322)	569,090	77,420
Total comprehensive income for the year attributable to:					
Owners of the parent		1,385,754	(633,749)	569,090	77,420
Non-controlling interests	33(a)	9,735	3,427	-	-
Total comprehensive loss for the year		1,395,489	(630,322)	569,090	77,420
Earnings / (Loss) per share: Basic and diluted (kobo)	44	930	(420)	379	52

MUTUAL BENEFITS LIFE ASSURANCE LIMITED
Consolidated Statement of Changes in Equity
for the year ended 31 December 2014
Group

	Share capital	Share premium	Contingency reserve	Foreign exchange translation reserve	Retained earnings	Total	Non Controlling interest	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance 1 January, 2014	150,000	1,850,000	219,845	-	(1,783,855)	435,990	33,433	469,423
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	1,385,754	1,385,754	9,735	1,395,489
Equity transferred from Mutual Liberia	-	-	-	-	-	-	41,801	41,801
Transfer to contingency reserve	-	-	138,575		(138,575)	-	-	-
Other comprehensive income:						-	-	-
Total comprehensive income for the year	-	-	138,575	-	1,247,178	1,385,754	51,536	1,437,290
Transactions with owners recorded directly in equity								
Contributions by and distribution to owners								
Dividends to equity holders	-	-	-	-	-	-	-	-
Total transactions with owners		-	-	-	-	-	-	-
Balance 31 December, 2014	150,000	1,850,000	358,420	-	(536,676)	1,821,744	84,969	1,906,713
Balance 1 January, 2013	150,000	1,850,000	194,504	-	(1,124,765)	1,069,739	30,006	1,099,745
Total comprehensive income for the year:								
Loss for the year	-	-	-	-	(633,749)	(633,749)	3,427	(630,322)
Transfer to contingency reserve	-	-	25,341	-	(25,341)	-	-	-
Other comprehensive income:						-	-	-
Total comprehensive income for the year	-	-	25,341	-	(659,090)	(633,749)	3,427	(630,322)
Transactions with owners recorded directly in equity								
Contributions by and distribution to owners								
Dividends to equity holders	-	-	-	-	-	-	-	-
Balance 31 December, 2013	150,000	1,850,000	219,845	-	(1,783,855)	435,990	33,433	469,423

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

Statement of Changes in Equity
for the year ended 31 December 2014
Company

	Share capital N'000	Share premium N'000	Contingency reserve N'000	Retained earnings N'000	Total N'000
Balance 1 January, 2014	150,000	1,850,000	219,845	347,512	2,567,357
Total comprehensive income for the year:					
Profit for the year	-	-	-	569,090	569,090
Transfer to contingency reserve	-	-	56,908	(56,908)	-
Other comprehensive income:	-	-	-	-	-
Total comprehensive income for the year	-	-	56,908	512,182	569,090
Transactions with owners recorded directly in equity					
Contributions by and distribution to owners					
Dividends to equity holders	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance 31 December, 2014	150,000	1,850,000	276,753	859,694	3,136,447
Balance 1 January, 2013	150,000	1,850,000	194,504	295,433	2,489,937
Total comprehensive income for the year:					
Profit for the year	-	-	-	77,420	77,420
Transfer to contingency reserve	-	-	25,341	(25,341)	-
Other Comprehensive Income	-	-	-	-	-
Total comprehensive income for the year	-	-	25,341	52,079	77,420
Transactions with owners recorded directly in equity					
Contributions by and distribution to owners					
Dividends to equity holders	-	-	-	-	-
	-	-	-	-	-
Balance 31 December, 2013	150,000	1,850,000	219,845	347,512	2,567,357

MUTUAL BENEFITS LIFE ASSURANCE LIMITED
Statement of Cash Flows
for the year ended 31 December 2014

	Notes	Group		Company	
		31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Cash flows from operating activities					
Receipts from premiums, annuities and other policy receipts		15,013,542	7,091,427	14,492,626	7,091,427
Fees and commission received		120,575	51,185	120,575	51,185
Re-insurance expenses		(141,270)	(75,460)	(129,195)	(75,460)
Claim paid		(857,764)	(2,898,676)	(734,393)	(2,898,676)
Claims recovered from reinsurers		171,567	909,887	171,567	909,887
Commission paid		(278,412)	(191,067)	(220,367)	(191,067)
Other cash received		385,064	545,358	543,772	449,840
Cash paid to brokers, suppliers and other provider of services		(8,114,307)	(1,924,759)	(9,032,862)	(2,945,802)
Income tax paid		(7,413)	(3,030)	-	-
Net cash from operating activities	47	6,291,581	3,504,865	5,211,724	2,391,334
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		-	2,153	-	1,215
Purchase of property, plant and equipment	20	(670,710)	(146,627)	(492,296)	(124,856)
Purchase of investment property		-	(1,667,403)	-	(1,667,403)
Purchase of intangible assets	18	(3,655)	-	(3,655)	-
Receipts from finance lease	14	60,487	235,783	60,401	235,783
Purchase of Available-for-sale financial assets	9(i)	(505,400)	-	-	-
Receipt of repayment of loan from corporate entities	9(a)(i)	828,711	110,000	828,711	1,626,879
Loans made to Corporate entities	9(a)(i)	(5,070)	(480,000)	(458,485)	(690,000)
Net cash used in investing activities		(295,637)	(1,946,094)	(65,324)	(618,382)
Cash flows from financing activities					
Deposit for shares Mutual Exploration	19.1	(70,000)	-	(70,000)	-
Proceeds from borrowings		-	285,582	-	-
Repayments of borrowings	26	(603,192)	-	-	-
Net cash flow from financing activities		(673,192)	285,582	(70,000)	-
Net increase in cash and cash equivalents		5,322,752	1,844,353	5,076,400	1,772,952
Cash and cash equivalents at the beginning of the year		2,545,132	700,779	2,437,248	664,296
Cash and cash equivalents at the end of the year		7,867,884	2,545,132	7,513,648	2,437,248

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimate and assumptions about the future that affects the reported amounts of assets and liabilities. Estimates and judgement are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The annual accounting basis is used to determine the underwriting result of each class of insurance business written.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the company will ultimately pay for such claims. The uncertainty arises because all events affecting the ultimate settlement of the claims have not taken place and may not take place for some time.

Changes in the estimate of the provision may be caused by receipt of additional claim information, changes in judicial interpretation of contract, or significant changes in severity or frequency of claims from historical records. The estimates are based on the company's historical data and industry experience. The ultimate claims liability computation is subjected to a liability adequacy test by an actuarial consultant using actuarial models.

(b) Impairment of available-for-sale equity financial assets

The Group determines that available-for-sale equity financial assets are 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, the group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows. The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The group adopts costs less impairment to determine the fair value of its available for sale financial assets as no observable market data exist for this asset.

(c) Impairment of trade receivables

Impairment of trade receivables requires management judgment. Internal models are developed based on company specific collectability factors and trends to determine amounts to be provided for impairment of trade receivables. Efforts are made to assess significant debtors individually based on information available to management and where there is objective evidence of impairment they are appropriately impaired. Furthermore, all trade receivables not paid three months subsequent to the year end and, trade receivables not acknowledged by the Insurance Brokers is fully impaired. Other trade receivables either significant or otherwise that are not specifically impaired are grouped on a sectoral basis and assessed based on a collective impairment model that reflects the company's debt collection ratio per sector.

(d) Deferred acquisition costs (DAC)

Commissions that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). The amount of commission to be deferred is directly proportional to the time apportionment basis of the underlying premium income to which the acquisition cost is directly related.

(e) Income taxes

The Group periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Group records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

6.0 MANAGEMENT OF INSURANCE RISKS

The Group issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way the Group manages them.

6.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is fortuitous and therefore unexpected and unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and indemnity payments exceed the carrying amount of the insurance liabilities.

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

i Frequency and severity of claims

The frequency and severity of claims can be affected by several factors the most significant resulting from events like death and their consequences and liability claims. Inflation is another factor that may affect claims payments.

Underwriting measures are in place to enforce appropriate risk selection criteria or not to renew an insurance contract.

The reinsurance arrangements for proportional and non-proportional treaties are such that the Company is adequately protected and would only suffer predetermined amounts.

ii Concentration of insurance risk

The following table discloses the concentration of claims by class of business gross and net of reinsurance.

Class of Business	Outstanding claims 2014			2013		
	No. of claims	Gross N'000	Net N'000	No. of claims	Gross N'000	Net N'000
Group Life	-	-	-	-	-	-
Deposit Administration	-	-	-	-	-	-
	-	-	-	-	-	-

iii Sources of uncertainty in the estimation of future claim payments

Claims are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted.

The Company claims are short tail and are settled within a short time and the Company's estimation processes reflect with a higher degree of certainty all the factors that influence the amount and timing.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR and a provision for reported claims not yet paid at the statement of financial position date. The Company has ensured that liabilities on the balance sheet at year end for existing claims whether reported or not, are adequate. The Company has in place a series of quota-share and excess of loss covers in each of the last four years to cover for losses on these contracts.

iv Financial risk

The Company is exposed to financial risks through its financial assets, financial liabilities and insurance and reinsurance assets and liabilities. In particular, the key financial risk is that investment proceeds are not sufficient to fund obligations arising from insurance contracts.

The most important components of this financial risk are:

- Market risk (which includes currency risk, interest rate risk and equity price risk)
- Credit risk;
- Liquidity risk;
- Capital management; and
- Fair value estimation

These risks arise from open position in interest rate, currency and equity products, all of which are exposed to general and open market movements.

The Company's risk management policies are designed to identify and analyse risks, to set appropriate risk limits and control, and monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems.

The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board recognises the critical importance of having efficient and effective risk management policies and systems in place.

To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board to Board Committees, executives and senior management, individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

v **Market risk**

Market risk is the risk of adverse financial impact due to changes in fair value of future cashflows of financial instruments from fluctuations in foreign currency exchange rates, interest rates and equity prices.

The Company has established policies which set out the principles that they expect to adopt in respect of management of the key market risks to which they are exposed. The Company monitors adherence to this market risk policy through the Company's Investment Committee. The Company's Investment Committee is responsible for managing market risk.

The financial impact from market risk is monitored at board level through investment reports which examine impact of changes in market risk in investment returns and asset values. The Company's market risk policy sets out the principles for matching liabilities with appropriate assets, the approaches to be taken when liabilities cannot be matched and the monitoring processes that are required.

vi **Currency risk**

The Company purchases reinsurance contracts internationally, thereby being exposed to foreign currency fluctuations.

The Company's primary exposures are with respect to the US Dollar.

The Company has a number of investments in foreign currencies which are exposed to currency risk. The Investment Committee closely monitors currency risk exposures against pre-determined limits. Exposure to foreign currency exchange risk is not hedged.

The Company financial assets and financial liabilities by currency is detailed below:

		Equivalent in N'000			
At 31 December 2014	N'000	£'000	€'000	$'000	Total
Assets:					
Non-current assets	19,463,587	-	-	-	19,463,587
Current assets	1,300,300	-	-	-	1,300,300
Bank balances, deposits and cash	7,513,647	-	-	-	7,513,647
TOTAL ASSETS	28,277,534	-	-	-	28,277,534
Liabilities:					
Current liabilities	4,707,697	-	-	-	4,707,697
Non-current liabilities	20,433,391	-	-	-	20,433,391
TOTAL LIABILITIES	25,141,088	-	-	-	25,141,088

	Equivalent in N'000				
At 31 December 2013	N'000	£'000	€'000	$'000	Total
Assets:					
Non-currents assets	14,423,456	-	-	-	14,423,456
Current assets	3,320,689	-	-	-	3,320,689
Bank balances, deposits and cash	2,437,248	-	-	-	2,437,248
TOTAL ASSETS	20,181,393	-	-	-	20,181,393
Liabilities:					
Current liabilities	2,655,073	-	-	-	2,655,073
Non-current liabilities	14,958,963	-	-	-	14,958,963
TOTAL LIABILITIES	17,614,036	-	-	-	17,614,036

vii **Sensitivity**

If the Naira had weakened/strenthened against the following currencies with all variables remaining constant, the impact on the results for the year would have been as shown below mainly as a result of foreign exchange gains/losses:

	GBP		NAIRA		EURO	
	+ 5%	- 5%	+ 5%	- 5%	+ 5%	- 5%
Impact on Results :	N'000	N'000	N'000	N'000	N'000	N'000
- At December 31, 2014						
- Financial assets	-	-	-	-	-	-
- Bank balances and deposits	-	-	375,682	(375,682)	-	-
At December 31, 2013						
- Financial assets	-	-	-	-	-	-
- Bank balances and deposits	-	-	121,862	(121,862)	-	-

viii **Interest rate risk**

Interest rate risk arises from the Company's investments in long term debt securities and fixed income securities (Held to-Maturity financial assets), bank balances and deposits which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is monitored by the Investment Committee through a close matching of assets and liabilities. The impact of exposure to sustained low interest rates is also regularly monitored.

Sensitivity

The impact on the Company's results, had interest rates varied by plus or minus 1% would have been as follows:

	Impact on results	
	+ 1%	- 1%
	N'000	N'000
At December 31, 2014		
- Held-to-maturity financial assets	-	-
- Loans and receivables	109,050	(109,050)
- Bank balances and deposits	75,136	(75,136)
At December 31, 2013		
- Held-to-maturity financial assets	-	-
- Loans and receivables	120,073	(120,073)
- Bank balances and deposits	24,372	(24,372)

ix **Equity price risk**

The Company is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risk, catastrophes risks and reinsurance ceded.

The Investment Committee actively monitors equity assets owned directly by the Company as well as concentrations of specific equity holdings. Equity price risk is also mitigated as the Company holds diversified portfolios of local and foreign investments in various sectors of the economy.

Sensitivity

The impact on the Company's shareholders' equity, had the equity market values increased/decreased by 10% with other assumptions left unchanged, would have been as follows:

- reinsurers' share of insurance liabilities
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders; and
- amounts due from insurance intermediaries.

The amounts presented in the Statements of Financial Position are net of allowances for estimated irrecoverable amount receivables, based on management's prior experience and the current economic environment.

The Company has no significant concentration of credit risk in respect of its insurance business with exposure spread over a large number of clients, agents and brokers. The Company has policies in place to ensure that sales or services are made to clients, agents and brokers with sound credit history.

x **Reinsurance credit exposures**

The Company is however exposed to concentrations of risks with respect to their reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Company is exposed to the possibility of default by their reinsurers in respect of share of insurance liabilities and refunds in respect of claims already paid.

The Company manages its reinsurance counterparty exposures and the reinsurance department has a monitoring role over this risk.

This exposure is monitored on a regular basis for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the Company will arise.

Management also monitors the financial strength of reinsurers and there are policies in place to ensure that risks are ceded to top-rated and credit worthy reinsurers only.

xi **Estimates of future claims payments**

Outstanding claims provision is determined based upon knowledge of events, terms and conditions of relevant policies, on interpretation of circumstances as well as previous claims experience. Similar cases and historical claims payment trends are also relevant.

The Company employs a variety of techniques and a number of different bases to determine appropriate provisions. These include:

- terms and conditions of the insurance contracts;
- knowledge of events;
- court judgements;
- economic conditions;
- previously settled claims;
- triangulation claim development analysis;
- estimates based upon a projection of claims numbers and average cost; and
- expected loss ratios.
- Actuarial valuation

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjuster's recommendations or based on management's experience.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provision and having due regard to collectability.

xii **Sensitivity**

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios and the best estimate is used.

xiii **Uncertainties and judgements**

The uncertainty arising under insurance contracts may be characterised under a number of specific headings. such as:

- uncertainty as to whether an event has occurred which would give rise to a policy holder suffering an insured loss;
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occuring;
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks. For certain classes of policy, the maximum value of the settlement of a claim may be specified under the policy terms while for other classes, the cost of a claim will be determined by an actual loss suffered by the policyholder.

There may be some reporting lags between the occurrence of the insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. There are many factors that will determine the level of uncertainty such as judicial trends, unreported information etc.

xiv **Reinsurance**

The Company is exposed to disputes on, and defects in, contract wordings and the possibility of default by its reinsurers. The Company monitors the financial strength of its Reinsurers. Allowance is made in the financial statements for non recoverability due to reinsurers default.

6 Capital Management

The main objectives of the group when managing capital are:

- to ensure that the Minimum Capital Requirement of N2billion as required by the Insurance Act, CAP I17, LFN 2004, is maintained at all times.

- to safeguard the Company's ability to continue as a going concern so that it can continue to generate returns for shareholders and benefits for other stakeholders; and

- to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

- to maintain a strong risk rating

- to determine capital requirement for each business activity based on returns generated on capital to facilitate growth, expansion of existing businesses.

- to establish the efficiency of capital utilisation.

The Insurance Act CAP I17, LFN 2004 specifies the amount of capital that must be held in proportion to the Company's liabilities, i.e in respect of outstanding claims liability risk, unearned premium liability risk, investment risk, catastrophe risk and reinsurance ceded.
In the management of the Company's capital, the company tries to invest in admissible assets as stipulated by NAICOM. This policy has been consistently maintained.

The Company is also subject to a solvency requirement under the Insurance Act, CAP I17, LFN 2004 and is required to maintain its solvency at the minimum capital required at all times. Solvency margin is the excess of admissible assets in Nigeria over admissible liabilities in Nigeria and shall not be less than the minimum paid-up capital or 15% of the gross premium income less reinsurance premiums paid out during the year, whichever is higher in accordance with Section 24 of Insurance Act, CAP I17 LFN, 2004.

The National Insurance Commission (NAICOM), the regulator of the Nigerian insurance industry, specifies the minimum amount and type of capital that must be held by the Company to cover its liabilities. Life insurance companies are required to maintain a minimum capital requirement of N2billion. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company's capital base falls below this requirement as deemed necessary.

The Company's capital requirement ratio and Solvency margin are above the requirements of the Insurance Act CAP I17, LFN 2004 and proper internal controls are in place to ensure that they remain so.

Solvency position:
Based on the solvency margin calculated by the Company's professional actuaries, Alexander Forbes Consulting Actuaries Nigeria Limited as indicated below. Mutual Benefits Life Assurance Limited has a surplus of N3.0 billion being the excess of assets over liabilities as indicated below:

Capital Base:
The capital base of the Company is as computed below:

		2014
	N'000	N'000
Shareholders' fund as per Statement of Financial Position		3,136,446
Less:		
Intangible Assets	(8,809)	
Deferred income tax assets	(16,074)	
Due from Mutual Benefits Assurance Plc	(3,397)	
		(28,280)
Capital base		3,108,166

Management uses regulatory capital ratios to monitor its capital base. Based on the capital base computed above, the Company capital base is above the minimum capital requirement of N2 billion specified by NAICOM.

DETERMINATION OF SOLVENCY MARGIN	2014 N'000	2013 N'000
Cash and cash equivalents	7,513,647	2,437,248
Financial assets		
- Loans and receivables	10,905,049	7,949,950
Trade receivables	-	8,380
Reinsurance assets	327,508	156,784
Deferred acquisition costs	51,309	66,351
Other receivables and prepayments	374,340	147,317
Finance lease receivables	407,143	467,544
Investment in subsidiaries	175,038	175,038
Investment Properties	2,390,190	1,846,398
Deposit for shares	140,000	
Property and equipment	498,910	167,825
Statutory deposit	200,000	200,000
Admissable assets	22,983,134	13,622,835
LIABILITIES		
Insurance contract liabilities	2,082,391	1,704,176
Investment contract liabilities	20,413,170	14,927,699
Trade payables	71,958	73,279
Other payables and accruals	2,373,796	719,839
Current income tax liabilities	179,552	157,779
Admissible liabilities	25,120,867	17,582,772
Solvency margin	(2,137,733)	(3,959,937)
Minimum share capital	2,000,000	2,000,000
Shortfall in solvency margin	(4,137,733)	(5,959,937)

The Company's capital requirement ratio and Solvency margin is below the requirements of the Insurance Act CAP I17, LFN 2004. In order to continually meet the company's obligation to policy holders, the Company is going to divest from non admissible assets to improve the solvency margin.

6.3 FINANCIAL ASSETS AND LIABILITIES

Categorisation of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

Group:

(i) **Financial assets**

	Held for Trading (carried at fair value)	Available for sale (fair value)	Held to maturity (carried at amortised cost)	Loans and receivables (carried at amortised cost)	Total
31 December 2014	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	-	-	-	7,867,884	7,867,884
Unquoted investments	-	505,400	-	-	505,400
Loans and receivables	-	-	-	8,865,925	8,865,925
Trade receivables	-	-	-	43,072	43,072
Reinsurance assets	-	-	-	327,508	327,508
Other receivables exlcluding prepayments	-	-	-	405,458	405,458
	-	505,400	-	17,509,846	18,015,246

Financial liabilities

	Derivatives used for hedging (fair value)	Designated at FVTPL	Other liabilities (carried at FVTPL)	Other liabilities (carried at amortised cost)	Total
31 December 2014	N'000	N'000	N'000	N'000	N'000
Trade payables	-	-	-	81,322	81,322
Provision and other payables	-	-	-	3,052,674	3,052,674
	-	-	-	3,133,996	3,133,996

(ii) **Financial assets**

	Held for trading (FVTPL)	Held to maturity (carried at amortised cost)	Available for sale (fair value)	Loans and receivables (carried at amortised cost)	Total
31 December 2013	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	-	-	-	2,545,132	2,545,132
Loans and receivables	-	-	-	8,470,687	8,470,687
Trade receivables	-	-	-	8,380	8,380
Reinsurance assets	-	-	-	156,784	156,784
Other receivables excluding prepayments	-	-	-	2,532,675	2,532,675
	-	-	-	13,713,658	13,713,658

Financial liabilities	Derivatives used for hedging(fair value)	Designated at FVTPL)	Other liabilities (carried at FVTPL)	Other liabilities (carried at amortised cost)	Total
31 December 2013	N'000	N'000	N'000	N'000	N'000
Trade payables	-	-	-	73,279	73,279
Provisions and other payables	-	-	-	2,087,999	2,087,999
	-	-	-	2,161,278	2,161,278

Company:

(iii) Financial assets

Financial assets	Held for Trading (carried at fair value)	Available for sale (fair value)	Held to maturity (carried at amortised cost)	Loans and receivables (carried at amortised cost)	Total
31 December 2014	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	-	-	-	7,513,647	7,513,647
Loans and recievables	-	-	-	10,905,049	10,905,049
Trade receivables	-	-	-	-	-
Reinsurance assets				327,508	327,508
Other receivables excluding prepayments	-	-	-	226,354	226,354
	-	-	-	18,972,558	18,972,558

Financial liabilities	Derivatives used for hedging(fair value)	Designated at FVTPL	Other liabilities (carried at FVTPL)	Other liabilities (carried at amortised cost)	Total
31 December 2014	N'000	N'000	N'000	N'000	N'000
Trade payables	-	-	-	71,958	71,958
Provision and other payables	-	-	-	2,373,796	2,373,796
	-	-	-	2,445,754	2,445,754

(iv) Financial assets

Financial assets	Held for trading (FVTPL)	Held to maturity (carried at amortised cost)	Available for sale (fair value)	Loans and receivables (carried at amortised cost)	Total
31 December 2013	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	-	-	-	2,437,248	2,437,248
Loans and receivables	-	-	-	12,007,347	12,007,347
Trade receivables	-	-	-	8,380	8,380
Reinsurance assets				156,784	156,784
Other receivables excluding prepayments	-	-	-	2,528,884	2,528,884
	-	-	-	17,138,643	17,138,643

Financial liabilities	Derivatives used for hedging(fair value)	Designated at FVTPL)	Other liabilities (carried at FVTPL)	Other liabilities (carried at amortised cost)	Total
31 December 2013	N'000	N'000	N'000	N'000	N'000
Trade payables	-	-	-	73,279	73,279
Provisions and other payables	-	-	-	719,839	719,839
	-	-	-	793,118	793,118

7 FAIR VALUE HIERARCHY

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of 'significant inputs used in fair value measurement as follows:

Level 1: Fair value measurements classified as Level 1 include exchange-traded prices of fixed maturities and equity securities unadjusted in an active market for identical assets and liabilities.

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly of indirectly observable from market data. Observable inputs generally used to measure the fair value of securities classified as Level 2 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data.

Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

The hierarchy of the fair value measurement of the Group's financial assets and financial liabilities are as follows:

31 December 2014 Group	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
(i) Assets				
Held-for-trading financial assets	-	-	-	-
Available-for-sale fiancial assets	-	-	505,400	505,400
Total	-	-	505,400	505,400
Liabilities				
Trade payable	-	-	81,322	81,322
Other payables	-	-	2,915,043	2,915,043
Total	-	-	2,996,365	2,996,365
Fair value	-	-	2,996,365	2,996,365

31 December 2013	Level 1	Level 2	Level 3	Total
(ii) Assets	N'000	N'000	N'000	N'000
Held for trading financial assets	-	-	-	-
Available-for-sale financial assets	-	-	-	-
Total	-	-	-	-
Liabilities				
Trade payable	-	-	73,279	73,279
Other payables	-	-	2,087,999	2,087,999
Total	-	-	2,161,278	2,161,278
Fair value	-	-	2,161,278	2,161,278

31 December 2014	Level 1	Level 2	Level 3	Total
Company:	N'000	N'000	N'000	N'000
(iii) Assets				
Held-for-trading financial assets	-	-	-	-
Available-for-sale fiancial assets	-	-	-	-
Total	-	-	-	-
Liabilities				
Trade payable	-	-	71,958	71,958
Other payables	-	-	2,371,502	2,371,502
Total	-	-	2,443,460	2,443,460
Fair value	-	-	2,443,460	2,443,460

31 December 2013	Level 1	Level 2	Level 3	Total
(iv) Assets	N'000	N'000	N'000	N'000
Held for trading financial assets	-	-	-	-
Available-for-sale financial assets	-	-	-	-
Total	-	-	-	-
Liabilities				
Trade payable	-	-	73,279	73,279
Other payables	-	-	719,839	719,839
Total	-	-	793,118	793,118
Fair value	-	-	793,118	793,118

8 **Cash and cash equivalents**

Cash and cash equivalents represents balances with less than 3 months maturity from the date of acquisition.

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N'000	N'000	N'000	N'000
Cash at bank and in hand	846,533	1,185,683	524,296	1,180,690
Treasury bills	1,792,000	27,181	1,760,000	-
Short-term deposits	5,229,351	1,332,268	5,229,351	1,256,558
Cash and cash equivalents at the end of the year	7,867,884	2,545,132	7,513,647	2,437,248

9 **Financial assets:**

i) **Available for sale**

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	-	-	-	-
Additions during the year	505,400	-	-	-
Balance at the end of the year	505,400	-	-	-

Available for sale financial assets represents investment of Mutual Benefits Liberia, a subsidiary of Mutual Life in unquoted equity. This is stated at cost.

ii) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. Details of balances of loans and receivables at the year end are as presented below:

	N'000	N'000	N'000	N'000
Loans issued to corporate individuals (Note 9ii(a))	8,182,000	8,030,786	10,838,960	11,927,481
Loans and advances to customers (Note 9ii(b))	619,025	356,420	-	-
Staff loans and advances	64,899	83,481	66,089	79,866
	8,865,925	8,470,687	10,905,049	12,007,347
Current	619,025	-	-	-
Non-current	8,246,899	8,470,687	10,905,049	12,007,347
	8,865,925	8,470,687	10,905,049	12,007,347

(a) **Analysis of loans to corporate individuals**

	N'000	N'000	N'000	N'000
Mutual Homes and Properties Limited (Note 9ii(a)(v))	-	-	2,817,662	4,057,397
Mutual Model Transport Limited (Note 9ii(a)(vi))	-	591,408	-	755,466
Prime Exploration Production Limited (Note 9ii(a)(vii))	7,862,000	7,119,378	7,862,000	7,119,378
Deposit for shares in ICHL Limited (Note 9ii(a)(viii))	320,000	320,000	320,000	320,000
	8,182,000	8,030,786	10,999,662	12,252,241
Impairment on loans to corporate individuals (Note 9ii(a)(ix))	-	-	(160,702)	(324,760)
Loans issued to corporate individuals (Note 9)	8,182,000	8,030,786	10,838,960	11,927,481

	Group		Company	
(i) Analysis of movement during the year:	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N'000	N'000	N'000	N'000
Balance at the beginning of the year	8,030,786	6,385,454	11,927,481	11,293,597
Additions	5,070	480,000	458,485	690,000
Interest on loans to corporate individuals	1,566,263	1,275,332	1,882,149	1,895,523
Transfer to Mutual Benefits Assurance Plc	(755,466)	-	(755,466)	-
Interest on loan written off	164,058		164,058	
Deposit for properties taken over from Mutual Homes (note 25(a))	-	-	971,880	-
Reclassification of deposit for properties			850,000	
Transfer from Mutual Benefits Assurance Plc	-	-	669,084	-
Repayments during the year	(828,711)	(110,000)	(828,711)	(1,626,879)
Loans and receivables exchanged for investment properties	-	-	(4,500,000)	-
Impairment charge	-	-	-	(324,760)
Balance at the end of the year (Note 9(a))	8,182,000	8,030,786	10,838,960	11,927,481

(ii) The age analysis of loans to corporate individuals as at the end of the year is as follows:

	N'000	N'000	N'000	N'000
0 - 365 days	-	1,755,332	-	2,585,523
365 - 730 days	8,182,000	4,324,489	10,838,960	-
Above 730 days	-	1,950,965	-	9,341,958
Total	8,182,000	8,030,786	10,838,960	11,927,481

(iii) The following is the analysis of loans and receivables by performance:

	N'000	N'000	N'000	N'000
Performing	8,182,000	8,030,786	10,678,258	11,602,721
Non-Performing	-	-	160,702	324,760
	8,182,000	8,030,786	10,838,960	11,927,481

(iv) The following is the analysis of loans and receivables by maturity:

	N'000	N'000	N'000	N'000
1 - 3 months	-	-	-	-
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
Above 12 months	8,182,000	8,030,786	10,838,960	12,252,241
	8,182,000	8,030,786	10,838,960	12,252,241

(v) Mutual Benefits Life Assurance Limited entered into an agreement with Mutual Benefits Homes and Properties Limited to grant a credit facility of N5,000,000,000 for a period of 10 years from the date of disbursement of the facility. It was agreed that Mutual Benefits Homes and Properties Limited will be granted a moratorium for a period of 5 years regarding repayment. Disbursement of money commenced on 30 Sepetember 2009 and an amount of N2.8 billion has been advanced by Mutual Benefits Life Assurance Limited as at 31 December 2014. The Loan is secured by a lien on the title documents to Mutual Alpha Courts and first charge on the receivables of Mutual Benefits Homes and Properties Limited from the projects for which the facility is used.

Analysis of movement in Mutual Benefits Homes and Properties Limited during the year:	N'000	N'000	N'000	N'000
Balance at the beginning of the year	-	-	4,057,397	4,908,143
Additional disbursements	-	-	453,415	210,000
Interest on facility granted	-	-	315,886	456,133
Transfer from Mutual Benefits Assurance Plc	-	-	669,084	-
Liability taken over from Mutual Homes and Properties Limited	-	-	971,880	-
Reclassification of deposit for properties			850,000	
Loans and receivables exchanged for investment properties (Note 17)	-	-	(4,500,000)	(1,516,879)
Balance at the end of the year (Note 9(a))	-	-	2,817,662	4,057,397

(vi) Mutual Benefits Assurance Plc entered into a new lease agreeemnt with Mutual Model Transport Limited whereby it was agreed that Mutual Benefits Assurance Plc should take over the leasee's indebtedness to Mutual Benefits Life Assurance Limited amounting to N591,408,000.

Analysis of movement in Mutual Model Transport Limited during the year:	N'000	N'000	N'000	N'000
Balance at the beginning of the year	591,408	701,408	591,408	701,408
Interest capitalised	-	-	-	164,058
Transfer to Mutual Benefits Assurance Plc	(591,408)	-	(591,408)	
Repayments during the year	-	(110,000)	-	(110,000)
	-	591,408	-	755,466
Impairment charges	-	-	-	(164,058)
Balance at the end of the year	-	591,408	-	591,408

(vii) Mutual Benefits Assurance Plc and Mutual Benefits Life Assurance Limited together 'Mutual Group' entered into an agreement on 13 Feburary 2008 to grant a loan facility of N10 billion to Prime Exploration and Production Limited for the development and production of hydrocarbons in Asaramatoru Marginal Oil Field. Disbursement of money commenced on 4 March 2011 and an amount of N7.7 billion has been advanced by Mutual Benefits Life Assurance Limited as at 31 December 2014. The loan was granted for a period of 60 months from the date of disbursement of the facility at 22 percent interest rate and a moratorium period of 30 months regarding repayment from the date of disbursement of the facility. The loan is secured by the following:

- First charge over oil asset of Asaramataru marginal field
- First charge on all receivables under oil contract throughout the tenor of the facility

The Parent Company, Mutual Benefits Assurance Plc received a payment of N4.2 billion from Prime Exploration during the year.

Analysis of movement in Prime Exploration Limited during the year:	N'000	N'000	N'000	N'000
Balance at the beginning of the year	7,119,378	5,684,046	7,119,378	5,684,046
Additional disbursements	5,070	160,000	5,070	160,000
Interest on facility granted (Note 38 (a))	1,566,263	1,275,332	1,566,263	1,275,332
Repayments during the year	(828,711)	-	(828,711)	
Balance at the end of the year	7,862,000	7,119,378	7,862,000	7,119,378

(viii) Deposit for shares represent funds injected into ICHL Limited.This amount shall be converted into equity or utilised as may be directed by the Board of Directors.

(ix) Analysis of impairment charge on loans and receivables is shown below:	N'000	N'000	N'000	N'000
Mutual Homes And Properties	-	-	160,702	160,702
Mutual Model Transport	-	-	-	164,058
	-	-	160,702	324,760

(b) Loans and advances to customers

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market that the Group does not intend to sell immediately or in the near term. Details of balances of loans and advances at the year end are as presented below:

The following are the categories of loans and advances:

	N'000	N'000	N'000	N'000
Loans:				
- Customers	645,025	346,723	-	-
- Staff	72,939	2,753	-	-
	717,964	349,476	-	-
Overdraft	10,658	44,895	-	-
	728,622	394,371	-	-
Impairment (Note 9(b)(iii))	(36,658)	(37,951)	-	-
Balance at the end of the year (Note 9)	691,965	356,420	-	-

(i) The analysis of loans and advances by performance is as follows:

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Performing	728,622	290,050	-	-
Non-Performing:				
- Pass and watch	-	45,154	-	-
- Substandard	-	25,952	-	-
- Doubtful	-	14,012	-	-
- Lost	-	19,203	-	-
	728,622	394,371	-	-
Impairment (Note 9(b)(iii))	(36,658)	(37,951)	-	-
	691,965	356,420	-	-

(ii) The maturity profile of loans and advances is as follows:	N'000	N'000	N'000	N'000
Maturity within one month	-	46,035	-	-
Maturity between 1 and 3 months	-	53,631	-	-
Maturity between 3 and 6 months	-	125,533	-	-
Maturity between 6 and 12 months	691,965	131,221	-	-
	691,965	356,420	-	-

(iii) The movement in impairment on loans and advances is as follows:	N'000	N'000	N'000	N'000
Balance at the beginning of the year	37,951	12,028	-	-
Charge for the year (Note 42)	-	33,963	-	-
Write back of provision no longer required	(1,293)	(8,040)	-	-
Balance at the end of the year	36,658	37,951	-	-

10 Trade receivables

Trade receivables comprise the following:

Premium receivables (Note 10(b))	43,072	325,737	-	325,737
Less impairment (Note 10(c))	-	(317,357)	-	(317,357)
	43,072	8,380	-	8,380
Current	43,072	8,380	-	8,380
Non-current	-	-	-	-
	43,072	8,380	-	8,380

(a) Counter party categorization of insurance receivables:

	N'000	N'000	N'000	N'000
Brokers	43,072	325,737	-	325,737
Total life insurance receivables	43,072	325,737	-	325,737
- Less impairment for receivables from agents, brokers and intermediaries	-	(317,357)	-	(317,357)
Total insurance receivables	43,072	8,380	-	8,380

(b) The age analysis of gross insurance receivables as at the end of the year is as follows:

	N'000	N'000	N'000	N'000
0 - 90 days	43,072	8,380	-	8,380
91 - 180 days	-	-	-	-
Above 180 days	-	317,357	-	317,357
Total	43,072	325,737	-	325,737

(c) The movement in impairment of insurance receivables is as follows:

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	317,357	326,596	317,357	326,596
Amount written off against bad debts	(317,357)	-	(317,357)	-
Write back of provision no longer required (Note 42(a))	-	(9,239)	-	(9,239)
Balance at the end of the year	-	317,357	-	317,357

(d) **Basis for impairment**

The Group assesses its trade receivables for impairment. The Group first assesses whether objective evidence of impairment exists individually for receivables that are individually significant and are impaired accordingly. If the Group determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment. The impairment assessment carried out by the Group produced the following balances by which the carrying amount of the Group's trade receivables has been reduced to its recoverable amount.

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Impairment on trade receivables	-	317,357	-	317,357

11 **Reinsurance assets**

This represents potential amount recoverable from reinsurers in respect of outstanding claims and additional reserves as valued by the Actuary and amount recoverable from reinsurers in respect of claims paid.

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	156,784	324,994	156,784	324,994
Actuarial increase in reinsurance assets	51,002	23,479	51,002	23,479
Balance at the end of the year as per actuarial valuation report	207,786	348,473	207,786	348,473
Reinsurance share of claims paid	-	(191,689)	-	(191,689)
Co assurance receivables	100,789	-	100,789	-
Prepaid reinsurance costs (Note 34(c))	18,933	-	18,933	-
	327,508	156,784	327,508	156,784

12 **Deferred acquisition costs**

This represents commission on unearned premium relating to the unexpired tenure of risk.

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	66,351	38,126	66,351	38,126
(Decrease)/Increase during the year (Note 36(a))	(15,042)	28,225	(15,042)	28,225
	51,309	66,351	51,309	66,351

13 **Other receivables and prepayments**

	N'000	N'000	N'000	N'000
Prepayments				
- Rent	170,395	110,115	147,986	92,746
- Insurance	1,028	352	-	-
- Other prepaid expenses	3,285	1,439	-	-
Advance payment to consultants	-	71,342	-	-
Interest receivable	60,375	9,701	59,991	9,701
Accrued interest	72,585			
Policy loans	5,086	6,870	5,086	6,870
Amount due from related companies (Note 13(a))	3,397	2,074,313	3,397	2,074,313
Amount receivable from property buyers	-	-	-	38,000
Stock of cheques	3,469	4,219	-	-
SMS Alert account	1,161	1,685	-	-
Property development	13,609	33,464	-	-
Excess interest charges	6,390		6,390	-
Investment receivables (Note 13(b))	85,422	85,422	85,422	85,422
ATM receivables	27,997	30,073	-	-
Other receivables	134,508	287,267	124,963	-
Uniform stock	160	420	-	-
Private placement	5,500	4,029	-	-
Deposit for properties (Note 13(f)	-	-	-	400,000
Withholding tax recoverable	26,527	-	26,527	-
Deposit for building materials	25,000	25,000	-	-
ATM cards	2,100	2,148	-	-
Directors current account	30,056	-	-	-
Telephone	20	213	-	-

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N'000	N'000	N'000	N'000
Stationery	1,960	915	-	-
Branch accounts	3,028	-	-	-
Cheques and coupons	787	-	-	-
Due from government	727	-	-	-
	684,572	2,748,987	459,762	2,707,052
Impairment of other receivables (Note 13(c))	(104,406)	(104,406)	(85,422)	(85,422)
	580,166	2,644,581	374,340	2,621,630
Current	580,166	2,644,581	374,340	2,621,630
Non-current	-	-	-	-
	580,166	2,644,581	374,340	2,621,630

(a) Amount due from related companies is made up of the following:

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	2,074,313	1,017,942	2,074,313	1,017,942
Addition	2,712,360	2,236,465	2,712,360	2,236,465
Transfers (note 13(a)(i))	(2,048,276)	-	(2,048,276)	-
Receipts	(2,735,000)	(1,180,094)	(2,735,000)	(1,180,094)
Balance at the end of the year (note 13(a)(ii))	3,397	2,074,313	3,397	2,074,313

(i) The amount relates to investments,deposit for shares,land and building transferred from Mutual Benefits Assurance Plc in settlement of amount owed to Mutual Benefits Life Assurance Limited. Analysis of transfers is shown below:

	N'000	N'000	N'000	N'000
Loan to Mutual Homes and Properties transferred from Mutual Benefits Assurance Plc	669,084	-	669,084	-
Investment in Mutual Benefits Niger Republic transferred from Mutual Benefits Assurance Plc	301,399	-	301,399	-
Deposit for shares in Avanage Limited transferred from Mutual Benefits Assurance Plc	70,000	-	70,000	-
Investment in Mutual Benefits Liberia transferred from Mutual Benefits Assurance Plc	464,000	-	464,000	-
Land and Building transferred from Mutual Benefits Assurance Plc	543,793	-	543,793	-
	2,048,276	-	2,048,276	-

(ii) The amount relates to balances accrued in the ordinary course of business. The group operates cross border sales and subsidiaries leverage on one another for business promotion and synergies in adding value, subsequent to the aforementioned, parent and subsidiaries do receive premium, pay commission and settle expenses on behalf of each other. The Group uses "incurred loss model" in determining impairment of its other receivables. Under the incurred loss model, a loss is considered to have been incurred on other receivables when there is no longer reasonable assurance that the future cash flows associated with the other receivables will either be collected in their entirety or when due,thereby, the balance has been reviewed and impairment not deemed necessary.

(iii) Mutual Benefits Assurance Plc is the ultimate parent entity of Mutual Benefits Life Assurance Limited 'the parent company'. The ultimate parent entity owns 100% of the equity of Mutual Benefits Life Assurance Limited.

(b) The investment receivables is as follows:	N'000	N'000	N'000	N'000
Placement with Charks Investments Limited	70,425	70,425	70,425	70,425
Placement with Deap Capital Management and Trust Plc	14,997	14,997	14,997	14,997
	85,422	85,422	85,422	85,422

(c) The movement in impairment of other receivables is as follows:

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Balance at the beginning of the year	104,406	113,768	85,422	91,086
Amount written off against bad debts (Note 13(e))	-	(9,362)	-	(5,664)
Balance at the end of the year (Note 13)	104,406	104,406	85,422	85,422

(d) **Basis for impairment**

The Group uses "incurred loss model" in determining impairment of its other receivables and prepayments. If the Group determines that there is no objective evidence that a balance or a group of balances would be recouped, the balance or the group of balances is deemed to be impaired. Other receivables and prepayments with a significant degree of uncertainty of recovery were assessed to be impaired and adequate impairment provision was made for the balances. The following is a list of balances which the Group could not ascertain that they are recoupable.

	N'000	N'000	N'000	N'000
Property development	18,984	18,984	-	-
Investment receivables	85,422	85,422	85,422	85,422
Impairment (Note 13(c))	104,406	104,406	85,422	85,422

(e) The following balances were written-off against prior impairment provision:

	N'000	N'000	N'000	N'000
Fraud account	-	-	-	-
Excess interest charges	-	-	-	-
Other bank balances	-	5,664	-	5,664
Amount written-off against impairment provision	-	3,698	-	-
	-	9,362	-	5,664

(f) Deposit for properties represent an amount deposited with Mutual Homes and Properties for 8 units of duplex buildings. These buildings as at 31st December 2013 had no perfect documents to substantiate ownership and therefore was classified as deposit for properties. Meanwhile, having perfected the documents in 2014, the properties have been accordingly classified as investment properties.

14 **Finance lease receivables**

Finance lease receivables represent outstanding balances on leases granted to various corporate organisations and individuals as follows:

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	915,254	1,151,037	915,132	1,150,915
Repayments during the year	(60,487)	(235,783)	(60,401)	(235,783)
	854,767	915,254	854,731	915,132
Impairment (Note 14(a))	(447,588)	(447,588)	(447,588)	(447,588)
Balance at the end of the year	407,179	467,666	407,143	467,544
Current	203,589	233,833	-	233,772
Non-current	203,591	233,833	-	233,772
	407,179	467,666	407,143	467,544

(a) The movement in impairment is as follows:

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	447,588	598,113	447,588	598,113
Write back of provision no longer required (Note 17(a) and 42(a))	-	(150,525)	-	(150,525)
Balance at the end of the year	447,588	447,588	447,588	447,588

(b(i) **Basis for impairment**

The Group assesses its finance lease receivables for impairment. If the Group determines that no objective evidence that a balance or a group of balances would be recovered from the lessee, the balance or the group of balances is deemed to be impaired. Finance lease receivables with prolonged period of default after due date(s) were assessed to be impaired and adequate impairment provision was made for the balances. The following is a list of balances that were assessed to be impaired:

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N'000	N'000	N'000	N'000
Blessed Chinedu	11,000	11,000	11,000	11,000
Continental Haulage	28,809	28,809	28,809	28,809
Maprotek finance lease	8,950	8,950	8,950	8,950
Charks investments	333,986	333,986	333,986	333,986
Abundant Seed	5,882	5,882	5,882	5,882
Memos International	22	22	22	22
Imo state transport	28,467	28,467	28,467	28,467
Security swap	1,990	1,990	1,990	1,990
Bronxtale investment	7,568	7,568	7,568	7,568
Kano NUT	15,599	15,599	15,599	15,599
Century energy	5,315	5,315	5,315	5,315
	447,588	447,588	447,588	447,588

15 Inventories

	N'000	N'000	N'000	N'000
Building raw materials	95,988	155,828	-	-
Construction work in progress	94,031	458,430	-	-
Building for resale work in progress (Note 15(a))	-	1,555,266	-	-
Landed properties for resale (Note 15(c))	1,445,000	1,445,000	-	-
	1,635,019	3,614,524	-	-

(a) The balance of building for resale work in progress is made up of the following:

	N'000	N'000	N'000	N'000
Landed properties at Olaleye Village	-	251,000	-	-
Cost of building construction	-	1,242,929	-	-
Interest capitalised (Note 15(b))	-	61,337	-	-
	-	1,555,266	-	-

(b) Interest capitalised represents borrowing cost on loans obtained to finance the construction work carried out by the Group at various estate locations in line with IAS 23, Borrowing Costs.

(c) The balance of landed properties for resale is made up of the following:

	N'000	N'000	N'000	N'000
Akure Plots (5,500 sq metres)	142,500	142,500	-	-
Plots at Paradise Estate, Anthony village,	-			
Lagos (16,000 square metres)	295,000	295,000	-	-
Ado Ekiti Land (100 hectares)	662,500	662,500	-	-
Oregun Lagos land (7.161 acres)	345,000	345,000	-	-
	1,445,000	1,445,000	-	-

16 Investment in subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Details of the subsidiaries whose financial statements are included in the consolidated financial statements are as presented in Note 16(b) below.

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Mutual Benefits Micro Finance Bank Limited (Note 16(b)(i))	-	-	175,038	175,038
Mutual Benefits Homes and Properties Limited (Note 16(b)(ii))	-	-	-	-
Mutual Liberia Note 16 (b)iii			464,000	-
MutuaL Niger Republic			257,943	-
	-	-	896,981	175,038

(a) The movement in investment in subsidiaries during the year is as follows:

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	-	-	175,038	181,331
Transfer from Mutual Benefits Assurance Plc			765,400	-
Provision for impairment no longer required(Note 16(c) and 42(a))	-	-	-	13,707
Impairment provision on investment in subsidiary (Notes 16(c), and 42(b))	-	-	(43,457)	(20,000)
Balance at the end of the year	-	-	896,981	175,038

(i) **Transfer from Mutual Benefits Assurance Plc**

	N'000	N'000	N'000	N'000
Mutual Benefits Liberia	-	-	464,000	-
MutuaL Benefits Niger Republic	-	-	301,400	-
	-	-	765,400	-

These investments were transferred to Mutual Benefits Life Assurance Limited from from its parent, Mutual Benefits Assurance Plc on July 31 2014 in settlement of parent's indebtedness to Mutual Benefits Life Assurance Limited.

(b) *Principal subsidiary undertakings:*
The Group is controlled by Mutual Benefits Life Assurance Limited "the parent" (incorporated in Nigeria). The controlling interest of Mutual Benefits Life Assurance Limited in the Group entities is disclosed in the table below:

Company name	*Nature of business /Country of incorporation*	31 December 2014 *Ownership interest*	31 December 2013 *Ownership interest*	*Status*
Mutual Benefits Microfinance Bank Limited	*Banking / Nigeria*	*80%*	*80%*	*Acquired*
Mutual Benefits Homes and Properties Limited	*Real estate / Nigeria*	*100%*	*100%*	*Set up*
Mutual Benefits Niger Republic	*Insurance*	*100%*	*100%*	*Set up*
Mutual Benefits Liberia	*Insurance*	*95%*	*95%*	*Set up*

(i) Mutual Benefits Microfinance Bank Limited was incorporated in Nigeria in January 2008 and its principal activity involves the provision of retail banking services to both individual and corporate customers. Mutual Benefits Life Assurance Limited obtained control of the company with acquisition of 80% of the voting rights in January 2009.

(ii) Mutual Benefits Homes and Properties Limited was incorporated in December 2007 to provide property development services to corporate and individual customers. The Company was established as a wholly owned subsidiary of Mutual Benefits Life Assurance Limited.

(iii) Mutual Benefits Niger Republic commenced operations on 2nd January, 2014. The Company is into underwriting of all classes of non-life businesses. It is a wholly owned subsidiary of Mutual Benefits Life Assurance Limited.

(iv) Mutual Benefits Liberia was incorporated on 29th August 2007 and commenced operations on 2nd January, 2008. It is into underwriting of all classes of Life and non-life businesses. It is 95% owned by Mutual Benefits Life Assurance Limited. This was acquired in year 2014 at acquisition cost of N464,000,000 through a transfer from Mutual Benefits Assurance Plc as part settlement of its indebtedness to the company.

(c) **Basis for impairment**

The Parent Company assesses its investment in subsidiaries for impairment. If the Company determines that its share of recoverable amount of a subsidiary is less than the carrying amount of the investment in that subsidiary, it recognises an impaiment loss which is the amount by which the Company's share of the recoverable amount is less than the carrying value of the investment in the subsidiary.

Fair value gain is not recognised when the Parent Company's share of the recoverable amount of the subsidiary is greater than the carrying amount of investment in the subsidiary.

The impairment provision on investment in subsidiaries was calculated as follows:

	Mutual Benefits Microfinance Bank Limited	Mutual Benefits Homes and Properties	Mutual Benefits Niger Republic	Total
	N'000		N'000	N'000
Carrying amounts of investment in subsidiaries	200,000	20,000	301,399	521,399
Less: The Parent Company's share of net assets of subsidiaries				
Share capital	250,000	20,000	330,000	270,000
Retained earnings	(31,203)	(262,127)	(49,628)	(293,330)
Net assets of acquiree at the date of acquisition	218,797	(242,127)	280,372	(23,330)
Percentage holding	80%	100%	92%	
Net assets acquired	175,038	-	257,942	432,980
Impairment during the year (note 42(b))	-	-	43,457	43,457
Impairment brought forward	24,962	20,000	-	44,962
Impairment carried forward	24,962	20,000	43,457	88,419

17 **Investment Properties**

Investment Properties is property held to earn rental income or for capital appreciation or both. Investment property, including interest in leasehold is initially recognised at cost. Subsequently, investment property is carried at fair value representing the open market value at the statement of financial position date determined by annual valuations carried out by external registered valuers. Gains or losses arising from changes in the fair value are included in determing the statement of comprehensive income for the year to which they relate.

The investment properties comprises of properties in the following locations:

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N'000	N'000	N'000	N'000
Mutual Tulip Estate (See note(i) below)	798,140	798,140	798,140	798,140
Property at Ikeja GRA- Sasegbon (See note(ii) below)	623,917	623,917	623,917	623,917
Property at Ikeja Alausa (See note(iii) below)	273,816	273,816	273,816	273,816
Property at Sango/Idiroko - Mogga (See note (iv) below)	90,315	90,315	90,315	90,315
Property at Sango/Idiroko - Caxtonjo (See note (v) below)	60,210	60,210	60,210	60,210
Property at Onikere, Ibadan (See note (vi) below)	543,792	-	543,792	-
60 units of duplex at Mutual Homes and Properties (note 17a)	5,091,366		4,547,574	-
	7,481,556	1,846,398	6,937,764	1,846,398

The movement in the fair value during the year was as follow:

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N'000	N'000	N'000	N'000
Balance at the beginning of the year	1,846,398	-	1,846,398	-
Additions during the year	5,043,792	1,667,403	5,043,792	1,667,403
Fair value gain	47,574	178,995	47,574	178,995
Balance at the end of the year	6,937,764	1,846,398	6,937,764	1,846,398

(a) Loans and receivables exchanged for investment property.

During the year, the company received investment properties amounting to N4,500,000 in exchange for receivables from its related companies as shown below:

	N'000	N'000	N'000	N'000
Mutual Homes and Properties Limited	4,547,574	1,516,878	4,547,574	1,516,878
Mutual Benefits Assurance Plc	543,792	-	543,792	-
Charks Investment Limited	-	150,525	-	150,525
	5,091,366	1,667,403	5,091,366	1,667,403

The investment properties of N4,500,000,000 were revalued during the year at opening market price by Messrs Jide Alabi an independent professionally qualified valuer who has recent experience in the location and categories of the investment being valued. The property was revalued to N4,547,574,000.Title documents relating to ownership and consent have not been perfected.

The investment properties of N1,516,878,000 were valued in the year 2013, at opening market price by an independent professionally qualified valuer who has recent experience in the location and categories of the investment being valued. For the purpose of this report, the vauers engaged were:

Messrs Jide Alabi & Co, Estate Surveyors and Valuers (FRC/2012/NIESV/00000000314)

However, the finance lease receivable had been fully allowed for impairment in 2012, therefore the amount of N150,525,000 repaid by an exchange of Investment property was written back as impairment no longer required during the year. See Note 14(a)

Other investment properties are stated below:

i **Mutual Tulip Estate**

Landed property of 117,000 square metres of land located in Berger within Ogun section of the boundary between Ogun State and Lagos State in Nigeria was purchased at a cost of N747million. The unexpired term remaining on the property is 99 years and issues relating to consent and ownnership have not been pefected. The landed property was revalued to N798 million by Messrs Jide Alabi & Co Estate Surveyors and Valuers as at 31 December 2013.

ii **Property at Ikeja GRA- Sasegbon**

Landed property of 6,500 square metres of land located at 7b & 9 Sasegbon Street, GRA Ikeja Lagos state in Nigeria was purchased at a cost of N593million. The unexpired term remaining on the property is 99 years and issues relating to consent and ownnership have not been pefected. The landed property was revalued to N624 million by Messrs Jide Alabi & Co Estate Surveyors and Valuers as at 31 December 2013.

iii **Property at Ikeja Alausa**

Landed property of 1,548 square metres of land located at Alausa central business district. Lagos state in Nigeria was purchased at a cost of N177million. The unexpired term remaining on the property is 99 years and issues relating to consent and ownnership have not been pefected. The landed property was revalued to N274 million by Messrs Jide Alabi & Co Estate Surveyors and Valuers as at 31 December 2013.

iv **Property at Sango/Idiroko - Mogga**

Landed property of 4040 square metres of land located at Sango/Idiroko road, opposite Mogga Petroleum, Onibukun village, Ota Atan, Ogun state in Nigeria was purchased at a cost of N90million. The unexpired term remaining on the property is 99 years and issues relating to consent and ownnership have not been pefected. The landed property was valued to N90 million by Messrs Jide Alabi & Co Estate Surveyors and Valuers as at 30 September 2013.

v **Property at Sango/Idiroko - Caxtonjo**

Landed property of 3665.6 square metres of land located at Sango/Idiroko road, opposite Caxtonjo Oil Onibukun village, Ota Atan, Ogun state in Nigeria was purchased at a cost of N60million. The unexpired term remaining on the property is 99 years and issues relating to consent and ownnership have not been pefected. The landed property was valued to N60 million by Messrs Jide Alabi & Co Estate Surveyors and Valuers as at 30 September 2013.

vi **Property at Onireke, Ibadan**

Landed property of 6808.179 square meters of land located at plot 47, kudeti Avenue, Commercial Reservation Onireke, Ibadan, Oyo State in Nigeria was transferred from Mutual Benefits Assurance Plc to Mutual Benefits Life Assurance Limited during the year. The property was transferred at a cost of N543,791,845.

18 **Intangible assets**

Intangible assets represent computer softwares acquired by the Group for use in it daily operations. The table below shows the details of balances at the year end.

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Cost:	N'000	N'000	N'000	N'000
Balance at the beginning of the year	37,497	37,497	25,718	25,718
Additions during the year	3,655	-	3,655	-
Balance at the end of the year	41,152	37,497	29,373	25,718
Amortization:	N'000	N'000	N'000	N'000
Balance at the beginning of the year	23,011	15,850	14,944	9,800
Amortisation charge for the year	6,564	7,161	5,620	5,144
Balance at the end of the year	29,575	23,011	20,564	14,944
Carrying amounts	11,577	14,486	8,809	10,774

19 **Goodwill**

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entities at the dates of acquisition (provided that the acquisitions fulfil the definition of business combination in accordance with IFRS 3).

(a) The movement in the balance of goodwill is as	N'000	N'000	N'000	N'000
Goodwill on consolidation of subsidiaries (Note	42,942	42,942	-	-
Provision for impairment (Note 19(c))	(24,962)	(38,669)	-	-
Balance at the end of the year	17,980	4,273	-	-

(b)

	Mutual Benefits Microfinance Bank Limited	Mutual Benefits Homes and Properties	Total
Goodwill on consolidation is arrived at as follows:	N'000	N'000	N'000
Cost of acquisition	200,000	20,000	220,000
Less: Net assets acquired			
Share capital	229,453	20,000	249,453
Retained earnings	(33,131)	-	(33,131)
Net assets of acquiree at the date of acquisition	196,322	20,000	216,322
Percentage holding	80%	100%	
Net assets acquired	157,058	20,000	177,058
Goodwill on acquisition of subsidiaries (Note 20(a))	42,942	-	42,942

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair value of assets given, liabilities incurred or assumed and where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Acquisition of subsidiaries were not made in stages but done once at the date of acquisition of the shareholding stated in the financial statements. Considerations were not made by way of share exchange but in cash exchange as at the dates of the acquisitions.

(c) Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversible. Impairment loss determined is as shown in Notes 19(a) and 42 respectively.

19.1 **Deposit for share**	N'000	N'000	N'000	N'000
Avanage Nigeria Limited	70,000	-	70,000	-
Mutual Exploration and Production Limited	70,000	-	70,000	-
	140,000	-	140,000	-

Deposit for shares of N140 million were made in the Avanage Nigeria Limited and Mutual Exploration and Production Limited. The deposit of N70 million made in Mutual Exploration and Production Limited was paid in November and December 2014 while that of Avanage Nigeria Limited was part of assets transfererred by Mutual Benefits Plc (Parent Company) during the year ended 31 December 2014. Both Companies' share allotment process is in progress.

20(a) Property, plant and equipment (Group)

	Leasehold building	Capital work in progress	Plant and machinery	Motor vehicles	Computer equipment	Office equipment	Furniture & Fittings	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost								
At 1 January 2013	74,364	23,461	253,280	362,917	10,311	6,537	119,095	849,965
Additions	370	45,000	8,375	53,315	4,594	4,564	30,409	146,627
Transfer	-	(23,461)	-	-	-	-	-	(23,461)
Disposals	-	-	-	(14,140)	-	-	-	(14,140)
At 31 December 2013	74,734	45,000	261,655	402,092	14,905	11,101	149,504	958,991
At 1 January 2014	74,734	45,000	261,655	402,092	14,905	11,101	149,504	958,991
Additions	404,994	45,000	14,498	52,401	2,256	3,299	148,262	670,710
Disposals	-	-	-	(15,145)	(105)	300	(132)	(15,082)
Reclassification	45,000	(45,000)	-	-	-	-	-	-
Adjustment (Note (20(a(iii))	-	-	-	-	-	(4,974)	-	(4,974)
Transfer from subsidiaries(note 20a(iv)	78,977	-	4,185	43,865	-	3,410	3,629	134,066
Foreign exchange movement	7,267	-	449	3,903	-	300	320	12,239
At 31 December 2014	610,972	45,000	280,787	487,116	17,056	13,436	301,583	1,755,950
Accumulated depreciation								
At 1 January 2013	56,963	-	63,159	154,536	7,390	3,835	70,181	356,064
Charge for the year	13,742	-	64,605	92,637	5,707	1,467	23,641	201,799
Adjustments (Note	(2,249)	-	-	-	-	-	-	(2,249)
Disposals	-	-	-	(13,215)	-	-	-	(13,215)
At 31 December 2013	68,456	-	127,764	233,958	13,097	5,302	93,822	542,399
At 1 January 2014	68,456	-	127,764	233,958	13,097	5,302	93,822	542,399
Charge for the year	107,258	-	65,781	101,455	4,760	1,146	44,009	324,409
Disposals	-	-	-	(12,070)	(73)	-	(36)	(12,179)
Adjustments (Note (20(a(iii))	-	-	-	-	(2,207)	-	-	(2,207)
Transfer from subsidiaries(note 20a(iv)	5,890	-	4,030	33,170	-	3,303	3,255	49,648
Foreign exchange movement	580	-	359	3,006	-	280	280	4,505
At 31 December 2014	182,184	-	197,934	359,519	15,577	10,031	141,330	906,575
Carrying amounts at:								
31 December 2014	428,788	45,000	82,853	127,597	1,479	3,405	160,253	849,375
31 December 2013	6,278	45,000	133,891	168,134	1,808	5,799	55,682	416,592

Capital work in progress represents amount spent on installation of ATM machines at the Group's banking facilities in various locations

(i) No leased assets are included in the above property and equipment account (2013: Nil)

(ii) The Group had no capital commitments as at the balance sheet date (2013: Nil). As at the reporting date land is being carried at cost.

(iii) Adjustment represents intangible assets wrongly classified as computer equipment now amended.

(iv) Transfer from subsidiaries represent assets transferred from new subsidiries(Mutual Benefits Liberia and Mutual Benefits Niger) acquired during the year.

(b) Property, plant and equipment (Company)

As at 31 December 2014	Leasehold building	Capital work in progress	Plant and machinery	Motor vehicles	Computer equipment	Office equipment	Furniture & Fittings	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2013	70,676	-	7,817	76,111	-	-	107,296	261,900
Additions	370	45,000	5,765	44,698	-	-	29,023	124,856
Disposals	-	-	-	(7,445)	-	-	-	(7,445)
At 31 December 2013	71,046	45,000	13,582	113,364	-	-	136,319	379,311
At 1 January 2014	71,046	45,000	13,582	113,364	-	-	136,319	379,311
Additions	386,761	-	3,644	34,100			67,791	492,296
Reclassification	45,000	(45,000)	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	(132)	(132)
At 31 December 2014	502,807	-	17,226	147,464	-	-	203,978	871,475
Accumulated depreciation								
At 1 January 2013	54,561	-	3,221	37,039	-	-	64,916	159,737
Charge for the year	13,004	-	2,199	23,876	-	-	21,439	60,518
Disposals	-	-	-	(6,520)	-	-	-	(6,520)
Adjustment (Note (20(a(iii))	(2,249)	-	-	-	-	-	-	(2,249)
At 31 December 2013	65,316	-	5,420	54,395	-	-	86,355	211,486
At 1 January 2014	65,316	-	5,420	54,395	-	-	86,355	211,486
Charge for the year	104,612	-	2,468	27,839	-	-	26,196	161,115
Disposals	-	-	-	-	-	-	(36)	(36)
At 31 December 2014	169,928	-	7,888	82,234	-	-	112,515	372,565
Carrying amounts at:								
31 December 2014	332,879	-	9,338	65,230	-	-	91,463	498,910
31 December 2013	5,730	45,000	8,162	58,969	-	-	49,964	167,825

21 **Statutory deposit**

Statutory deposit represents fixed deposit with the Central Bank of Nigeria in accordance with Section 10(3) of the Insurance Act, CAP I17, LFN 2004. There was neither a withdrawal nor demand for the release of any part of the deposit from the Central Bank of Nigeria in 2013.

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N'000	N'000	N'000	N'000
Deposit with the Central Bank of Nigeria	200,000	200,000	200,000	200,000
	200,000	200,000	200,000	200,000

22 **Insurance contract liabilities**

The Group issues contracts that transfers insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance 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.

(a) Insurance contract liabilities comprise the following classes:

	N'000	N'000	N'000	N'000
Group life (Note 22 b)	1,980,677	1,600,687	1,798,692	1,600,687
Individual life (Note 22 c)	283,699	103,489	283,699	103,489
	2,264,376	1,704,176	2,082,391	1,704,176
Current	2,264,376	1,704,176	2,082,391	1,704,176
Non-current	-	-	-	-
	2,264,376	1,704,176	2,082,391	1,704,176

(b) Group life insurance contract liabilities are made up of the following:

	N'000	N'000	N'000	N'000
Outstanding claims	982,509	584,543	978,071	584,543
Incurred but not reported	296,577	222,605	296,577	222,605
Total outstanding claims	1,279,086	807,148	1,274,648	807,148
Unearned premium	701,591	793,539	524,044	793,539
	1,980,677	1,600,687	1,798,692	1,600,687

(c) Individual life insurance contract liabilities are made up of the following:

	N'000	N'000	N'000	N'000
Individual insurance contract liabilities	249,000	103,489	249,000	103,489
Annuity	34,699	-	34,699	-
	283,699	103,489	283,699	103,489

(d) Movement in individual insurance contract liabilities is shown below:

Balance at the beginning of the year	103,489	103,489	103,489	103,489
Increase in individual insurance contract liabilities	180,210	-	180,210	-
Balance at the end of the year	283,699	103,489	283,699	103,489

(e) The following is the classification of insurance contract liabilities by nature:

	N'000	N'000	N'000	N'000
Outstanding claims	1,279,086	807,148	1,274,648	807,148
Unearned premium	701,591	793,539	524,044	793,539
	1,980,677	1,600,687	1,798,692	1,600,687

The movement in outstanding claims is as follows:

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	807,148	1,734,101	807,148	1,734,101
Increase/(decrease) in outstanding claims (Note 35(a))	471,938	(926,953)	467,500	(926,953)
Balance at the end of the year	1,279,086	807,148	1,274,648	807,148

(f) The movement in unearned premium is as follows:

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	793,539	429,741	793,539	429,741
(Decrease)/increase in unearned premium (Note 34)	(91,948)	363,798	(269,495)	363,798
Balance at the end of the year	701,591	793,539	524,044	793,539

		Group		Company	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
(g)	The age analysis of claims reported and losses adjusted :	N'000	N'000	N'000	N'000
	Days				
	0 - 90	619,527	304,349	617,219	304,349
	91 -180	75,621	61,090	75,174	61,090
	181-270	68,059	53,348	67,660	53,348
	271-360	83,183	58,811	82,698	58,811
	361 and above	136,118	106,945	135,319	106,945
		982,509	584,543	978,071	584,543

(h) The liabilities given in Form 16 are presented net of reinsurance. The table below summarises the gross position and impact of reinsurance.

	N'000	N'000	N'000	N'000
Unearned premium	701,591	793,539	524,044	793,539
Outstanding claims	982,509	584,543	978,071	584,543
IBNR*	296,577	222,605	296,577	222,605
Balance at the end of the year	1,980,677	1,600,687	1,798,692	1,600,687

(i) Actuarial valuation

The Group as a matter of policy carries out actuarial valuation on all policy holders' funds to determine the adequacy of provision on a yearly basis. In compliance with the International Financial Reporting Standards, the 2014 actuarial valuations of the Group's insurance contract liabilities were carried out by Alexander Forbes Consulting Actuaries Nigeria Limited.

(j) The valuation has been made on the basis of the following principles which were determined by the Actuary:

(i) Individual business

Traditional insurance plans comprise the Term Assurance, Anticipated Endowment Insurance and Mortgage Protection Plan. For all individual business the gross premium valuation method was adopted. The liability for each policy was calculated as the present value of benefits less the present value of expected premiums.

(ii) Reserves were calculated via a cash flow projection approach, taking into account future premiums, expenses and benefit payments including an allowance for the rider benefits where applicable. Future cash flows were discounted back to the valuation date at the valuation rate of interest. Reserves for endowment business have been limited to a minimum of the surrender value at the valuation date.

(iii) For each individual business policy, the valuation age has been taken to be the nearest age as at the valuation date. In the case of endowment policies, the outstanding premium paying term was taken to be the maturity date less the valuation date.

(iv) The valuation method adopted is such that no policy is treated as an asset. If a negative reserve has arisen for any policy, it has been eliminated by setting it to be equal to zero.

(v) Individual deposit linked business
For each of the investment and savings policies, the liability was calculated by accumulating all premiums paid since inception to valuation date at the guaranteed rate of interest. The death benefits were reserved for by calculating present value of benefits less the present value of expected premiums and all negative reserves were eliminated at policy level.

(vi) The reserve under each deposit-type policy has been obtained as the accumulated balance of the deposits after allowing for interest as at the valuation date.

(vii) Group business
For each yearly renewable group term insurance policy, reserve was made for Unearned Premium (UPR), Outstanding Claims and Incurred But Not Reported (IBNR) as follows:

(viii) Unearned Premium Reserve (UPR)
The number of months between valuation date and the next scheme renewal date was used to allocate unearned premium reserve. The 12th method was used for this valuation.

(ix) Outstanding Claims Reserve
The reported claims whose payment has not been finalised were reserved for based on the claimed sum assured. It was assumed that all claims will be accepted.

(x) Incurred But Not Reported (IBNR)
IBNR reserves are determined as a specified number of months' risk premium based on the Company's recent experience of the time lag between claims being incurred and notified. Included in IBNR balance in Note 15(b) is the estimate for additional reserves as revealed by the actuarial valuation report.

(xi) The Mortality Table used in the valuation is the Mortality of Assured Lives A1949-52, Ultimate Tables published on behalf of the Institute of Actuaries and the Faculty of Actuaries. The table was rated down by 3 years to reflect expectations of the mortality experience of Nigerian assured lives.

An interest rate of 5% was assumed in the valuation of insurance risk products.

(xii) Expenses for individual life and individual deposit business were reserved for explicitly at N10,000 and N5,000 respectively. All expenses were assumed to increase with inflation at 8% pa. Annuity expenses were reserved for at 3% of the annuity payment.

(xiii) The basis to be adopted for distribution of profits among policyholders and shareholders is determined by the Directors on the Actuary's advice, bearing in mind the requirements of the Insurance Act, CAP I17, LFN 2004 regarding the distribution of profits to with-profit policyholders. However, there were no with-profit policyholders in the books of the Group at the valuation date.

(xiv) The actuarial report is prepared solely for the purpose of the Insurance Act, CAP I17, LFN 2004 and has no validity in any other circumstance. The liability calculation methodology and assumptions comply with IFRS 4 and meets the liability adequacy test required under the standard.

Annuity

(xv) Gross premium written
Mutual Benefits Assurance Plc wrote eight annuity contracts during the year with a total gross premium amounting to N37,339,741. The gross premium was invested in cash deposits disclosed in the balance sheet and the annuities are payable for the life of the policyholdes with a minimum guarantee period of 10 years.

(xvi) Liabilities
The liabilities were determined as the expected present value of the future annuity payments for all the annuities currently in payment. This method projects the future annuity payments for each claimant , taking into account the age of the annuitant. The projected annuities are discounted at the assumed investments return as indicated in note xvii below. The valuation disclosed a liability amounting amounting to N34,669,187 as at 31 December 2014.

(xvii) Mortality
The table of mortality used in the valuation of the annuity business is the mortality of assured lives SA 1956-62. ultimate tables published on behalf of the Actuarial Society of South Africa (ASSA) with no adjustments for mortality improvements. The SA 1956-62 table was assumed to reflect our expectations of the mortality experience of Nigerian assured lives. This mortality table is consistent with the table used when pricing the annuity product.

(xviii) Investment returns

The premiums for the annuities were invested in cash deposits. The assets that are viewed as appropriate for the annuities in payment are medium to long term government bonds. The yield on 10 to 20 year government bonds averaged 12.5% per annum as at 31 December 2014. The yield on government bonds was adjusted downwards by 1%(margin for prudence in reserving) to arrive at a yield of 11.5% per annum used in discounting the annuity cash flows.

(xix) Inflation

Expenses that are incurred in administering and paying the annuities were assumed to increase by 10% per annum.

23 Investment contract liabilities

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. A number of insurance and investment contracts contain a discretionary participation feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

(i) That are likely to be a significant portion of the total contractual benefits;
(ii) Whose amount or timing is contractually at the discretion of the Group; and
(iii) That are contractually based on:
- the performance of a specified pool of contracts or a specified type of contract;
- realised and/or unrealised investment returns on a specified pool of assets held by the Group;
- the profit or loss of the Group, fund or other entity that issues the contract.

(a) Details of balances of investment contract liabilities at the year end are as presented below:

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Groups (Note 23(b))	266,253	252,901	266,253	252,901
Individuals (Note 23(c))	20,157,616	14,674,798	20,146,917	14,674,798
	20,423,869	14,927,699	20,413,170	14,927,699
Current	266,253	252,901	266,253	252,901
Non-current	20,157,616	14,674,798	20,146,917	14,674,798
	20,423,869	14,927,699	20,413,170	14,927,699

(b) The movement in the balance of group investment contract liabilities during the year is as shown below:

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	252,901	575,532	252,901	575,532
Deposits received during the year	72,599	124,519	72,599	124,519
Withdrawals during the year	(67,680)	(66,206)	(67,680)	(66,206)
Guaranteed interest	8,433	6,268	8,433	6,268
Reclassification of fund liabilities (Note 23(c))	-	(425,380)	-	(425,380)
Transfer of excess fund liabilities (Note23(b)(i))	-	12,685	-	12,685
Loss on group investment contract liabilities (Note 37)	-	25,483	-	25,483
Balance at the end of the year	266,253	252,901	266,253	252,901

i) **Transfer of excess fund liabilities**

This represents excess of fund in individual investment contract liabilities.

(c) The movement in individual investment contract liabilities during the year is as follows:

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	14,674,798	9,521,707	14,674,798	9,521,707
Deposits received during the year	10,879,113	9,778,719	10,868,414	9,778,719
Guaranteed Interest	617,904	346,292	617,904	346,292
Withdrawals and surrenders during the year	(6,014,199)	(5,397,300)	(6,014,199)	(5,397,300)
Reclassification of fund liabilities (Note	-	425,380	-	425,380
	20,157,616	14,674,798	20,146,917	14,674,798

24 **Trade payables**

Trade payables represent liabilities to agents, brokers, co-insurers and re-insurers on insurance contracts as at year end.

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N'000	N'000	N'000	N'000
Co-assurance payables	61,326	58,798	61,326	58,798
Reinsurance payables	19,996	14,481	10,632	14,481
	81,322	73,279	71,958	73,279
Current	81,322	73,279	71,958	73,279
Non-current	-	-	-	-
	81,322	73,279	71,958	73,279

25 **Other payables and accruals**	N'000	N'000	N'000	N'000
Accruals	262,529	229,487	177,452	132,425
Land deduction	544	-	544	-
Withholding tax payable	5,108	3,856	855	-
Other liabilities	52,524	79,873	2,291	79,873
Staff pension	2,698	769	2,021	68
Industrial Training Fund	904	904	-	-
Value Added Tax	57,237	3,549	57,202	3,494
Branches suspense	33,535	-	-	-
Deposit premium	314,284	286,734	314,284	286,734
Sundry payables	325,664	226,577	229,226	208,867
PAYE	3,177	1,566	2,423	789
Cooperative	3,242	7,589	2,507	7,589
Commission payable	86,153	-	86,153	-
Deposit for properties Note 25(a)	1,706,253	1,136,185	1,481,879	-
Amount due to other related parties (Note	-	4,000	-	-
ATM working capital	16,469	12,849	-	-
Private Placement	16,354	15,870	-	-
Motor vehicle lease	1,633	8,405	-	-
Investment expenses payable	-	-	525	-
Deposit for agency/legal fees by customers	-	69,450	-	-
Other current liabilities	10,300	336	-	-
Premium refund	16,435	-	16,435	-
	2,915,043	2,087,999	2,373,796	719,839
Current	2,915,043	2,087,999	2,373,796	719,839
Non-current	-	-	-	-
	2,915,043	2,087,999	2,373,796	719,839

(a) Breakdown of deposit for properties is shown below:	N'000	N'000	N'000	N'000
Deposit for properties taken over from Mutual Homes Subcribers (note 25(b))	971,880	-	971,880	-
Deposit for properties from customers	734,373	1,136,185	509,999	-
	1,706,253	1,136,185	1,481,879	-

(b) This represents deposit for properties taken over from Mutual Homes and Properties by Mutual Benefits Life Assurance Limited in respect of subscribers' commitments towards acquisition of the investment property transferred to the company.

(c) Amount due to other related companies	N'000	N'000	N'000	N'000
Amount due to other related parties	-	4,000	-	-

26 **Borrowings**	N'000	N'000	N'000	N'000
Long term borrowing (Note 26(a))	-	362,824	-	-
Short term borrowing	-	240,368	-	-
	-	603,192	-	-
Current	-	240,368	-	-
Non-current	-	362,824	-	-
	-	603,192	-	-

(a) Long term borrowing represents facility granted to Mutual Benefits Homes and Properties Limited by Mutual Benefits Life Assurance Limited. Mutual Benefits Homes and Properties transferred some of its Investment properties to Mutual Benefits Life Assurance Limited in full settlement of the loan during the year.

The movement in borrowings during the year is as follows:

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N'000	N'000	N'000	N'000
Balance at the beginning of the year	362,824	317,610	-	-
Payment during the year	(362,824)	-	-	-
Additional borrowings during the year	-	45,214	-	-
	-	362,824	-	-

27 Deposits from customers

Deposits from customers represent balance of current, term and savings deposits accepted from customers for safe keeping. Details of balances of deposit from customers at the year end are as presented below:

	N'000	N'000	N'000	N'000
Current deposits (Note 27(a) and (c))	202,164	155,326	-	-
Savings (Note 27(b) and (c))	174,186	34,795	-	-
Term deposits (Note 27(d))	108,931	87,248	-	-
	485,281	277,369	-	-
Current	485,281	277,369	-	-
Non-current	-	-	-	-
	485,281	277,369	-	-

(a) Current deposits represents demand deposits from customers which are repayable on demand by customers. The Group charges current deposits customers for the safe keeping of their funds. Current deposit balances from consolidated entities have been eliminated in these consolidated financial statements.

(b) Savings deposits represents deposits from customers which are repayable on demand by customers. The Group does not charge savings deposit customers for safe keeping but pays interest on savings deposits balance at a comparatively low rate. Savings deposit balances from consolidated entities have been eliminated in these consolidated financial statements.

(c) Current and savings deposits, which are included in customer deposits, are repayable on demand on a contractual basis. In practice, however, these deposits form a stable base for the Bank's operations and liquidity needs.

(d) Term deposits are kept for customers for a fixed period of time. The Group pays interest on the deposits at a rate agreed at the inception of the contract. Term deposit balances from consolidated entities have been eliminated in these consolidated financial statements.

28 Current income tax liabilities

The movement in this account during the year was as follows:

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	191,199	156,468	157,779	127,431
Charge for the year (Note 28(a))	36,861	37,761	21,773	30,348
Payments during the year	(7,413)	(3,030)	-	-
Transferred from Mutual Liberia & Mutual Niger (Note 28a(ii))	13,784	-	-	-
Balance at the end of the year	234,431	191,199	179,552	157,779

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
(a) The income tax expense for the year comprises:				
Company income tax (Note 28(a)(i))	31,870	19,907	16,782	14,379
Education tax (Note 28(a)(iii))	-	16,294	-	14,702
Information technology development levy tax (Note 28(a)(iv)	4,991	1,560	4,991	1,267
Tax charge credited to current income tax liabilities (Note 28)	36,861	37,761	21,773	30,348
Deferred tax charge/(credit) (Note 28(a)(v))	18,656	55,606	-	18,925
Income tax expense	55,517	93,367	21,773	49,273
(i) Company income tax is made up as follows:	N'000	N'000	N'000	N'000
Mutual Benefits Life Assurance Limited	16,782	14,379	16,782	14,379
Mutual Benefits Microfinance Bank Limited	-	5,528	-	-
Mutual Benefits Homes and Properties	7,132	-	-	-
Mutual Benefits Liberia	7,956	-	-	-
	31,870	19,907	16,782	14,379
(ii) Current income tax liabilities transferred is made up as follows:	N'000	N'000	N'000	N'000
Transferred from Mutual Benefits Liberia	6,436	-	-	-
Transferred from Mutual Benefit Niger	7,348	-	-	-
	13,784	-	-	-
(iii) Education tax is made up as follows:	N'000	N'000	N'000	N'000
Mutual Benefits Life Assurance Limited	-	14,702	-	14,702
Mutual Benefits Microfinance Bank Limited	-	1,592	-	-
	-	16,294	-	14,702
(iv) Information technology development levy tax is made up as follows:	N'000	N'000	N'000	N'000
Mutual Benefits Life Assurance Limited	4,991	1,267	4,991	1,267
Mutual Benefits Microfinance Bank Limited	-	293	-	-
	4,991	1,560	4,991	1,267
(v) Deferred tax charge/(credit) is made up as follows:	N'000	N'000	N'000	N'000
Mutual Benefits Life Assurance Limited	-	18,925	-	18,925
Mutual Benefits Homes and Properties	18,656	36,681	-	-
	18,656	55,606	-	18,925

(vi) The tax on the Company's profit before tax differ from theoretical amount that would arise using the weighted average tax rate applicable to profit of the Company as follows:

Taxes	Company	
	31 December 2014	31 December 2013
Current tax expense	N'000	N'000
Current tax on profit for the year:		
Income Tax	16,782	14,379
Education tax	-	14,702
Information technology development levy tax	4,991	1,267
Total current tax	21,773	30,348
Deferred tax (asset)/ liability		
Origination and reversal of temporary differences	-	18,925
Total tax expense	21,773	49,273

The reasons for the difference between the actual tax charge for the year and the standard rate of corporate tax in Nigeria applied to profits for the year are as follows:		
Profit before income tax	590,863	126,693
Expected tax charge based on the standard rate on Nigeria corporate tax at the domestic rate of 30% (2013: 30%)	177,259	38,008
Actual Income tax charge	(16,782)	(14,379)
Difference (see below)	160,477	23,629
Adjustment for tax deductible and non-deductible items		
Net premium income	3,702,466	2,094,885
Fees and commission	120,575	51,185
Claims expenses	(979,324)	(1,038,357)
Underwriting expenses	(374,350)	(438,027)
Profit on investment contract liabilities	31,654	39,883
Investment income	412,752	308,682
Other operating income	146,941	192,343
Impairment no longer required	-	181,384
Impairment charge	(43,457)	(20,000)
Management expenses	(2,010,775)	(1,245,285)
Taxable Income	(471,558)	(47,930)
	534,924	78,763
Difference @ 30%	160,477	23,629

(b) **Deferred income tax liabilities**

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	137,592	81,986	31,264	12,339
Write back of provision for the year	(11,052)	-	(11,043)	-
Charge for the year (Note 28(a))	18,656	55,606	-	18,925
Balance at the end of the year	145,196	137,592	20,221	31,264

(c) **Deferred income tax assets**

	N'000	N'000	N'000	N'000
Balance at the beginning and end of the	16,074	16,074	16,074	16,074

(d) Defered income taxes for the Company are attributable to the following:

	Opening balance at 1 January 2014	Recognise in net income	Reclassify from equity to net income	Closing Balance at 31 December 2014
	N'000	N'000	N'000	N'000
2014				
Excess of TWDV over NBV	31,264	(11,043)	-	20,221
Other timing difference items	-	-	-	-
2014 deferred tax liability movement	31,264	(11,043)	-	20,221

29 **Share capital:**

Share capital comprises:

	N'000	N'000	N'000	N'000
(a) Authorized:				
300,000,000 Ordinary shares of 50k each	150,000	150,000	150,000	150,000
(b) Issued and fully paid:				
300,000,000 Ordinary shares of 50k each	150,000	150,000	150,000	150,000

30 **Share premium**

Share premium comprises additional paid-in capital in excess of the par value. This reserve is not ordinarily available for distribution.

	N'000	N'000	N'000	N'000
Balance at the beginning and end of the	1,850,000	1,850,000	1,850,000	1,850,000

31 **Contingency reserves**

In compliance with Section 21 (1)(b) of Insurance Act, CAP I17, LFN 2004, the contingency reserve shall be credited with an amount equal to 1% of gross premiums written or 10% of the profits (whichever is greater) and accumulated until it reached the amount of the minimum paid up capital. The movement in this account during the year is as follows:

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	219,845	194,504	219,845	194,504
Transfer from retained earnings	138,575	25,341	56,908	25,341
Balance at the end of the year	358,420	219,845	276,753	219,845

32 **Retained earnings**

The retained earnings represents the amount available for dividend distribution to the equity shareholders of the Company. The movement in retained earnings is as presented below:

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	(1,783,855)	(1,124,765)	347,512	295,433
Profit/(loss) for the year	1,385,754	(633,749)	569,090	77,420
Transfer to contingency reserve (Note 31)	(138,575)	(25,341)	(56,909)	(25,341)
Balance at the end of the year	(536,676)	(1,783,855)	859,693	347,512

33 **Non-controlling interest in equity**

The entity accounting for non-controlling interest is shown below:

	N'000	N'000	N'000	N'000
Mutual Benefits Microfinance Bank Limited	48,274	33,433	-	-
Mutual Benefits Liberia	36,695	-	-	-
	84,969	33,433	-	-

(a) The movement in non-controlling interest is as follows:

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N'000	N'000	N'000	N'000
Balance at the beginning of the year	33,433	30,006	-	-
Equity transferred from Mutual Liberia	41,801			
Profit for the year	9,735	3,427	-	-
Balance at the end of the year (Note 33)	84,969	33,433	-	-

(b) Non-controlling interest is made up of:

	N'000	N'000	N'000	N'000
Share capital(note b(i)	45,891	45,891	-	-
Retained earnings at the beginning of the	(12,458)	(15,885)	-	-
Equity transferred from Mutual Liberia	41,801	-	-	-
Profit for the year	9,735	3,427	-	-
Balance at the end of the year	84,969	33,433	-	-

i) Non controlling interest (Share capital) represents 20% (229,453,458 ordinary shares) of the equity holding of the Company's subsidairy Mutual Benefits Microfinance Bank Limited.

34 Net premium income	N'000	N'000	N'000	N'000
Gross premium written (Note 34(a))	4,096,522	2,534,143	3,543,233	2,534,143
Decrease/(increase) in unearned premium (Note 22(f))	91,948	(363,798)	269,495	(363,798)
Gross premium income	4,188,470	2,170,345	3,812,728	2,170,345
Reinsurance expenses (Note 34(b))	(122,337)	(75,460)	(110,262)	(75,460)
Net premium income	4,066,133	2,094,885	3,702,466	2,094,885

(a) Gross premium written is made up of the following:

	N'000	N'000	N'000	N'000
Group life premium	2,329,883	1,731,778	1,776,594	1,731,778
Individual life premium	1,729,299	802,365	1,729,299	802,365
Annuity	37,340	-	37,340	-
Gross premium written (Note 34)	4,096,522	2,534,143	3,543,233	2,534,143

(b) Reinsurance expenses are made up of the following:

	N'000	N'000	N'000	N'000
Group life	114,261	75,460	102,186	75,460
Individual life policies:	8,076	-	8,076	-
Reinsurance expenses (Note 34)	122,337	75,460	110,262	75,460

(c) Movement in reinsurance cost is shown below	N'000	N'000	N'000	N'000
Prepaid reinsurance cost brought forward	-	-	-	-
Reinsurance cost during the year	141,270	75,460	129,195	75,460
Prepaid reinsurance cost carried forward (Note 11)	(18,933)	-	(18,933)	-
	122,337	75,460	110,262	75,460

(d) **Fees and commission**	N'000	N'000	N'000	N'000
Reinsurance commission received	19,770	28,135	19,770	28,135
Deposit administration commission received	-	23,050	-	23,050
Co-Insurance commission received	100,805	-	100,805	-
	120,575	51,185	120,575	51,185

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
35 Claim expenses	N'000	N'000	N'000	N'000
Gross claim expenses (Note 35(a))	1,329,702	1,971,723	1,201,893	1,971,723
Claim expenses recoverable from reinsurers	(222,569)	(933,366)	(222,569)	(933,366)
	1,107,133	1,038,357	979,324	1,038,357

(a) Gross claim expense (Note a(i))	N'000	N'000	N'000	N'000
Claims paid during the year	857,764	2,898,676	734,393	2,898,676
Increase/(decrease) in outstanding claims	471,938	(926,953)	467,500	(926,953)
Gross claims expenses (Note 35)	1,329,702	1,971,723	1,201,893	1,971,723

(b) **Claims expenses recoverable from reinsurers**	N'000	N'000	N'000	N'000
Recoveries from reinsurers	171,567	909,887	171,567	909,887
Actuarial increase in reinsurance assets (Note 11)	51,002	23,479	51,002	23,479
Claims expenses recoverable from reinsurers (Note 35)	222,569	933,366	222,569	933,366

36 **Acquisition and maintenance expenses**

Acquisition expenses are those incurred in obtaining and renewing insurance contracts. They include commissions or brokerage paid to agents or brokers. Maintenance expenses are those incurred in servicing existing policies/contracts. These include processing cost, preparation of statistics and reports, and other incidental costs attributable to maintenance.

	N'000	N'000 Restated	N'000	N'000 Restated
Acquisition expenses (Note 36(a))	293,454	162,842	235,409	162,842
Maintenance expenses (Note 36(b))	374,350	354,517	374,350	354,517
	667,804	517,359	609,759	517,359

(a) **Acquisition expenses**	N'000	N'000	N'000	N'000
Commission paid	278,412	191,067	220,367	191,067
(Increase)/decrease in deferred acquisition cost (Note 12)	15,042	(28,225)	15,042	(28,225)
	293,454	162,842	235,409	162,842

(b) **Maintenance expenses**	N'000	N'000	N'000	N'000
Business acqusition cost-Group Life	125,780	95,477	125,780	95,477
Administrative charges-Group Life	16,966	21,782	16,966	21,782
Agency allowance	60,504	15,679	60,504	15,679
Agency running cost	-	71,916	-	71,916
Agency training	18,312	4,891	18,312	4,891
Consultancy fees	25,178	85,781	25,178	85,781
Individual Life	1,863	180	1,863	180
Group life underwriting medical expenses	9,377	10,295	9,377	10,295
Group life actuary valuation report	-	1,418	-	1,418
Stamp duty expenses	1,518	1,487	1,518	1,487
Agency unit manager allowance	-	3,684	-	3,684
Business promotion expenses	16,900	32,906	16,900	32,906
Value added tax	13,508	3,557	13,508	3,557
Underwriting medical expenses	25	5,464	25	5,464
Marketing expenses	84,419		84,419	
	374,350	354,517	374,350	354,517

	Group		Company	
37 (Loss)/profit on investment contract liabilities	2014 N'000	2013 N'000 Restated	2014 N'000	2013 N'000 Restated
Investment income attributable to	1,533,720	1,189,711	1,832,692	1,715,316
Loss on group investment contract liabilities (Note 23(b))	-	(25,483)	-	(25,483)
Guranteed interest on investment contract liabilities	(626,337)	(352,560)	(626,337)	(352,560)
Acquisition cost on investment policies	(1,174,701)	(1,218,058)	(1,174,701)	(1,218,058)
	(267,318)	(406,390)	31,654	119,215

(a) Investment income attributable to investment contracts represents redistribution of investment in line with fund balances as the financial year end.

38 Investment Income	N'000	N'000	N'000	N'000
Interest and other income from unquoted companies (Note 38(a))	1,703,762	1,275,332	2,019,649	1,895,523
Interest income on short term deposits	315,417	37,877	315,417	37,877
Lease finance income	378	598	378	598
Profit on investment property disposal	-	90,000	-	90,000
Investment income written off	(90,000)	-	(90,000)	-
Reclassification of investment income attributable to investment contracts (Note 37)	(1,533,720)	(1,189,711)	(1,832,692)	(1,715,316)
Total investment income	395,837	214,096	412,752	308,682

(a) Interest and other income from unquoted companies is made up of:

	N'000	N'000	N'000	N'000
Prime Exploration	1,566,263	1,275,332	1,566,263	1,275,332
Mutual Model Transport Limited	-	-	-	164,058
Mutual Benefits Assurance Plc	137,499		137,500	-
Mutual Homes and Properties	-	-	315,886	456,133
Interest on loans to corporate individuals	1,703,762	1,275,332	2,019,649	1,895,523

39 Other income	N'000	N'000	N'000	N'000
Microfinance fees and commission	-	28,562	-	-
Other charges - SMS, closed accounts, default charges	-	26,334	-	-
Income from logistics activities	-	126,502	-	-
Gain on bargain purchase (Note 39(a))	212,103	-	-	-
Write back of excess provision for tax	95,205	-	95,205	-
Gain on property valuation (Note 39(b))	1,098,362	178,995	47,574	178,995
Sundry other income	161,340	22,054	4,162	13,348
Total	1,567,010	382,447	146,941	192,343

(a) Gain on bargain purchase represents gain realised on the acquisition of controlling interest in Mutual Benefits Liberia. Analysis is shown below:

	N'000	N'000	N'000	N'000
Ordinary shares	598,500	-	-	-
Contigency reserves	5,427	-	-	-
Pre acquisition reserves	72,176	-	-	-
Total reserves	676,103	-	-	-
Cost of investment	(464,000)	-	-	-
Gain on bargain purchase	212,103	-	-	-

		Group		Company	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
(b)	Analysis of gain on property valuation is shown below:	N'000	N'000	N'000	N'000
	Cost of sales of properties transferred from Mutual Homes and Properties	4,206,832	-	4,500,000	-
	Cost of property at Mutual Tulib Estate	-	747,000	-	747,000
	Cost of property at Ikeja G.R.A	-	593,000	-	593,000
	Cost of property at Sango, Idiroko	-	176,878	-	176,878
	Intercompany finance cost during the year	(315,887)	-	-	-
	Intercompany finance cost in prior year	(441,733)			
	Cost of sales of building to the group	3,449,212	1,516,878	4,500,000	1,516,878
	Fair value assessment of investment	(4,547,574)	(1,695,873)	(4,547,574)	(1,695,873)
	Gain on property valuation	(1,098,362)	(178,995)	(47,574)	(178,995)
40	**Net interest income from microfinance**	N'000	N'000	N'000	N'000
	Interest and similar income (Note 40(a))	191,009	182,130	-	-
	Interest and similar expenses (Note 40(b))	(26,478)	(11,168)	-	-
		164,531	170,962	-	-
(a)	**Interest and similar income**	N'000	N'000	N'000	N'000
	Interest income on Micro loans	65,109	25,682	-	-
	Interest income on SME loans	97,915	123,035	-	-
	Interest income on overdraft	13,185	30,103	-	-
	Interest income on treasury bills	2,590	2,911	-	-
	Income from funds placement	12,103	399	-	-
	Interst on Eazy cash Product	107	-	-	-
		191,009	182,130	-	-
(b)	**Interest and similar expenses**	N'000	N'000	N'000	N'000
	Current accounts	-	-	-	-
	Deposits	26,420	8,118	-	-
	Other charges	58	3,050	-	-
		26,478	11,168	-	-
41	**Net (Loss)/income from real estate operations**	N'000	N'000	N'000	N'000
	Revenue from real estate operations	-	93,445	-	-
	Cost of real estate operations	-	(165,367)	-	-
		-	(71,922)	-	-
42	**Impairment charge/imparment no longer required**				
(a)	**Impairment no longer required**	N'000	N'000	N'000	N'000
	Provision for impairment no longer required - trade receivables (Note 10(c))	-	9,239	-	9,239
	Provision for impairment no longer required - short term placement (Note 13(e))	-	5,664	-	5,664
	Adjustment of property, plant and equipment - No longer required (Note 20(b))	-	2,249	-	2,249
	Provision for impairment no longer required - finance lease (Note 14(a))	-	150,525	-	150,525
	Provision for impairment no longer required - Investment in subsidaries (Note 16(a))	-	-	-	13,707
		-	167,677	-	181,384
(b)	**Impairment charge**	N'000	N'000	N'000	N'000
	Impairment on loans and advances (Note 9(b(iii))	-	33,963	-	-
	Impairment of investment in subsidiaries (note 16c)	-	-	43,457	20,000
		-	33,963	43,457	20,000

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
43 Management expenses	N'000	N'000	N'000	N'000
Expenses for marketing and administration (Note 43(a))	432,720	215,029	357,989	109,759
Employee benefit expense (Note 43(b))	625,240	392,590	410,985	258,500
Other operating expenses (Note 43(c))	1,582,654	942,597	1,241,801	877,026
	2,640,614	1,550,216	2,010,775	1,245,285
(a) Expenses for marketing and administration				
	N'000	N'000	N'000	N'000
Conference and seminar expenses	-	2,298	-	2,298
Newspapers and periodicals	759	705	517	627
Advertisement and public relations	317,271	42,763	249,963	39,903
General expenses	3,868	118,629	3,868	19,341
Penalties and fines	80	1,354	80	1,354
Insurance expenses	3,724	5,838	-	2,794
NAICOM supervisory levy	103,560	43,442	103,560	43,442
Information technology development levy	3,457	-	-	-
	432,720	215,029	357,989	109,759
(b) Employee benefit expenses	N'000	N'000	N'000	N'000
Wages and salaries	604,058	372,937	396,161	242,804
Pension costs - defined contribution plans	21,182	19,653	14,824	15,696
	625,240	392,590	410,985	258,500
(c) Other operating expenses	N'000	N'000	N'000	N'000
Depreciation and amortisation charges	270,472	94,548	166,737	65,662
Other professional fees	40,886	32,414	35,691	30,864
Directors expenses	130,047	156,647	83,287	138,330
Auditor's remuneration	10,966	10,500	7,500	7,500
Other expenses (Note 43(c(i)))	1,130,283	648,488	948,586	634,670
	1,582,654	942,597	1,241,801	877,026
(c(i)) Other expenses are made up of the	N'000	N'000	N'000	N'000
Bank charges	77,955	33,597	66,360	31,423
Vehicle repairs and maintenance	30,221	16,865	23,379	15,903
Computer repairs and maintenance	23,734	7,541	9,485	7,541
Electrical expenses	8,673	5,924	6,515	3,947
Generator repairs and maintenance	40,373	31,491	31,105	25,158
Transport and travelling	157,299	23,888	140,457	22,208
Building repairs and maintenance	5,408	136,688	4,332	5,635
Office repairs and maintenance	229,362	20,118	178,643	5,810
Rent and rates	23,056	47,756	2,151	41,994
Printing and stationery	18,050	32,482	-	31,329
Security expenses	1,643	3,576	-	3,568
Staff training and development	2,564	16,016	-	14,770
Staff welfare and medical expenses	33,590	80,462	26,821	77,513
Telecommunication expenses	33,763	17,725	26,260	14,817
Business development cost	413,426	140,911	412,003	140,911
Entertaiment	10,271	24,015	9,258	18,652
Backduty tax expenses	10,000	-	10,000	-
Bad debt written off	10,895	9,433	1,817	9,433
Interest income written off (see note 39(b))	-	-	-	164,058
	1,130,283	648,488	948,586	634,670

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N'000	N'000	N'000	N'000

44 **Earning per share**

Basic earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	N'000	N'000	N'000	N'000
(Loss)/profit attributable to the equity	1,395,489	(630,322)	569,090	77,420
Weighted average number of ordinary shares in issue (thousands)	150,000	150,000	150,000	150,000
Basic (loss)/earnings per share (kobo)	930	(420)	379	52

45 **Supplementary profit or loss information:**

(i) Employee costs excluding executive directors during the year amounted to:

	N'000	N'000	N'000	N'000
Wages and salaries	604,058	372,937	396,161	242,804
Other pension costs	21,182	19,653	14,824	15,696
	625,240	392,590	410,985	258,500

(ii) Employees, other than the executive directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contribution and other allowances) in the following ranges:

	No	No	No	No
N720,001 - N1,400,000	132	178	45	31
N1,400,001 - N2,050,000	40	41	28	35
N2,050,001 - N2,330,000	4	1	4	1
N2,330,001 - N2,840,000	10	3	5	-
N2,840,001 - N3,000,000	1	7	1	6
N3,000,001 - N4,500,000	8	8	5	8
N4,500,001 - N5,950,000	11	9	7	5
N5,950,001 - N6,800,000	7	6	3	2
N6,800,001 - N7,800,000	1	4	1	4
N7,800,001 - N8,600,000	3	1	3	-
N8,600,001 - N11,800,000	2	5	2	5
Above N11,800,000	2	1	2	1
	221	264	106	98

(iii) The average number of full time persons employed by the Company during the year was as followed:

	N'000	N'000	N'000	N'000
Management staff	56	43	36	23
Non management staff	170	261	14	115
	226	304	50	138

(c) **Directors' remuneration:**

(i) Remuneration paid to the directors of the Company was as follows:

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Executive compensation:	N'000	N'000	N'000	N'000
Directors fees	8,050	5,060	4,000	3,900
Other directors expenses	138,500	151,587	79,287	134,430
	146,550	156,647	83,287	138,330

(ii) The directors' remuneration shown above (excluding pension contributions and other allowances) includes

	N'000	N'000	N'000	N'000
Chairman	30,000	30,000	30,000	30,000
Highest paid director	27,740	24,600	27,740	24,600

(iii) The emoluments of all other directors that fell within the following range:

	Number	Number	Number	Number
N300,001 - N350000	-			
N500,001 - N1,000,000	-	3	-	3
N1,000,000 - N5,000,000	3	-	3	-
N10,000,000 - N15,000,000	-	-		-
N15,000,000 - N25,000,000	1	1	1	1
	4	4	4	4

46 Actuarial valuation of life fund

The latest available actuarial valuation of the life business was performed as at 31 December 2014. The valuation of the Group's life insurance and investment contract liabilities as at 31 December 2014 was carried out by Alexander Forbes Consulting Actuaries Nigeria Limited. The valuation was done based on the following principles:

(a) For Mortgage Protection and Term Assurance policies, the gross premium method of valuation was adopted. The liability for each policy was calculated as the present value of benefits less present value of expected premiums.

(b) For investment and savings policies, the liability was calculated by accumulating all the premiums paid since inception to valuation date at the guaranteed rate of interest. The death benefits were reserved for by calculating the present value of benefits less the present value of expected premiums and all negative reserves were eliminated at policy level.

(c) The reserve under each deposit-type policy has been obtained as the accumulated balance of the deposits after allowing for interest as at the valuation date.

(d) For individual businesses, the valuation age has been taken to be the nearest age as at the valuation date. Outstanding premium paying term was taken to be the maturity date less the valuation date under endowment policies. The valuation method adopted is such that no policy is treated as an asset as negative reserve arising for any policy is eliminated by setting it to be equal to zero.

(e) For each yearly renewable group term insurance policy, reserve was made for unearned premiums (UPR), Outstanding Claims and Incurred but Not Reported claims.

(f) The Mortality of Assured Lives A1949-52, Ultimate Tables published on behalf of the Institute of Actuaries and Faculty of Actuaries was used in the valuation. The table was rated down by 3 years to reflect expectations of the mortality experience of Nigerian assured lives.

Premium received from sale of insurance contracts to key	N'000	N'000	N'000	N'000
Akin Ogunbiyi	-	13,350	-	13,350
Gbenga Ogunko	-	2,290	-	2,290
	-	15,640	-	15,640

(e(i)) Terms and conditions

Key management personnel and other staff members bought insurance and investment policies with the Group during the year. Premiums received relate to sale of the insurance and investment contracts and are at arms length.

49 **Contravention of laws and regulations**

The Company contravened certain laws and regulations during the year. Details of the contraventions and the appropriate penalties are as follows:

	Section	Description of contravention	Number of times	Year of contravention	Amount of penalty N
(a)	INSURANCE ACT 2003 S26(3)	Late submission of third quarter statutory returns	1	2014	205,000
(b)	NAICOM OPERATIONAL GUIDELINES 2011 PARA 1.17	Penalty for mistatement and restatement	1	2014	200,000
(c)	NAICOM OPERATIONAL GUIDELINES 2011 PARA 1.17	Non disclosure of contravention	1	2014	250,000
	Total Penalties				655,000

50 **HYPOTHECATION**

The Group is exposed to a range of financial risks through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and reinsurance liabilities. In particular, the key financial risk is that in the long- term, its investment proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk.

Asset & Liability management (ALM) attempts to address financial risks the group is exposed to which includes interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long run its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. ALM ensures that specific assets of the group is allocated to cover reinsurance and liabilities of the Group.

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The notes below show how the Group has managed its financial risks.

	INSURANCE CONTRACT GROUP& LIFE	INSURANCE CONTRACT ANNUITY	INVESTMENT CONTRACT	SHAREHOLDERS' FUND	TOTAL
ASSETS	N'000	N'000	N'000	N'000	N'000
CASH AND CASH EQUIVALENTS	1,759,983	37,340	5,716,324	-	7,513,647
FINANCIAL ASSETS	-		8,087,387	2,817,662	10,905,049
TRADE RECEIVABLES	-	-	-	-	-
REINSURANCE ASSETS	327,508	-	-	-	327,508
DEFERRED ACQUISITION COST	51,309	-	-	-	51,309
OTHER RECEIVABLES AND PREPAYMENT	-	-	-	514,340	514,340
FINANCE LEASE RECEIVABLES	407,143	-	-	-	407,143
INVESTMENT IN SUBSIDIARIES	-	-	-	922,607	922,607
INVESTMENT IN PROPERTIES	-	-	2,390,190	4,547,574	6,937,764
DEFFERED INCOME TAX ASSETS	-	-	-	16,074	16,074
DEPOSIT FOR SHARES				140,000	140,000
INTANGIBLE ASSETS	-	-	-	8,809	8,809
PROPERTY, PLANT AND EQUIPMENT	-	-	-	498,910	498,910
STATUTORY DEPOSIT	-	-	-	200,000	200,000
TOTAL ASSETS	2,545,943	37,340	16,193,901	9,665,976	28,443,160
LIABILITIES:					
INSURANCE CONTRACT LIABILITIES	2,047,722	34,669	-	-	2,082,391
INVESTMENT CONTRACT LIABILITIES	-		20,413,170	-	20,413,170
TRADE PAYABLES	-		-	71,958	71,958
OTHER PAYABLES AND ACCRUALS	-		-	2,371,502	2,371,502
DEFERRED INCOME TAX LIABILITIES	-		-	20,221	20,221
CURRENT INCOME TAX LIABILITIES	-		-	178,239	178,239
TOTAL LIABILITIES	2,047,722	34,669	20,413,170	2,641,920	25,137,481
GAP	498,221	2,671	(4,219,269)	7,024,056	3,305,679

51 **Prior period restatement**

Correction of acquisition cost

It was discovered during the year that acquisition cost amounting to N79,331,835 representing commission on investment premium reversal was wrongly charged against insurance contract acquisition cost in 2013. To correct this error, this amount has now been reclassified from insurance contract acquisition expense to investment contract acquisition expense and the financial statements have been restated accordingly.