MUTUAL BENEFITS LIFE ASSURANCE LIMITED
Lagos, Nigeria

REPORT OF THE DIRECTORS

AND

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CORPORATE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2015

Chairman	Dr. Akin Ogunbiyi	Non-Executive Director
Directors	Mr. Femi Asenuga Mr. Olusegun Omosehin Mr. Gbenga Ogunko Mr. Soye Olatunji	Managing Director Non-Executive Director Non-Executive Director Non-Executive Director
Registered Office	Aret Adams House 233 Ikorodu Road, Ilupeju Lagos	
Auditors	Ernst & Young UBA House, 10th and 13th Floors 57 Marina, Lagos	
Company Secretary	Babajide Ibitayo (Esq) FRC/2013/NBA/0000003123	
Bankers	Access Bank Plc Heritage Bank Limited Fidelity Bank Plc First City Monument Bank Plc First Bank of Nigeria Limited Sterling Bank Plc Zenith Bank Plc Mutual Microfinance Bank Limited Ecobank Nigeria Plc Unity Bank Plc	
Actuaries	Alexander Forbes Nigeria Limited	
RC No.	681998	

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2015

	GROUP			COMPANY		
in thousands of Nigerian Naira	2015	Restated* 2014	%	2015	2014	%
STATEMENT OF COMPREHENSIVE INCOME						
Gross premium written	4,056,566	4,096,522	-1%	3,337,711	3,543,233	-6%
Gross premium income	3,570,717	4,188,470	-15%	2,906,011	3,812,728	-24%
Net premium income	3,463,940	4,066,133	-15%	2,810,725	3,702,466	-24%
Net underwriting income	3,486,993	4,085,903	-15%	2,832,492	3,722,236	-24%
Underwriting profit	1,322,717	1,958,032	-32%	963,112	1,780,219	-46%
Profit before income tax	149,745	2,887,279	-95%	151,832	505,658	-70%
Profit after income tax	94,897	2,637,043	-96%	107,246	546,393	-80%
Basic earnings per share (kobo)	50	1,752		71	364	
STATEMENT OF FINANCIAL POSITION as at 31 December 2015	2015	Restated* 2014	%	2015	2014	%
Total assets	34,454,487	30,120,883	14%	32,604,357	28,277,534	15%
Insurance contract liabilities	2,116,805	1,830,274	16%	1,844,111	1,648,289	12%
Investment contract liabilities	24,217,581	20,857,971	16%	24,208,510	20,847,272	16%
Shareholders' fund	3,310,642	3,191,073	4%	3,220,996	3,113,750	3%

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note 3.8.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2015

The Board has the pleasure of presenting their Report on the affairs of the Mutual Benefits Life Assurance Limited ("the Company") and its subsidiaries (together "the Group") to the Shareholders along with the Group and the Company's Audited Financial Statements and the auditors report for the year ended 31 December 2015.

LEGAL STATUS AND PRINCIPAL ACTIVITY

The Company was incorporated on 20 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, Uyo, Asaba, Warri, Lagos, Benin, Calabar, Ikorodu, Ilorin, Ibadan, Ojo, Oshogbo, Otta, Owerri and Yenogoa.

BUSINESS REVIEW

The Company's principal activity is the provision of life insurance business and risk management solutions to corporate and retail customers. The other activities of the Group, through its subsidiaries, include General Assurance, Real Estate and Microfinance Banking.

The Company's subsidiaries include Mutual Benefits Assurance Niger SA, Mutual Benefits Assurance Liberia, Mutual Benefits Homes and Properties Limited and Mutual Benefits Microfinance Bank Limited.

The Group's products and services are as follows:

Insurance of Person
Personal Insurance
Personal Accident
Group Personal Accident
Individual Savings & Pension Plan
Personal Pension & Investment Plan
Mutual Education Guarantee Plan
Credit life Assurance Scheme
Annuity (immediate and deferred)
School fees Guaranteed Scheme (SFGS)
Keyman Assurance
Mortgage Protection
Group Life Assurance
Term Assurance
Greenshield-24Hr. Accident Cover
Greenshield-Life
Retail Marketing Products
Mutual Group Investment Protection Plan
Endowment Assurance
Micro Personal Investment Plan

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2015

OPERATING RESULTS

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

	GROUP	GROUP	COMPANY	COMPANY
	2015	2014	2015	2014
		Restated		
Gross Premium Written	4,056,566	4,096,522	3,337,711	3,543,233
Profit before income tax	149,745	2,887,279	151,832	505,658
Income tax (expense)/benefit	(54,848)	(250,236)	(44,586)	40,735
Profit after income tax	94,897	2,637,043	107,246	546,393
Shareholders' funds	3,310,642	3,191,073	3,220,996	3,113,750

Dividends

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

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year and their direct and indirect interests in the issued share capital of the Company as recorded in the Register of Directors shareholding and/or as notified by the Directors for the purpose of Section 275 of the Companies and Allied Matters Act, CAP. C20, Laws of the Federation of Nigeria 2004.

Directors:

	2015	2015	2014	2014
	DIRECT	INDIRECT	DIRECT	INDIRECT
Dr. Akin Ogunbiyi	1,000,000	-	1,000,000	-

ACQUISITION OF OWN SHARES

The Company did not purchase its own share in 2015 (2014: Nil)

The Group has a Board policy on Personal investment, which applies to directors, staff and related parties. This policy prevents Directors, members of Staff and related Companies/individuals from insider dealing on the shares of Mutual Benefits Assurance Plc (parent company) and related entities. The purpose of this policy is to prevent the abuse of confidential non-public information that may be gained in the course of being a director or working for the Company. The policy also ensures compliance by the Company with extant laws and regulatory requirement.

In the course of the financial year there was no case of violation of this policy

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, PLANT AND EQUIPMENT

Information relating to changes in property and equipment is given in Note 31 to the consolidated and separate Financial Statements. 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

DONATIONS AND CHARITABLE GIFTS

In identifying with the aspirations of the community and the environment within which the Company operates, a total sum of ₦5,250,000 (December 2014: ₦ Nil) was given out as donations and charitable contributions during the year.

Details of the donations and charitable gifts are as stated below:

Organisations:	2015	2014
	₦	₦
Library support - Grange School	200,000	-
Nigeria Police Force	5,000,000	-
NCRIB PH Area Committee	50,000	-
TOTAL	5,250,000	-

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2015

BENEFICIAL OWNERSHIP

The following shareholders held 5% or more of the issued and paid up shares of the Company as at 31 December 2015:

Name of Holder	No. of Shares	Percentage of ₦1.00 Each Shareholding.
Mutual Benefits Assurance Plc	149,000,000	99.3%

EVENT AFTER THE REPORTING DATE

The authorized share capital of the Company was increased from 150,000,000 (One Hundred and Fifty Million) ordinary shares at ₦1 each to 300,000,000 (Three Hundred Million) ordinary shares of ₦1 each. Mutual Benefits Assurance Plc acquired additional 100,000,000 (One Hundred Million) ordinary shares at ₦20 per share to bring its total shareholding in the Company to 249,000,000 ordinary shares.

EMPLOYMENT AND HUMAN RESOURCES 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	106	59	64	36
Gender analysis of Board and Top Management is as follows:				
Board	5	-	100	-
Top Management	5	2	71.5	28.5

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

	Male Number	Female Number	Male %	Female %
Controller	3	1	66.6	33.3
Assistant General Manager	2	1	66.6	33.3
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 retainer ship 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. The Company also operates a contributory pension plan in line with the Pension Reform Act 2014 as amended.

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

Messrs Ernst & Young were appointed as Auditors of the Company in the course of the year and in compliance with section 357 (1) of the Companies and Allied Mattes Act of Nigeria their appointment will be approved at the Annual General Meeting.

COMPLIANCE WITH NAICOM CODE OF CORPORATE GOVERNANCE

In view of its commitment to the implementation of effective corporate governance principles in its business operations, the Company filed its periodic returns with the National Insurance Commission (NAICOM) as required by regulation.

Also, in line with the principles of good 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

BABAJIDE IBITAYO
COMPANY SECRETARY
FRC/2013/NBA/00000003123
ARET ADAMS HOUSE
233 IKORODU ROAD, ILUPEJU
LAGOS
21 April 2016

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

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. The Company adopts a responsible attitude towards Corporate Governance and issues of Corporate Social Responsibility. The Company conducts its business with integrity and pays due regard to the legitimate interest of its stakeholders.

The Company continues to comply with its Internal Governance Policies and 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 Governance 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. The Board consists of five (5) Directors, made up of one (1) Executive Director and four (4) Non-Executive Directors, one of whom is the Chairman. The Directors are experienced stakeholders with diverse professional backgrounds in Insurance, Accounting, Commerce, Management, Engineering, Government 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 reports from Committees of the Board are circulated to all the Directors. The Board meets quarterly.

(a) RECORD OF DIRECTOR'S ATTENDANCE

In accordance with Section 258(2) of the Companies and Allied Matters Act (CAP 20, Laws of the Federation of Nigeria 2004), the record of Director's attendance and meetings held during year 2015 is available for inspection at the Annual General Meeting. The meetings of the Board were presided over by the Chairman and the Board met four times during the year as detailed in the table below. Written notices of the Board meetings, along with the agenda circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

DIRECTORS	26.03.15	5.05.15	30.07.15	20.10.15	TOTAL
DR. AKIN OGUNBIYI	✓	✓	✓	✓	4
MR. ADESOYE OLATUNJI	✓	✓	✓	✓	4
MR. GBENGA OGUNKO	✓	✓	✓	✓	4
MR. OLUSEGUN OMOSEHIN	✓	✓	✓	✓	4
MR. FEMI ASENUGA	✓	✓	✓	✓	4

(b) COMMITTEES

The Board performed its functions through a total of five 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. AUDIT COMMITTEE

The Audit Committee is established in accordance with Section 359(6) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria (LFN) 2004. The Committee has the oversight functions for the Company's Financial Statements. The Committee, however, is answerable to the Board. The Committee comprises three members namely; Mr. Soye Olatunji, Mr. Olusegun Omosehin and Mr. Gbenga Ogunko.

The Committee met four times to review the adequacy of the internal audit plan, to receive and deliberate on the report of the external auditors, to review progress on recommendations made in both the internal and external audit reports, to review the adequacy of internal control systems and the degree of business compliance with laid down internal policies, laws, code of business principles and any other relevant regulatory framework. Mr. Soye Olatunji chaired the Committee during the year under review. The records of attendance at the meetings are as follows:

MEMBERS	24.03.15	7.05.15	28.7.15	15.10.15	TOTAL
MR. SOYE OLATUNJI	✓	✓	✓	✓	4
MR. OLUSEGUN OMOSEHIN	✓	✓	✓	✓	4
MR. GBENGA OGUNKO	✓	✓	✓	✓	4

ii. FINANCE AND GENERAL PURPOSES COMMITTEE

The Finance and General Purposes Committee comprises three members namely: Mr Olusegun Omosehin, Mr Adesoye Olatunji, Mr Gbenga Ogunko, also in attendance is Mr Femi Asenuga.

The Committee met five 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 considers other miscellaneous issues. Mr. Olusegun Omosehin chaired the Committee during the year under review. The records of attendance at the meetings are as follows:

MEMBERS	24.02.15	30.04.15	24.07.15	14.10.15	4.12.15	TOTAL
MR. OLUSEGUN OMOSEHIN	✓	✓	✓	✓	✓	5
MR. ADESOYE OLATUNJI	✓	✓	✓	✓	✓	5
MR. GBENGA OGUNKO	✓	✓	✓	✓	✓	5

iii. ESTABLISHMENT/GOVERNANCE COMMITTEE

The Establishment/Governance Committee comprises three members: Dr. Akin Ogunbiyi, Mr Olusegun Omosehin and Mr. Gbenga Ogunko.

The Committee met two times to make recommendation on the governance of the Company, remuneration and general welfare of the Senior Management and Staff of the Company. The records of attendance at the meetings are as follows:

MEMBERS	3.02.15	29.12.15	TOTAL
DR. AKIN OGUNBIYI	✓	✓	2
MR. OLUSEGUN OMOSEHIN	✓	✓	2
MR. GBENGA OGUNKO	✓	✓	2

iv. TECHNICAL/RISK MANAGEMENT COMMITTEE

The Technical/Risk Management Committee met four times during the year under review to ensure compliance with Enterprise Risk Management Policies and the Regulatory Risk Management Requirements. The Committee also deliberates on and make recommendations to the Board on technical and special matters in connection with the core business of the Company as referred to it from time to time by the Board. The records of attendance at the meetings are as follows:

MEMBERS	13.01.15	5.03.15	9.06.15	8.12.15	TOTAL
DR. AKIN OGUNBIYI	✓	✓	✓	✓	4
MR. OLUSEGUN OMOSEHIN	✓	✓	✓	✓	4
MR. ADESOYE OLATUNJI	✓	✓	✓	✓	4
MR. FEMI ASENUGA	✓	✓	✓	✓	4

v. PUBLIC ACCOUNTS & BUSINESS DEVELOMENT COMMITTEE

The Public Accounts & Business Development Committee comprises four members namely: Dr. Akin Ogunbiyi, Mr Olusegun Omosehin, Mr Gbenga Ogunko and Mr Femi Asenuga.

The Committee met three times to facilitate the access of the Company to potential clients. They are also available for consultation by the Management in areas where their collective experience garnered over the years from different fields of endeavours are required. The records of attendance at the meetings are as follows:

MEMBERS	6.03.15	12.6.15	9.10.15	TOTAL
DR. AKIN OGUNBIYI	✓	✓	✓	3
MR. OLUSEGUN OMOSEHIN	✓	✓	✓	3
MR. GBENGA OGUNKO	✓	✓	✓	3
MR. FEMI ASENUGA	✓	✓	✓	3

(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 risk faced by the Company.

ii. Enterprise-wide Risk Management Principles

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

To ensure effective and economic development 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 times comply with all government regulations and uphold best international practices.
- 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 cover in place for its businesses and also ensure prompt payment of such premiums.

iii. Approach to Risk management

At 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 is a Board Committee on Risk Management which ensures that various functions are geared towards minimizing the likelihood of the impacts of risks faced by the Company.

v. The Audit Committee:

This is a statutory Committee of the Board which is saddled with the following functions:

- Perform oversight function on accounting and financial reporting
- Liaise with the external auditor
- Ensure regulatory compliance
- Monitoring the effectiveness of internal control process within the Company

vi. Technical/Risk Management Committee

This Committee oversees the business process. Their function include;

- Reviewing of Company's risk appetite
- Oversee management's process for 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.

vii. Finance & General Purpose Committee

Sets the investment limit and the type of businesses the Company should invest in.

- Reviews and approves the Company's investment policy
- Approves investments over and above Management's approval limit.
- Ensures that there is optimal asset allocation in order to meet the targeted goals of the Company.

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

They are responsible for strategic implementation of the Enterprise Risk Management policies and guidelines set 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 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.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

REPORT OF THE STATUTORY AUDIT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2015

To the members of Mutual Benefits Life Assurance Limited

In accordance with International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011, the members of the Statutory Audit Committee of Mutual Benefits Life Assurance Limited hereby report as follows:

- We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and we acknowledge the co-operation of management and staff in the conduct of these responsibilities.

- We confirm that the accounting and reporting policies of the Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2015 were satisfactory, and reinforce the Company's internal control systems.

- We have deliberated with the external auditors, who have confirmed that necessary co-operation was received from management in the course of their statutory audit and we are satisfied with the management's response to the external auditors' recommendations on accounting and internal control matters and with the effectiveness of the Company's system of accounting and internal control.

SOYE OLATUNJI
Chairman, Audit Committee
FRC/2013/ICAN/00000004720

21 April 2016

Members of the Audit Committee are:
Soye Olatunji
Olusegun Omosehin
Olugbenga Ogunko

Secretary to the Audit Committee

Jide Ibitayo

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that present fairly, in all material respects, state of financial affairs of the Group at the end of the year and of its profit or loss. The responsibilities include ensuring that the Group:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011;

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

d) The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No 6, 2011.

The Directors are of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Group and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this statement.

AKIN OGUNBIYI	FEMI ASENUGA
Chairman	Managing Director/CEO
FRC/2013/CIIN/00000003114	FRC/2013/CIIN/000000003104

21 April 2016

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Building a better working world

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

Report on the Financial Statements

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 2015, and the consolidated and separate statements of profit or loss, consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and 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, provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011 and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2015 and of the financial performance and cash flows of the Company and the Group for year then ended in accordance with International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MUTUAL BENEFITS LIFE ASSURANCE LIMITED - Continued

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, 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, in so far as it appears from our examination of those books;

iii) the Company's consolidated and separate statements of financial position, profit or loss and other comprehensive income are in agreement with the books of account;

Compliance with National Insurance Commission (NAICOM) Guidelines on Insurance Companies and circular BSD/1/2004

i) During the year, the Company contravened sections of the NAICOM Guidelines on Insurance Companies. The particulars thereof and penalties levied are set out in Note 53 to the consolidated and separate financial statements.

Kayode Famutimi, FCA,
FRC/2012/ICAN/00000000155

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0044015

For: Ernst & Young
Lagos, Nigeria

21 April 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Corporate information

Mutual Benefits Life Assurance Limited ("the Company") (R681998) was incorporated as a private limited liability company on 20 February 2007, granted the Certificate of Registration as an insurer by the National Insurance Commission (NAICOM) on 14 November 2007 and commenced operation immediately.

The Company is a leading financial and wealth protection company in Nigeria. The principal objective of the Company is to render qualitative life related insurance & risks management services. It is a premium provider of life insurance, annuity and investment products and services. The address of the registered office is: Aret Adams House, 233 Ikorodu Road, Ilupeju.

The Company pays claims arising from insurance contract liabilities and investments policy holders funds in line with the provision of Insurance Act, CAP 117, LFN 2014 and NAICOM prudential guidelines.

The consolidated and separate financial statements of the Company and all its subsidiaries were authorised for issue by the Directors on 18 April 2016.

Going Concern

The consolidated and separate financial statements have been prepared on the going concern basis and there is no intention to curtail business operations. Capital adequacy and liquidity ratios are continuously reviewed and appropriate action taken to ensure that there are no going concern threats to the operation of the Group.

The Directors have made assessment of the Group's and the Company's ability to continue as a going concern and have no reason to believe that the Group and the Company will not remain a going concern in the years ahead.

2. Summary of significant accounting policies

2.1 Introduction to summary of accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements ("the financial statements") are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.2 Basis of presentation and compliance with IFRS

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Additional information required by national regulations has been included where appropriate.

The financial statements comprises of the statement of profit or loss, statement of other comprehensive income, the statement of financial position, the statements of changes in equity, the statements of cash flows, summary of significant accounting policies and the notes.

The financial statement values are presented in Nigeria Naira (₦) rounded to the nearest thousand (₦000), unless otherwise indicated.

2.2 Basis of presentation and compliance with IFRS - Continued

The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the respective notes.

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

(a) Basis of measurement

These consolidated and separate financial statements have been prepared on the historical cost basis except for the following:

- investment properties are measured at fair value;
- insurance liabilities are measured at present value of future cashflows;

(b) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 2.39.

2.3. Significant accounting policies

Except for the effect of the changes in accounting policies, if any, the group has consistently applied the following accounting policies to all periods presented in these financial statements.

2.3.1 Basis of Consolidation

The Group defines the principle of control and establishes control as the basis for determining which entities are consolidated in the Group financial statements.

The Group controls an investee entity when it is exposed, or has rights, to variable returns from its involvement with the investee entity and has the ability to affect those returns through its power over the investee entity. The Group applies the following three elements of control as set in assessing control of an investee:

(a) power over the investee entity;
(b) exposure, or rights, to variable returns from involvement with the investee entity; and
(c) the ability to use power over the investee to affect the amount of the investor's returns.

2.3.1 Basis of Consolidation - Continued

2.3.1.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities and other structured entities) over which the Group exercises control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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 recognized directly in equity and attributed to the Group

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investment in subsidiaries in the separate financial statements of the parent entity is measured at cost less impairment.

2.3.1.2 Business combinations

The Group applies the acquistion method to account for Business Combinations and acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.3.2 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments i.e life business, real estate and microfinance. Significant geographical regions have been identified as the secondary basis of reporting, which are Nigeria, Niger and Liberia.

2.3.3 *Foreign currency translation*

2.3.3.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currencies are Nigerian Naira, US Dollar and CFA for Nigerian, Liberian and Niger companies respectively. The consolidated financial statements are presented in thousands of Naira (NGN) which is the Group's presentation currency.

2.3.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items such as investment properties, property, plant and equipment in a foreign currency that are measured at the date when the fair value was measured.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Foreign exchange gains and losses are presented in the statement of profit or loss within other incomes.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

2.3.3.3 Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate on the reporting date;
- Income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income

2.4 Revenue recognition

Revenue comprises premium, value for services rendered, net of value-added tax, after eliminating revenue within the Group.

2.4.1 Gross 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.

Gross premium on life contract are recognised in the profit or loss when payable by the policy holder. Gross life insurance written premium comprise the total premium receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date of inception of the policy.

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.

2.4.2 Annuity premium and claims
Annuity premiums relate to single premium payments and recognised as earned premium income in the period in which payments are received. Claims are made to annuitants in the form of monthly/quarterly payments based on the terms of the annuity contract and charged to income statement as incurred. Premiums are recognised as revenue when they become payable by the contract holders. Premiums are shown before deduction of commission.

2.4 Revenue recognition continued

2.4.3 Reinsurance premiums
The Group cedes insurance risk in the normal course of its business for businesses that exceed its risk retention limit.

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.

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.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

Reinsurance commission income
Reinsurance commission income represents commission received on direct business and transactions ceded to re-insurance during the year. It is recognized over the cover provided by contracts entered into the period and are recognized on the date on which the policy incepts.

2.4.4 Investment income

2.4.4.1 Interest income
Interest income is recognized in the profit or loss as it accrues and is calculated by using the effective interest rate method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument.

2.4.4.2 Dividend income
Investment income also includes dividends when the right to receive payment is established. For listed securities, this is the date the security is listed as ex-dividend.

2.4.4.3 Rental income
Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms and is included in investment income.

2.4.5 Rendering of services and sales of goods
Revenue from sales of goods arising from property business engaged in by the Group. The revenue recognition is contingent on when the significant risks and rewards of ownership are transferred to buyer.

2.5 Claims and expenses recognition

2.5.1 Gross claim
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 represents the Group'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.

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.

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

2.5.3 Underwriting expenses

Underwriting expenses comprise acquisitions costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. These costs also include fees and commission expense. Other underwriting expenses are those incurred in servicing existing policies and contracts. They are recognized in the statement of profit or loss over the tenor of the insurance cover.

2.5.4 General administrative expenses

These are expenses other than claims and underwriting expenses. They include employee benefits, professional fees, depreciation expenses and other non-operating expenses. Management expenses are accounted for on accrual basis and recognized in the statement of profit or loss upon utilization of the service or at the date of origination.

2.5.5 Finance costs
Interest expense is recognized in the profit or loss as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term deposits with an original maturity of three months or less, highly liquid investments like treasury bills that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

2.7 Financial assets

2.7.1 Initial recognition and measurement
Financial assets are classified, at initial recognition, as loans and receivables and Available-for-sale (AFS) financial assets. All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2.7.2 Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in two categories:
- Loans and receivables
- AFS financial assets

2.7.2.1 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 recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost less any impairment losses. They include loans and advances, staff loans and advances and other sundry receivables which arise in the ordinary course of business.

2.7.2.2 Available -for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are classified as available-for-sale or are not classified in any of the three other categories and which may be sold in response to the need for liquidity or changes in interest rates, exchange rates or equity prices. They comprise investment in unquoted equities. These investments are initially recognised at cost plus transaction cost. After initial measurement, available-for-sale financial assets are subsequently measured at fair value using market approach basis. In cases where the fair value of an 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 and is recognized through other comprehensive income until the available-for-sale investment is derecognised or the investment is determined to be impaired. On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity are transferred to the statement of profit or loss and presented in other comprehensive income as a reclassification adjustment.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the statement of profit or loss. Dividends on available-for-sale equity instruments are recognised in the statement of profit or loss when the Group's right to receive payments is established. Both are included in the investment income line.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.7.3 *Derecognition of financial assets*
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
  Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.7.4 Reclassification of financial assets
The Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the 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 of the reclassification date. Fair value becomes the new cost or amortised 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. Further increases in estimates of cash flows adjust effective interest rates prospectively.

2.7.5 Impairment of assets

2.7.5.1 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 assets is impaired includes observable data that comes to the attention of the Group about the following events:

- Trade receivables are outstanding for more than 30 days
- Reinsurance recoverable outstanding more than 90 days
- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial re-organisation;
- 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 flow 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.

The Group first assesses whether objective evidence of impairment exists 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 carried at amortised 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 an allowance account, and the amount of the loss is recognised in the statement of profit or loss.

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 allowance account. The amount of the reversal is recognised in the statement of profit or loss.

When the financial asset at amortised cost is uncollectible, it is written off against the related allowance for impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to Investment securities are classified as net gains/loss of financial assets while those on receivables are classified as operating expenses.

2.7.5.2 Assets classified as available-for-sale

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a 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. The Group treats 'significant' generally as 20% and 'prolonged' generally as greater than six months. 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 the consolidated profit or loss. Impairment losses recognised in the consolidated profit or loss on equity instruments are not reversed through the consolidated 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 recognized in profit or loss, the impairment loss is reversed through the consolidated profit or loss.

2.8 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and bank overdrafts, minus directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals and borrowings.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

2.9 Classification of financial instrument between debt and equity

A financial instrument is classified as debt if it has a contractual obligation to:

- Deliver cash or another financial asset to another entity or
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

2.10 Trade payables and other payables

Trade payables and other payables are recognized when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method. If the due date of the liability is less than one year discounting is omitted.

Derecognition trade payables and other payables

Trade payables and other payables are derecognized when the obligation under the liability is settled, cancelled or expired.

2.11 Book overdraft

Book overdraft represents an excess of outstanding cheques on the Group's book over its reported bank balances. Under the Group's cash management, cheques issued but not yet presented to banks frequently result in book overdraft balances and when the bank has a right to offset the overdraft balance with another bank account of the business, the overdraft is netted off against the other bank accounts maintained with the same bank and the net balance is shown as cash and cash equivalents. When the bank has no such right to offset, the overdraft is classified as current liability in the Group's statement of financial position."

2.12 Deposit liabilities

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

Interest paid on the deposits is expensed as finance cost 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.

2.13 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 statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as 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 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 12 month after the date of the statement of financial position.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.14 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset in profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

2.15 Fair value measurement

The Group measures financial instruments, non-financial assets and investment property at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 3.6.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties.

External valuers are involved for valuation of significant assets, such as investment properties and significant liabilities, such as insurance contract liabilities. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The valuation committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies.

2.15 Fair value measurement - Continued

For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any deduction for transaction costs.

For units in unit trusts and shares in open ended investment companies, fair value is determined by reference to published bid values in an active market.

For other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Group's best estimate of the most appropriate model assumptions.

For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

2.16 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the asset's or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets
Intangible assets with indefinite useful lives are tested for impairment annually at 31 December, either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.17 Trade receivables

Trade receivables (premium receivable) are initially recognized at fair value and subsequently measured at amortised cost less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

An allowance for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Group will not be able to collect the amount due under the original terms of the invoice. Impaired debts are derecognized 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 recognized, the previous recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognized in the profit or loss.

2.18 Reinsurance

The Group cedes insurance risk in the normal course of business for most of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the profit or loss.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets that are recognized based on the consideration paid less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective interest rate method when accrued.

2.18.1 Prepaid reinsurance

Prepaid reinsurance are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date and is reported under reinsurance assets in the statement of financial position. Prepaid reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

2.19 Other receivables and prepayments

Other receivables are made up of prepayments and other amounts due from parties which are not directly linked to insurance or investment contracts. Except prepayment and other receivables that are not financial assets, these are measured at amortised costs. Discounting is omitted where the effect of discounting is immaterial.

2.20 Deferred expenses

Deferred acquisition costs (DAC)
Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognized as an expense when incurred.

Subsequent to initial recognition, DAC for life insurance are amortized over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortized in the same manner as the underlying asset amortization is recorded in the profit or loss.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the profit or loss. DAC are also considered in the liability adequacy test for each reporting period.

DAC are derecognized when the related contracts are either settled or disposed of.

Deferred expenses - Reinsurance commissions
Commissions receivable on outwards reinsurance contracts are deferred and amortised on a straight line basis over the term of the expected premiums payable.

2.21 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee
Leases that do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they are incurred. All other leases are considered finance leases.

Group as a lessor
Leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. All other leases are considered finance leases.

Advances to customers under finance lease
Advances to customers under finance lease are stated net of principal repayments. Finance lease income is recognised in a manner which provides a constant yield on the outstanding principal over the lease term.

2.22 Inventories and work in progress

The Group recognises property as inventory under the following circumstances:

- property purchased for the specific purpose of resale;
- property constructed for the specific purpose of resale (work in progress under the scope of IAS 18, "Revenue'); and
- property transferred from investment property to inventories. This is permitted when the Group commences the property's development with a view to sale.

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.

2.23 Investment properties

Investment properties held for rental income and capital appreciation are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when 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. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. 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 owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

2.24 Investments in subsidiaries

Investments in subsidiaries are carried in the separate's statement of financial position at cost less allowance for impairment losses. Where, there has been impairment in the value of an investment in subsidiaries, the loss is recognised as an expense in the period in which the impairment is identified. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss.

2.25 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalized and expenditure is reflected in the profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period (five years) and the amortisation method (straight line) for an intangible asset with a finite useful life are 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 are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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 the profit or loss when the asset is derecognised.

2.26 Property, plant and equipment

Property, plant and equipment (excluding building) is stated at cost, excluding the costs of day-today servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Building is measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recorded in other comprehensive income and hence, credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss, in which case, the increase is recognized in the profit or loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

2.26 Property, plant and equipment - Continued

Land is not depreciated. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate the cost to the residual values over the estimated useful lives as follows.

Leasehold building	over the remainder of the life of the lease
Furniture and fittings	20%
Plant and machinery	20%
Motor vehicles	25%
Computer and office equipment	20%
Work-in-progress	Nil

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively, if appropriate. Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognized in the profit or loss as an expense.

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

2.27 Statutory deposit

Statutory deposit represents fixed deposit with the Central Bank of Nigeria in accordance with Section 10(3) of the Insurance Act, 2003. The deposit is recognised at amortised cost in the statement of financial position being 10% of the statutory minimum capital requirement of ₦2 billion for life insurance business. Interest income on the deposit is recognised in the statement of profit or loss in the period the interest is earned.

2.28 Deposit for shares

Deposit for shares are amounts that the Group has placed with (asset) or received from subsidiary, associate or another company (liability) for the ultimate purpose of equity investment in the relevant company for which relevant regulatory formalities have not been completed at the reporting date. Deposits for shares are carried at cost less accumulated impairment losses, if any.

2.29 Goodwill

Goodwill arises on the acquistion of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating unit (CGUs) or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.30 Insurance contracts

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary. Such contracts may also transfer financial risk when the insurer issues financial instruments with a discretionary participation feature. These are computed in compliance with the provisions of Sections 20, 21, and 22 of the Insurance Act 2003 as follows:

2.30.1 Life business
These contracts insure events associated with human life (for example, death or survival). These are divided into the individual life, group life and annuity contracts.

Individual life contracts are usually long term insurance contracts and span over one year while the group life insurance contracts usually cover a period of 12 months. It is a liability for contractual benefits that are expected to be incurred in the future when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used. The liability is based on assumptions as to mortality, persistence, maintenance expenses and investment income that are established at the time the contract is issued.

Annuity contracts
These contracts insure customers from consequences of events that would affect the ability of the customers to maintain their current level of income. There are no maturity or surrender benefits. The annuity contracts are fixed annuity plans. Policy holders make a lump sum payment recognised as part of premium in the period when the payment was made. Constant and regular payments are made to annuitants based on terms and conditions agreed at the inception of the contract and throughout the life of the annuitants. The annuity funds are invested in long term government bonds and reasonable money markets instruments to meet up with the payment of monthly/quarterly annuity payments. The annuity funds liability is actuarially determined based on assumptions as to mortality, persistence, maintenance expenses and investment income that are established at the time the contract is issued.

(i). Life fund
This is made up of net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation.

Liability adequacy test
At each end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests "the unexpired risk provision".

2.30 Insurance contracts - Continued

(i) Reserves for unearned premium
In compliance with Section 20 (1) (a) of Insurance Act 2003, 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 claims incurred but not reported ("IBNR") as at the reporting date. 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).

2.31 Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Investment contracts with guaranteed returns (interest linked) and other business of a savings nature are recognised as liabilities. Interest accruing to the life assured from investment of the savings is recognised in the statement of profit or loss account in the year it is earned while interest due to depositors is recognised as an expense. The net result of the deposit administration revenue account is transferred to the statement of profit or loss.

The group's investment contracts are classified into group and individual. Individual investment contract liabilities are derecognised when settled at maturity, surrendered or used to offset policy loans. Group investment contract liabilities are derecognised when paid, refunded or cancelled.

2.32 Deferred revenue

Rental income
Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms and is included in investment income.

Reinsurance commission
This relates to commissions receivable on outwards reinsurance contracts which are deferred and amortized on a straight line basis over the term of the expected premiums payable.

2.33 Taxes

2.33.1 Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Tax/back duty assessments are recognized when assessed and agreed to by the Group with the Tax authorities, or when appealed, upon receipt of the results of the appeal.

2.33.2 Deferred tax

Deferred tax is provided using the liability method in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized 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 realized 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 relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized 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 current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.34 Provisions

General
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within Group's control. Contingent liabilities are not recognized in the financial statements but are disclosed.

Onerous contracts
A provision is recognized for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the expected economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

2.35 Equity

2.35.1 Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds. Where any member of the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is reported as a separate component of equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

2.35.2 Treasury shares
When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury shares reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

2.35.3 Foreign currency translation reserve
The assets and liabilities of foreign operations are translated to Naira at closing rates at the reporting date. The income and expenses of foreign operations are translated to Naira at spot rates at the dates of the transactions. Foreign currency differences on the translation of foreign operations are recognized in other comprehensive income and accumulated in foreign currency translation reserves in the statement of financial position.

2.35.4 Contingency reserves

In compliance with Section 22 (1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit.

2.35.5 Revaluation reserve
Revaluation reserve represents the fair value differences on the revaluation of items of property, plant and equipment as at the statement of financial position date. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in revaluation reserve. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an assets carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss, however, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in respect of an item of property, plant and equipment is transferred to retained earnings when the asset is derecognised. This involves transferring the whole of the surplus when the asset is retired or disposed. The amount of the surplus transfered is the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost. Transfers from revaluation reserve to retained earnings are not made through profit or loss.

2.36 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 Company by the weighted average number of ordinary shares outstanding during the period excluding treasury shares held by the Company.

Diluted earnings per share amounts are calculated by dividing the net profit by the weighted number of ordinary shares outstanding during the year plus the weighted number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

2.37 Retirement obligations and Employee benefits

The Group operates the following contribution and benefit schemes for its employees:

2.37.1 Defined contribution pension scheme
The Group operates a defined contributory pension scheme for eligible employees. Group contributes 10% of the employees' Basic Housing and Transport allowances in line with the provisions of the Pension Reform Act 2014 as amended. The Group pays the contributions to a pension fund administrator. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.37.2 Short-term benefits
Wages, salaries, annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses in the statement of profit or loss and paid in arrears when the associated services are rendered by the employees of the Group.

2.38 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 financial instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

IFRS 14 regulatory deferral accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

2.38 Standards issued but not yet effective - Continued

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Annual Improvements 2012-2014 Cycle
These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IAS 19 Employee Benefits
The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting
The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

IAS 34 Interim Financial Reporting
The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

Annual Improvements 2012-2014 Cycle

IFRS 14 - Regulatory Deferral Accounts
The International Accounting Standards Board (IASB) issued IFRS 14 Regulatory Deferral Accounts to ease the adoption of International Financial Reporting Standards (IFRS) for rate-regulated entities. The standard allows an entity to continue applying most of its existing accounting policies for regulatory deferral account balances upon adoption of IFRS. This standard provides first-time adopters of IFRS with relief from derecognising rate regulated assets and liabilities until a comprehensive project on accounting for such assets and liabilities is completed by the IASB.

Effective date is 1 January 2016. This standard will not have impact on the Company since is an existing IFRS preparer.

IAS 16 and IAS 41 - Accounting for bearer plants
IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less costs to sell. This is based on the principle that the biological transformation that these assets undergo during their lifespan is best reflected by fair value measurement. However, there is a subset of biological assets, known as bearer plants, which are used solely to grow produce over several periods. At the end of their productive lives they are usually scrapped. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates.

IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28
The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption (in IFRS 10.4) from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

This amendment is effective for annual periods beginning on or after 1 January 2016. It is expected that this amendment would not be relevant to the Company.

IFRS 16 - Leases
IFRS 16 - Leases was issued in January 2016 and will replace IAS 17 - Leases. The new standard is effective for annual periods beginning on or after 1 January 2019. The accounting treatment of leases by lessees will change fundamentally based on the new standard. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice - i.e. lessors continue to classify leases as finance and operating leases.

2.39 Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its assumption and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. Life insurance contract liabilities

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.

The carrying value at the reporting date of life insurance contract liabilities is ₦888,367,000 (2014: ₦1,124,245,000).

ii. Impairment of available-for-sale equity financial assets

The Group determined 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 evaluated 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. In this respect, a decline of 20% or more is regarded as significant, and a period of 6 months or longer is considered to be prolonged. If any such qualitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

iii. Fair value investment property

The valuation of investment properties is based on the price for which comparable land and properties are being exchanged hands or are being marketed for sale. Therefore, the market-approach Method of Valuation. By nature, detailed information on concluded transactions is difficult to come by. The past transactions and recent adverts are being relied upon in deriving the value of the subject properties. At least, eight properties will analysed and compared with the subject property.

2.39 Significant accounting judgments, estimates and assumptions - Continued

iv. Impairment on loans and receivables

In accordance with the accounting policy, the Group tests annually whether premium receivables and loans and receivable have suffered any impairment. The recoverable amounts of the premium receivables have been determined based on the incurred loss model. These calculations required the use of estimates based on passage of time and probability of recovery.

The carrying value at the reporting date of impairment on loans is Nil (2014: ₦160,702,000) and receivable is ₦317,357,000 (2014: ₦317,357,000).

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015 *in thousands of Nigerian Naira*	Notes	GROUP 2015	GROUP Restated* 2014	COMPANY 2015	COMPANY 2014
ASSETS					
Cash and cash equivalents	20	9,904,869	8,000,844	9,410,464	7,573,638
Financial assets:					
Available-for-sale investment securities	21.1	1,113,036	505,400	609,036	-
Loans and receivables	21.2	10,619,430	8,545,925	11,034,276	10,585,049
Trade receivables	22	143,934	43,072	-	-
Reinsurance assets	23	190,411	327,508	185,776	327,508
Other receivables and prepayments	24	649,978	742,408	534,055	314,349
Finance lease receivables	26	376,138	407,179	317,930	407,143
Deferred acquisition costs	25	60,811	51,309	60,811	51,309
Inventories	27	1,533,164	3,004,468	-	-
Investment properties	28	8,675,665	6,937,764	8,675,665	6,937,764
Investments in subsidiaries	29	-	-	896,981	896,981
Intangible assets	30	32,342	11,577	5,870	8,809
Property, plant and equipment	31	813,166	849,375	533,493	498,910
Deposit for investment in equity shares	33	140,000	460,000	140,000	460,000
Deferred tax assets	42.1	-	16,074	-	16,074
Goodwill	34	1,543	17,980	-	-
Statutory deposit	32	200,000	200,000	200,000	200,000
Total assets		34,454,487	30,120,883	32,604,357	28,277,534
LIABILITIES					
Insurance contract liabilities	35	2,116,805	1,830,274	1,844,111	1,648,289
Investment contract liabilities	36	24,217,581	20,857,971	24,208,510	20,847,272
Trade payables	37	24,777	81,322	17,980	71,958
Other liabilities	38	1,529,073	2,923,717	1,123,317	2,373,795
Deposit liabilities	39	509,867	485,281	-	-
Deposit for shares	40	2,000,000	-	2,000,000	-
Current income tax liabilities	41	203,452	234,431	135,183	179,552
Deferred tax liabilities	42.2	415,136	425,120	54,260	42,918
Total liabilities		31,016,691	26,838,116	29,383,361	25,163,784
EQUITY					
Share capital	43.2	150,000	150,000	150,000	150,000
Share premium	44	1,850,000	1,850,000	1,850,000	1,850,000
Foreign currency transalation reserves	45	184,491	127,775	-	-
Contingency reserve	46	310,130	276,753	310,130	276,753
Retained earnings	47	816,021	786,545	910,866	836,997
Total ordinary shareholders' equity		3,310,642	3,191,073	3,220,996	3,113,750

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS FINANCIAL POSITION - Continued

As at 31 December 2015		GROUP		COMPANY	
			Restated*		
in thousands of Nigerian Naira	Notes	2015	2014	2015	2014
Owners of the parent		3,310,642	3,191,073	3,220,996	3,113,750
Non-controlling interests in equity	48	127,154	91,694	-	-
Total equity		3,437,796	3,282,767	3,220,996	3,113,750
Total liabilities and equity		34,454,487	30,120,883	32,604,357	28,277,534

The consolidated and separate financial statements and accompanying summary of significant accouting policies and notes to the financial statements were approved and authorised for issue by the Board of Directors on 18 April 2016 and were signed on its behalf by:

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

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

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

The accompanying summary of significant accouting policies and notes to the consolidated and separate financial statements are an integral part of these consolidated and separate financial statements.

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note 3.7.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group *For the year 31 December 2015*		Attributable to equityholders of the Company							
in thousands of Nigerian Naira	Note	Share capital	Share premium	Foreign translation reserve	Contingency reserve	Retained earnings	Total	Non - controlling interests	Total equity
As at 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 as reported in the 2014 financial statements		-	-	-	-	1,385,754	1,385,754	9,735	1,395,489
Adjustments on correction of errors	3.8					1,241,554	1,241,554	-	1,241,554
Restated profit for the year		-	-	-	-	2,627,308	2,627,308	9,735	2,637,043
Other comprehensive income		-	-	127,775	-	-	127,775	6,725	134,500
Total comprehensive income for the year		-	-	127,775	-	2,627,308	2,755,083	16,460	2,771,543
Transactions with owners of equity									
Transferred from Mutual Benefits Assurance Plc - (MB - Liberia)		-	-	-	-	-	-	41,801	41,801
Transfer to contingency reserve		-	-	-	56,908	(56,908)	-	-	-
Total transactions with owners of equity		-	-	-	56,908	(56,908)	-	41,801	41,801
*As at 31 December 2014 restated**		150,000	1,850,000	127,775	276,753	786,545	3,191,073	91,694	3,282,767
Total comprehensive income for the year:									
Profit for the year		-	-	-	-	75,591	75,591	19,306	94,897
Other comprehensive income		-	-	56,716	-	-	56,716	3,416	60,132
Total comprehensive income for the year		-	-	56,716	-	75,591	132,307	22,722	155,029
Transactions with owners of equity									
Changes in equity		-	-	-	-	(12,738)	(12,738)	12,738	-
Transfer to contingency reserve		-	-	-	33,377	(33,377)	-	-	-
Total transactions with owners of equity		-	-	-	33,377	(46,115)	(12,738)	12,738	-
As at 31 December 2015		150,000	1,850,000	184,491	310,130	816,021	3,310,642	127,154	3,437,796

The accompanying summary of significant accouting policies and notes to the consolidated and separate financial statements are an integral part of these consolidated and separate financial statements.

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note 3.8.

SEPARATE STATEMENT OF CHANGES IN EQUITY

Company

For the year 31 December 2015 *in thousands of Nigerian Naira*	Share capital	Share premium	Contingency reserve	Retained earnings	Total
As at 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	-	-	-	546,393	546,393
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	546,393	546,393
Transactions with owners of equity					
Transfer to contingency reserve	-	-	56,908	(56,908)	-
Total transactions with owners of equity	-	-	56,908	(56,908)	-
As at 31 December 2014	150,000	1,850,000	276,753	836,997	3,113,750
Total comprehensive income for the year:					
Profit for the year	-	-	-	107,246	107,246
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	107,246	107,246
Transactions with owners of equity					
Transfer to contingency reserve	-	-	33,377	(33,377)	-
Total transactions with owners of equity	-	-	33,377	(33,377)	-
As at 31 December 2015	150,000	1,850,000	310,130	910,866	3,220,996

The accompanying notes to the financial statements are an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASHFLOWS

For the year ended 31 December 2015		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2015	2014	2015	2014
Cash flows from operating activities					
Cash received from insurance contract policy holders		3,955,704	4,061,830	3,337,711	3,551,613
Cash received from investment contract policy holders	36	12,862,465	10,951,712	12,862,465	10,941,013
Cash withdrawal by investment contract policy holders	36	(10,625,331)	(5,647,777)	(10,623,703)	(5,647,777)
Fees and commission received	5	23,053	19,770	21,767	19,770
Reinsurance paid	23.3	(111,815)	(141,270)	(100,324)	(129,195)
Claims paid	6	(1,569,240)	(857,764)	(1,371,166)	(734,393)
Claims recovered from co-insurance	23.2	199,440	-	199,440	-
Commission paid		(329,858)	(278,412)	(235,950)	(220,367)
Payments to employees		(984,243)	(775,240)	(745,011)	(560,985)
Other cash received		201,825	294,547	653	4,162
Cash paid to brokers, suppliers and other providers of services		(2,965,828)	(310,714)	(2,777,502)	(1,521,500)
Income tax paid	41	(79,737)	(7,413)	(61,539)	-
Net cash flows from operating activities	49	576,435	7,309,269	506,841	5,702,341
Investing activities:					
Purchase of property, plant and equipment	31	(288,698)	(671,310)	(197,599)	(492,296)
Proceeds from sale of property, plant and equipment		88,703	-	-	-
Proceeds from sale of investment properties	28	525,000	-	525,000	-
Purchase of available-for-sale investments	21.1.2	(330,000)	(505,400)	(330,000)	-
Purchase of investment property		(666,250)	-	(666,250)	-
Purchase of intangible assets	30	(1,166)	(3,655)	(1,166)	(3,655)
Deposit for investment in equity shares	33	-	(70,000)	-	(70,000)
Net cash flows used in investing activities		(672,410)	(1,250,365)	(670,015)	(565,951)
Financing activities					
Proceeds from deposit for shares	40	2,000,000	-	2,000,000	-
Repayments of borrowings		-	(603,192)	-	-
Net cash flows from/(used in) financing activities		2,000,000	(603,192)	2,000,000	-
Net increase in cash and cash equivalents		1,904,025	5,455,712	1,836,826	5,136,390
Cash and cash equivalents as 1 January		8,000,844	2,545,132	7,573,638	2,437,248
Cash and cash equivalents at 31 December	20.1	9,904,869	8,000,844	9,410,464	7,573,638

The accompanying summary of significant accouting policies and notes to the consolidated and separate financial statements are an integral part of these consolidated and separate financial statements.

3.1 *Financial Risk Management*

The Company has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, a Company policy framework which sets out the risk profiles for the Company, risk management, control and business conduct standards for the Company's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Company.

The board of directors approves the Company risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

3.1.1 Market Risk

The identification, management, control, measurement and reporting of market risk are aligned towards the sub-risk categories namely:

i *Foreign exchange risk*
ii *Interest-rate risk*

i ***Foreign exchange risk***

Mutual Benefits Life Assurance Limited is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency. The Group exposure to foreign currency risk through its investment in bank balances and foreign subsidiaries is considered to be insignificant.

ii ***Interest-rate risk***

The Group is moderately exposed to interest-rate risk through its conservative investment approach with high investment in Fixed Income and Money Market instruments. Interest rate risk also exists in policies that carry investment guarantees on early surrender or at maturity, where claim values can become higher than the value of backing assets as a result of rises or falls in interest rates.

A significant portion of the Group's assets relate to its capital rather than liabilities, the value of its interest rate impact on the assets exceeds its impact on the liabilities. As a result, the Group's investment income will move with interest rates over the medium to long-term with short-term interest rate fluctuations creating unrealized gains or losses in profit or loss.

The Group's major exposure to interest-rate sensitive liabilities arises from investment-linked products which accounts for a small portion of its business. The fluctuations in interest rates cannot significantly impact our statement of financial position as the impact of interest-rate sensitive liabilities are quite small compared with that of interest-rate sensitive assets.

Interest rate risk is managed principally through monitoring interest rate gaps and sensitivity analysis across all investment portfolios. The impact of Group's interest rate sensitive liabilities are quite small compared with that of interest-rate sensitive assets thus; fluctuations in interest rates cannot significantly impact the Group's statement of financial position.

3.1.2 *Credit risk*

Mutual Benefits Life Assurance Group is exposed to risk relating to its loan receivables, finance lease receivable, statutory deposits, bank balances, reinsurance receivables and trade receivables. Its receivables comprise trade receivables from customers, reinsurers and coinsurers recoverables and other receivables. There are no financial assets that are classified as past due and impaired whose terms have been negotiated.

Collateral held and other credit enhancements, and their financial effect

The Group does not hold collateral or any other enhancements against any of its receivables as at 31 December 2015.

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

1 The impairment of the premium debtors is to be assessed at two different levels, individually or collectively. However, based on NAICOM's "No Premium No Cover" guidelines which state that "all insurance covers shall now be provided on a strict 'no premium no cover' basis", only cover for which payment has been received shall be booked. Hence, there should be no outstanding direct transactions. For brokered businesses, on the other hand, payment has to be made not later than 30 days after a credit note has been issued. In line with this guidelines, the Company uses the aging of receivables as the major parameter in calculating impairment.

2 Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of director and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

3 The Group sets the maximum amounts and limits that may be advances to corporate counterparties by reference to their long-term credit worthness.

4 The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document until expiry, when the policy is either paid or fully provided for and Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

5 Net exposure limits are set for each counterparty i.e limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held.

3.1.2 *Credit risk*

Below is the analysis of the group's and company's maximum exposure to credit risk at the year end.

Maximum exposure to credit risk *in thousands of Nigerian Naira*	*Group*		*Company*	
	Dec-15	*Dec-14*	*Dec-15*	*Dec-14*
Cash and cash equivalents	9,903,137	7,999,094	9,408,009	7,572,833
Loans and receivables	10,619,430	8,545,925	11,034,276	10,585,049
Trade receivables	143,934	43,072	-	-
Reinsurance assets	166,440	308,575	161,805	308,575
Finance lease receivables	376,138	407,179	317,930	407,143
Other receivables	460,011	362,761	200,637	139,836
Statutory deposit	200,000	200,000	200,000	200,000
Deposit for investment in equity shares	140,000	460,000	140,000	460,000
	22,009,090	18,326,606	21,462,657	19,673,436

Concentration of credit risk

All credit risk are concentrated across many industries in Nigeria. The Group monitors concentration of credit risk by sector.

in thousands of Nigerian Naira *31 December 2015*	*Group*					*Company*				
	Financial services	*Manufac turing*	*Oil & Gas sector*	*Other*	*Total*	*Financial services*	*Manufac turing*	*Oil & Gas sector*	*Other*	*Total*
Cash and cash equivalents	9,903,137	-	-	-	9,903,137	9,408,009	-	-	-	9,408,009
Loans and advances	-	-	9,591,640	1,027,790	10,619,430	-	-	9,591,640	1,442,636	11,034,276
Trade receivables	143,934	-	-	-	143,934	-	-	-	-	-
Reinsurance assets	166,440	-	-	-	166,440	161,805	-	-	-	161,805
Other receivables	-	-	-	460,011	460,011	-	-	-	200,637	200,637
Finance lease receivables	-	-	-	376,138	376,138	-	-	-	317,930	317,930
Statutory deposit	200,000	-	-	-	200,000	200,000	-		-	200,000
Deposit for investment in equity shares	-	-	70,000	70,000	140,000	-	-	70,000	70,000	140,000
	10,413,511	-	9,661,640	1,933,939	22,009,090	9,769,814	-	9,661,640	2,031,203	21,462,657

3.1.2 *Credit risk*

Concentration of credit risk

All credit risk are concentrated across many industries in Nigeria. The Group monitors concentration of credit risk by sector.

in thousands of Nigerian Naira

31 December 2014	*Group*					*Company*				
	Financial Services	*Manufacturing*	*Oil & Gas sector*	*Other*	*Total*	*Financial Services*	*Manufacturing*	*Oil & Gas sector*	*Other*	*Total*
Cash and cash equivalents	7,999,094	-	-	-	7,999,094	7,572,833	-	-	-	7,572,833
Loans and advances	-	-	7,862,000	683,925	8,545,925	-	-	9,591,640	993,409	10,585,049
Trade receivables	43,072	-	-	-	43,072	-	-	-	-	-
Reinsurance assets	308,575	-	-	-	308,575	308,575	-	-	-	308,575
Other receivables	-	-	-	362,761	362,761	-	-	-	139,836	139,836
Finance lease receivables	-	-	-	407,179	407,179	-	-	-	407,143	407,143
Statutory deposit	200,000	-	-	-	200,000	200,000	-	-	-	200,000
Deposit for investment in equity shares	-	-	70,000	390,000	460,000	-	-	70,000	390,000	460,000
	8,550,741	-	7,932,000	1,843,865	18,326,606	8,081,408	-	9,661,640	1,930,388	19,673,436

3.1.2 *Credit risk*

Credit quality

The table below provides information regarding the credit risk exposure of the Group and Company by classifying assets according to the Company's credit assessment:

in thousands of Nigerian Naira

31 December 2015	*Group*					*Company*				
	Investment grade	*Non investment grade satisfactory*	*Non investment grade un-satisfactory*	*Past due but not impaired*	*Total*	*Investment grade*	*Non investment grade satisfactory*	*Non investment grade un-satisfactory*	*Past due but not impaired*	*Total*
Cash and cash equivalents	9,903,137	-	-	-	9,903,137	9,408,009	-	-	-	9,408,009
Loans and advances	10,619,430	-	-	-	10,619,430	11,034,276	-	-	-	11,034,276
Trade receivables	143,934	-	-	-	143,934	-	-	-	-	-
Reinsurance assets	166,440	-	-	-	166,440	161,805	-	-	-	161,805
Other receivables	460,011	-	-	-	460,011	200,637	-	-	-	200,637
Finance lease receivables	376,138	-	-	-	376,138	317,930	-	-	-	317,930
Statutory deposit	200,000	-	-	-	200,000	200,000	-	-	-	200,000
Deposit for investment in equity shares	-	140,000	-	-	140,000	-	140,000	-	-	140,000
	21,869,090	140,000	-	-	22,009,090	21,322,657	140,000	-	-	21,462,657
31 December 2014										
Cash and cash equivalents	8,000,844	-	-	-	8,000,844	7,573,638	-	-	-	7,573,638
Loans and advances	8,545,925	-	-	-	8,545,925	10,585,049	-	-	-	10,585,049
Trade receivables	43,072	-	-	-	43,072	-	-	-	-	-
Reinsurance assets	308,575	-	-	-	308,575	308,575	-	-	-	308,575
Other receivables	362,761	-	-	-	362,761	139,836	-	-	-	139,836
Finance lease receivables	407,179	-	-	-	407,179	407,143	-	-	-	407,143
Statutory deposit	200,000	-	-	-	200,000	200,000	-	-	-	200,000
Deposit for investment in equity shares	-	460,000	-	-	460,000	-	460,000	-	-	460,000
	17,868,356	460,000	-	-	18,328,356	19,214,241	460,000	-	-	19,674,241

3.1.2 *Credit risk*

Credit quality

The table below provides information regarding the ageing analysis of credit risk exposure of the Group and Company.

in thousands of Nigerian Naira

31 December 2015	Group					Company				
	Neither past due nor impaired	past due but not impaired			Total	Neither past due nor impaired	past due but not impaired			Total
		< 30 days	30 to 90 days	> 90 days			< 30 days	30 to 90 days	> 90 days	
Loans and advances	10,619,430	-	-	-	10,619,430	9,730,298	1,303,978	-	-	11,034,276
Trade receivables	-	-	143,934	-	143,934	-	-	-	-	-
Reinsurance assets	-	-	166,440	-	166,440	-	-	161,805	-	161,805
Finance lease receivables	376,138	-	-	-	376,138	317,930	-	-	-	317,930
	10,995,568	-	310,374	-	11,305,942	10,048,228	1,303,978	161,805	-	11,514,011

31 December 2014	Group					Company				
	Neither past due nor impaired	past due but not impaired			Total	Neither past due nor impaired	past due but not impaired			Total
		< 30 days	30 to 90 days	> 90 days			< 30 days	30 to 90 days	> 90 days	
Loans and advances	8,509,634	-	36,291	-	8,545,925	10,585,049	-	-	-	10,585,049
Trade receivables	-	-	43,072	-	43,072	-	-	-	-	-
Reinsurance assets	-	-	308,575	-	308,575	-	-	308,575	-	308,575
Finance lease receivables	407,179	-	-	-	407,179	407,143	-	-	-	407,143
	8,916,813	-	387,938	-	9,304,751	10,992,192	-	308,575	-	11,300,767

3.1.3 Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Group mitigates this risk by monitoring cash activities and expected outflows. The Group's current liabilities arise as claims are made and clients request for termination of their investment-linked products. The Group has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claims payments are funded by current operating cash flow including investment income.

The Group's investment policy requires a reasonable percentage of the Group's life portfolio be held in cash and cash equivalents; this highlights availability of liquid marketable securities sufficient to meet its liabilities as at when due. Cash and cash equivalents include treasury bills and term deposits with an original maturity of less than 90 days.

The limits are monitored and reported on a weekly and monthly basis to ensure that exposure of the Group's investment portfolio to this risk is properly managed.

Below is a summary of undiscounted contractual cashflows of financial assets matched with financial liabilities.

Group 31 December 2015 *in thousands of Nigerian Naira*	Carrying amount	1-6 months	6-12 months	1-5 years	Above 5 years	Gross total
Cash and cash equivalents	9,903,137	10,051,706	-	-	-	10,051,706
Loans and advances	10,619,430	2,597,808	2,597,808	11,651,731	-	16,847,346
Other receivables	460,011	460,011	-	-	-	460,011
Finance lease receivables	376,138	37,807	315,718	64,299	-	417,824
Statutory deposit	200,000	12,000	12,000	96,000	200,000	320,000
Total financial assets	21,558,716	13,159,331	2,925,525	11,812,030	200,000	28,096,886
Investment contract liabilities	24,217,581	5,120,702	5,120,702	15,704,581	777,673	26,723,658
Trade payables	24,777	24,777	-	-	-	24,777
Other liabilities	793,160	793,160	-	-	-	793,160
Deposit liabilities	509,867	509,867	-	-	-	509,867
Total financial liabilities	25,035,518	5,938,639	5,120,702	15,704,581	777,673	27,541,595
Net financial (liabilities)/assets	(3,476,802)	7,220,692	(2,195,177)	(3,892,552)	(577,673)	555,291
Reinsurance assets	166,440	166,440	-	-	-	166,440
Trade receivables	143,934	143,934	-	-	-	143,934
Insurance contract liabilities	(2,116,805)	(2,116,805)	-	-	-	(2,116,805)
Net policyholders' (liabilities)/assets	(5,283,233)	5,414,261	(2,195,177)	(3,892,552)	(577,673)	(1,251,140)

The need to match the medium to long term tenure of the Group's investment contract liabilities necessitated the high investment in the landed (investment) properties of ₦8.7 billion. Included in the investment properties are assets worth ₦6.1 billion that may be liquidated in the short to medium term to meet the financial obligations of the Group. Also, as at 31 December 2015, the Group held inventories (construction in progress) of ₦1.5 billion which are available for immediate sale on completion within twelve months.

3.1.3 Liquidity risk - continued

Company 31 December 2015 *in thousands of Nigerian Naira*	**Carrying amount**	**1-6 months**	**6-12 months**	**1-5 years**	**Above 5 years**	**Gross total**
Cash and cash equivalents	9,408,009	9,556,140	-	-	-	9,556,140
Loans and advances	11,034,276	2,329,137	2,329,137	12,817,072	-	17,475,346
Other receivables	200,637	200,637	-	-	-	200,637
Finance lease receivables	317,930	32,049	258,309	64,410	-	354,768
Statutory deposit	200,000	12,000	12,000	96,000	200,000	320,000
Total financial assets	21,160,852	12,129,963	2,599,446	12,977,482	200,000	27,906,891
Investment contract liabilities	24,208,510	5,120,702	5,120,702	15,695,057	777,673	26,714,134
Trade payables	17,980	17,980	-	-	-	17,980
Other liabilities	465,985	465,985	-	-	-	465,985
Total financial liabilities	24,692,475	5,604,667	5,120,702	15,695,057	777,673	27,198,099
Net financial (liabilities)/assets	(3,531,623)	6,525,296	(2,521,256)	(2,717,574)	(577,673)	708,793
Reinsurance assets	185,776	185,776	-	-	-	185,776
Insurance contract liabilities	(1,844,111)	(1,844,111)	-	-	-	(1,844,111)
Net financial (liabilities)/assets	(5,189,958)	4,866,961	(2,521,256)	(2,717,574)	(577,673)	(949,542)

The need to match the medium to long term tenure of the Company's investment contract liabilities necessitated the high investment in the landed (investment) properties of ₦8.7 billion. Included in the investment properties are assets worth ₦6.1 billion that may be liquidated in the short to medium term to meet the financial obligations of the Company.

3.1.3 Liquidity risk - continued

Group 31 December 2014 *in thousands of Nigerian Naira*	Carrying amount	1-6 months	6-12 months	1-5 years	Above 5 years	Gross total
Cash and cash equivalents	7,999,094	8,118,873	-	-	-	8,118,873
Loans and advances	8,545,925	2,733,166	2,733,166	11,282,706	-	16,749,038
Other receivables	362,761	362,761	-	-	-	362,761
Finance lease receivables	407,179	106,884	117,100	244,265	-	468,249
Statutory deposit	200,000	12,000	12,000	96,000	200,000	320,000
Total financial assets	17,514,959	11,333,684	2,862,266	11,622,971	200,000	26,018,921
Investment contract liabilities	20,857,971	4,618,057	4,618,057	12,645,403	655,849	22,537,366
Trade payables	81,322	81,322	-	-	-	81,322
Other liabilities	817,620	817,620	-	-	-	817,620
Deposit liabilities	485,281	485,281	-	-	-	485,281
Total financial liabilities	22,242,194	6,002,280	4,618,057	12,645,403	655,849	23,921,589
Net financial assets/liabilities	(4,727,235)	5,331,404	(1,755,791)	(1,022,432)	(455,849)	2,097,331
Reinsurance assets	327,508	327,508	-	-	-	327,508
Trade receivables	43,072	43,072	-	-	-	43,072
Insurance contract liabilities	(1,830,274)	(1,830,274)	-	-	-	(1,830,274)
Net financial (liabilities)/assets	(6,186,929)	3,871,710	(1,755,791)	(1,022,432)	(455,849)	637,637

The need to match the medium to long term tenure of the Group's investment contract liabilities necessitated the high investment in the landed (investment) properties of ₦6.9 billion. These properties may be liquidated in the short to medium term to meet the financial obligations of the Group. Also, as at 31 December 2014, the Group held inventories (construction in progress and landed properties) of ₦2.9 billion which are available for immediate sale on completion within twelve months.

3.1.3 Liquidity risk - continued

Company 31 December 2014 *in thousands of Nigerian Naira*	Carrying amount	1-3 months	6-12 months	1-5 years	Above 5 years	Gross total
Cash and cash equivalents	7,572,833	7,691,127	-	-	-	7,691,127
Loans and advances	10,585,049	3,853,139	3,853,139	11,281,984	-	18,988,263
Other receivables	314,349	314,349	-	-	-	314,349
Finance lease receivables	407,143	106,884	117,062	244,265	-	468,211
Statutory deposit	200,000	12,000	12,000	96,000	200,000	320,000
Total financial assets	19,079,374	11,977,500	3,982,201	11,622,249	200,000	27,781,950
Investment contract liabilities	20,847,272	4,618,057	4,618,057	13,099,191	669,696	23,005,002
Trade payables	71,958	71,958	-	-	-	71,958
Other liabilities	498,697	498,697	-	-	-	498,697
Total financial liabilities	21,417,927	5,188,712	4,618,057	13,099,191	669,696	23,575,657
Net financial assets/liabilities	(2,338,553)	6,788,787	(635,856)	(1,476,942)	(469,696)	4,206,293
Reinsurance assets	327,508	327,508	-	-	-	327,508
Insurance contract liabilities	(1,648,289)	(1,648,289)	-	-	-	(1,648,289)
Net policyholders' assets/(liabilities)	(3,659,334)	5,468,006	(635,856)	(1,476,942)	(469,696)	2,885,512

The need to match the medium to long term tenure of the Company's investment contract liabilities necessitated the high investment in the landed (investment) properties of ₦6.9 billion. These properties may be liquidated in the short to medium term to meet the financial obligations of the Company.

3.2 Capital Management

The National Insurance Commission (NAICOM), sets and monitors capital requirements for Insurance Companies. The individual subsidiaries are directly supervised by other regulators, i.e, Mutual Benefits Microfinance Bank Limited is regulated by the Central Bank of Nigeria, Mutual Benefits Niger Limited by Conference Interafricaine Des Marches D's assurance (CIMA) and Mutual Benefits Liberia Limited are being regulated by Central Bank of Liberia respectively.

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group and its individually regulated operations have complied with all externally imposed capital requirements.

Management uses regulatory capital ratios to monitor its capital base. The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily on the regulatory capital, but in some cases the regulatory requirements do not fully reflect the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation by Group Risk and Group Credit, and is subject to review by the Group Credit Committee or the Group Asset and Liability Management Committee (ALCO), as appropriate. The Group ensures it maintains the minimum required capital at all times throughout the year. The table below summarises the minimum required capital across the Group and the regulatory capital held against each of them.

Capital management objectives, policies and approach

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

1. To maintain the required level of stability of the Group thereby providing a degree of security to policyholders;
2. To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
3. To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
4. To align the profile of assets and liabilities taking account of risks inherent in the business;
5. To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders;
6. To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

3.2 Capital Management

Capital management objectives, policies and approach

In reporting financial strength, capital and solvency are measured using the rules prescribed by the National Insurance Commission. These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

The Group's capital management policy for its insurance business is to hold sufficient capital to cover the statutory requirements based on the NAICOM directives, including any additional amounts required by the regulator.

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Group has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

in thousands of Nigerian Naira	2015	2014
Available capital resources as at 31 December		
Total shareholders' funds per financial statements	3,220,996	3,113,750
Regulatory adjustments	(505,716)	(1,073,162)
Regulatory available capital resources	2,715,280	2,040,588
Minumum capital based required by regulator	2,000,000	2,000,000
Excess in solvency margin	715,280	40,588

3.2 Capital Management

The Solvency Margin for the parent as at 31 December 2015 is as follows:

in thousands of Nigerian Naira	2015	2014
Admissible assets		
Cash and cash equivalents	9,410,464	7,513,647
Loans and receivables	9,730,298	10,905,049
Available-for-sale investment securities	609,036	-
Reinsurance assets	185,776	327,508
Deferred acquisition costs	60,811	51,309
Other receivable and prepayment	-	5,086
Finance lease receivables	317,930	407,143
Investment properties	8,675,665	6,937,764
Investments in subsidiaries	175,038	175,038
Deposit for shares	140,000	140,000
Intangible assets	5,870	-
Property, plant and equipment	533,493	498,910
Statutory deposit	200,000	200,000
Total	30,044,381	27,161,454
Admissible liabilities		
Insurance contract liabilities	1,844,111	1,648,289
Investment contract liabilities	24,208,510	20,847,272
Trade payables	17,980	71,958
Other liabilities	1,123,317	2,373,795
Current income tax liabilities	135,183	179,552
Total	27,329,101	25,120,866
Solvency margin	2,715,280	2,040,588
The higher of 15% of Net premium income and Shareholders funds	2,000,000	2,000,000
Solvency ratio (%)	*1.36*	*1.02*

3.3 Asset and Liability Management

The Group is exposed to a range of financial risks through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance 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 and credit risk.

These risks arise from open positions in interest rate which is exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and credit risk.

The Group manages these positions within an ALM framework that has been developed to achieve longterm investment returns in excess of its obligations under insurance and investment contracts. Within the ALM framework, the Group periodically produces reports at portfolio, legal entity and asset and liability class level that are circulated to the Group's key management personnel. The principal technique of the Group's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The Group has not changed the processes used to manage its risks from previous periods.

The Group's ALM is integrated with the management of the financial risks associated with the Group's other classes of financial assets and liabilities not directly associated with insurance and investment liabilities (in particular, borrowings and investments in foreign operations). The notes below explain how financial risks are managed using the categories utilized in the Group's ALM framework. In particular, the ALM Framework requires the management of interest rate risk at the portfolio level. Credit risk is managed on a group-wide basis.

3.3 Asset and Liability Management

The table below hypothecates the total assets of the Company into assets that represents insurance funds, shareholders' funds and other funds such as investment contracts:

in thousands of Nigerian Naira	Carrying amount	Insurance Contract Group & Life	Contract Annuity	Investment Contract	Shareholders fund	31 Dec 2015 Total
ASSETS						
Cash and cash equivalents	9,410,464	1,801,991	65,332	6,540,132	1,003,009	9,410,464
Available-for-sale investment securities	609,036	-	-	-	609,036	609,036
Loans and receivables	11,034,276	-	-	9,730,298	1,303,978	11,034,276
Trade receivables	-	-	-	-	-	-
Reinsurance assets	185,776	185,776	-	-	-	185,776
Other receivables	534,055	-	-	4,906	529,149	534,055
Deferred acquisition cost	60,811	-	-	-	60,811	60,811
Finance lease receivables	317,930	317,930	-	-	-	317,930
Investment properties	8,675,665	-	-	8,675,665	-	8,675,665
Investment in subsidiaries	896,981	-	-	-	896,981	896,981
Intangible assets	5,870	-	-	-	5,870	5,870
Property, plant and equipment	533,493	-	-	-	533,493	533,493
Statutory deposit	200,000	-	-	-	200,000	200,000
Deposit for shares	140,000	-	-	-	140,000	140,000
Total assets	32,604,357	2,305,697	65,332	24,951,001	5,282,327	32,604,357
Liabilities						
Insurance contract liabilities	1,844,111	1,778,779	65,332	-	-	1,844,111
Investment contract liabilities	24,208,510	-	-	24,208,510	-	24,208,510
Trade payables	17,980	-	-	-	17,980	17,980
Other liabilities	1,123,317	-	-	-	1,123,317	1,123,317
Deposit for shares	2,000,000	-	-	-	2,000,000	2,000,000
Current income tax liabilities	135,183	-	-	-	135,183	135,183
Deferred tax liability	54,260	-	-	-	54,260	54,260
Total liabilities	29,383,361	1,778,779	65,332	24,208,510	3,330,740	29,383,361
GAP	3,220,996	526,918	-	742,491	1,951,587	3,220,996

3.4 Measurement of financial assets and liabilities

Accounting classification measurement basis and fair value

The table below set out the group's classification of each class of financial instruments and liabilities and their fair value:

Group 31 December 2015 *in thousands of Nigerian Naira*	Note	Loans & receivables	Available for-sale	Other financial instruments at amortised cost	Carrying amount	Fair value
Cash and cash equivalents	20	9,904,869	-	-	9,904,869	9,904,869
Available-for-sale investment securities	21.1	-	1,113,036	-	1,113,036	1,113,036
Loans and advances	21.2	10,619,430	-	-	10,619,430	11,468,984
Other receivables	24	460,011	-	-	460,011	460,011
Finance lease receivables	26	376,138	-	-	376,138	406,229
Deposit for investment in equity shares	33	-	-	140,000	140,000	140,000
Statutory deposit	32	200,000	-	-	200,000	200,000
		21,560,448	1,113,036	140,000	22,813,484	23,693,129
Investment contract liabilities	36	-	-	24,217,581	24,217,581	26,154,987
Trade payables	37	-	-	24,777	24,777	24,777
Deposit liabilities	39	-	-	509,867	509,867	509,867
Other liabilities	38	-	-	793,160	793,160	793,160
		-	-	25,545,385	25,545,385	27,482,791

3.4 Measurement of financial assets and liabilities

Accounting classification measurement basis and fair value

The table below set out the group's classification of each class of financial instruments and liabilities and their fair value:

Company 31 December 2015 *in thousands of Nigerian Naira*	Note	Loans & receivables	Available for-sale	Other financial instruments at amortised cost	Carrying amount	Fair value
Cash and cash equivalents	20	9,410,464	-	-	9,410,464	9,410,464
Available-for-sale investment securities	21.1	-	609,036	-	609,036	609,036
Loans and advances	21.2	11,034,276	-	-	11,034,276	11,917,018
Other receivables	24	200,637	-	333,418	534,055	534,055
Finance lease receivables	26	317,930	-	-	317,930	343,364
Deposit for investment in equity shares	33	-	-	140,000	140,000	140,000
Statutory deposit	32	200,000	-	-	200,000	200,000
		21,163,307	609,036	473,418	22,245,761	23,153,937
Investment contract liabilities	36	-	-	24,208,510	24,208,510	26,145,191
Trade payables	37	-	-	17,980	17,980	17,980
Other liabilities	38	-	-	465,985	465,985	465,985
		-	-	24,692,475	24,692,475	26,629,156

3.4 Measurement of financial assets and liabilities

Accounting classification measurement basis and fair value

The table below set out the group's classification of each class of financial instruments and liabilities and their fair value:

Group 31 December 2014 *in thousands of Nigerian Naira*	Note	Loans & receivables	Available for-sale	Other financial instruments at amortised cost	Carrying amount	Fair value
Cash and cash equivalents	20	8,000,844	-	-	8,000,844	8,000,844
Available-for-sale investment securities	21.1	-	505,400	-	505,400	505,400
Loans and advances	21.2	8,545,925	-	-	8,545,925	9,229,599
Other receivables	24	362,761	-	-	362,761	362,761
Finance lease receivables	26	407,179	-	-	407,179	439,753
Deposit for investment in equity shares	33	-	-	460,000	460,000	460,000
Statutory deposit	32	200,000	-	-	200,000	200,000
		17,516,709	505,400	460,000	18,482,109	19,198,357
Investment contract liabilities	36	-	-	20,857,971	20,857,971	22,526,609
Trade payables	37	-	-	81,322	81,322	81,322
Deposit liabilities	39	-	-	485,281	485,281	485,281
Other liabilities	38	-	-	817,620	817,620	817,620
		-	-	22,242,194	22,242,194	23,910,832

3.4 Measurement of financial assets and liabilities

Accounting classification measurement basis and fair value

The table below set out the group's classification of each class of financial instruments and liabilities and their fair value:

Company 31 December 2014 *in thousands of Nigerian Naira*	Note	Loans & receivables	Available for-sale	Other financial instruments at amortised cost	Carrying amount	Fair value
Cash and cash equivalents	20	7,573,638	-	-	7,573,638	7,573,638
Loans and advances	21.2	10,585,049	-	-	10,585,049	11,431,853
Other receivables	24	314,349	-	-	314,349	314,349
Finance lease receivables	26	407,143	-	-	407,143	439,714
Deposit for investment in equity shares	33	-	-	460,000	460,000	460,000
Statutory deposit	32	200,000	-	-	200,000	200,000
		19,080,179	-	460,000	19,540,179	20,419,554
Investment contract liabilities	36	-	-	20,847,272	20,847,272	22,515,054
Trade payables	37	-	-	71,958	71,958	71,958
Other liabilities	38	-	-	498,697	498,697	498,697
		-	-	21,417,927	21,417,927	23,085,709

3.5 Fair value hierarchy

The Group's accounting policy on fair value measurements is discussed under note 2.9.3.

The fair values of financial assets and liabilities that are traded inactive markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the group determines fair values using other valuation techniques.

For financial instruments that trade infrequently, and had little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risk affecting the specific instrument.

Valuation models

The group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1.

Financial instruments in level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Financial instruments in level 3
Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

3.5 Fair value hierarchy

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the statement of financial position.

Financial instruments not measured at fair value

The following table sets out the carrying amount of financial instruments not measured at fair value and the analysis per level in the fair value hierarchy into which each fair value measurement is categorised.

31 December 2015	Group				Company			
in thousands of Nigerian Naira	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Loans and advances	-	-	11,468,984	11,468,984	-	-	11,917,018	11,917,018
Finance lease receivables	-	-	406,229	406,229	-	-	343,364	343,364
Investment contract liabilities	-	-	26,154,987	26,154,987	-	-	26,145,191	26,145,191
	-	-	38,030,201	38,030,201	-	-	38,405,573	38,405,573

Fair value of financial assets and liabilities
Below are the methodologies and assumptions used to determine fair values for those financial instruments in the financial statements:

Assets and liabilities for which fair value approximates carrying value
The management assessed that cash and cash equivalents, trade receivables, reinsurance receivable, other receivables, trade payables, other liabilities, deposit for investment in equity and deposit liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Loans and advances and finance lease receivables
The fair values of loans and advances are based on cash flows discounted using a rate based on the market interest rate of borrowings. The discount rate equals the prime lending rate as set by the Central Bank of Nigeria plus credit risk rate of the customer at the reporting dates. The fair values are within Level 3 of the fair value hierarchy.

Investment contract liabilities
The fair values of investment contract liabilities are based on cash flows discounted using a rate based on the market interest rate of borrowings. The discount rate equals the prime lending rate as set by the Central Bank of Nigeria at the reporting dates. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.

3.5 Fair value hierarchy

Financial instruments not measured at fair value

31 December 2014	Group				Company			
in thousands of Nigerian Naira	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Loan and receivables	-	-	9,229,599	9,229,599	-	-	11,431,853	11,431,853
Finance lease receivables	-	-	439,753	439,753	-	-	439,714	439,714
				-				-
Investment contract liabilities	-	-	22,526,609	22,526,609	-	-	22,515,054	22,515,054
	-	-	32,195,961	32,195,961	-	-	34,386,621	34,386,621

Non financial asset measured at fair value

Investment property is a recurring fair value measurement valued using the market approach method of valuation. The valuation of the properties is based on the price for which comparable land and properties are being exchanged and/or are being marketed for sale. Therefore, the market-approach Method of Valuation was used. See Note 28 for the details of the description of valuation techniques used and key inputs to valuation on investment properties.

31 December 2015	Group				Company			
in thousands of Nigerian Naira	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment property	-	-	8,675,665	8,675,665	-	-	8,675,665	8,675,665

During the reporting year ended 31 December 2015, there were no transfers between level 1 and level 2 and in and out of level 3.

3.6 Segment information

The Group is organized into four operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. Management identifies its reportable operating segments by product line consistent with the reports used by the Management Investment and Underwriting Committee. These segments and their respective operations are as follows:

Life business: This segment covers the protection of the Group's customers against the risk of premature death, disability, critical illness and other accidents. Revenue from this segment is derived primarily from insurance premium, investment income and net fair value gains on investment property.

General business:This segment covers the protection of customers' assets (particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers accident. All contracts in this segment are short term in nature.Revenue in this segment is derived primarily from insurance premium, investment income, net realised gains on financial assets , and net fair value gains on financial assets at fair value through profit or loss.

Real Estate: The Group undertakes real estate development project with the aim of outright sale or lease of the properties to meet the needs of individual and corporate bodies. The Group offers various products in real estate to meet client needs while promoting value adding business relationships and utilizes a combination of debt and equity finance to provide funds for projects. Revenue from this segment is derived primarily from property sale, fee income and investment income.

Microfinance Bank: The Group undertakes provision of retails and microfinance banking services at the community level. Revenue from this segment is derived primarily from interest on micro loans and advances, SME loans, overdraft, fees and commission and investment income.

3.6 Segment information

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments as at 31 December 2015 is as follows:

	Assurance business			Real estate	Microfinance		
in thousands of Nigerian Naira	Mutual Nigeria	Mutual Niger	Mutual Liberia	Mutual Homes	Mutual Microfinance	Elimination adjustment	Total
Cash and cash equivalents	9,410,464	298,663	36,560	20,707	138,475	-	9,904,869
Investment securities:							-
Available-for-sale investment securities	609,036	504,000	-	-	-	-	1,113,036
Loans and receivables	11,034,276	-	193,207	-	695,926	(1,303,979)	10,619,430
Trade receivables	-	60,659	83,275	-	-	-	143,934
Reinsurance assets	185,776	1,171	3,464	-	-	-	190,411
Other receivables	534,055	7,952	10,068	228,489	32,697	(163,284)	649,978
Deferred acquisition costs	60,811	-	-	-	-	-	60,811
Finance lease receivables	317,930	-	58,208	-	-	-	376,138
Inventories	-	-	-	1,533,164	-	-	1,533,164
Investment properties	8,675,665	-	-	-	-	-	8,675,665
Investments in subsidiaries	896,981	-	-	-	-	(896,981)	-
Intangible assets	5,870	26,472	-	-	-	-	32,342
Property, plant and equipments	533,493	99,093	127,095	13,440	40,045	-	813,166
Statutory deposit	200,000	-	-	-	-	-	200,000
Deposit for investment in equity	140,000	-	-	-	-	-	140,000
Goodwill	-	-	-	-	-	1,543	1,543
Total assets	32,604,357	998,010	511,877	1,795,800	907,143	(2,362,701)	34,454,487

3.6 Segment information

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments as at 31 December 2015 is as follows:

	Assurance business			Real estate	Microfinance		
in thousands of Nigerian Naira	Mutual Nigeria	Mutual Niger	Mutual Liberia	Mutual Homes	Mutual Microfinance	Elimination adjustment	Total
LIABILITIES							
Insurance contract liabilities	1,844,111	99,456	173,239	-	-	-	2,116,805
Investment contract liabilities	24,208,510	-	9,071	-	-	-	24,217,581
Related party loan	-	-	-	1,303,978	-	(1,303,978)	-
Trade payables	17,980	6,797	-	-	-	-	24,777
Other liabilities	1,123,317	33,945	41,634	433,959	66,632	(170,415)	1,529,073
Deposit liabilities	-	-	-	-	509,867	-	509,867
Deposit for investment in equity shares	2,000,000	-	-	-	-	-	2,000,000
Current income tax liabilities	135,183	-	6,114	37,860	24,295	-	203,452
Deferred tax liabilities	54,260	-	-	91,592	8,557	260,727	415,136
Total liabilities	29,383,361	140,198	230,058	1,867,390	609,351	(1,213,666)	31,016,691
EQUITY							
Share capital	150,000	330,000	488,421	20,000	250,000	(1,088,421)	150,000
Share premium	1,850,000	-	-	-	-	-	1,850,000
Foreign currency transalation reserve	-	-	-	-	-	184,491	184,491
Contingency reserve	310,130	-	-	-	-	-	310,130
Retained earnings	910,866	500,599.49	(236,844)	(91,590)	(11,766)	(255,245)	816,021
Shareholders' fund	3,220,996	830,599	251,577	(71,590)	238,234	(1,159,175)	3,310,642
Owners of the parent	3,220,996	830,599	251,577	(71,590)	238,234	(1,159,175)	3,310,642
Non-controlling interests in equity	-	27,213	30,242		59,558	10,140	127,154
Total equity	3,220,996	857,812	281,819	(71,590)	297,792	(1,149,035)	3,437,796
Total liabilities and equity	32,604,357	998,010	511,877	1,795,800	907,143	(2,362,701)	34,454,487

3.6 Segment information

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2015 is as follows:

	Assurance business			Real estate	Microfinance		
in thousands of Nigerian Naira	Mutual Nigeria	Mutual Niger	Mutual Liberia	Mutual Homes	Mutual Microfinance	Elimination adjustment	Total
Gross premium written	3,337,710	351,212	367,644	-	-	-	4,056,566
Gross premiums income	2,906,011	297,062	367,644	-	-	-	3,570,717
Premiums ceded to reinsurers	(95,286)	(11,491)	-	-	-	-	(106,777)
Net premiums income	2,810,725	285,571	367,644	-	-	-	3,463,940
Fee and commission income	21,767	1,286	-	-	-	-	23,053
Net underwriting income	2,832,492	286,857	367,644	-	-	-	3,486,993
Net benefits and claims	1,051,985	40,221	157,853	-	-	-	1,250,060
Changes in individual life fund	(3,273)	-	-	-	-	-	(3,273)
Changes in annuity reserve	30,633	-	-	-	-	-	30,633
Underwriting expenses	790,035	50,456	46,365	-	-	-	886,856
Net underwriting expenses	1,869,380	90,677	204,218	-	-	-	2,164,276
Underwriting profit	963,112	196,180	163,427	-	-	-	1,322,717
Profit on investment contracts	782,150	-	-	-	-	-	782,150
Investment income	234,633	3,730	19,416	129	-	(133,029)	124,879
Fair value gain on investment properties	116,651	-	-	35,000	-	-	151,651
Other income	8,756	-	436	185,810	95,250	-	290,252
Impairment charge no longer required	160,702	-	-	-	-	(160,702)	-
Impairment charges	-	-	-	-	(25,895)	-	(25,895)
Employees benefit expenses	(745,011)	(37,846)	(48,389)	(30,057)	(122,941)	-	(984,243)
Other management expenses	(1,369,161)	(82,961)	(110,726)	(49,779)	(97,083)	(22,099)	(1,731,809)
Operating profit	151,832	79,102	24,163	141,104	(150,668)	(315,830)	(70,298)

3.6 Segment information

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2015 is as follows:

	Assurance business			Real estate	Microfinance		
in thousands of Nigerian Naira	Mutual Nigeria	Mutual Niger	Mutual Liberia	Mutual Homes	Mutual Microfinance	Elimination adjustment	Total
Finance costs	-	-	-	(142,360)	(29,848)	142,360	(29,848)
Finance incomes	-	-	-	-	249,891	-	249,891
Profit before income tax	151,832	79,102	24,163	(1,256)	69,375	(173,470)	149,745
Income tax expenses	(44,586)	(4,925)	(6,041)	(10,850)	(7,046)	18,599	(54,848)
Net profit for the year	107,246	74,178	18,123	(12,106)	62,329	(154,871)	94,897
Profit attributable to:							
Owners of the parent	107,246	74,178	18,123	(12,106)	62,329	(174,179)	75,591
Non-controlling interests	-	5,934	906	-	12,466	-	19,306
	107,246	74,178	18,123	(12,106)	62,329	(154,871)	94,897

3.7 Correction of errors

In the course of the preparation of the 2015 consolidated financial statements, the Group discovered two errors:

Mutual Benefits Life Assurance Limited recognised interest income on a loan granted to Mutual Homes and Properties Limited (subsidiary). The Loan was secured by a lien on the title documents to Mutual Alpha courts with first charge on the receivables of Mutual Benefits Homes and Properties Limited from the projects for which the facility is used and other capital and liquid assets of Mutual Benefits Homes & Properties Limited.

Prior to 2014, the subsidiary (Mutual Homes & Properties Limited) recognized the interest expense as borrowing cost on the asset in progress (Land property developed by Mutual Alpha Courts) (classified as part of Inventory) during the years of construction. On consolidation, the interest income in the parent company and the interest expense in inventory was eliminated by Debiting "Finance Income" of the parent Company and Crediting "Asset under Construction (Inventory)" of the Subsidiary.

In 2014, the asset under construction was completed by Mutual Homes & Properties Limited and sold to the its direct parent Company, Mutual Life Assurance Limited at ₦4,500,000,000 (60 units of duplex at ₦75 million each) in part settlement of the loan due to the parent Company. Included in the value of the building is the Borrowing Cost totaling ₦2,279,098,000 already debited to the Asset under Construction (Inventory) during the construction phase which should have been reversed on consolidation to profit or loss, however only that of 2014 and 2013, totaling ₦757,620,000 was reversed to cost of sale of the item while that of 2011 total ₦1,360,776,000 was wrongly credited to unrelated work-in-progress and 2012 total ₦160,702,000 was wrongly credited to other receivables at the group level.

Consequently, revenue was understated and inventory and other receivables were understated. This error was discovered and corrected on consolidation of the finanancial statements for the year ended 31 December 2015.

3.7 Correction of error - Continued

In 2014, the Group's foreign exchange reserve arising from translation of the functional currency of its foreign subsidiary: Mutual Benefits Liberia Company Limited (USD) to the presentation currency of the Group (NGN), was wrongly determined due to wrong exchange rate used, this resulted in an understatement of foreign exchange translation reserve and an overstatement of retained earnings by an amount of ₦134,500,000.

2 *Impact on equity (increase in equity)*

in thousands of Nigerian Naira	GROUP 31 Dec 2014
Inventories	1,360,776
Other receivables	160,702
Total assets	1,521,478
Deferred tax liabilities	(279,924)
Total liabilities	(279,924)
Net impact on equity	1,241,554

Impact on statement of profit or loss increase in profit

Fair value gain	1,521,478
Income tax expenses	(279,924)
Net impact on profit for the year	1,241,554
Attributable to:	
Equity holders of the parent	1,241,554
Impact on basic and diluted earnings per share (EPS) increase in EPS	
Earnings per share in kobo:	
Basic, profit for the year attributable to ordinary equity holders of the parent	8
Diluted, profit for the year attributable to ordinary equity holders of the parent	-
Earnings per share for continuing operations in kobo	
Basic, profit from continuing operations attributable to ordinary equity holders of the parent	8
Diluted, profit from continuing operations attributable to ordinaryequity holders of the parent	-

The changes did not have an impact on the Group's operating, investing and financing activities on the statements of cash flows.

4 Gross premium income

in thousands of Nigerian Naira	Notes	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
4.1 Gross premium written					
Group life		2,417,430	1,859,810	2,318,072	1,776,594
Individual life		993,285	1,729,299	993,285	1,729,299
Annuity		26,354	37,340	26,354	37,340
Non-life		619,497	470,073	-	-
	35.2	4,056,566	4,096,522	3,337,711	3,543,233
Changes in unearned premium					
Group life		(431,700)	269,495	(431,700)	269,495
Non-life		(54,149)	(177,547)	-	-
		(485,849)	91,948	(431,700)	269,495
Gross premium income	35.2	3,570,717	4,188,470	2,906,011	3,812,728
4.2 Premiums ceded to reinsurers					
Group life		82,382	114,261	82,382	102,186
Individual life		12,904	8,076	12,904	8,076
Non-life		11,491	-	-	-
	23.3	106,777	122,337	95,286	110,262
4.3 Net premium income		3,463,940	4,066,133	2,810,725	3,702,466

5 Fee and commission income

Commission income from reinsurance		23,053	19,770	21,767	19,770
		23,053	19,770	21,767	19,770

6 Net benefits and claims

Claims paid		1,569,240	857,764	1,371,166	734,393
Change in outstanding claims		(226,677)	471,938	(263,238)	467,500
Claims recoveries		(248,607)	(171,567)	(212,047)	(171,567)
Change in outstanding claims - Reinsurers	23.1	156,104	(51,002)	156,104	(51,002)
		1,250,060	1,107,133	1,051,985	979,324

7 Underwriting expenses

Amortisation of deferred acquisition costs	25	320,356	293,454	226,448	235,409
Maintenance costs	7.1	566,500	547,074	563,587	547,074
		886,856	840,528	790,035	782,483

Underwriting expenses can be sub-divided into commission expenses and other acquisition expenses. Commission expenses are those incurred in obtaining and renewing insurance contracts. They include commissions or brokerage paid to agents or brokers and any other indirect expenses. Other acquisition expenses are those incurred in servicing existing policies/contracts. These include processing costs, preparation of statistics and reports, and other incidental costs attributable to maintenance.

7.1 Maintenance costs

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2015	2014	2015	2014
Administrative charges-Group Life		7,364	16,966	7,364	16,966
Agency allowance		71,057	60,504	71,057	60,504
Agency training		38,870	18,312	38,870	18,312
Consultancy fees		30,011	23,678	30,011	23,678
Group life actuary valuation report fee		2,500	1,500	2,500	1,500
Postage stamp duty expenses		4,696	1,518	4,696	1,518
Agency unit manager allowance		174,175	172,724	171,262	172,724
Business promotion expenses		3,004	16,900	3,004	16,900
Underwriting medical expenses		5,851	11,265	5,851	11,265
Marketing expenses		228,972	223,707	210,587	210,199
		566,500	547,074	545,202	533,566

8 Profit/(loss) on investment contracts

Interest income	2,431,185	1,533,720	2,431,185	1,832,692
Surrender fee	312,485	100,805	312,485	100,805
Guaranteed interest	(1,122,476)	(626,337)	(1,122,476)	(626,337)
Acquisition cost on investment policies	(839,044)	(1,174,701)	(839,044)	(1,174,701)
	782,150	(166,513)	782,150	132,459

9 Investment income

Interest income on loans and advances	9.1	1,741,051	1,706,336	2,007,109	2,022,222
Interest income on fixed term deposit		569,471	151,770	547,154	151,770
Interest income on statutory deposit		23,118	23,856	23,118	23,856
Interest from current accounts with banks		6,981	10,419	6,981	10,419
Interest income from treasury bills		196,693	37,177	195,735	37,177
Rental income		18,750	-	18,750	-
Interest waiver on loans to Mutual Homes & Properties		-	-	(133,029)	-
Reclassification of investment contract income	8	(2,431,185)	(1,533,720)	(2,431,185)	(1,832,692)
		124,879	395,838	234,633	412,752

9.1 Interest income on loans and advances

Loan to Prime Exploration	1,729,640	1,566,263	1,729,640	1,566,263
Loan to Mutual Benefits Assurance Plc	-	137,500	-	137,500
Loan to Mutual Homes and Properties	-	-	266,058	315,886
Loan to staff	11,411	2,573	11,411	2,573
	1,741,051	1,706,336	2,007,109	2,022,222

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

10 Fair value gains on investment properties

in thousands of Nigerian Naira	Notes	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Fair value gain in investment properties	28	151,651	2,619,840	116,651	47,574
		151,651	2,619,840	116,651	47,574

11 Other income

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Foreign exchange - gain	8,103	-	8,103	-
Logistics income	9,574	61,317	-	-
Net income from sale of properties	92,079	-	-	-
Gain on disposal of property, plant and equipment	80,324	-	-	-
Micro finance bank charges	818	882	-	-
Micro finance fees and commission	34,830	23,508	-	-
SMS, closed account and default charges	33,333	154,126	-	-
Commission on turnover	10,165	11,587	-	-
Others	21,026	43,127	653	4,162
	290,252	294,547	8,756	4,162

12 Impairment charge no longer required

	Notes	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Impairment no longer required on loan to Mutual Homes & Properties	21.2.1	-	-	160,702	-
Impairment no longer required on other loans and advances	21.2.1	-	1,293	-	-
		-	1,293	160,702	-

13 Impairment charges

in thousands of Nigerian Naira	Notes	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Loans and advances	21.2.1	25,895	-	-	-
Impairment of investment in subsidiairies		-	-	-	43,457
		25,895	-	-	43,457

14 Employee benefit expenses

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Wages and salaries	949,998	754,058	716,597	546,161
Defined contribution pension costs	34,245	21,182	28,414	14,824
	984,243	775,240	745,011	560,985

In line with the provisions of the Pension Reform Act 2014, the Company instituted a contributory pension scheme for all its employees. Its employees each contributes 8% of employees' annual insurable earnings (basic pay, transport and housing), while the employer contributes 10% to the scheme. Staff contributions to the scheme are funded through payroll deductions while the entity's contribution is charged each year to the income statement as staff cost.

15 Other management expenses

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2015	2014	2015	2014
Depreciation of property, plant and equipment	31	301,084	322,202	163,016	161,115
Amortization of intangible assets	30	19,023	6,564	4,105	5,620
Auditors' remunerations		19,161	10,966	13,000	7,500
Legal and consultancy fees		77,329	68,890	64,699	64,423
Directors fee and allowance		155,609	195,380	120,033	148,620
Medical expenses		31,516	33,590	29,094	26,823
Donations		9,940	-	5,250	-
Subscriptions		5,898	4,659	5,138	4,659
Rents and Rates		135,178	103,819	132,238	95,012
Repairs and maintainance		107,708	72,246	61,489	72,165
Utilities		9,095	8,682	9,095	6,515
Transport and travelling		181,597	182,269	141,721	165,427
Public relations and advertising		118,070	86,253	116,129	77,240
Motor vehicle running expenses		33,367	30,221	26,784	23,379
Computer repairs and maintenence		17,364	23,734	14,108	9,485
Business entertainments		12,098	45,711	8,128	44,698
Training and recruitment		39,905	59,390	36,687	42,569
Training and forum for marketers		87,387	87,037	87,387	83,313
Insurance		18,725	4,209	13,127	4,209
Bank Charges		103,237	77,955	99,076	66,360
Insurance supervisory fee		73,141	103,560	73,141	103,560
Fines and penalties		970	80	970	80
Newspapers and periodicals		874	759	771	517
Printing and stationery		46,028	23,501	26,901	21,736
Telecommunication expenses		35,378	33,763	28,565	26,260
Security expenses		9,303	5,511	6,748	3,868
Bad debt written off		468	10,895	-	1,817
Loss on disposal of property, plant and equipment		595	3,203	-	96
Investment related expenses	15.1	81,761	-	81,761	-
		1,731,809	1,605,049	1,369,161	1,267,066

15.1 This relates to expense incurred on the maintenance of landed investment properties including 64 million naira registration fee paid to Lagos State Buidling and Investment Company Limited (LBIC).

16 Finance costs

in thousands of Nigerian Naira	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Interest charge on deposits	27,943	26,420	-	-
Interest on savings account	1,905	58	-	-
	29,848	26,478	-	-

17 Finance income

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Interest income on SME loans	144,942	97,915	-	-
Interest income on Micro loans	84,259	65,109	-	-
Interest income on overdraft	11,520	13,185	-	-
Interest income from funds placement	7,154	12,103	-	-
Interest income on treasury bills	1,772	2,590	-	-
Interest on Eazy cash product	244	107	-	-
	249,891	191,009	-	-

18 Income tax expense

18.1 Current income tax charge

	Note	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Company income tax:					
Mutual Benefits Liberia Company Limited		6,041	7,956	-	-
Mutual Benefits Assurance Niger SA		14,362	-	-	-
Mutual Benefits Homes and Properties Limited		6,818	7,132	-	-
Mutual Benefits Mircofinance Bank Limited		3,232	-	-	-
		30,453	15,088	-	-
Education tax:					
Mutual Benefits Mircofinance Bank Limited		441	-	-	-
		441	-	-	-
Minimum tax:					
Mutual Benefits Life Assurance Limited		14,078	16,782	14,078	16,782
		14,078	16,782	14,078	16,782
Information technology tax:					
Mutual Benefits Mircofinance Bank Limited		694	-	-	-
Mutual Benefits Life Assurance Limited		3,092	4,991	3,092	4,991
		3,786	4,991	3,092	4,991
Over provision for current tax in the prior year					
Mutual Benefits Life Assurance Limited		-	(85,205)	-	(85,205)
		-	(85,205)	-	(85,205)
Total current income tax expense/(benefits) for the year	41	48,758	(48,344)	17,170	(63,432)

18 **Income income tax expense - continued**

In thousands of Nigerian Naira	Notes	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Deferred tax - relating to originating and reversal of taxable temporary differences					
Mutual Benefits Life Assurance Limited		11,342	22,697	11,342	22,697
Mutual Benefits Homes and Properties Limited		(33,383)	18,656	-	-
Mutual Benefits Mircofinance Bank Limited		8,557	-	-	-
Intra-group gain on Investment properties		3,500	257,227	-	-
	42.2	(9,984)	298,580	11,342	22,697
Deferred tax - relating to originating and reversal of deductable temporary differences					
Mutual Benefits Life Assurance Limited		16,074	-	16,074	-
	42.1	16,074	-	16,074	-
Income tax expense reported in the statement of profit or loss		54,848	250,236	44,586	(40,735)

18.2 Reconciliation of tax charge

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Profit before income tax	149,745	2,887,279	151,832	505,658
Tax at Nigerian's statutory income tax rate of 30% (2014: 30%)	44,924	866,184	45,550	151,697
Effect of:				
Tax exempt income	(150,980)	(394,233)	(131,401)	(203,028)
Expenses not deductible for tax purposes	173,231	364,431	136,597	83,543
Tax rate differential on fair value gains	(30,330)	(523,968)	(23,330)	(9,515)
Tax rate differential in foreign jurisdictions	(302)	1,254	-	-
Prior year over provision	-	(85,205)	-	(85,205)
Information Technology tax	3,786	4,991	3,092	4,991
Mininum tax	14,078	16,782	14,078	16,782
Education tax	441	-	-	-
	54,848	250,236	44,586	(40,735)

In 2015 the Company was assessed based on minimum tax: In line with Section 16, of Companies Income Tax Act 2004 of Federation of Republic of Nigeria, where in any year of assessment the ascertainment of total assessable profits from all sources of a company results in a loss or where a company's ascertained total profits results in no tax payable or tax payable which is less than the minimum tax there shall be levied and paid by the company the minimum tax as prescribed in subsection (2) of this sections.

19 Earnings per share

19.1 *Earnings per share - Basic*

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic EPS computations:

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2015	2014	2015	2014
Profit attributable to equity holders		75,591	2,627,308	107,246	546,393
Weighted average number of ordinary shares for basic earnings per share	19.2	150,000	150,000	150,000	150,000
Basic earnings per ordinary share (kobo)		50	1,752	71	364

19.2 *Weighted average number of ordinary shares - basic*

Issued ordinary shares at 1 January	150,000	150,000	150,000	150,000
As at 31 December	150,000	150,000	150,000	150,000

Subsequent to year end the authorised ordinary shares were increased to 300,000 000 ordinary shares at ₦1.00 each. The issued and fully paid ordinary shares were also increased to 250,000,000 as a result of the ₦2 billion capital injected into the Company by the Mutual Benefits Assurance Plc (parent company) for 100,000,000 units of ordinary shares at ₦20 each. As at year end, Mutual Benefits Life Assurance Limited has ₦2 billion as part of their deposit for shares, awaiting necessary approvals before being enlisted as part of issued share capital.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

20 Cash and cash equivalents

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Cash in banks and on hand		1,094,677	919,118	669,833	524,296
Short-term deposits	20.1	6,980,632	5,289,726	6,980,631	5,289,342
Treasury bills with original maturity of less than 90days		1,829,560	1,792,000	1,760,000	1,760,000
		9,904,869	8,000,844	9,410,464	7,573,638

20.1 *Cash and cash equivalents*

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits and treasury bill are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. All short-term deposits are subject to an average variable interest rate of 11% per annum (2014: 10%).

For the purpose of the statement of cash flows, the cash and cash equivalents comprise the following balances with maturity of three months or less from the date of acquisition.

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Cash in banks and on hand		1,094,677	919,118	669,833	524,296
Short-term deposits		6,980,632	5,289,726	6,980,631	5,289,342
Treasury bills with original maturity less than 90days		1,829,560	1,792,000	1,760,000	1,760,000
		9,904,869	8,000,844	9,410,464	7,573,638

21 Financial assets

The Group's financial assets are summarized below by measurement category in the table below:

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Available-for-sale investment securities	21.1	1,113,036	505,400	609,036	-
Loans and receivables	21.2	10,619,430	8,545,925	11,034,276	10,585,049
		11,732,466	9,051,325	11,643,312	10,585,049
Current		3,124,662	3,683,925	3,628,600	5,723,049
Non-current		8,607,804	5,367,400	8,014,712	4,862,000
		11,732,466	9,051,325	11,643,312	10,585,049

The Group's available for sale financial assets are carried at cost less impairment losses (if any) as there were no reliable observable data to determine their fair values at the reporting dates.

21.1 Available-for-sale investment securities

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Unquoted investments	21.1.1	1,113,036	505,400	609,036	-
Allowance for impairment	21.1.3	-	-	-	-
		1,113,036	505,400	609,036	-

21.1.1 *Analysis of investments in unlisted entities*

	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
ICHL Limited	279,036	-	279,036	-
Leasing Company of Liberia	33,600	33,600	-	-
Motor Way Assets Limited	330,000	-	330,000	-
Joint Venture Trade Financing	420,000	420,000	-	-
Other investments	50,400	51,800	-	-
	1,113,036	**505,400**	**609,036**	-

21.1.2 *Movement in unlisted entities*

	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
At 1 January	505,400	-	-	-
Purchase during the year	330,000	505,400	330,000	-
Disposal during the year	(1,400)	-	-	-
Reclassification from deposit for investment in equity instrument	279,036	-	279,036	-
At 31 December	**1,113,036**	**505,400**	**609,036**	-

All unquoted investments for which fair values could not be reliably estimated have been carried at cost less impairment. There are no active markets for these financial instruments, fair value information are therefore not available, this makes it impracticable for the Group to fair value these investments. They have therefore been disclosed at cost less impairment. The carrying amount is the expected recoverable amounts on these investments.

21.2 Financial assets - Loans and advances

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:

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Term loans		10,471,251	8,507,026	10,895,618	10,679,662
Overdrafts		31,996	10,658	-	-
Staff loans		178,736	64,899	138,658	66,089
Gross loans and advances		10,681,983	8,582,583	11,034,276	10,745,751
Allowance for individual impairment	21.2.1	(62,553)	(36,658)	-	(160,702)
Allowance for collective impairment	21.2.1	-	-	-	-
		10,619,430	**8,545,925**	**11,034,276**	**10,585,049**
Current		3,124,662	3,683,925	3,628,600	5,723,049
Non-current		7,494,768	4,862,000	7,405,676	4,862,000
		10,619,430	8,545,925	11,034,276	10,585,049

21.2.1 Impairment on loans and advances

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Individual impairment					
Balance, begining of the year		36,658	37,951	160,702	324,760
Impairment charged for the year		25,895	-	-	-
Reversal for the year	12	-	(1,293)	(160,702)	-
Write-offs		-	-	-	(164,058)
Balance, end of the year		62,553	36,658	-	160,702

21.2.2 Loan to Prime Exploration and Production Limited

Included in Loans and advances for the Group is the loan balance of ₦9,591,640,000 (2014: ₦7,862,000,000) granted to Prime Exploration and Production limited. The details is as follow:

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Balance as 1 January		7,862,000	7,119,378	7,862,000	7,119,378
Additions		-	5,070	-	5,070
		7,862,000	7,124,448	7,862,000	7,124,448
Interest on loan		1,729,640	1,566,263	1,729,640	1,566,263
Payments received		-	(828,711)	-	(828,711)
		9,591,640	7,862,000	9,591,640	7,862,000

Mutual Benefits Assurance Plc and Mutual Benefits Life Assurance Limited together 'Mutual Group' entered into an agreement on 13 February 2008 to grant a loan facility of ₦10 billion to Prime Exploration and Production Limited (PEPL) for the development and production of hydrocarbons in Asaramatoru Marginal Oil Field. Disbursement of money commenced on 16 February 2011 for Mutual Benefits Assurance Plc and 4 March 2011 for Mutual Benefits Life Assurance Limited.

The ₦5.1 billion repaid by PEPL to the Mutual Group (₦4.2 billion to Mutual Benefits Assurance Plc and ₦0.8 billion to Mutual Benefits Life Assurance Limited) in December 2014 covered the schedule repayments amount to 31 March 2016.

The Loan was granted for a period of 60 months after moratorium at 22 percent interest rate and 2 percent all in and a moratorium period of 36 months.

Security for the loan include the following:
- First charge over oil asset of Asaramatoru Marginal Field
- First charge on all receivables under oil contract throughout the tenor of the facility
- No distribution of profit of PEPL until the funds (principal and interest) advanced by Mutual Group is fully repaid.

PEPL and Suffolk Petroleum Services Limited were awarded Asaramatoru Marginal Field in Oil Mining Lease (OML) in 2003 with PEPL holding 51 percent participating interest and Suffolk Petroleum Limited holding 49 percent interest.

21.2.3 Loan to Mutual Homes and Properties Limited

Included in loans and advances for the Company is the loan balance of ₦1,303,978,000 (2014: ₦2,656,960,000) granted to Mutual Homes and Properties Limited. The details is as follow:

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Balance as 1 January		-	-	2,817,662	4,057,397
Additions		-	-	237,500	453,415
			-	3,055,162	4,510,812
Interest on loan		-	-	266,058	315,886
Interest waiver		-	-	(133,029)	-
Transfer from Mutual Benefits Assurance Plc		-	-	-	669,084
Reclassification of deposit for investment properties		-	-	-	971,880
Liabilities assummed from Mutual Homes and Properties Limited		-	-	-	850,000
Loans and receivable settled with investment properties		-	-	(1,480,000)	(4,500,000)
Payments		-	-	(404,213)	-
		-	-	1,303,978	2,817,662
Allowance for impairment	21.2.1	-	-	-	(160,702)
		-	-	1,303,978	2,656,960

Mutual Benefits Life Assurance Limited entered into an agreement with Mutual Benefits Homes and Properties Limited to grant a credit facility of ₦5 billion at an average interest rate of 15% per annum 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 to allow for the completion of real estate development. The Loan is secured by first charge on the receivables of Mutual Benefits Homes and Properties Limited from the projects for which the facility is used and other capital and liquid assets.

By the Board of Directors meeting of 9 December 2015, it was approved that the annual interest charge on the outstanding loan balance be waived from 1 July 2015. In view of this an amount of ₦133,029,000 was written off during the year.

During the year, Mutual Benefits Homes and Properties limited (a subsidiary) transferred land properties at a revalued amount of ₦1.48 billion (2014: ₦4.5 billion) to Mutual Benefits Life Assurance Limited (parent Company) in part settlement of an outstanding loan.

21.2.4 Financial assets - Loans and advances

Credit quality of loans and advances is summarised as follows:

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Neither past due nor impaired		10,619,430	8,509,634	11,034,276	10,585,049
Past due but not impaired		-	36,291	-	-
Individually impaired		62,553	36,658	-	160,702
Gross		10,681,983	8,582,583	11,034,276	10,745,751
Less: allowance for impairment		(62,553)	(36,658)	-	(160,702)
Net balance		10,619,430	8,545,925	11,034,276	10,585,049

21.2.5 Loans concentrations

The Group monitors concentrations of credit risk by borrowers; individual or corporate.

in thousands of Nigerian Naira	GROUP Loans to individuals	GROUP Loans to corporate	COMPANY Loans to individuals	COMPANY Loans to corporate
31 December 2015				
Gross	456,736	10,225,247	138,658	10,895,618
Allowance for impairment	-	(62,553)	-	-
Net Balance	456,736	10,162,694	138,658	10,895,618
31 December 2014				
Gross	352,890	8,229,693	66,089	10,679,662
Allowance for impairment	-	(36,658)	-	(160,702)
Net Balance	352,890	8,193,035	66,089	10,518,960

22 Trade receivables

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Premium receivables	22.1	143,934	43,072	-	-
Current		143,934	43,072	-	-
Non-current		-	-	-	-
		143,934	43,072	-	-

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

22.1 *Analysis of insurance receivables by counter party*

Gross				
Due from insurance brokers	461,291	360,429	317,357	317,357
	461,291	360,429	317,357	317,357
Allowance for impairment				
Due from insurance brokers	317,357	317,357	317,357	317,357
	317,357	317,357	317,357	317,357
	143,934	43,072	-	-

22.2 *The age analysis of gross insurance receivables as at the end of the year are as follows:*

0 - 90 days	143,934	43,072	-	-
91 - 180 days	-	-	-	-
Above 180 days	317,357	317,357	317,357	317,357
	461,291	360,429	317,357	317,357

22.3 *Movement of allowance for impairment of insurance receivables*

Balance, beginning of the year	317,357	317,357	317,357	317,357
Additions during the year	-	-	-	-
Reversal during the year	-	-	-	-
	317,357	317,357	317,357	317,357

23 Reinsurance assets

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Reinsurance share of outstanding claims	23.1	51,682	207,786	51,682	207,786
Co-assurance claims receivable	23.2	113,588	100,789	110,123	100,789
Reinsurance debtors		1,170	-	-	-
Prepaid reinsurance	23.3	23,971	18,933	23,971	18,933
		190,411	327,508	185,776	327,508
Current		190,411	327,508	185,776	327,508
Non-current		-	-	-	-
		190,411	327,508	185,776	327,508

Reinsurance receivables are to be settled on demand and the carrying amount is not significantly different from their fair value.

23.1 The movement in reinsurers' share of claims reported and loss adjustment expenses is as follows:

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	Dec-2015	Dec-2014	Dec-2015	Dec-2014
Balance at the beginning of the year		207,786	156,784	207,786	156,784
Changes in reinsurance share of outstanding claims	6	(156,104)	51,002	(156,104)	51,002
Balance at the end of the year		51,682	207,786	51,682	207,786

23.2 The movement in co-assurance claim receivables

Balance at the beginning of the year		100,789	-	100,789	-
Addition during the year		212,239	100,789	208,774	100,789
Receipts during the year		(199,440)	-	(199,440)	-
Balance at the end of the year		113,588	100,789	110,123	100,789

23.3 The movement in prepaid reinsurance

Balance at the beginning of the year		18,933	-	18,933	-
Additions during the year		111,815	141,270	100,324	129,195
Recognised in profit or loss	4.2	(106,777)	(122,337)	(95,286)	(110,262)
Balance at the end of the year		23,971	18,933	23,971	18,933

24 Other receivables and prepayments

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Prepayments		136,858	183,075	85,950	147,986
WHT recoverable		48,718	26,527	48,718	26,527
Amount due from related companies		-	3,397	-	3,397
Loan to policy holders		4,906	5,086	4,906	5,086
Other bank balances		7,640	-	7,640	-
Advance commission to broker		5,490	-	5,490	-
Stock of cheques		2,839	3,469	-	-
SMS Alert account		-	1,161	-	-
Directors current account		32,452	30,056	1,559	-
Excess interest charges		6,390	6,390	6,390	6,390
ATM receivable		-	27,997	-	-
Investment receivable		53,535	85,422	53,535	85,422
Sundries receivables		37,575	295,210	265	124,963
Branch accounts		-	3,028	-	-
Cheques and coupons		-	787	-	-
VAT input recoverable on investment property		-	-	198,750	-
Amount receivable from property buyers		164,447	-	120,852	-
ATM cards		1,552	2,100	-	-
Deposit for building materials		-	159,500	-	-
Property development debtors	24.1	147,576	13,609	-	-
		649,978	**846,814**	**534,055**	**399,771**
Impairment on other receivables	24.2	-	(104,406)	-	(85,422)
		649,978	**742,408**	**534,055**	**314,349**
Current		649,978	742,408	534,055	314,349
Non-current		-	-	-	-
		649,978	742,408	534,055	314,349

24.1 This is receivable in respect of the property sale from the real estate segment of the group.

24.2 *The movement in impairment*

	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Balance at the beginning of the year	104,406	104,406	85,422	85,422
Additions during the year	-	-	-	-
Write-offs	(104,406)	-	(85,422)	-
Balance at the end of the year	-	104,406	-	85,422

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

25 Deferred acquisition cost

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Balance at the beginning of the year		51,309	66,351	51,309	66,351
Additions during the year		329,858	278,412	235,950	220,367
Amortization of commission	7	(320,356)	(293,454)	(226,448)	(235,409)
Balance at the end of the year		**60,811**	**51,309**	**60,811**	**51,309**
Current		60,811	51,309	60,811	51,309
Non-current		-	-	-	-
		60,811	**51,309**	**60,811**	**51,309**

26 Finance lease receivables

	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Net investment in finance lease	376,138	854,767	317,930	854,731
Less:				
Allowance for individual impairment	-	(447,588)	-	(447,588)
Allowance for collective impairment	-	-	-	-
	376,138	**407,179**	**317,930**	**407,143**
Current	323,434	203,589	265,135	203,589
Non-current	52,704	203,590	52,795	203,554
	376,138	**407,179**	**317,930**	**407,143**
Allowance for individual impairment				
Balance at the beginning of the year	447,588	447,588	447,588	447,588
Impairment charged for the year	-	-	-	-
Write-offs	(447,588)	-	(447,588)	-
Balance at the end of the year	**-**	**447,588**	**-**	**447,588**

26 Finance lease receivables - Continued

26.1 *Credit quality of finance lease receivables is summarised as follows:*

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Neither past due nor impaired		376,138	407,179	317,930	407,143
Past due but not impaired		-	-	-	-
Individually impaired		-	447,588	-	447,588
Gross		376,138	854,767	317,930	854,731
Less: allowance for impairment		-	(447,588)	-	(447,588)
Net balance		376,138	407,179	317,930	407,143

The Group monitors concentrations of credit risk by borrowers; individual or corporate.

in thousands of Nigerian Naira	GROUP Lease to individuals	GROUP Lease to corporate	COMPANY Lease to individuals	COMPANY Lease to corporate
31 December 2015				
Gross	-	376,138	-	317,930
Impairment	-	-	-	-
Net Balance	-	376,138	-	317,930
31 December 2014				
Gross	-	854,767	-	854,731
Impairment	-	(447,588)	-	(447,588)
Net Balance	-	407,179	-	407,143

27 **Inventories**

	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Construction in progress		1,515,172	1,463,480	-	-
Building raw materials		17,992	95,988	-	-
Landed properties for construction	27.1	-	1,445,000	-	-
		1,533,164	**3,004,468**	**-**	**-**
Current		1,533,164	3,004,468	-	-
Non-current		-	-	-	-
		1,533,164	**3,004,468**	**-**	**-**

Included in Inventories are plots of Land purchased for the construction of buildings for resale. The Landed properties also encompass cost of construction of the buildings meant for resale, cost of conversion and other such direct costs incurred in bringing the properties to their present location and condition in line with International Accounting Standard (IAS) 2. The Group's inventories are reported at the lower of cost and net realisable value. Highlighted below are details of Buildings under construction and Landed properties. During 2015, ₦63,421,000 (2014: ₦4,206,832,000) was recognised as an expense for inventories carried at net realisable value. This is recognised in net income from sale of properties in other income.

During the year, the landed properties of ₦1,48 billion (2014: ₦4.5 billion) was transferred from Mutual Benefits Home Properties Limited to Mutual Benefits Life Assurance Limited in part settlement of loan as disclosed in note 21.2.3.

27.1 Inventories - Continued

Details of Land properties meants for construction of buildings for resale are as stated below:

	in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
i	5,500 Square meter plots at Akure		-	142,500	-	-
ii	16,000 Square meter plots at Paradise Estate Anthony village, Lagos		-	295,000	-	-
iii	100 hectares of land at Ado Ekiti		-	662,500	-	-
iv	Properties at Oyingbo, Lagos		-	345,000	-	-
			-	1,445,000	-	-

28 Investment properties

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Balance at the beginning of the year		6,937,764	1,846,398	6,937,764	1,846,398
Additions		666,250	-	666,250	-
Transfer from Mutual Benefits Homes & Properties Limited		1,445,000	1,927,734	1,480,000	4,500,000
Transfer from Mutual Benefits Assurance Plc		-	543,792	-	543,792
Disposal		(525,000)	-	(525,000)	-
Fair value gain	10	151,651	2,619,840	116,651	47,574
		8,675,665	6,937,764	8,675,665	6,937,764

The items of investment properties are as shown below:

	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Mutual Tulip Estate	i	798,140	798,140	798,140	798,140
Property at Ikeja GRA- Sasegbon	ii	625,000	623,917	625,000	623,917
Property at Ikeja Alausa	iii	275,000	273,816	275,000	273,816
Property at Sango/Idiroko - Mogga	iv	90,315	90,315	90,315	90,315
Property at Sango/Idiroko - Caxtonjo	v	60,210	60,210	60,210	60,210
Property at Onireke,Ibadan	vi	545,000	543,792	545,000	543,792
Mutual Alpha Court duplex, Costain, Lagos	vii	4,100,000	4,547,574	4,100,000	4,547,574
Property at Asokoro, Abuja	viii	702,000	-	702,000	-
Property at Akure Plots (5,500 Square Meters)	ix	350,000	-	350,000	-
Property at Paradise Estate, Anthony Estate	x	250,000	-	250,000	-
Property at Ado Ekiti Land, (100 Hectares)	xi	700,000	-	700,000	-
Property at Oyingbo, Lagos	xii	180,000	-	180,000	-
Balance at the end of the year		8,675,665	6,937,764	8,675,665	6,937,764

28 **Investment property - Continued**

Investment properties are stated at fair value, which has been determined based on valuations performed by Messrs Jide Alabi & Co (FRC/2012/NIESV/00000000314), Arigbede & Co Estate Surveyors and Valuers (FRC/2014/00000004634) and Alabi, Ojo & Makinde Consulting (FRC/2015/NIESV/00000010800), accredited independent valuers as at 31 December 2015. The valuers are specialists in valuing these types of investment properties. The determination of fair value of the investment property was supported by market evidence. The modalities and process of valuation utilized extensive analysis of market data and other sectors specific percularities corroborated with available data derived from previous experiences.

Valuations are performed on an annual basis and the fair value gains and losses were recorded within the profit or loss.

The Group enters into operating lease arrangements for all of its investment properties. The rental income arising during the year amounted to ₦18,750,000 (2014: Nil) which is included in investment income. Direct operating expenses arising in respect of such properties during the year are included in within operating and administrative expenses.

There are no restrictions on the realisability of investment property or remittance of income and proceeds of disposal. The Company has no contractual obligations to purchase, construct or develop investment property or for repairs or enhancement.

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Rental income derived from investment properties	9	18,750	-	18,750	-
Direct operating expenses (including repairs and maintenance) generating rental income (other management expenses)		-	-	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in other management expenses)	15	(81,761)	-	(81,761)	
loss arising from investment properties carried at fair value		**(63,011)**	**-**	**(63,011)**	**-**

Description of valuation techniques used and key inputs to valuation on investment properties:

The valuation of the properties is based on the price for which comparable land and properties are being exchanged hands or are being marketed for sale. Therefore, the market-approach Method of Valuation.

By nature, detailed information on concluded transactions is difficult to come by. They have therefore relied on past transactions and recent adverts in deriving the value of the subject properties.

28 Investment property - Continued

Description of valuation techniques used and key inputs to valuation on investment properties:

i *Mutual Tulip Estate*

Land property of 117,000 square metres of land located at Berger within Ogun section of the boundary between Ogun state and Lagos state in Nigeria was purchased at a cost of N747million. The landed property was revalued to ₦798 million by Messrs Jide Alabi & Co Estate Surveyors and Valuers as at 31 December 2015.

ii *Property at Ikeja GRA- Sasegbon*

Land property of 6,500 square metres of land located at Sasegbon Street, GRA Ikeja, Lagos state in Nigeria was purchased at a cost of ₦593million. The land property was revalued to ₦625 million by Messrs Jide Alabi & Co Estate Surveyors and Valuers as at 31 December 2015.

iii *Property at Ikeja Alausa*

Land property of 1,548 square metres of land located at Alausa central business district. Lagos state in Nigeria was purchased at a cost of ₦177million.The land property was revalued to ₦275 million by Messrs Jide Alabi & Co Estate Surveyors and Valuers as at 31 December 2015.

iv *Property at Sango/Idiroko - Mogga*

Land 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 ₦90million. Issues relating to consent and perfection of title in the name of the Company are ongoing. The land property was valued to ₦90 million by Messrs Jide Alabi & Co Estate Surveyors and Valuers as at 31 December 2015.

v *Property at Sango/Idiroko - Caxtonjo*

Land 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 ₦60million. Issues relating to consent and perfection of title in the name of the Company are ongoing. The land property was valued to ₦60 million by Messrs Jide Alabi & Co Estate Surveyors and Valuers as at 31 December 2015.

vi *Property at Onireke,Ibadan*

Land property of 6808.179 square meters of land located at kudeti Avenue, Commercial Reservation Onireke, Ibadan, Oyo State in Nigeria was transferred from Mutual Benefits Assurance Plc to Mutual Benefits Life Assurance Limited in 2014. The property was transferred at a cost of ₦543,791,845 and revalued to ₦545 million by Messrs Jide Alabi & Co Estate Surveyors and Valuers as at 31 December 2015.

vii *Mutual Alpha Court duplex, Costain, Lagos*

This represents 53 unsold units of the 60 units Terrace Triplex housing scheme located at Costain Iporin, Lagos. The property was constructed by Mutual Benefits Homes and Properties Limited and was transferred to the Mutual Benefits Life Assurance Limited in 2014 as part settlement of loan. As at 31 December 2015, 53 units were revalued at ₦4.1 billion. The Board of Directors of the Group has earmarked at least 20 units for outright sales within the next 12 months.

28 **Investment properties - Continued**

Description of valuation techniques used and key inputs to valuation on investment properties:

viii *Property At Abuja (Asokoro District, Abuja)*
Land property sitting on 3287.02 square meters of land located at Asokoro, Abuja, Nigeria was purchased at a cost of ₦666.25million. Perfection of title in the name of the Company is ongoing. The property was valued at ₦702million by Messrs AO&M, Alabi, Ojo & Makinde Consulting, Estate Surveyors and Valuers as at 23 December 2015.

ix *Property at Akure Plots (5,500 Square Meters)*
Land property of 5,500 square meters of land located at Akure, Ondo State, Nigeria was transferred to the Group from Mutual Homes and Properties Limited at a fair value of ₦350million. The valuation was done by Messrs Arigbede & Co. Estate Surveyors and Valuers. The title to the property is a Certificate of Occupancy and there is a deed of assignment in favour of the Company. The property was valued by Messrs Arigbede & Co. Estate Surveyors and Valuers as at 1 February 2016.

x *Property at Paradise Estate, Anthony Estate*
Land property of 9 plots of land located at Paradise Estate, Anthony Estate, Lagos, Nigeria was transferred to the Company from Mutual Homes and Properties Limited at a fair value of ₦250million. The Company has allocation letters from Lagos State Government in its name. The property was valued by Messrs AO&M, Alabi, Ojo & Makinde Consulting, Estate Surveyors and Valuers as at 7 January 2016.

xi *Property at Ado Ekiti Land, (100 Hectares)*
Land property consisting of 100 Hectares of land located at Ado-Ekiti, Ekiti State Nigeria was transferred to the Company from Mutual Homes and Properties Limited at a fair value of ₦700million. The property was valued by Messrs Arigbede & Co. Estate Surveyors and Valuers as at 19 January 2016.

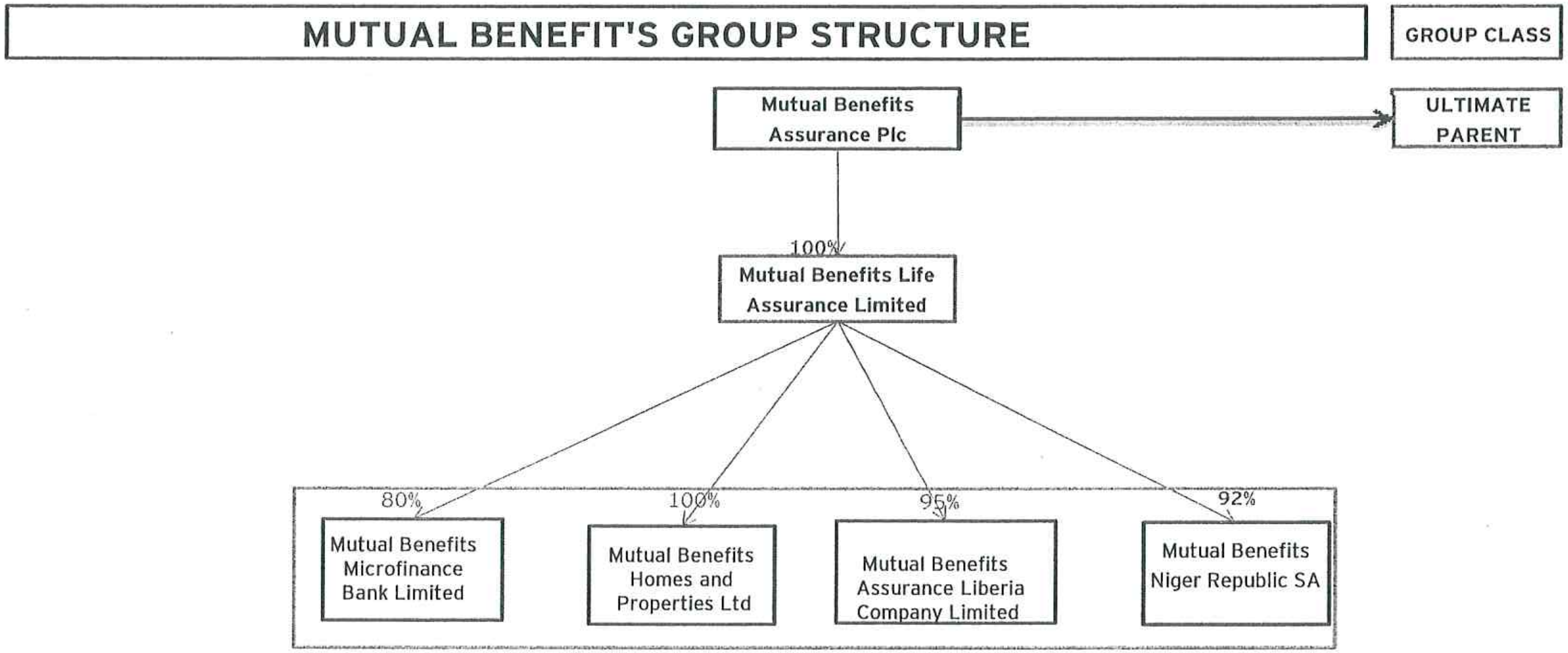
xii *Property at Oyingbo, Lagos*
Property of 461 square meters of land located at Apapa Road, Ebute-Metta, Lagos State, Nigeria was transferred at a value of ₦180million. The title is held in perpetuity and Deed of Assignment in favour of the Company is ongoing. The property was valued by Messrs AO&M, Alabi, Ojo and Makinde Consulting, Estate Surveyors and Valuers as at 21 January 2016.

29 **Investments in subsidiaries**

The Company's investment in subsidiaries is as stated below:

	COMPANY	
in thousands of Nigerian Naira	**31 Dec-2015**	**31 Dec-2014**
Mutual Benefits-Homes and Properties Ltd	-	-
Mutual Benefits-Micro Finance Bank Ltd	175,038	175,038
Mutual Benefits-Liberia Limited	464,000	464,000
Mutual Benefits-Niger Republic	257,943	257,943
	896,981	896,981

29 Investments in subsidiaries



	Company name	Nature of business	Country of origin	Relationship	% of equity controlled	NCI	Status	Year of control
1	Mutual Benefits Microfinance Bank	Banking	Nigeria	Direct	80%	20%	Acquired	Jan 2009
2	Mutual Benefits Homes and Properties Ltd	Property development	Nigeria	Direct	100%	-	Set up	Jan 2008
3	Mutual Benefits Liberia	Insurance	Liberia	Direct	95%	5%	Set up	Jan 2008
4	Mutual Benefits Niger Republic	Insurance	Niger Republic	Direct	92%	8%	Set up	Jan 2014

Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory framework within which subsidiaries operate. The supervisory framework require Mutual Benefits Homes and Properties Limited to keep certain levels of regulatory capital and liquid assets.

29 Investments in subsidiaries

1 Mutual Benefits Microfinance Bank

Mutual Benefits Microfinance Bank 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 of the Company in January 2009.

2 Mutual Benefits Homes and Properties Ltd

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.

3 Mutual Benefits Liberia

Mutual Benefit Assurance Company Liberia was incorporated on 29 August 2007 and commenced Operations on 2 January 2008. It is into underwriting of all classes of non-Life and life businesses. It is 95% owned by Mutual Benefits Life Assurance Limited and the interest was transferred in 2014 from Mutual Assurance Plc.

4 Mutual Benefits Niger Republic

Mutual Benefits Niger S.A commenced operations on 2 January 2014. It is into underwriting of all classes of non-life businesses. It is 92% owned by Mutual Benefits Life Assurance Limited.

30 Intangible assets

		GROUP		COMPANY	
in thousands of Nigerian Naira		31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Computer software acquired					
Cost:					
Balance at the beginning of the year		41,152	37,497	29,373	25,718
Additions		1,166	3,655	1,166	3,655
Reclassification from furniture and fittings	31	47,593	-	-	-
Foreign exchange difference		2,829	-	-	-
		92,740	41,152	30,539	29,373
Amortization:					
Balance at the beginning of the year		29,575	23,011	20,564	14,944
Reclassification from furniture and fittings	31	11,244	-	-	-
Amortisation charge		19,023	6,564	4,105	5,620
Foreign exchange difference		556	-	-	-
		60,398	29,575	24,669	20,564
Carrying value		32,342	11,577	5,870	8,809

31 Property, plant and equipments (Group)

in thousands of Nigerian Naira	Note	Leasehold building	Plant and machinery	Motor vehicles	Office equipment	Computer equipment	Furniture and fittings	Capital work-in progress	Total
Cost:									
As at 1 January 2014		74,734	261,655	402,092	11,101	14,905	149,504	45,000	958,991
Additions		404,994	14,498	52,401	3,899	2,256	148,262	45,000	671,310
Reclassification		45,000	-	-	(4,974)	-	-	(45,000)	(4,974)
Transfer from subsidiary*		78,977	4,185	43,865	3,410	-	3,629	-	134,066
Foreign exchange difference		7,267	449	3,903	-	-	320	-	11,939
Disposal		-	-	(15,145)	-	(105)	(132)	-	(15,382)
31 December 2014		610,972	280,787	487,116	13,436	17,056	301,583	45,000	1,755,950
Additions		101,373	30,314	36,890	20,444	16,162	76,626	6,887	288,698
Reclassification to intangible assets	30	-	-	-	-	-	(47,593)	-	(47,563)
Transfer		45,000	-	-	-	-	-	(45,000)	-
Foreign exchange difference		19,878	1,168	9,088	(82)	-	2,065	-	32,117
Disposal		-	(31,040)	(261,371)	(486)	(433)	(432)	-	(293,761)
31 December 2015		777,223	281,230	271,723	33,313	32,785	332,249	6,887	1,735,440
Accumulated depreciation:									
As at 1 January 2014		68,456	127,764	233,958	5,302	13,097	93,822	-	542,399
Charge for the year		107,258	65,781	101,455	1,146	2,553	44,009	-	322,202
Disposal		-	-	(12,070)	-	(73)	(36)	-	(12,179)
Transfer		5,890	4,030	33,170	3,303	-	3,255	-	49,648
Foreign exchange difference		580	359	3,006	280	-	280	-	4,505
31 December 2014		182,184	197,934	359,519	10,031	15,577	141,330	-	906,575
Charge for the year		99,701	53,535	73,276	10,317	14,983	49,272	-	301,084
Disposal		-	(24,035)	(259,791)	(186)	(433)	(342)	-	(284,787)
Reclassification to intangible assets	30	-	-	-	-	-	(11,244)	-	(11,214)
Foreign exchange difference		1,378	714	7,094	614	-	816	-	10,617
31 December 2015		283,263	228,148	180,098	20,776	30,127	179,832	-	922,274
Carrying amounts at:									
31 December 2015		493,960	53,082	91,625	12,537	2,658	152,417	6,887	813,166
31 December 2014		428,788	82,853	127,597	3,405	1,479	160,253	45,000	849,375

No leased assets are included in the above property, plant and equipment and the Group had no capital commitments as at 31 December 2015. The capital work-in progress is a control account for the acquisition of fixed assets for which advance payments have been made but assets yet to be completed, delivered and availalable for use. None of the assets have been pledged as collateral.

* Represent openning balance of assets of the subsidiaries (Mutual Benefits Liberia and Mutual Benefits Niger) transferred from the Mutual Benefits Assurance Plc during the year.

31 Property, plant and equipments (Company)

in thousands of Nigerian Naira	Leasehold building	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Capital work-in progress	Total
Cost:						
As at 1 January 2014	71,046	13,582	113,364	136,319	45,000	379,311
Additions	386,761	3,644	34,100	67,791	-	492,296
Disposal	-	-	-	(132)	-	(132)
Reclassification	45,000	-	-	-	(45,000)	-
31 December 2014	502,807	17,226	147,464	203,978	-	871,475
Additions	69,814	27,226	36,840	63,719	-	197,599
31 December 2015	572,621	44,452	184,304	267,697	-	1,069,074
Accumulated depreciation:						
As 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
Disposal	-	-	-	(36)	-	(36)
31 December 2014	169,928	7,888	82,234	112,515	-	372,565
Charge for the year	95,075	5,606	29,891	32,444	-	163,016
31 December 2015	265,003	13,494	112,125	144,959	-	535,581
Carrying amounts at:						
31 December 2015	307,618	30,958	72,179	122,738	-	533,493
31 December 2014	332,879	9,338	65,230	91,463	-	498,910

No leased assets are included in the above property, plant and equipment, the Company had no capital commitments as at 31 December 2015. The capital work-in progress is a control account for the acquisition of property, plant and equipment for which advance payments have been made but assets yet to be completed, delivered and available for use. None of the assets have been pledged as collateral.

32 Statutory deposit

This represents amounts deposited with the Central Bank of Nigeria (CBN) pursuant to Section 10(3) of the Insurance Act, 2003. This amount is not available for the day-to-day use in the working capital of the Company and so it is excluded from the cash and cash equivalents. Interest earned at annual average rate of 11.56% per annum (2014: 11.93%) on statutory deposits are included in investment incomes (Note 9).

The deposit has been tested for adequacy as at 31 December 2015 and found to be adequate.

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Statutory deposit		200,000	200,000	200,000	200,000
		200,000	200,000	200,000	200,000

33 Deposit for investment in equity shares

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Mutual Exploration and Production Limited		70,000	70,000	70,000	70,000
ICHL Nigeria Limited		-	320,000	-	320,000
Avanage Nigeria Limited		70,000	70,000	70,000	70,000
		140,000	460,000	140,000	460,000

33.1 Deposit for shares of ₦140 million were made in Avanage Nigeria Limited and Mutual Exploration and Production Limited. The deposit of ₦70 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 transferred by Mutual Benefits Assurance Plc during the year ended 31 December 2014. The shares are yet to be allotted as at 31 December 2015 except for that of ICHL Nigeria Limited, which was allotted during the year.

34 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).

		GROUP	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014
Mutual Microfinance Bank Limited		1,543	17,980
		1,543	17,980

35 Insurance contract liabilities

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Outstanding claims	35.1	929,365	1,128,683	888,367	1,124,245
Unearned premiums	35.2	1,187,440	701,591	955,744	524,044
		2,116,805	1,830,274	1,844,111	1,648,289
Current		2,116,805	1,830,274	1,844,111	1,648,289
Non-current		-	-	-	-
		2,116,805	1,830,274	1,844,111	1,648,289

35.1 Outstanding claims

Group life	35.1.1	597,472	840,546	577,308	840,546
Individual life	35.1.2	245,727	249,000	245,727	249,000
Annuity	35.1.3	65,332	34,699	65,332	34,699
Non-life	35.1.4	20,834	4,438	-	-
		929,365	1,128,683	888,367	1,124,245

35.1.1 *Group life*

Outstanding claims				
Claims reported by policyholders	325,748	543,969	239,784	543,969
Claims incurred but not reported (IBNR)	271,724	296,577	337,524	296,577
	597,472	840,546	577,308	840,546
Movement in Group life outstanding claims				
At 1 January	840,546	807,148	840,546	807,148
Claims incurred in the current year	1,203,806	886,724	1,025,789	767,791
Claims paid during the year	(1,446,880)	(853,326)	(1,289,027)	(734,393)
At 31 December	597,472	840,546	577,308	840,546
The aging analysis of Group life outstanding claims				
0 - 90	435,142	482,022	435,142	479,694
91 - 180	67,009	75,621	67,009	75,174
181 - 270	55,142	68,059	55,142	67,660
271 - 360	18,624	83,183	18,624	82,698
361 and above	21,555	131,661	1,391	135,320
	597,472	840,546	577,308	840,546

35.1 Outstanding claims - Continued

in thousands of Nigerian Naira	Notes	GROUP Dec-2015	GROUP Dec-2014	COMPANY Dec-2015	COMPANY Dec-2014
35.1.2 Individual life					
i *Outstanding claims*					
Claims reported by policyholders		-	-	-	-
Claims incurred but not reported (IBNR)		245,727	249,000	245,727	249,000
		245,727	249,000	245,727	249,000
ii *Movement in individual life outstanding claims*					
At 1 January		249,000	103,489	249,000	103,489
Claims incurred in the current year		73,344	145,511	73,344	145,511
Claims paid during the year		(76,617)	-	(76,617)	-
At 31 December		245,727	249,000	245,727	249,000
iii *The aging analysis of Group life outstanding claims*					
0 - 90		245,727	249,000	245,727	249,000
91 - 180		-	-	-	-
181 - 270		-	-	-	-
271 - 360		-	-	-	-
361 and above		-	-	-	-
		245,727	249,000	245,727	249,000
35.1.3 Annuity					
i *Movement in annuity*					
At 1 January		34,699	-	34,699	-
Claims incurred in the current year		36,155	34,699	36,155	34,699
Claims paid during the year		(5,522)	-	(5,522)	-
At 31 December		65,332	34,699	65,332	34,699
35.1.4 Non-life					
Movement in Non-life outstanding claims					
At 1 January		4,438	-		
Claims incurred in the current year		56,617	8,876		
Claims paid during the year		(40,221)	(4,438)		
At 31 December		20,834	4,438		

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

35.2 Unearned premiums

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Group life		1,107,830	701,591	955,744	524,044
Non-life		79,610	-	-	-
		1,187,440	701,591	955,744	524,044

i *The movement in unearned premium*

	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
At 1 January		701,591	793,539	524,044	793,539
Premiums written in the year	4.1	4,056,566	4,096,522	3,337,711	3,543,233
Premiums earned during the year	4	(3,570,717)	(4,188,470)	(2,906,011)	(3,812,728)
At 31 December		1,187,440	701,591	955,744	524,044

36 Investment contract liabilities

	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Group deposit administration	224,389	266,253	215,319	266,253
Individual deposit administration	23,993,192	20,591,718	23,993,191	20,581,019
	24,217,581	20,857,971	24,208,510	20,847,272
Current	9,742,373	8,827,046	9,742,373	8,827,046
Non-current	14,475,208	12,030,925	14,466,137	12,020,226
	24,217,581	20,857,971	24,208,510	20,847,272

The movement in deposit administration funds

	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Balance at the beginning of the year	20,857,971	14,927,699	20,847,272	14,927,699
Deposits received during the year	12,862,465	10,951,712	12,862,465	10,941,013
Guaranteed interest	1,122,476	626,337	1,122,476	626,337
Withdrawals during the year	(10,625,331)	(5,647,777)	(10,623,703)	(5,647,777)
Balance at the end of the year	24,217,581	20,857,971	24,208,510	20,847,272

The Company's prior year balance of ₦20,847,272,000 include ₦434,102,000 relating to investment contract liabilities previously reported within insurance contract liabilities.

37 Trade payables

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Reinsurance payables	37.1	24,777	19,996	17,980	10,632
Co-Insurance payables	37.2	-	61,326	-	61,326
		24,777	81,322	17,980	71,958
Current		24,777	81,322	2,211	44,074
Non-current		-	-	-	-
		24,777	81,322	17,980	71,958

37.1 The movement in reinsurance payables

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Balance at the beginning of the year		19,996	14,481	10,632	14,481
Addition during the year		71,208	84,062	78,556	74,698
Payments during the year		(66,427)	(78,547)	(71,208)	(78,547)
Balance at the end of the year		24,777	19,996	17,980	10,632

37.2 **The movement in co-insurance payables**

Balance, beginning of the year	61,326	58,798	61,326	58,798
Addition during the year	107,242	92,937	107,242	92,937
Payments during the year	(168,568)	(90,409)	(168,568)	(90,409)
	-	61,326	-	61,326

38 **Other liabilities**

Accruals	252,749	214,850	65,827	121,100
Rent received in advance	51,250	-	51,250	-
National Insurance Commission levy	73,141	56,352	73,141	56,352
Commission payable	76,454	86,153	59,209	86,153
PAYE	4,295	3,177	3,286	2,423
VAT payable	169,052	57,237	98,830	57,202
WHT payable	55,764	5,108	855	855
Staff pension	8,211	2,698	4,520	2,021
Industrial Training Fund	-	905	-	-
ATM working capital	25,935	16,469	-	-
Amount due to related party	162,829	-	162,829	-
Amount due to Directors	4,778	-	-	-
National Housing Fund	444	-	444	-
Cooperative deductions	3,671	3,786	2,910	3,051
Deposit for premium	437,676	314,284	437,676	314,283
Sundry creditors	141,909	406,475	101,625	232,041
Deposit for facility management	37,106	-	37,106	-
Premium refund	-	16,435	-	16,435
Deposit for properties by customers	23,809	1,706,253	23,809	1,481,879
	1,529,073	2,923,717	1,123,317	2,373,795
Current	1,529,073	2,923,717	1,123,317	2,373,795
Non-current	-	-	-	-
	1,529,073	2,923,717	1,123,317	2,373,795

39 **Deposit liabilities**

Current	206,115	202,164	-	-
Time	187,782	108,931	-	-
Savings	115,970	174,186	-	-
	509,867	485,281	-	-
Current	509,867	485,281	-	-
Non-current	-	-	-	-
	509,867	485,281	-	-

40 **Deposit for shares**

Deposit for shares of ₦2 billion was received from Mutual Benefits Assurance Plc (parent company). The deposit is in repect of 100,000,000 units of ordinary shares of Mutual Benefits Life Assurance Limited at ₦20 each. The shares are yet to be alloted as at the year end. However, subsequent to the year end, the Company obtained Certificate of Registration of Increase in Share Capital from Corporate Affairs Commission to accommodate the additional shares of 150,000,000 units of ordinary shares at ₦1 each and also registered the 100,000,000 shares allotted to the parent company.

41 **Current income tax liabilities**

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Balance, beginning of year		234,431	290,188	179,552	242,984
Current year charge:					
Company income tax		30,453	15,088	-	-
Education tax		441	-	-	-
Information technology tax		3,786	4,991	3,092	4,991
Minimum tax		14,078	16,782	14,078	16,782
Prior year over provision		-	(85,205)	-	(85,205)
	18.1	48,758	(48,344)	17,170	(63,432)
Payments during the year		(79,737)	(7,413)	(61,539)	-
Balance at the end of the year		203,452	234,431	135,183	179,552

42 **Deferred tax**

	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Deferred income tax asset	42.1	-	16,074	-	16,074
Deferred tax liabilities	42.2	(415,136)	(425,120)	(54,260)	(42,918)
Net deferred tax liabilities		(415,136)	(409,046)	(54,260)	(26,844)

42.1 *Movement in Deferred income tax asset*

	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Balance at the beginning of the year		16,074	16,074	16,074	16,074
Charge in profit or loss for the year	18	(16,074)	-	(16,074)	-
Balance at the end of the year		-	16,074	-	16,074

42 **Deferred tax - Continued**

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
42.2 *Movement in Deferred tax liabilities*					
Balance at the beginning of the year		425,120	126,540	42,918	20,221
(Credit)/charge in profit or loss for the year	18	(9,984)	298,580	11,342	22,697
Balance at the end of the year		415,136	425,120	54,260	42,918
Deferred tax liability is attributable to the following:					
Property, plant and equipment		120,047	145,196	19,898	20,221
Investment properties		295,089	279,924	34,362	22,697
		415,136	425,120	54,260	42,918

Unrecognised deferred tax assets

Deferred tax assets relating to the Company's life business have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the life business can use the benefits therefrom.

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Property and equipment		175,250	126,668	175,250	126,668
Tax losses		1,624,100	1,783,607	1,624,100	1,783,607
Balance, end of year		1,799,349	1,910,275	1,799,349	1,910,275

43 **Share capital**

Share capital comprises:

43.1 *Authorized:*					
150,000,000 (2014: 150,000,000) Ordinary shares of ₦1.00 each		150,000	150,000	150,000	150,000
43.2 *Issued and fully paid:*					
150,000,000 (2014:150,000,000) Ordinary shares of ₦1.00 each		150,000	150,000	150,000	150,000

There was no movement in share capital account during the year. However, subsequent to year end the authorised ordinary shares were increased to 300,000 000 ordinary shares at ₦1.00 each. The issued and fully paid ordinary shares were also increased to 250,000,000 as a result of the ₦2 billion capital injected into the Company by the Mutual Benefits Assurance Plc (parent company) for 100,000,000 units of ordinary shares at ₦20 each.

44 Share premium

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
		1,850,000	1,850,000	1,850,000	1,850,000

Share premium comprises additional paid-in capital in excess of the par value. This reserve is not ordinarily available for distribution. However, subsequent to year end the issued and fully paid ordinary shares increased to 250,000,000 as a result of the ₦2 billion capital injected into the Company by the Mutual Benefits Assurance Plc (parent company) for 100,000,000 units of ordinary shares at ₦20 each with par value of ₦1, the excess of ₦19 per share gives rise to increase of ₦1.9 billion in share premium.

45 Foreign currency translation reserve

This comprises exchange differences resulting from the translation to Naira of the results and financial position of Group companies that have a functional currency other than Naira. Mutual Benefits Liberia Company Limited and Mutual Benefits Niger Republic SA have functional currencies other than Naira.

46 Contingency reserve

In compliance with Section 22(1) (b) of Insurance Act 2003, the contingency reserve for life insurance business is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reached the amount of minimum paid up capital.

in thousands of Nigerian Naira	GROUP 31 Dec-2015	GROUP 31 Dec-2014	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Balance, beginning of the year	276,753	219,845	276,753	219,845
Transfer from retained earnings	33,377	56,908	33,377	56,908
Balance, end of year	310,130	276,753	310,130	276,753

47 Retained earnings

The retained earnings represents the amount available for dividend distribution to the equity shareholders of the Company. See statement of changes in equity for movement in retained earnings.

48 Non-controlling interests in equity

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2015	GROUP 31 Dec-2014
Opening balance		91,694	33,433
Changes in equity		12,738	41,801
Transfer from total compherensive income		22,722	16,460
Balance as at year end		127,154	91,694
The entity accounting for non-controlling interest is shown below			
Mutual Benefits Assurance Company Limited Liberia		30,242	48,274
Mutual Microfinance Bank Limited		59,558	43,420
Mutual Benefits Niger Republic		27,213	-
		127,154	91,694

49 Reconciliation of profit before income tax to cash flows provided by operating activities:

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Profit before income tax		149,745	2,887,279	151,832	505,658
Adjustments for non-cash items:					
Reversal of impairment charge on loans and receivables	12	-	(1,293)	(160,702)	-
Impairment charge on loans and receivables	13	25,895	-	-	-
Impairment of investment in subsidiairies	13	-	-	-	43,457
Depreciation of property, plant and equipment (PPE)	31	301,084	322,202	163,016	161,115
Amortisation of intangible assets	30	19,023	6,564	4,105	5,620
(Gain)/loss on disposal of PPE	11/15	(79,729)	3,203	-	96
Fair value gain on investment properties	28	(151,651)	(2,619,840)	(116,651)	(47,574)
Cash flow from operating activity before changes in operating assets		264,367	598,115	41,600	668,372
Changes in operating assets and liabilities					
Trade receivables		(100,862)	(34,692)	-	8,380
Reinsurance assets		137,097	(170,724)	141,732	(170,724)
Other receivables and prepayments		(1,352,570)	(639,353)	(178,742)	928,089
Deferred acquisition cost		(9,502)	15,042	(9,502)	15,042
Finance lease receivables		31,041	60,487	89,213	60,401
Loans and receivables		(2,004,240)	(230,292)	(1,768,525)	(3,408,765)
Provision for unearned premium		485,849	(91,948)	431,700	(269,495)
Inventories		1,471,304	610,056	-	-
Provision for outstanding claims		(199,318)	218,046	(235,878)	647,710
Investment contract liabilities		3,359,610	5,930,272	3,361,238	5,485,491
Trade payables		(56,545)	8,043	(53,978)	(1,321)
Other payables		(1,394,644)	835,718	(1,250,478)	1,739,161
Deposit liabilities		24,586	207,912	-	-
Income tax paid		(79,737)	(7,413)	(61,539)	-
Net cash flow from operating activities		576,435	7,309,269	506,841	5,702,341

50 **Supplementary statement of profit or loss information**

i 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:

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
₦220,001 - ₦720,000		30	44	30	44
₦720,001 - ₦1,400,000		78	132	58	45
₦1,400,001 - ₦2,050,000		46	40	23	28
₦2,050,001 - ₦2,330,000		28	4	10	4
₦2,330,001 - ₦2,840,000		12	10	5	5
₦2,840,001 - ₦3,000,000		1	1	-	1
₦3,000,001 - ₦4,500,000		24	8	18	5
₦4,500,001 - ₦5,950,000		11	11	2	7
₦5,950,001 - ₦6,800,000		9	7	-	3
₦6,800,001 - ₦7,800,000		16	1	7	1
₦7,800,001 - ₦8,600,000		3	3	2	3
₦8,600,001 - ₦11,800,000		5	2	5	2
Above ₦11,800,000		5	2	5	2
Balance, end of year		268	265	165	150

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

		GROUP		COMPANY	
	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Executive Directors		1	1	1	1
Management staff		53	56	43	36
Non management staff		215	209	122	114
		269	266	166	151

ii **Directors' remuneration:**

Remuneration paid to the directors of the Company was as follows:

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Executive compensation		155,609	195,380	120,033	148,620
Directors fees		10,100	8,050	7,100	4,000
Other directors expenses		(10,100)	(8,050)	(7,100)	(4,000)
		155,609	195,380	120,033	148,620

50 **Supplementary statement of profit or loss information - Continued**

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

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Chairman		31,150	30,000	30,000	30,000
Highest paid director		29,850	27,740	28,250	27,740

The emoluments of all other directors fell within the following range:

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
N500,000- N1,000,000		-	-	-	-
Above N2,000,000		4	4	4	4
		4	4	4	4

51 **Related parties**

Parent
Mutual Benefits Assurance Plc (incorporated in Nigeria) is the ultimate parent of the group.

Subsidiaries
Transactions between Mutual Benefits Life Assurance Limited and the subsidiaries also meet the definition of related party transactions. Where such transactions are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

Transactions with key management personnel

The Group's key management personnel, and persons connected with them are considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Mutual Benefits Life Assurance Limited.

The volume of related party transactions, outstanding balances at the period end, and related expense and income for the period are as follows:

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2015	31 Dec-2014	31 Dec-2015	31 Dec-2014
Key management compensation					
Salaries and other short-term benefits		29,850	27,740	28,250	27,740
Directors fees		10,100	8,050	7,100	4,000
Defined contribution pension		1,805	630	1,805	630
Other directors expenses		113,854	158,960	82,878	116,250
		155,609	195,380	120,033	148,620

51 Related parties - Continued

Transactions with key management personnel

in thousands of Nigerian Naira	Notes	GROUP Dec-2015	GROUP Dec-2014	COMPANY Dec-2015	COMPANY Dec-2014
Loans and advances to Directors					
Balance at 1 January		-	-	-	-
Granted during the year		95,000	-	95,000	-
Repayment		(6,582)	-	(6,582)	-
At 31 December		88,418	-	88,418	-
Interest earned		6,617		6,617	

Loans to key management personnel include mortgage loans which are given under terms that are no more favourable than those given to other staff. Mortgage loans amounting to ₦95,000,000 (2014: Nil) are secured by the underlying assets. All other loans are unsecured.

No impairment allowance has been recognised in respect of loans given to key management personnel (2014:Nil).

Loans and advances to subsidiaries	Notes	₦'000	₦'000
Mutual Homes and Properties Limited	21.2.3	1,303,978	2,656,960

in thousands of Nigerian Naira	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Granted during the year	237,500	453,415
Repayment	(1,884,213)	(4,500,000)
Interest earned	133,029	315,886

During the year, the Group carried out transactions with some entities related to it. Details of these transactions and outstanding balances are stated below:

Name of related party *in thousands of Nigerian Naira*	Nature of relationship	Types of transaction	COMPANY 31 Dec-2015	COMPANY 31 Dec-2014
Receivables				
Mutual Homes & Properties Ltd	Subsidiary	Loans	1,303,978	2,656,960
Mutual Benefits Assurance Plc	Parent	Intercompany	-	3,397
Mutual Benefits Microfinance Bank Ltd	Subsidiary	Current account	18,150	14,938
Mutual Benefits Microfinance Bank Ltd	Subsidiary	Fixed deposit	237,343	106,054
Payable				
Mutual Benefits Assurance Plc	Parent	Intercompany	162,829	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

52 **Contingent liabilities**

Litigation and claims

The Company is presently involved in four litigations with estimated claims of ₦971,000 (2014: Nil). In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at 31 December 2015.

ii *Capital commitments*

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the Company's state of financial affairs have been taken into account in the preparation of these financial statements.

53 **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:

in thousands of Nigerian Naira	**Number of infractions**	**Penalty**
Late submission of third quarter 2014 statutory returns	1	100
Penalty for non submission of personnel returns and unremitted premium report	1	370

54 **Event after the reporting date**

Subsequent to year end the authorised ordinary shares were increased to 300,000 000 ordinary shares at ₦1.00 each. The issued and fully paid ordinary shares were also increased to 250,000,000 as a result of the ₦2 billion capital injected into the Company by the Mutual Benefits Assurance Plc (parent company) for 100,000,000 units of ordinary shares at ₦20 each.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

APPENDIX 1 (FIVE-YEAR FINANCIAL SUMMARY)

Group - Statement of financial position

in thousands of Nigerian Naira	31 Dec-2015	31 Dec-2014	31 Dec-2013	31 Dec-2012	31 Dec-2011
ASSETS					
Cash and cash equivalents	9,904,869	8,000,844	2,545,132	700,779	1,158,490
Financial assets:					
Available-for-sale investment securities	1,113,036	505,400	-	-	-
Loans and receivables	10,619,430	8,545,925	8,470,687	6,639,344	2,506,116
Trade receivables	143,934	43,072	8,380	47,817	-
Reinsurance assets	190,411	327,508	156,784	1,930,249	497,405
Other receivables	649,978	742,408	2,644,581	1,381,526	1,237,560
Deferred acquisition costs	60,811	51,309	66,351	38,126	322
Finance lease receivables	376,138	407,179	467,666	552,924	968,105
Inventories	1,533,164	3,004,468	3,614,524	4,599,587	3,287,413
Investments properties	8,675,665	6,937,764	1,846,398	-	-
Investment in associates	-	-	-	-	212,050
Intangible assets	32,342	11,577	14,486	21,647	26,238
Property, plant and equipment	813,166	849,375	416,592	496,834	402,330
Statutory deposit	200,000	200,000	200,000	200,000	200,000
Deposit for shares	140,000	460,000	-	-	-
Deferred tax assets	-	16,074	16,074	16,074	-
Goodwill	1,543	17,980	4,273	4,273	42,942
Total assets	34,454,487	30,120,883	20,471,928	16,629,180	10,538,971
LIABILITIES					
Insurance contract liabilities	2,116,805	1,830,274	1,740,176	3,497,696	1,362,043
Investment contract liabilities	24,217,581	20,857,971	14,927,699	10,669,509	7,319,788
Trade payables	24,777	81,322	73,279	34,367	56,507
Other liabilities	1,529,073	2,923,717	2,051,999	874,981	344,783
Deposit liabilities	509,867	485,281	277,369	197,688	89,017
Borrowings	-	-	603,192	317,610	253,129
Current income tax liabilities	203,452	234,431	191,199	156,468	97,123
Deferred tax liabilities	415,136	425,120	137,592	81,986	63,202
Total liabilities	31,016,691	26,838,116	20,002,505	15,830,305	9,585,592
EQUITY					
Share capital	150,000	150,000	150,000	150,000	150,000
Share premium	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000
Foreign currency transalation reserve	184,491	127,775	-	-	135
Contingency reserve	310,130	276,753	219,845	444,938	167,495
Retained earnings/(accummulated losses)	816,021	786,545	(1,783,855)	(1,676,069)	(1,237,950)
Shareholders's fund	3,310,642	3,191,073	435,990	768,869	929,680
Owners of the parent	3,310,642	3,191,073	435,990	768,869	929,680
Non-controlling interests in equity	127,154	91,694	33,433	30,006	23,699
Total equity	3,437,796	3,282,767	469,423	798,875	953,379
Total liabilities and equity	34,454,487	30,120,883	20,471,928	16,629,180	10,538,971

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

APPENDIX 1 (FIVE-YEAR FINANCIAL SUMMARY)

Company

in thousands of Nigerian Naira	31 Dec-2015	31 Dec-2014	31 Dec-2013	31 Dec-2012	31 Dec-2011
ASSETS					
Cash and cash equivalents	9,410,464	7,573,638	2,437,248	664,296	1,049,631
Financial assets:					
Available-for-sale investment securities	609,036	-	12,007,347	-	-
Loans and receivables	11,034,276	10,585,049	8,380	11,132,895	7,108,406
Trade receivables	-	-	-	47,817	-
Reinsurance assets	185,776	327,508	156,784	1,930,249	497,405
Other receivables	534,055	314,349	2,621,630	1,884,484	954,306
Deferred acquisition costs	60,811	51,309	66,351	38,126	322
Finance lease receivables	317,930	407,143	467,544	552,802	967,743
Investment properties	8,675,665	6,937,764	1,846,398	-	-
Investments in subsidiaries	896,981	896,981	175,038	181,331	220,000
Investments in associates	-	-	-	-	202,713
Intangible assets	5,870	8,809	10,774	15,918	19,192
Property, plant and equipment	533,493	498,910	167,825	102,163	84,124
Statutory deposit	200,000	200,000	200,000	200,000	200,000
Deposit for shares	140,000	460,000	-	-	-
Deferred tax assets	-	16,074	16,074	16,074	-
Total assets	32,604,357	28,277,534	20,181,393	16,766,155	11,303,842
LIABILITIES					
Insurance contract liabilities	1,844,111	1,648,289	1,704,176	3,497,696	1,362,043
Investment contract liabilities	24,208,510	20,847,272	14,927,699	10,669,509	7,319,788
Trade payables	17,980	71,958	73,279	34,367	56,507
Other liabilities	1,123,317	2,373,795	719,839	235,746	95,377
Deposit for shares	2,000,000	-	-	-	-
Current income tax liabilities	135,183	179,552	157,779	127,431	99,879
Deferred tax liabilities	54,260	42,918	31,264	12,339	12,339
Total liabilities	29,383,361	25,163,784	17,614,036	14,577,088	8,945,933
EQUITY					
Share capital	150,000	150,000	150,000	150,000	150,000
Treasury shares	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000
Contingency reserve	310,130	276,753	219,845	444,938	167,495
Retained earnings/(accummulated losses)	910,866	836,997	347,512	(255,871)	196,414
Total equity	3,220,996	3,113,750	2,567,357	2,189,067	2,363,909
Total liabilities and equity	32,604,357	28,277,534	20,181,393	16,766,155	11,309,842

APPENDIX 1 (FIVE-YEAR FINANCIAL SUMMARY)

Company - Statement of profit or loss

in thousands of Nigerian Naira	2015	2014	2013	2012	2011
Gross premium written	3,337,711	3,543,233	2,534,143	2,700,936	971,831
Premium earned	2,906,011	3,812,728	2,179,345	2,675,919	821,603
Profit/(loss) before income tax	151,832	505,658	126,693	(154,792)	617,711
Income tax expense/(benefits)	(44,586)	40,735	(49,273)	(20,050)	(90,547)
Profit/(loss) after income tax	107,246	546,393	77,420	(174,842)	527,164
Transfer to contingency reserve	(33,377)	(56,908)	(25,341)	(277,443)	(97,183)
Earnings per share- Basic (kobo)	71	364	52	(117)	351
Earnings per share- Diluted (kobo)	43	364	52	(117)	351

APPENDIX 2 (STATEMENT OF VALUE ADDED)

	GROUP				PARENT			
in thousands of Nigerian Naira	2015	%	2014	%	2015	%	2014	%
Gross premium written	4,056,566		4,096,522		3,337,711		3,543,233	
Net benefits and claims	(1,250,060)		(1,107,133)		(1,051,985)		(979,324)	
Premiums ceded to reinsurers	(106,777)		(122,337)		(95,286)		(110,262)	
Other (charges)/income	(1,680,296)		436,767		(1,516,620)		(1,762,618)	
Fees and commission income	23,053		19,770		21,767		19,770	
	1,042,486		3,323,589		695,587		710,799	
Investment income	124,879		395,838		234,633		412,752	
Value added	1,167,365	100	3,719,427	100	930,220	100	1,123,551	100
Applied to pay:								
Employee benefits	984,243	84%	775,240	21%	745,011	80%	560,985	50%
Government as tax	54,848	5%	250,236	7%	44,586	5%	(40,735)	-4%
Retained in the business:								
Contingency reserve	33,377	3%	56,908	2%	33,377	4%	56,908	5%
Retained profit for the year	75,591	6%	2,627,308	71%	107,246	12%	546,393	49%
Non-controlling interests	19,306	2%	9,735	0%	-	0%	-	0%
Value added	1,167,365	100%	3,719,427	100%	930,220	100%	1,123,551	100%

Value added statement represents the wealth created by the efforts of the Group and its employees' efforts based on ordinary activities and the allocation of that wealth being created between employees, shareholders, government and that retained for the future creation of more wealth.