MUTUAL BENEFITS LIFE ASSURANCE LIMITED

Lagos, Nigeria

REPORT OF THE DIRECTORS
AND
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

REPORT OF THE DIRECTORS

CONTENTS

CORPORATE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2017

Chairman	**Mr. Babatunde Dabiri**	**Non-Executive Director**
Directors	**Mr. Femi Asenuga**	**Managing Director**
	Mr. Olusegun Omosehin	**Non-Executive Director**
	Ms. Kadaria Ahmed	**Non-Executive Director (appointed W.E.F 1 July 2017)**
	Mr. Soye Olatunji	**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 Safetrust Mortgage Bank Limited United Bank for Africa**	
Actuaries	**Zamara Consulting Actuaries Nigeria Limited FRC/2017/NAS/00000016912**	
RC No.	**681998**	

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	GROUP			COMPANY		
in thousands of Nigerian Naira	2017	2016	%	2017	2016	%
STATEMENT OF PROFIT OR LOSS **For the year ended**						
Gross premium written	6,738,905	5,556,764	21%	4,963,517	4,351,455	14%
Gross premium income	6,366,687	5,321,790	20%	4,637,470	4,123,068	12%
Net premium income	5,527,320	5,126,156	8%	3,876,107	3,949,887	-2%
Net underwriting income	5,694,716	5,244,197	9%	4,042,216	4,066,641	-1%
Underwriting profit	1,158,442	1,315,942	-12%	340,238	787,093	-57%
Profit before income tax	486,006	186,386	161%	346,807	156,861	121%
Profit after income tax	417,237	50,346	729%	314,857	70,094	349%
Basic and diluted earnings per share (kobo)	172	18		126	28	

in thousands of Nigerian Naira	2017	2016	%	2017	2016	%
STATEMENT OF FINANCIAL POSITION **As at 31 December**						
Total assets	43,126,702	38,973,403	11%	39,852,204	36,176,763	10%
Insurance contract liabilities	5,946,484	3,579,141	66%	5,156,574	3,210,013	61%
Investment contract liabilities	26,564,221	25,956,771	2%	26,551,455	25,944,127	2%
Shareholders' fund	6,633,888	6,078,419	9%	5,605,947	5,291,090	6%

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2017

The Board has the pleasure of presenting their report on the affairs of the Mutual Benefits Life Assurance Limited ("the Company ") and its subsidiaries to the Shareholders together with 'the Group' Audited Financial Statements and the auditors report for the year ended 31 December 2017.

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, Warri, Lagos, Benin, Calabar, Ikorodu, Ilorin, Ibadan, Kaduna, Kano, Ojo, Oshogbo, Otta, Owerri and Yenogoa.

BUSINESS REVIEW

The Company's principal activity continues to be the provision of life insurance business and risk management solutions to corporate and retail customers. The activities of the Company through its subsidiaries includes General Assurance and Microfinance Banking.

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

MUTUAL Group's products and services are as follows:

LIFE INSURANCE PRODUCTS

Insurance of Person
Personal Insurance
Personal Accident
Group Personal Accident
Individual Savings & Pension Plan
Personal Pension & Investment Plan
Mutual Education Guarantee Plan
Keyman Assurance
Mortgage Protection
Group Life Assurance
Term Assurance
Greenshield-24Hr. Accident Cover
Greenshield-Life
Retail Marketing Products
Mutual Group Investment Protection Plan
Endowment Assurance
Micro Personal Investment Plan

OPERATING RESULTS

Below is a summary of the Group's operating results:

	Group	Group		Company	Company
in thousands of Nigerian Naira	2017	2016		2017	2016
Gross Premium Written	6,738,905	5,556,764		4,963,517	4,351,455
Profit before income tax	486,006	186,386		346,807	156,861
Income tax expense	(68,769)	(136,040)		(31,950)	(86,767)
Profit after income tax	417,237	50,346		314,857	70,094
Shareholders' funds	6,633,888	6,078,419		5,605,947	5,291,090

DIVIDENDS

The Board of Directors have not recommended any dividend for the year (2016: Nil).

DIRECTORS

The names of the Directors at the date of the report and of those who held offices during the year are as follows:

Mr. Babatunde Dabiri	Chairman
Mr. Femi Asenuga	Managing Director
Mr. Olusegun Omosehin	Non-Executive Director
Ms. Kadaria Ahmed	Non-Executive Director (appointed W.E.F 1 July 2017)
Mr. Soye Olatunji	Non-Executive Director

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.

None of the Directors has direct or indirect interests in the issue share capital of the Company.

ACQUISITION OF OWN SHARES

The Company did not purchase its own share in the 2017 (2016: Nil).

SECURITY TRADING POLICY

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.

APPOINTMENT OF DIRECTORS

Ms. Kadaria Ahmed was appointed to the Board as Non-Executive Director with effect from 1 July 2017.

REPORT OF THE DIRECTORS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS' INTEREST IN CONTRACTS

In compliance with Section 277 of the Companies and Allied Matters Act of Nigeria CAP C20 laws of the Federation 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 property, plant and equipment 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.	Paid monthly during the financial year
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

*Applicable to Non-Executive Directors

DONATIONS AND CHARITABLE GIFTS

In identifying with the aspirations of the community and the environment within which the Company operates, a total sum of ₦652,000 (December 2016: ₦878,000) was given out as donations and charitable contributions during the year.

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

Organisations:		2017	2016
		₦	₦
Nigerian Baptist Convention		-	378,000
Nigerian Insurance Conference		-	500,000
Baptist Mission School		100,000	-
Nigerian Baptist Convention Seminary		200,000	-
Chartered Insurance Institute of Nigeria		252,000	-
Insurers Committee Activities		100,000	
TOTAL		652,000	878,000

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

REPORT OF THE DIRECTORS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2017

BENEFICIAL OWNERSHIP

The following shareholders held 5% or more of the issued and paid up shares of the Company as at 31 December 2017:

Name of Holder	No. of Shares	Percentage of ₦1.00 Each Shareholding.
Mutual Benefits Assurance Plc	249,000,000	99.60

EVENT AFTER THE REPORTING DATE

As disclosed in Note 54 to the consolidated and separate financial statements, there are no significant events after the reporting date which could have had material effect on the state of affairs of the Company as at 31 December 2017, and its profit or loss and other comprehensive income for the year then ended.

EMPLOYMENT AND HUMAN RESOURCES (HR) MATTERS

(i) Employee Involvement and Training

The Company recognises that the acquisition of knowledge is continuous, and that to foster commitment, its employees need to be become aware 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		90	54	63%	37%
Gender analysis of Board and Top Management is as follows:					
Board		4	1	80%	20%
Top Management		6	1	86%	14%

Gender Analysis

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

		Male Number	Female Number	Male %	Female %
Controller		3	1	75%	25%
Assistant General Manager		1	-	100	-
Deputy General Manager		2	-	100	-
Chief Executive Officer		1	-	100	-
Non-Executive Director		3	1	75%	25%

(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.

EMPLOYMENT AND HUMAN RESOURCES (HR) MATTERS - Continued

(iii). Employee Health Safety and Welfare

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, free medical services are provided for the Company's employees through clinics on retainership with the company. The clinics, which are manned by professionals who are specialists in different medical lines, offer first class medical services to the employees. Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises. It also operates a contributory pension plan in line with the Pension Reform Act 2014.

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

AUDITORS

The Auditors, Messrs. Ernst & Young indicated their willingness to continue in office in compliance with NAICOM Corporate Governance regulation. Messrs. Ernst & Young were appointed as Auditor of the Company in compliance with section 357(1) of the Companies and Allied Matters Act of Nigeria, CAP C20 laws of the Federation of Nigeria.

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 National Insurance Commission (NAICOM) as required by regulation.

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

By order of the Board

Jide Ibitayo
Company Secretary

FRC/2013/NBA/00000003123
Aret Adams House
233 Ikorodu Road
Ilupeju
Lagos

Date:

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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 people 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 DIRECTORS' ATTENDANCE

In accordance with Section 258(2) of the Companies and Allied Matters Acts CAP 20, Laws of the Federation of Nigeria 2004, the record of Director's attendance and meetings held during year 2017 is available for inspection at the Annual General Meeting. The meetings of the Board were presided over by the Chairman and the Board met five 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.

(a) RECORD OF DIRECTORS' ATTENDANCE

DIRECTORS	18/1/17	20/3/17	3/5/2017	27/7/17	27/10/17	TOTAL
Mr. Babatunde Dabiri	ü	ü	ü	ü	ü	5
Mr. Femi Asenuga	ü	ü	ü	ü	ü	5
Mr. Olusegun Omosehin	ü	ü	ü	ü	ü	5
Ms. Kadaria Ahmed	na	na	na	ü	ü	2
Mr. Soye Olatunji	ü	ü	ü	ü	ü	5

(b) COMMITTEES

The Board performed its functions through a total of four 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 Ms. Kadaria Ahmed.

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		17/01/17	21/3/17	24/7/17	24/10/17	TOTAL
Mr. Soye Olatunji		ü	ü	ü	ü	4
Mr. Olusegun Omosehin		ü	ü	ü	ü	4
Ms. Kadaria Ahmed		na	na	ü	ü	2

ii Finance And General Purposes Committee

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

The Committee met three (3) 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 Segun Omosehin Chaired the Committee during the year under review. The records of attendance at the meetings are as follows:

MEMBERS			24/3/17	25/7/17	23/10/17	TOTAL
Mr. Olusegun Omosehin			ü	ü	ü	3
Mr. Soye Olatunji			ü	ü	ü	3
Ms. Kadaria Ahmed			na	ü	ü	2

iii. Establishment/Governance Committee

The Establishment/Governance Committee comprises three members: Mr Soye Olatunji, Mr Segun Omosehin and Ms Kadaria Ahmed.

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				17/1/17	17/7/17	TOTAL
Mr. Soye Olatunji				ü	ü	2
Mr. Olusegun Omosehin				ü	ü	2
Ms. Kadaria Ahmed				na	ü	1

iv. Technical/Risk Management Committee

The Technical/Risk Management Committee met three 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			14/2/17	9/3/2017	12/7/2017	TOTAL
Mr. Olusegun Omosehin			ü	ü	ü	3
Mr. Soye Olatunji			ü	ü	ü	3
Mr. Femi Asenuga			ü	ü	ü	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 all times comply with all government regulations and uphold best international practice.
- The Company will build an enduring risk culture, which shall pervade the entire organisation.
- The Company will at all times hold a balanced portfolio and adhere to guidelines on investment issued by regulator and Finance and General Purpose Committee of the Company.
- The Company will ensure that there is adequate reinsurance in place for 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.

(C) Enterprise Risk Management - Continued

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 auditors**
- **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 functions 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 AUDIT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2017

To the members of Mutual Benefits Life Assurance Limited

In accordance with International Financial Reporting Standards, the relevant 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 Assurance Plc. 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 that the scope and planning of both the external and internal audits for the year ended 31 December 2017 were satisfactory and reinforce the Company's Internal Control Systems.**

- **We confirm that the accounting and reporting policies of the Group are in accordance with legal requirements and agreed ethical practices.**

- **We are satisfied with the Management's responses to the external auditor's recommendations on accounting and internal control matters and with the effectiveness of the Company's system of accounting and Internal Control.**

- **We acknowledge the co-operation of Management and staff in the conduct of statutory responsibilities.**

Soye Olatunji
Chairman, Audit Committee
FRC/2013/ICAN/00000004720

Members of the Statutory Audit Committee are:

1. **Soye Olatunji**
2. **Olusegun Omosehin**
3. **Kadaria Ahmed**

Secretary to the Committee

Babajide Ibitayo

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 and other comprehensive income. 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, the relevant 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, the relevant 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 and other comprehensive income. 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.

Mr. Olusegun Omosehin	**Femi Asenuga**
Director	**Managing Director/CEO**
FRC/2013/CIIN/00000003103	**FRC/2013/CIIN/000000003104**
Date:	**Date:**

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MUTUAL BENEFITS LIFE ASSURANCE LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Mutual Benefits Life Assurance Limited ("the Company") and its subsidiaries (the Group), which comprise the consolidated and separate statements of financial position as at 31 December 2017, and the consolidated and separate statements of profit or loss, the consolidated and separate statements of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements of Mutual Benefits Life Assurance Limited and its subsidiaries present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2017 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Stardard Board (IASB) and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of Mutual Benefits Life Assurance Limited and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Mutual Benefits Life Assurance Limited and its subsidiaries. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
The Company has insurance contract liabilities (outstanding claims) of ₦3.6 billion (2016: ₦2 billion) as at 31 December 2017 representing 10% (2016: 6.2%) of the Group's total liabilities. The valuation of these liabilities is highly judgmental as it requires a number of assumptions to be made with high estimation uncertainity such as future outcomes of claims, including primarily the timing and ultimate full settlement of long term policy liabilities. It requires economic assumptions such as investment return and interest rates and non-economic actuarial assumptions such as mortality, morbility and customer behavior. The complexity of the valuation models may give rise to errors as a result of inadequate/incomplete date or inadequate design or application of the models. Due to its significance and the complexity of the related estimation and judgements, this is considered to be a key audit matter. The accounting policies and details relating to the insurance contract liabilities are disclosed in Notes 2.26 and 35 to the consolidated and separate financial statements, respectively.	Consistent with the insurance industry practice, the Company engaged the actuary to test the adequacy of the insurance contract valuation as at year end. With the assistance of our actuarial specialists, we performed the following audit procedures on the Company's actuarial reports: i. We considered the appropriateness of the assumptions used in the valuation of the insurance contracts by reference to the Company's and industry's data and expectations of investment returns, future longevity and expense developments. ii. We considered the appropriateness of the non-economic assumptions used in the valuation of the insurance contracts in relation to lapse or extension assumptions by reference to Company specific and industry data. i. We reviewed and documented management's process for estimating life policy benefits. ii. We assessed the design and tested the operating effectiveness of internal controls over the integrity of underwriting and claims data in the system as well as over the reserving and claims processes. iii. We performed file reviews of specific underwriting contracts in order to maximize our understanding of the book of business and validate initial loss estimates. iv. We performed subsequent year claim payments to confirm the reasonableness of the initial loss estimates.

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

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Report of the Audit Committee, Financial Highlights, Statement of Value Added and Five-year Financial Summary as required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and the Certification Pursuat to Section 60 (2) of the Investment and Securities Act No 29 of 2007 and the National Insurance Commission (NAICOM). The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated and separate 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 consolidated and seperate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

* Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Auditors' Responsibilities for the Audit of the Consolidate and Separate Financial Statements - Continued

*** Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.**

*** We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.**

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 and Section 28(2) of the Insurance Act 2003, 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 and the Group's consolidated and separate statements of financial position, profit or loss and other comprehensive income are in agreement with the books of account;**
- **iv** **in our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and Section 28(2) of the Insurance Act 2003 so as to give a true and fair view of the state of affairs and financial performance.**

Penalty

The Company incurred penalty in respect of contravention of the requirement of certain section of the National Insurance Commission's Operational Guideline 2015 during the financial year. The details of the contravention and penalty is disclosed in Note 53 of the consolidated and separate financial statements.

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

For: Ernst & Young
Lagos, Nigeria

Date:

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

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 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, Lagos.

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

The principal activities of the subsidiaries and information of the Group's structure are disclosed in Note 29. Information on other related party relationships of the Group is provided in Note 51.

The consolidated and separate financial statements of the Company and its subsidiaries were authorised for issue by the Board of Directors on 22 February 2018.

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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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.

(a) Basis of measurement

These consolidated and separate financial statements have been prepared on the historical cost basis except for investment properties.

(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 2.36.

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 consolidated financial statements comprise the financial statements of the Group and its investees that are considered subsidiaries as at 31 December 2017. Subsidiaries are investees that the Group has control over. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

(a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

2.3.1 Basis of Consolidation – Continued

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee
(b) Rights arising from other contractual arrangements
(c) The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of 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 when the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction (transactions with owners).

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3.2 Product classification

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial risk, but not significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price 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.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

2.3.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree. For each business combination, the Group has an option to measure any NCIs in the acquiree at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. The Group has measured the NCIs at its proportionate share of the net assets acquired.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. No reclassification of insurance contracts is required as part of the accounting for the business combination. Thus, insurance contracts are classified on the basis of the contractual terms and other factors at the inception of the contract or modification date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration will be recognised at fair value at the acquisition date. Subsequent measurement takes place at fair value with changes in fair value recognised in 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 this consideration is lower than the fair value of the net assets of the subsidiary acquired, 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 purposes of impairment testing, goodwill acquired in a business combination is allocated to an appropriate cash-generating unit (CGU) that is 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 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 of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.3.4 Foreign currency translation

The Group's consolidated financial statements are presented in Naira which is also the parent Company's Functional currency. Each company in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

2.3.4.1 Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their functional currency spot rate prevailing at the date the transaction first qualify for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss with the exception of differences on foreign monetary items that form part of a net investment in a foreign operation. These are recognised in OCI until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on these monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated.

2.3.4.2 Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Naira at the rate of exchange prevailing at the reporting date and their statement of profit or loss is translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange at the reporting date.

2.3.5 Segment information

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments, as follows:

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 assurance business, real estate and microfinance banking. Significant geographical regions have been identified as the secondary basis of reporting, which are Nigeria, Niger and Liberia as disclosed Note 3.6.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. No inter-segment transactions occurred in 2017 and 2016.

2.3.6 Revenue recognition

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

2.3.6.1 Gross premiums

Gross recurring premiums on life and investment contracts are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the reporting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as noclaim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

2.3.6.2 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.

2.3.6.3 Reinsurance premiums

Gross outward reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Gross general reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into in the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums ceded 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 premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.

2.3.6.4 Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

2.3.6.5 Investment income

Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognised as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established and Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms

2.3.6.7 Finance income

Interest income arising from the micro finance banking services offered by the Group and is recognized in the profit or loss as it accrues and is calculated by using the effective interest rate method.

2.3.6.8 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.

2.3.7 Benefits, claims and expenses recognition

2.3.7.1 Gross benefits and claims

Gross benefits and claims for life insurance contracts and for investment contracts with DPF include 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. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

General insurance and health claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

2.3.7.2 Reinsurance claims

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

2.3.7.3 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.

2.3.7.4 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.

2.3.7.5 Finance costs

Interest paid is recognised in the statement of profit or loss as it accrues and is calculated by using the EIR method. Accrued interest is included within the carrying value of the interest bearing loans and borrowings.

2.3.8 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less from origination, which are subject to an insignificant risk of changes in value and not subject to any encumbrances.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group's cash management.

2.3.9 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.3.9.1 Financial assets

2.3.9.1.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables, available-for-sale (AFS) and held-to-maturity financial assets.

The classification depends on the purpose for which the investments were acquired or originated. The AFS category is used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortised cost.

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

The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments.

2.3.9.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

► AFS financial assets
► Loans and receivables
► Held-to-maturity

i. Available-for-sale financial assets

AFS financial assets include equity securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVPL.

After initial measurement, AFS financial assets are subsequently measured at fair value, with unrealised gains or losses recognised in OCI in the AFS reserve (equity). Where the insurer holds more than one investment in the same security they are deemed to be disposed of on a first-in first-out basis. Dividends earned whilst holding AFS investments are recognised in the statement of profit or loss as 'Investment income' when the right of the payment has been established. When the asset is derecognised or determined to be impaired, the cumulative gain or loss is reclassified from AFS reserve to the statement of profit or loss and removed from the AFS reserve.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for the foreseeable future or until maturity. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to HTM is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

i. Available-for-sale financial assets - Continued

For a financial asset reclassified out of the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are measured at amortised cost, using the EIR method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in 'investment income' in the statement of profit or loss. Gains and losses are recognised in the statement of profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

iii. Held to maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortised cost, using the EIR, less impairment. The EIR amortization is included in "investment income" in the statement of profit or loss. Gains and losses are recognized in the statement of profit or loss when the investments are derecognized or impaired, as well as through the amortization process.

2.3.9.1.3 Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

► The rights to receive cash flows from the asset have expired
Or
► The Group has transferred its right 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.

2.3.9.1.4 Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i. Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not 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.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is 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 loss is recognized in the statement of profit or loss. Interest income (recorded as investment income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

ii. Available-for-sale financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

2.3.9.2 Financial liabilities

2.3.9.2.1 Initial recognition and measurement
Financial liabilities are classified at initial recognition, as payables and other payables as appropriate.

All financial liabilities are recognized initially at fair value.

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

2.3.9.2.2 Subsequent measurement
Subsequent measurement of financial liabilities depends on their classification.

i. Payables and other payables
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.

2.3.9.2.3 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.

2.3.10 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.

2.3.11 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 3.5.

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.

2.3.11 Fair value measurement - Continued

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 reporting year.

The Group's management determines the policies and procedures for 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.

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.

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 disclosed in Note 3.5.

2.3.11 Fair value measurement - Continued

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.

2.3.12 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 CGU's fair value less costs of disposal 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 groups 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 of disposal, recent market transactions are taken into account. 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 companies or other available fair value indicators.

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.

2.3.12 Impairment of non-financial assets - Continued

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.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs, to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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.

2.3.13 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.

2.14 Reinsurance assets

2.14.1 Reinsurance ceded to reinsurance counterparties

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.

Gains or losses on buying reinsurance are recognised in the statement of profit or loss immediately at the date of purchase and are not amortised. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

2.14.2 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.

2.15 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.

2.16 Deferred expenses and revenue

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.

2.17 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.

2.18 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.

2.19 Investment properties

Investment properties are measured initially at cost, including transaction costs. 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 statement of profit or loss in the year in which they arise, including the corresponding tax effect. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model.

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 statement of 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. 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 change in use.

2.20 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.

2.21 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 amortisation and any accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of 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 amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life 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 considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss (other operating and administrative expenses).

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level. Such intangibles are not amortised. 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 de-recognition 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 statement of profit or loss when the asset is derecognised.

2.22 Property, plant and equipment

Property and equipment, including owner-occupied property, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalised when incurred, 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. Land is not depreciated but being measured at fair value. 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 recognised in the profit or loss. A revaluation deficit is recognized 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.

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. 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.

2.22 Property, plant and equipment – continued

Depreciation is provided on a straight line basis over the estimated useful lives of the following classes of assets.

Land	Nil
Building	2%
Leasehold building	over the remainder of the life of the lease
Leasehold improvement	20%
Furniture and fittings	20%
Plant and machinery	20%
Motor vehicles	25%
Computer and office equipment	20%
Work-in-progress	Nil

An item of property and equipment is derecognised 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 statement of profit or loss in the year the asset is derecognized.

2.23 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.

2.24 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.

2.25 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.

2.26 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:

2.26.1 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”.

(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).

2.27 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.

2.28 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.

2.29 Taxes

2.29.1 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.

2.29.2 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.

2.30 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.

2.31 Trade payable

Trade payable (Insurance payables) are recognised when due and measured on initial recognition at fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the EIR method.

2.32 Equity

2.32.1 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.

2.32.2 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.

2.32.3 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.

2.33 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.

2.34 Retirement obligations and Employee benefits

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

2.34.1 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.

2.34.2 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.

2.35 Changes in accounting policy and disclosures

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the impact of each new standard and amendment is described below. Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the annual consolidated financial statements of the Group.

Amendments to IAS 7: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has no such liability classified as such and therefore these amendments did not affect the Group's financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether the tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profits may include the recovery of some assets for more than their carrying amount.

The Group applied amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group's accounting policy has been consistent with the amendments.

Annual Improvements 2014-2016 Cycle

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or associate) that is classified (or included in a disposal Company that is classified) as held for sale. During 2017 and 2016, the Group had no interests classified as such, and therefore these amendments did not affect the Group's financial statements.

2.36 Significant accounting judgments, estimates and assumptions

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

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

1. Capital management Note 3.2
2. Financial risk management and policies Note 3.1.2

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

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 a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a. Valuation of insurance contract liabilities

The liability for life insurance contracts is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time together with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to the consolidated statement of profit or loss over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment write-offs to the consolidated statement of profit or loss.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates.

2.36 Significant accounting judgments, estimates and assumptions - Continued

The Group bases mortality and morbidity on mortality of assured lives SA 1956-62, ultimate tables published on behalf of the Actuarial Society of South Africa (ASSA) mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements, as well as wide ranging changes to life style, these could result in significant changes to the expected future mortality exposure.

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns, as well as expectations about future economic and financial developments.

Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation, if appropriate. Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders. Discount rates are based on current market risk rates, adjusted for the Group's own risk exposure.

2.37 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

IFRS 9 Financial instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The Group intends to adopt these standards, if applicable, when they become effective.

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

Classification and measurement:

A debt instrument is generally measured at amortised cost if both of the following conditions are met:

(a) the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is normally measured at fair value through other comprehensive income (FVOCI) if both of the following conditions are met:

(a) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.37 Standards issued but not yet effective - Continued

IFRS 9 financial instruments - continued

Classification and measurement - continued

A debt instrument that is not measured at amortised cost or at FVOCI must be measured at Fair value through profit or loss (FVTPL). An entity may irrevocably designate a debt instrument as measured at FVTPL at initial recognition. This is allowed if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch').

IMPACT

From the results, the Group does not expect significant impact on its debt financial assets such as other receivables, staff loans, cash & cash equivalent and short term deposit. These instruments are currently measured at amortised cost and are expected to be measured at amortised cost under IFRS 9 as they are held to collect contractual cash flows.

The Group expects medium impact on the treasury bills currently measured at amortised cost. The treasury bills are held to collect contractual cash flow, manage liquidity and match the duration of insurance liabilities. Hence, the business model is achieved both by collecting contractual cash flows and selling. Treasury bills would therefore be measured at Fair value through other comprehensive income under IFRS 9.

EQUITY INSTRUMENT

Equity instruments and derivatives are normally measured at FVTPL. However, on initial recognition, an entity may make an irrevocable election (on an instrument-by-instrument basis) to present in OCI the subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9. This option only applies to instruments that are neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. For the purpose of this election, ‘equity instrument’ is used as defined in IAS 32 Financial Instruments: Presentation.

Although most gains and losses on investments in equity instruments designated at FVOCI will be recognised in OCI, dividends will normally be recognised in profit or loss. Meanwhile, gains or losses recognised in OCI are never reclassified from equity to profit or loss. Consequently, there is no need to review such investments for possible impairment.

IMPACT

Quoted equity and unquoted equity would be measured at FVTPL except the Group makes an irrecoverable option to designate at FVOCI. Unquoted equity previously measured at cost because it does not have quoted price in an active market must be measured at fair at the date of transition. Hence, any difference between the previous carrying amount and the fair value will be recognised in the opening retained earnings at the date of transition. It is estimated that on adoption of the new standard on 1 January 2018, the fair value of equity instruments would increase by N5.3million with a corresponding increase in retained earnings.

FINANCIAL LIABILITIES

There will be no impact on the Group’s accounting for financial liabilities, as the new requirements only affect financial liabilities that are designated at fair value through profit or loss and the Group does not have such liabilities. The de-recognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

2.37 Standards issued but not yet effective - Continued

IFRS 9 financial instruments - continued

Impairment of financial assets:
IFRS 9 requires an entity to recognise a loss allowance for expected credit losses on: debt instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income, and lease receivables.

In applying the IFRS 9 impairment requirements, an entity needs to follow one of the approaches below:

- **The general approach**
- **The simplified approach**
- **The purchased or originated credit-impaired approach**

The general approach
Using the general approach to recognising impairment is based on a three-stage process which is intended to reflect the deterioration in credit quality of a financial instrument. Simplified approach for trade receivables.

IFRS 9 states that an entity shall always measure the loss allowance at an amount equal to lifetime expected credit losses for:

(a) trade receivables or contract assets that result from transactions that are within the scope of IFRS 15, and that:
(i) do not contain a significant financing component in accordance with IFRS 15 (or when the entity applies the practical expedient in accordance with IFRS 15(63); or
(ii) contain a significant financing component in accordance with IFRS 15, if the entity chooses as its accounting policy to measure the loss allowance at an amount equal to lifetime expected credit losses. That accounting policy shall be applied to all such trade receivables or contract assets but may be applied separately to trade receivables and contract assets.

IFRS 9 states that an entity shall measure expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

When measuring expected credit losses, an entity need not necessarily identify every possible scenario. However, it shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low.

The maximum period to consider when measuring expected credit losses is the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if that longer period is consistent with business practice.

2.37 Standards issued but not yet effective - Continued

IFRS 9 financial instruments - continued

IMPACT

In measuring the loss allowance, the general approach will be used for the term loan, staff loan and Treasury bill (carried at amortised cost and FVTOCI).

The Group has a policy choice either to use the general approach or the simplified approach in recognizing impairment for lease receivables.

The Group is required to estimate the reasonably possible loss scenarios and the respective probabilities to arrive at an unbiased and probability weighted amount that reflects the time value of money, based on reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group will take the followings into consideration:

- The period over which to estimate ECLs
- Probability – weighted outcomes
- The time value of money (Mutual Benefits will ignore the need to consider explicitly the time value of money, because the effect is considered immaterial)
- Reasonable and supportable information.

The ECLs in respect of receivables are recognized as a loss allowance against the gross carrying amount of the asset, with the resulting loss being recognized profit or loss.

IFRS 15 Revenue from contracts with customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

IFRS 15 applies to all entities and all contracts with customers to provide goods or services in the ordinary course of business, except for the following contracts, which are specifically excluded:

- Lease contracts within the scope of IAS 17 Leases (or IFRS 16 Leases)
- Insurance contracts within the scope of IFRS 4 Insurance Contracts
- Financial instruments and other contractual rights or obligations within the scope of IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures
- Non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers

IMPACT

IFRS 15 applies to all contracts with customers other than specific contracts excluded from its scope.
All insurance contracts and fees received for the various components of service relating to these contracts are subject to the insurance guidance rather than IFRS 15. Hence, IFRS 15 would not have any significant impact on the Group.

2.37 Standards issued but not yet effective - Continued

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2018, the Group will continue to assess the potential effect of IFRS 16 on its financial statements.

IFRS 2 Classification and Measurement of Share-based Payment Transactions
– Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The standard is not relevant to the Group.

2.37 Standards issued but not yet effective - Continued

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short- duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows);
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cashflows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period);
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period;
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet;
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense;
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Group started a project to implement IFRS 17 and has been performing a high-level impact assessment of IFRS 17. The Group expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on profit and total equity together with presentation and disclosure.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS

For the year ended 31 December 2017		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2017	2016	2017	2016
Gross premium written	4	6,738,905	5,556,764	4,963,517	4,351,455
Gross premium income	4	6,366,687	5,321,790	4,637,470	4,123,068
Premiums ceded to reinsurers	4.2	(839,367)	(195,634)	(761,363)	(173,181)
Net premium income	4.3	5,527,320	5,126,156	3,876,107	3,949,887
Fee and commission income	5	167,396	118,041	166,109	116,754
Net underwriting income		5,694,716	5,244,197	4,042,216	4,066,641
Net benefits and claims	6	3,240,134	2,344,716	2,592,489	1,850,262
Changes in individual life fund		(4,270)	(161,532)	(4,270)	(161,532)
Changes in annuity reserve		(22,252)	354,038	(22,252)	354,038
Underwriting expenses	7	1,322,662	1,391,033	1,136,011	1,236,780
Net underwriting expenses		4,536,274	3,928,255	3,701,978	3,279,548
Underwriting profit		1,158,442	1,315,942	340,238	787,093
Profit on investment contracts	8	891,899	555,465	891,899	555,465
Investment income	9	701,097	419,739	646,222	505,843
Fair value loss on investment properties	10	(85,390)	(5,275)	(85,390)	(5,275)
Other income	11	439,282	197,314	303,148	45,516
Impairment charge no longer required	12	2,011	33,435	2,011	-
Impairment charges	13	(169,137)	(10,574)	(78,830)	(10,574)
Employee benefit expenses	14	(1,093,525)	(982,685)	(747,233)	(727,911)
Management expenses	15	(1,519,811)	(1,464,279)	(925,258)	(993,296)
Operating profit		324,868	59,082	346,807	156,861
Finance costs	16	(39,432)	(27,681)	-	-
Finance income	17	200,570	154,985	-	-
Profit before income tax		486,006	186,386	346,807	156,861
Income tax expenses	18	(68,769)	(136,040)	(31,950)	(86,767)
Profit for the year		417,237	50,346	314,857	70,094
Profit attributable to:					
Owners of the parent		431,210	45,766	314,857	70,094
Non-controlling interests		(13,973)	4,580	-	-
		417,237	50,346	314,857	70,094
Earnings per share:					
Earnings per share for profit attributable to equity holders of parent					
Basic and diluted (kobo)	19.1	172	18	126	28

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

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017	GROUP		COMPANY	
in thousands of Nigerian Naira	2017	2016	2017	2016
Profit for the year	417,237	50,346	314,857	70,094
Other comprehensive income:				
Items that may be reclassified to the profit or loss in subsequent period:				
Exchange differences on translation of foreign operations	49,966	722,011	-	-
	49,966	722,011	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Revaluation gain on land	139,139	-	-	-
	139,139	-	-	-
Total other comprehensive income for the year, net of tax	189,105	722,011	-	-
Total comprehensive income for the year, net of tax	606,342	772,357	314,857	70,094
Total comprehensive income attributable to:				
Owners of the parent	563,780	767,777	314,857	70,094
Non-controlling interests	42,562	4,580	-	-
	606,342	772,357	314,857	70,094

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

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2017	2016	2017	2016
ASSETS					
Cash and cash equivalents	20	5,096,361	6,929,420	4,151,584	6,157,695
Financial assets:					
Available-for-sale investment securities	21.1	827,972	827,822	716,472	716,472
Loans and receivables	21.2	11,612,559	11,639,228	10,854,661	11,193,259
Held-to-maturity	21.3	12,382,363	6,183,731	12,382,363	6,183,731
Trade receivables	22	351,121	359,622	-	-
Reinsurance assets	23	1,368,904	814,046	1,070,169	771,068
Other receivables and prepayments	24	588,007	655,490	449,538	521,088
Finance lease receivables	26	11,011	272,084	11,011	181,810
Deferred acquisition costs	25	173,101	105,285	173,101	105,285
Inventories	27	907,822	1,332,864	-	-
Investment properties	28	8,510,000	8,670,390	8,510,000	8,670,390
Investments in subsidiaries	29	-	-	896,981	896,981
Intangible assets	30	28,608	40,224	1,751	3,603
Property, plant and equipment	31	997,330	871,654	364,573	505,381
Deposit for investment in equity shares	33	70,000	70,000	70,000	70,000
Goodwill	34	1,543	1,543	-	-
Statutory deposit	32	200,000	200,000	200,000	200,000
Total assets		43,126,702	38,973,403	39,852,204	36,176,763
LIABILITIES					
Insurance contract liabilities	35	5,946,484	3,579,141	5,156,574	3,210,013
Investment contract liabilities	36	26,564,221	25,956,771	26,551,455	25,944,127
Trade payables	37	1,830,023	817,723	1,661,962	753,318
Other liabilities	38	1,081,038	1,510,274	643,659	704,378
Deposit liabilities	39	259,268	203,845	-	-
Current income tax payable	40	265,169	286,110	201,538	215,791
Deferred tax liabilities	41.1	357,264	417,513	31,069	58,046
Total liabilities		36,303,467	32,771,377	34,246,257	30,885,673
EQUITY					
Share capital	42.2	250,000	250,000	250,000	250,000
Share premium	43	3,750,000	3,750,000	3,750,000	3,750,000
Revaluation reserve	46	128,008	-	-	-
Foreign currency translation reserve	44	911,064	906,502	-	-
Contingency reserve	45	403,280	353,645	403,280	353,645
Retained earnings	47	1,191,536	818,272	1,202,667	937,445
Total ordinary shareholders' equity		6,633,888	6,078,419	5,605,947	5,291,090

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

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION - Continued

As at 31 December 2017		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2017	2016	2017	2016
Owners of the parent		6,633,888	6,078,419	5,605,947	5,291,090
Non-controlling interests in equity	48	189,347	123,607	-	-
Total equity		6,823,235	6,202,026	5,605,947	5,291,090
Total liabilities and equity		43,126,702	38,973,403	39,852,204	36,176,763

The consolidated and separate financial statements and accompanying summary of significant accouting policies and notes to the consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 22 February 2018 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. Hakeem Oguntola
FRC/2018/ICAN/00000017954
Ag. Chief Financial Officer

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

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

Group

For the year 31 December 2017

in thousands of Nigerian Naira	Note	Attributable to equityholders of the Company: Share capital	Share premium	Foreign translation reserve	Revaluation reserve	Contingency reserve	Retained earnings	Total	Non - controlling interests	Total equity
As at 1 January 2016		150,000	1,850,000	184,491	-	310,130	816,021	3,310,642	127,154	3,437,796
Profit for the year		-	-	-	-	-	45,766	45,766	4,580	50,346
Other comprehensive income		-	-	722,011	-	-	-	722,011	-	722,011
Total comprehensive income for the year, net of tax		-	-	722,011	-	-	45,766	767,777	4,580	772,357
Transactions with owners of equity										
Issue of share capital		100,000	1,900,000	-	-	-	-	2,000,000	-	2,000,000
Dividend paid by subsidiary		-	-	-	-	-	-	-	(8,127)	(8,127)
Transfer to contingency reserve		-	-	-	-	43,515	(43,515)	-	-	-
Total transactions with owners of equity		100,000	1,900,000	-	-	43,515	(43,515)	2,000,000	(8,127)	1,991,873
As at 31 December 2016		250,000	3,750,000	906,502	-	353,645	818,272	6,078,419	123,607	6,202,026
Profit for the year		-	-	-	-	-	431,210	431,210	(13,973)	417,237
Other comprehensive income		-	-	4,562	128,008	-	-	132,570	56,535	189,105
Total comprehensive income for the year, net of tax		-	-	4,562	128,008	-	431,210	563,780	42,562	606,342
Transactions with owners of equity										
Transfer to contingency reserve		-	-	-	-	49,635	(49,635)	-	-	-
Change in equity							(8,311)	(8,311)	8,311	-
Additions during the year	48	-	-	-	-	-	-	-	14,867	14,867
Total transactions with owners of equity		-	-	-	-	49,635	(57,946)	(8,311)	23,178	14,867
As at 31 December 2017		250,000	3,750,000	911,064	128,008	403,280	1,191,536	6,633,888	189,347	6,823,235

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

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY - Continued

Company

For the year 31 December 2017 *in thousands of Nigerian Naira*	Share capital	Share premium	Contingency reserve	Retained earnings	Total
As at 1 January 2016	**150,000**	**1,850,000**	**310,130**	**910,866**	**3,220,996**
Profit for the year	-	-	-	70,094	70,094
Other comprehensive income net of tax	-	-	-	-	-
Total comprehensive income for the year, net of tax	-	-	-	70,094	70,094
Transactions with owners of equity					
Issue of share capital	100,000	1,900,000	-	-	2,000,000
Transfer to contingency reserve	-	-	43,515	(43,515)	-
Total transactions with owners of equity	100,000	1,900,000	43,515	(43,515)	2,000,000
As at 31 December 2016	**250,000**	**3,750,000**	**353,645**	**937,445**	**5,291,090**
Profit for the year	-	-	-	314,857	314,857
Other comprehensive income net of tax	-	-	-	-	-
Total comprehensive income for the year, net of tax	-	-	-	314,857	314,857
Transactions with owners of equity					
Transfer to contingency reserve	-	-	49,635	(49,635)	-
Total transactions with owners of equity	-	-	49,635	(49,635)	-
As at 31 December 2017	**250,000**	**3,750,000**	**403,280**	**1,202,667**	**5,605,947**

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

For the year ended 31 December 2017		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2017	2016	2017	2016
Cash flows from operating activities					
Cash received from insurance contract policy holders		6,666,838	5,482,628	4,882,949	4,493,007
Cash received from investment contract policy holders	36	11,985,338	12,338,438	11,985,338	12,338,438
Cash withdrawal by investment contract policy holders	36	(13,419,003)	(12,227,691)	(13,419,125)	(12,231,264)
Fees and commission received		89,576	201,791	88,289	200,504
Reinsurance paid		(302,257)	(605,716)	(334,538)	(596,577)
Claims paid	6	(2,831,217)	(1,732,675)	(2,183,572)	(1,238,222)
Claims recovered from co-insurance	23.2	485,220	203,024	485,220	199,559
Commission paid		(377,968)	(467,235)	(188,045)	(343,837)
Payments to employees	14	(1,093,525)	(982,685)	(747,233)	(727,911)
Other cash received		610,776	352,299	438,264	11,759
Investment income	9	701,097	406,147	646,222	492,251
Net cash paid to brokers, suppliers and other providers of services		(1,233,338)	(1,579,924)	(1,066,982)	(1,866,362)
Income tax paid	40	(149,959)	(51,005)	(73,180)	(2,372)
Net cash flows from operating activities	49	1,131,578	1,337,396	513,607	728,973
		1,131,578	1,337,396	513,607	728,973
Investing activities:			0	(0)	
Purchase of property, plant and equipment	31	(215,220)	(202,155)	(64,041)	(162,505)
Proceeds from sale of property, plant and equipment		7,008	8,386	940	11,851
Proceeds from sale of investment properties	28	75,000	-	75,000	-
Receipts on finance lease recievables	26.1	199,238	155,381	108,964	155,381
Receipts on loans and advances	21.2.3	2,050,000	1,691,491	2,461,070	1,944,974
Purchase of held-to-maturity financial assets	21.3.1	(11,994,296)	(5,927,765)	(11,994,296)	(5,927,765)
Redemption of matured investments	21.3.1	6,877,761	-	6,877,761	-
Purchase of available-for-sale investments	21.1.2	-	(64,786)	-	(37,436)
Purchase of intangible assets	30	(8,071)	(9,128)	-	-
Net cash flows used in investing activities		(3,008,580)	(4,348,576)	(2,534,602)	(4,015,499)
Financing activities					
Increase in non-controlling interests	48	14,867	-	-	-
Net cash flows from financing activities		14,867	-	-	-
Net decrease in cash and cash equivalents		(1,862,135)	(3,011,180)	(2,020,995)	(3,286,526)
Effects of exchange rate changes on cash and cash equivalents		29,076	35,731	14,884	33,757
Cash and cash equivalents as 1 January		6,929,420	9,904,869	6,157,695	9,410,464
Cash and cash equivalents at 31 December	20.1	5,096,361	6,929,420	4,151,584	6,157,695

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

3.1 *Management of Insurance and financial risks*

3.1.1 *Insurance risks management*

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

(a) *Life insurance contracts*

Life insurance contracts offered by the Group include: whole life, term assurance, annuities plan, anticipated endowment insurance, mortgage protection, Individual Savings and Protection, Child Education, Mutual Education Guarantee Assurance and Keyman assurance policy.

Term Assurance is a form of Life insurance policy that pays out a lump sum (Sum Assured) in the event of the death of the policy holder. The insurance can be extended to cover permanent disability and medical expenses insurred as a result of an accident.

Mortgage Protection policy is a reducing term assurance scheme which guarantees the payment of balance outstanding in respect of the loan given by a financial institution (Mortgage) to a Life Assured (Mortgagor) should he die before the loan is fully repaid.

Endowment assurance policy pays to the beneficiaries of a deceased assured compensation which is equal to the Sum Assured selected by him/her from the commencement of the policy. It also guarantees that the capital sum (Sum Assured) all the accrued reversionaty bonuses over the years be paid in the event that he/she survives till the end of the insurance year.

Individual Savings and Protection Plan is an anti-inflationary and income protection plan designed to assist all categories of individual cultivate a consistent savings culture and provide for their beneficiairies at death. A plan holder starts making a compulsory and regular savings for a number of years, which shall not be less than five years. Flexibility in the frequency of the premium payment is allowed.

Annuity Plan is a contract to pay a set amount (the annuity) every month or quarter while the annuitant (the person on whose life the contract depends) is still alive. Annuities are usually expressed in terms of the annual amount payable although in practive they can be payable monthly, quarterly, half-yearly or yearly. There are Immediate Annuity Plan, Deferred Annuity Plan, Guaranteed Annuity Plan, Annuity Certain and Increasing Annuity.

The main risks that the Group is exposed to are as follows:

- ► Mortality risk – risk of loss arising due to policyholder death/health experience being different than expected
- ► Longevity risk – risk of loss arising due to the annuitant living longer than expected
- ► Investment return risk – risk of loss arising from actual returns being different than expected
- ► Expense risk – risk of loss arising from expense experience being different than expected
- ► Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

(a) *Life insurance contracts - Continued*

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured or by industry.

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims' handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Group life reinsurance retention limits of ₦15,000,000 on any single life insured and ₦10,000,000 on all high risk individuals insured are in place.

The insurance risk described above is also affected by the contract holder's right to pay reduced premiums or no future premiums, to terminate the contract completely or to exercise guaranteed annuity options. As a result, the amount of insurance risk is also subject to contract holder behaviour.

The following tables show the concentration of life insurance contract liabilities.

	GROUP			COMPANY		
	31 Dec-2017			31 Dec-2017		
in thousands of Nigerian Naira	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Whole life and term assurance	5,392,973	1,070,169	4,322,804	5,134,912	1,070,169	4,064,743
Credit Life Assurance Scheme	21,662	-	21,662	21,662	-	21,662
Total	5,414,635	1,070,169	4,344,466	5,156,574	1,070,169	4,086,405
	31 Dec-2016			31 Dec-2016		
in thousands of Nigerian Naira	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Whole life and term assurance	3,329,739	771,068	2,558,671	3,189,928	771,068	2,418,860
Credit Life Assurance Scheme	20,085	-	20,085	20,085	-	20,085
Total	3,349,824	771,068	2,578,756	3,210,013	771,068	2,438,945

The geographical concentration of the Group's life insurance contract liabilities is shown below. The disclosure is based on the countries where the business is written. The analysis would not be materially different if based on the countries in which the counterparties are situated.

	GROUP			COMPANY		
	31 Dec-2017			31 Dec-2017		
in thousands of Nigerian Naira	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Nigeria	5,156,574	1,070,169	4,086,405	5,156,574	1,070,169	4,086,405
Liberia	258,061	-	258,061	-	-	-
Total	5,414,635	1,070,169	4,344,466	5,156,574	1,070,169	4,086,405
	31 Dec-2016			31 Dec-2016		
Nigeria	3,210,013	771,068	2,438,945	3,210,013	771,068	2,438,945
Liberia	139,811	-	139,811	-	-	-
Total	3,349,824	771,068	2,578,756	3,210,013	771,068	2,438,945

(a) ***Life insurance contracts - Continued***

Key assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows:

► Mortality and morbidity rates

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

► Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type. An increase in longevity rates will lead to an increase in the number of annuity payments to be made, which will increase the expenditure and reduce profits for the shareholders.

► Lapse and surrender rates

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and sales trends.

An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

► Discount rate

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

(a) *Life insurance contracts - Continued*

Sensitivities

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

Life insurance contracts

31 Dec-2017		GROUP				COMPANY			
in thousands of Nigerian Naira	Change in assumptions	Increase/ (decrease) on gross liabilities	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity	Increase/ (decrease) on gross liabilities	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
Mortality/morbidity rate	+10%	28,478	28,478	28,478	19,935	28,478	28,478	28,478	19,935
Longevity	+10%	3,211	3,211	3,211	2,248	3,211	3,211	3,211	2,248
Lapse and surrenders ra	+10%	-	-	-	-	-	-	-	-
Discount rate	+1%	(28,197)	(28,197)	(28,197)	(19,738)	(28,197)	(28,197)	(28,197)	(19,738)
Mortality/morbidity rate	-10%	(24,693)	(24,693)	(24,693)	(17,285)	(24,693)	(24,693)	(24,693)	(17,285)
Longevity	-10%	(3,099)	(3,099)	(3,099)	(2,169)	(3,099)	(3,099)	(3,099)	(2,169)
Lapse and surrenders ra	-10%	-	-	-	-	-	-	-	-
Discount rate	-1%	32,484	32,484	32,484	22,739	32,484	32,484	32,484	22,739

31 Dec-2016		GROUP				COMPANY			
in thousands of Nigerian Naira	Change in assumptions	Increase/ (decrease) on gross liabilities	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity	Increase/ (decrease) on gross liabilities	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
Mortality/morbidity rate	+10%	20,396	19,676	19,676	13,773	20,396	19,676	19,676	13,773
Longevity	+10%	19,636	19,636	19,636	13,746	19,636	19,636	19,636	13,746
Lapse and surrenders ra	+10%	-	-	-	-	-	-	-	-
Discount rate	+1%	(29,290)	(29,290)	(29,290)	(20,503)	(29,290)	(29,290)	(29,290)	(20,503)
Mortality/morbidity rate	-10%	(20,396)	(19,676)	(19,676)	(13,773)	(20,396)	(19,676)	(19,676)	(13,773)
Longevity	-10%	(19,636)	(19,636)	(19,636)	(13,746)	(19,636)	(19,636)	(19,636)	(13,746)
Lapse and surrenders ra	-10%	-	-	-	-	-	-	-	-
Discount rate	-1%	31,932	31,932	31,932	22,353	31,932	31,932	31,932	22,353

3.1.2 *Financial risk management*

Introduction and overview

The Group is exposed to a range of financial risks through its financial instruments, insurance assets and insurance liabilities. The key financial risk is that in the long term its investments proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of the financial risks are:

(a) *Credit risk*
(b) *Liquidity risk*
(c) *Market risk*

(a) *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.

Trade receivables

The Group has placed more responsiveness on effective management of credit risk exposure that relates to trade receivables. In general, the regulator has laid great emphasis on “No Premium, No Cover” and this has positively changed the phase of credit management within the industry. The Group defines credit risk as the risk of counterparty’s failure to meet its contractual obligations. Credit risk arises from insurance cover granted to parties with payment instruments or payments plan issued by stating or implying the terms of contractual agreement.

Stringent measures have been placed by the regulator to guide against credit default. Credit risk exposure operates from the level of brokered transactions with little emphasis placed on direct business. The Company’s credit risk exposure to brokered business is very low as the Company requires brokers to provide credit note which is due 30 days from receipt before incepting insurance cover on behalf of their clients.

The Group credit risk originates from reinsurance recoverable transactions, brokers and agents.

Impairment model

Premium debtors, which technically falls under receivables is initially recognized at a fair value and subsequently measured at amortized cost, less impairment allowance.

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 Group 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.

(a) *Credit risk continued*

Maximum exposure to credit risk

The maximum exposure is shown gross, before the effect of mitigation. The maximum risk exposure presented below does not include the exposure that arises in the future as a result of the changes in values. The credit risk analysis below is presented in line with how the Group manages the risk. The Group manages its credit risk exposure based on the carrying value of the financial instruments.

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

in thousands of Nigerian Naira	*Group*		*Company*	
	31-Dec-17	*31-Dec-16*	*31-Dec-17*	*31-Dec-16*
Cash and cash equivalents	5,092,819	6,926,814	4,151,519	6,156,654
Loans and receivables	11,612,559	11,639,228	10,854,661	11,193,259
Held-to-maturity	12,382,363	6,183,731	12,382,363	6,183,731
Trade receivables	351,121	359,622	-	-
Reinsurance assets	1,310,209	107,143	1,011,474	64,165
Finance lease receivables	11,011	272,084	11,011	181,810
Other receivables	248,026	279,234	138,091	174,979
Statutory deposit	200,000	200,000	200,000	200,000
Deposit for investment in equity shares	70,000	70,000	70,000	70,000
	31,278,108	26,037,856	28,819,119	24,224,598

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 2017	*Group*					*Company*				
	Financial services	Real estate	*Oil & Gas sector*	*Other*	*Total*	*Financial services*	Real estate	*Oil & Gas sector*	*Other*	*Total*
Cash and cash equivaler	5,092,819	-	-	-	5,092,819	4,151,519	-	-	-	4,151,519
Loans and advances	-	-	10,162,578	1,449,981	11,612,559	-	639,427	10,162,578	52,656	10,854,661
Held-to-maturity	12,382,363	-	-	-	12,382,363	12,382,363	-	-	-	12,382,363
Trade receivables	351,121	-	-	-	351,121	-	-	-	-	-
Reinsurance assets	1,310,209	-	-	-	1,310,209	1,011,474	-	-	-	1,011,474
Other receivables	-	-	-	248,026	248,026	-	-	-	138,091	138,091
Finance lease receivable	-	-	-	11,011	11,011	-	-	-	11,011	11,011
Statutory deposit	200,000	-	-	-	200,000	200,000	-	-	-	200,000
Deposit for shares	-	-	70,000	-	70,000	-	-	70,000	-	70,000
	19,336,512	-	10,232,578	1,709,018	31,278,108	17,745,356	639,427	10,232,578	201,758	28,819,119

(a) *Credit risk - continued*

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 2016	*Group*					*Company*				
	Financial services	Real estate	*Oil & Gas sector*	*Other*	*Total*	*Financial services*	Real estate	*Oil & Gas sector*	*Other*	*Total*
Cash and cash equivalen	6,926,814	-	-	-	6,926,814	6,156,654	-	-	-	6,156,654
Loans and advances	-	-	10,010,310	1,628,918	11,639,228	-	1,050,496	10,010,310	132,453	11,193,259
Held-to-maturity	6,183,731	-	-	-	6,183,731	6,183,731	-	-	-	6,183,731
Trade receivables	359,622	-	-	-	359,622	-	-	-	-	-
Reinsurance assets	107,143	-	-	-	107,143	64,165	-	-	-	64,165
Other receivables	-	-	-	279,234	279,234	-	-	-	174,979	174,979
Finance lease receivable	-	-	-	272,084	272,084	-	-	-	181,810	181,810
Statutory deposit	200,000	-	-	-	200,000	200,000	-	-	-	200,000
Deposit for shares	-	-	70,000	-	70,000	-	-	70,000	-	70,000
	13,777,310	-	10,080,310	2,180,236	26,037,856	12,604,550	1,050,496	10,080,310	489,242	24,224,598

Credit quality

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counter parties:

in thousands of Nigerian Naira

31 December 2017	*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 equivalen	5,092,819	-	-	-	5,092,819	4,151,519	-	-	-	4,151,519
Loans and advances	11,612,559	-	-	-	11,612,559	10,215,234	639,427	-	-	10,854,661
Held-to-maturity	12,382,363	-	-	-	12,382,363	12,382,363	-	-	-	12,382,363
Trade receivables	351,121	-	-	-	351,121	-	-	-	-	-
Reinsurance assets	1,310,209	-	-	-	1,310,209	1,011,474	-	-	-	1,011,474
Other receivables	248,026	-	-	-	248,026	138,091	-	-	-	138,091
Finance lease receivable	11,011	-	-	-	11,011	11,011	-	-	-	11,011
Statutory deposit	200,000	-	-	-	200,000	200,000	-	-	-	200,000
Deposit for shares	-	70,000	-	-	70,000	-	70,000	-	-	70,000
	31,208,108	70,000	-	-	31,278,108	28,109,692	709,427	-	-	28,819,119

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

For the year ended 31 December 2017

(a) ***Credit risk - continued***

Credit quality

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counter parties:

in thousands of Nigerian Naira

31 December 2016	*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 equivalen	6,926,814	-	-	-	6,926,814	6,156,654	-	-	-	6,156,654
Loans and advances	11,639,228	-	-	-	11,639,228	10,142,763	1,050,496	-	-	11,193,259
Other receivables	6,183,731	-	-	-	6,183,731	6,183,731				6,183,731
Trade receivables	359,622	-	-	-	359,622	-	-	-	-	-
Reinsurance assets	80,357	-	-	26,786	107,143	54,540	-	-	9,625	64,165
Other receivables	279,234	-	-	-	279,234	174,979	-	-	-	174,979
Finance lease receivable	272,084	-	-	-	272,084	181,810	-	-	-	181,810
Statutory deposit	200,000	-	-	-	200,000	200,000	-	-	-	200,000
Deposit for shares	-	70,000	-	-	70,000	-	70,000	-	-	70,000
	25,941,070	70,000	-	26,786	26,037,856	23,094,477	1,120,496	-	9,625	24,224,598

Age analysis of financial assets past due but not impaired

in thousands of Nigerian Naira

31 December 2017	*Group*					*Company*				
	< 30 days	*31 to 60 days*	*61 to 90 days*	*Total past–due but not impaired*		*< 30 days*	*31 to 60 days*	*61 to 90 days*	*Total past–due but not impaired*	
Reinsurance assets	-	66,145	-	66,145		-	66,145	-	66,145	
	-	66,145	-	66,145		-	66,145	-	66,145	
31 December 2016										
Reinsurance assets	20,089	6,697	-	26,786		7,700	1,925	-	9,625	
	20,089	6,697	-	26,786		7,700	1,925	-	9,625	

(a) ***Credit risk - continued***

Impaired financial assets
At 31 December 2017, there are impaired loans and receivables of ₦119,425,000 (2016: ₦29,118,000) and no impaired trade receivables (2016: NIl).

For assets to be classified as "past–due and impaired", contractual payments must be in arrears for more than 90 days. No collateral is held as security for any past due or impaired assets.

The Group records impairment allowances for loans and receivables in a separate impairment allowance account. A reconciliation of the allowance for impairment losses for loans and receivables is, as follows:

in thousands of Nigerian Naira

	Group		*Company*	
	Dec-17	*Dec-16*	*Dec-17*	*Dec-16*
At 1 January	29,118	62,553	-	-
Charge for the year	90,307	-	-	-
Recoveries	-	(33,435)	-	-
	119,425	29,118	-	-

(b) 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.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums have been excluded from the analysis as they are not contractual obligations.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

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

Group

31 December 2017 *in thousands of Nigerian Naira*	Carrying amount	1-6 months	6-12 months	1-5 years	Above 5 years	No maturity date	Gross total
Cash and cash equivalents	5,096,361	5,478,588	-	-	-	-	5,478,588
Loans and advances	11,612,559	1,146,434	1,896,434	12,096,049	914,250	-	16,053,167
Held-to-maturity financial assets	12,382,363	3,173,359	9,950,750	727,063	-	-	13,851,172
Trade receivables	351,121	351,121	-	-	-	-	351,121
Reinsurance assets	1,346,848	1,115,797	-	-	-	231,051	1,346,848
Other receivables	78,145	78,145	-	-	-	-	78,145
Finance lease receivables	11,011	6,717	6,717	-	-	-	13,433
Statutory deposit	200,000	12,000	12,000	96,000	-	200,000	320,000
Total financial assets	31,078,408	11,362,161	11,865,901	12,919,111	914,250	431,051	37,492,474
Investment contract liabilities	26,564,221	7,001,183	7,001,183	13,941,714	536,165	-	28,480,246
Insurance contract liabilities	4,151,852	3,429,784	-	-	-	722,068	4,151,852
Trade payables	1,041,018	1,041,018	-	-	-	-	1,041,018
Other liabilities	926,252	926,252	-	-	-	-	926,252
Deposit liabilities	259,268	278,713	-	-	-	-	278,713
Total financial liabilities	32,942,611	12,676,950	7,001,183	13,941,714	536,165	722,068	34,878,081
Total liquidity gap	(1,864,203)	(1,314,789)	4,864,717	(1,022,602)	378,085	(291,017)	2,614,393

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 ₦8.5 billion. Included in the investment properties are assets worth ₦6 billion that may be liquidated in the short to medium term to meet the financial obligations of the Group. Also, as at 31 December 2017, the Group held inventories (construction in progress) of ₦0.9 billion which are available for immediate sale on completion within twelve months.

(b) Liquidity risk - continued

Company

31 December 2017 *in thousands of Nigerian Naira*	Carrying amount	1-6 months	6-12 months	1-5 years	Above 5 years	No maturity date	Gross total
Cash and cash equivalents	4,151,584	4,462,953	-	-	-	-	4,462,953
Loans and advances	10,854,661	1,111,652	1,861,652	12,097,183	-	-	15,070,486
Held-to-maturity financial assets	12,382,363	3,173,359	9,950,750	727,063	-	-	13,851,172
Reinsurance assets	1,048,113	1,011,474	-	-	-	36,639	1,048,113
Other receivables	99,281	99,281	-	-	-	-	99,281
Finance lease receivables	11,011	6,717	6,717	-	-	-	13,433
Statutory deposit	200,000	12,000	12,000	96,000	-	200,000	320,000
Total financial assets	28,747,013	9,877,435	11,831,118	12,920,246	-	236,639	34,865,438
Investment contract liabilities	26,551,455	7,001,183	7,001,183	13,928,948	536,165	-	28,467,480
Insurance contract liabilities	3,646,396	2,982,457	-	-	-	663,939	3,646,396
Trade payables	910,621	910,621	-	-	-	-	910,621
Other liabilities	140,182	140,182	-	-	-	-	140,182
Total financial liabilities	31,248,654	11,034,444	7,001,183	13,928,948	536,165	663,939	33,164,679
Total liquidity gap	(2,501,641)	(1,157,008)	4,829,935	(1,008,702)	(536,165)	(427,300)	1,700,759

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 ₦8.5 billion. Included in the investment properties are assets worth ₦6 billion that may be liquidated in the short to medium term to meet the financial obligations of the Company.

(b) **Liquidity risk - continued**

Group

31 December 2016 *in thousands of Nigerian Naira*	Carrying amount	1-6 months	6-12 months	1-5 years	Above 5 years	No maturity date	Gross total
Cash and cash equivalents	6,929,420	7,968,833	-	-	-	-	7,968,833
Loans and advances	11,639,228	1,033,664	1,783,664	12,155,373	914,250	-	15,886,951
Held-to-maturity financial assets	6,183,731	-	6,740,267	-	-	-	6,740,267
Trade receivables	359,622	359,622	-	-	-	-	359,622
Reinsurance assets	338,194	107,143	-	-	-	231,051	338,194
Other receivables	149,386	149,386	-	-	-	-	149,386
Finance lease receivables	272,084	165,971	165,971	-	-	-	331,942
Statutory deposit	200,000	12,000	12,000	96,000	-	200,000	320,000
Total financial assets	26,071,665	9,796,619	8,701,902	12,251,373	914,250	431,051	32,095,195
Investment contract liabilities	25,956,771	5,835,432	5,835,432	16,908,674	411,649	-	28,991,186
Insurance contract liabilities	2,156,727	1,434,659	-	-	-	722,068	2,156,727
Trade payables	155,961	155,961	-	-	-	-	155,961
Other liabilities	222,430	222,430	-	-	-	-	222,430
Deposit liabilities	203,845	234,422	-	-	-	-	234,422
Total financial liabilities	28,695,734	7,882,903	5,835,432	16,908,674	411,649	722,068	31,760,725
Total liquidity gap	(2,624,069)	1,913,716	2,866,470	(4,657,301)	502,601	(291,017)	334,470

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 2016, the Group held inventories (construction in progress) of ₦1.3 billion which are available for immediate sale on completion within twelve months.

(b) **Liquidity risk - continued**

Company

31 December 2016 *in thousands of Nigerian Naira*	Carrying amount	1-6 months	6-12 months	1-5 years	Above 5 years	No maturity date	Gross total
Cash and cash equivalents	6,157,695	7,081,349	-	-	-	-	7,081,349
Loans and advances	11,193,259	1,358,175	2,108,175	11,641,133	-	-	15,107,483
Held-to-maturity financial assets	6,183,731	-	6,740,267	-	-	-	6,740,267
Reinsurance assets	295,216	64,165	-	-	-	231,051	295,216
Other receivables	152,168	152,168	-	-	-	-	152,168
Finance lease receivables	181,810	110,904	110,904	-	-	-	221,808
Statutory deposit	200,000	12,000	12,000	96,000	-	200,000	320,000
Total financial assets	24,363,879	8,778,761	8,971,346	11,737,133	-	431,051	29,918,291
Investment contract liabilities	25,944,127	5,835,432	5,835,432	16,896,030	411,649	-	28,978,542
Insurance contract liabilities	2,025,882	1,303,814	-	-	-	722,068	2,025,882
Trade payables	135,850	135,850	-	-	-	-	135,850
Other liabilities	279,979	279,979	-	-	-	-	279,979
Total financial liabilities	28,385,838	7,555,074	5,835,432	16,896,030	411,649	722,068	31,420,253
Total liquidity gap	(4,021,959)	1,223,687	3,135,914	(5,158,897)	(411,649)	(291,017)	(1,501,962)

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.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

i Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's principal transactions are carried out in Naira and its exposure to foreign exchange risk arise primarily with respect to the US dollar.

The Group's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities. Thus, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled.

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 short term placements, foreign domiciliary bank balance and its net investment in foreign subsidiaries.

Group	*31 December 2017*			*31 December 2016*		
in thousands of Nigerian Naira	*USD*	*Pound Sterling*	*CFA Franc*	*USD*	*Pound Sterling*	*CFA Franc*
Cash and cash equivalents	142,005	5,216	-	89,700	4,026	-
Net investment in foreign subsidiaries	1,191,575	-	987,971	1,184,912	-	639,488

Company	*31 December 2017*			*31 December 2016*		
in thousands of Nigerian Naira	*USD*	*Pound Sterling*	*CFA Franc*	*USD*	*Pound Sterling*	*CFA Franc*
Cash and cash equivalents	142,005	5,216	-	89,700	4,026	-

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract claim liabilities. The correlation of variables will have a significant effect in determining the ultimate impact of currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables did not change from the previous period.

in thousands of Nigerian Naira		GROUP				COMPANY			
		31 DECEMBER 2017		31 DECEMBER 2016		31 DECEMBER 2017		31 DECEMBER 2016	
	Change in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
USD	+10%	133,358	93,351	127,461	89,223	14,201	9,940	8,970	6,100
Pound Sterling	+10%	522	365	403	282	522	365	403	274
CFA Franc	+10%	98,797	69,158	63,949	44,764	-	-	-	-
USD	-10%	(133,358)	(93,351)	(127,461)	(89,223)	(14,201)	(9,940)	(8,970)	(6,100)
Pound Sterling	-10%	(522)	(365)	(403)	(282)	(522)	(365)	(403)	(274)
CFA Franc	-10%	(98,797)	(69,158)	(63,949)	(44,764)	-	-	-	-

(c) Market risk - Continued

ii *Interest-rate risk*

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

Fixed interest rate instruments expose the Group to fair value interest risk. Group does not expose to cash flow interest risk and the group do not have floating interest bearing financial instruments.

The Group has no significant concentration of interest rate risk.

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 - Continued

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

The Company 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	2017	2016
Available capital resources as at 31 December		
Total shareholders' funds per financial statements	5,605,947	5,291,090
Regulatory adjustments	(3,145,782)	(1,180,801)
Regulatory available capital resources	2,460,165	4,110,289
Minumum capital based required by regulator	2,000,000	2,000,000
Excess in solvency margin	460,165	2,110,289

3.2 Capital Management - Continued

The Solvency Margin for the parent as at 31 December 2017 is as follows:

in thousands of Nigerian Naira	2017	2016
Admissible assets		
Cash and cash equivalents	2,783,468	6,157,695
Loans and receivables	10,215,234	11,193,259
Available-for-sale investment securities	716,472	716,472
Held-to-maturity financial assets	12,382,363	6,183,731
Reinsurance assets	1,070,169	771,068
Other receivables and prepayments	2,173	4,184
Deferred acquisition costs	173,101	105,285
Finance lease receivables	11,011	181,810
Investment properties	8,510,000	8,670,390
Investments in subsidiaries	175,038	175,038
Deposit for shares	70,000	70,000
Intangible assets	1,751	3,603
Property, plant and equipment	364,573	505,381
Statutory deposit	200,000	200,000
Total	36,675,353	34,937,916
Admissible liabilities		
Insurance contract liabilities	5,156,574	3,210,013
Investment contract liabilities	26,551,455	25,944,127
Trade payables	1,661,962	753,318
Other liabilities	643,659	704,378
Current income tax liabilities	201,538	215,791
Total	34,215,188	30,827,627
Solvency margin	2,460,165	4,110,289
The higher of 15% of Net premium income and the Minimum Share capital required	2,000,000	2,000,000
Solvency ratio (%)	*1.23*	*2.06*

3.3 Asset and Liability Management

The Company is exposed to a 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 liquidity risk and credit risk.

The Company 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 Company'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 Company has not changed the processes used to manage its risks from previous periods.

The Company's ALM is integrated with the management of the financial risks associated with the Company'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 Company's ALM framework.

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	Assets cover	Shareholders fund	31 Dec 2017 Total
ASSETS							
Cash and cash equivalents	4,151,584	1,483,735	318,164	512,462	2,314,361	1,837,223	4,151,584
Available-for-sale investment securities	716,472	-	-	-	-	716,472	716,472
Loans and receivables	10,854,661	-	-	10,215,234	10,215,234	639,427	10,854,661
Held-to-maturity financial assets	12,382,363	3,724,226	158,378	8,499,759	12,382,363	-	12,382,363
Reinsurance assets	1,070,169	1,070,169	-	-	1,070,169	-	1,070,169
Other receivables	449,538	-	-	-	-	449,538	449,538
Deferred acquisition costs	173,101	-	-	-	-	173,101	173,101
Finance lease receivables	11,011	11,011	-	-	11,011	-	11,011
Investment properties	8,510,000	-	-	8,510,000	8,510,000	-	8,510,000
Investments in subsidiaries	896,981	-	-	-	-	896,981	896,981
Intangible assets	1,751	-	-	-	-	1,751	1,751
Property, plant and equipment	364,573	-	-	-	-	364,573	364,573
Statutory deposit	200,000	-	-	-	-	200,000	200,000
Deposit for shares	70,000	-	-	-	-	70,000	70,000
Total assets	39,852,204	6,289,141	476,542	27,737,455	34,503,138	5,349,066	39,852,204
LIABILITIES							
Insurance contract liabilities	5,156,574	4,759,456	397,118	-	5,156,574	-	5,156,574
Investment contract liabilities	26,551,455	-	-	26,551,455	26,551,455	-	26,551,455
Trade payables	1,661,962	-	-	-	-	1,661,962	1,661,962
Other liabilities	643,659	-	-	-	-	643,659	643,659
Current income tax liabilities	201,538	-	-	-	-	201,538	201,538
Deferred tax liabilities	31,069	-	-	-	-	31,069	31,069
Total liabilities	34,246,257	4,759,456	397,118	26,551,455	31,708,029	2,538,228	34,246,257
GAP	5,605,947	1,529,685	79,424	1,186,000	2,795,109	2,810,838	5,605,947

3.3 Asset and Liability Management

in thousands of Nigerian Naira	Carrying amount	Insurance Contract Group & Life	Contract Annuity	Investment Contract	Shareholders fund	31 Dec 2016 Total
ASSETS						
Cash and cash equivalents	6,157,695	2,919,441	454,587	1,925,000	858,667	6,157,695
Available-for-sale investment securities	716,472	-	-	-	716,472	716,472
Loans and receivables	11,193,259	-	-	11,193,259	-	11,193,259
Held-to-maturity financial assets	6,183,731	-	-	6,183,731	-	6,183,731
Reinsurance assets	771,068	771,068	-	-	-	771,068
Other receivables	521,088	-	-	269,073	252,015	521,088
Deferred acquisition costs	105,285	-	-	-	105,285	105,285
Finance lease receivables	181,810	120,265	-	-	61,545	181,810
Investment properties	8,670,390	-	-	8,670,390	-	8,670,390
Investments in subsidiaries	896,981	-	-	-	896,981	896,981
Intangible assets	3,603	-	-	-	3,603	3,603
Property, plant and equipment	505,381	-	-	-	505,381	505,381
Statutory deposit	200,000	-	-	-	200,000	200,000
Deposit for shares	70,000	-	-	-	70,000	70,000
Total assets	36,176,763	3,810,774	454,587	28,241,453	3,669,949	36,176,763
LIABILITIES						
Insurance contract liabilities	3,210,013	2,790,643	419,370	-	-	3,210,013
Investment contract liabilities	25,944,127	-	-	25,944,127	-	25,944,127
Trade payables	753,318	-	-	-	174,090	174,090
Other liabilities	704,378	-	-	-	1,283,606	1,283,606
Current income tax liabilities	215,791	-	-	-	215,791	215,791
Deferred tax liabilities	58,046	-	-	-	58,046	58,046
Total liabilities	30,885,673	2,790,643	419,370	25,944,127	1,731,533	30,885,673
GAP	5,291,090	1,020,131	35,217	2,297,326	1,938,416	5,291,090

3.4 Measurement of financial assets and liabilities

Accounting classification measurement basis and fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

31 December 2017 *in thousands of Nigerian Naira*	Note	Group Loans & receivables	Group Fair value	Company Loans & receivables	Company Fair value
Loans and advances	21.2	11,612,559	11,612,559	10,854,661	10,854,661
Finance lease receivables	26	11,011	11,011	11,011	11,011
		11,623,570	11,623,570	10,865,672	10,865,672

31 December 2016 *in thousands of Nigerian Naira*	Note	Group Loans & receivables	Group Fair value	Company Loans & receivables	Company Fair value
Loans and advances	21.2	11,639,228	12,097,640	11,193,259	11,809,385
Finance lease receivables	26	272,084	283,493	181,810	189,434
		11,911,312	12,381,133	11,375,069	11,998,819

3.5 Fair value hierarchy

The Group's accounting policy on fair value measurements is discussed under note 2.3.11.

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. Instruments included in Level 1 comprise primarily Nigerian Stock Exchange equity investments classified as trading securities or available for sale. 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. The group measure its available-sale instrument at costs.

3.5 Fair value hierarchy - Continued

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.

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 2017	Group				Company			
in thousands of Nigerian Naira	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Loans and advances	-	-	11,612,559	11,612,559	-	-	10,854,661	10,854,661
Finance lease receivables	-	-	11,011	11,011	-	-	11,011	11,011
	-	-	11,623,570	11,623,570	-	-	10,865,672	10,865,672
31 December 2016								
Loans and advances	-	-	12,097,640	12,097,640	-	-	11,809,385	11,809,385
Finance lease receivables	-	-	283,493	283,493	-	-	189,434	189,434
	-	-	12,381,133	12,381,133	-	-	11,998,819	11,998,819

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 and deposit liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The available for sale investments are measured at cost because its fair value can not be reliably measured.

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 at the reporting dates. The fair values are within Level 3 of the fair value hierarchy.

3.5 Fair value hierarchy - Continued

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.

		Group				Company			
in thousands of Nigerian Naira		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investment properties	31 Dec 2017	-	-	8,510,000	8,510,000	-	-	8,510,000	8,510,000
Land		-	-	339,282	339,282	-	-	-	-
Investment properties	31 Dec 2016	-	-	8,670,390	8,670,390	-	-	8,670,390	8,670,390

During the reporting year ended 31 December 2017, 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 three 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:

Assurance 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 and 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, net realized gains on financial assets and net fair value gains on financial assets held for trading.

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

3.6 Segment information - Continued

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments as at 31 December 2017 is as follows:

	Assurance business			Real estate	Microfinance		
Group *in thousands of Nigerian Naira*	Mutual Nigeria	Mutual Niger	Mutual Liberia	Mutual Homes	Mutual Microfinance	Elimination adjustment	Total
Cash and cash equivalents	4,151,584	833,814	187,844	3,774	132,772	(213,427.00)	5,096,361
Investment securities:							
Available-for-sale investment securities	716,472	-	111,500	-	-	-	827,972
Loans and receivables	10,854,661	-	805,883	-	591,442	(639,427)	11,612,559
Held-to-maturity	12,382,363	-	-	-	-	-	12,382,363
Trade receivables	-	208,046	143,075	-	-	-	351,121
Reinsurance assets	1,070,169	298,735	-	-	-	-	1,368,904
Other receivables	449,538	17,145	123,055	59,079	19,161	(79,972)	588,007
Deferred acquisition costs	173,101	-	-	-	-	-	173,101
Finance lease receivables	11,011	-	-	-	-	-	11,011
Inventories	-	-	-	907,822	-	-	907,822
Investment properties	8,510,000	-	-	-	-	-	8,510,000
Investments in subsidiaries	896,981	-	-	-	-	(896,981)	-
Intangible assets	1,751	20,940	-	-	5,916	-	28,608
Property, plant and equipments	364,573	398,215	207,937	118	26,488	-	997,330
Statutory deposit	200,000	-	-	-	-	-	200,000
Deposit for shares	70,000	-	-	-	-	-	70,000
Goodwill	-	-	-	-	-	1,543	1,543
Total assets	39,852,204	1,776,895	1,579,294	970,793	775,779	(1,828,264)	43,126,702

3.6 Segment information - Continued

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments as at 31 December 2017 is as follows:

	Assurance business			Real estate	Microfinance		
Group	**Mutual**	**Mutual**	**Mutual**	**Mutual**	**Mutual**	**Elimination**	**Total**
in thousands of Nigerian Naira	**Nigeria**	**Niger**	**Liberia**	**Homes**	**Microfinance**	**adjustment**	
LIABILITIES							
Insurance contract liabilities	5,156,574	526,342	249,070	-	-	14,498	5,946,484
Investment contract liabilities	26,551,455	-	12,767	-	-	-	26,564,221
Trade payables	1,661,962	149,634	18,427	-	-	-	1,830,023
Other liabilities	643,659	112,947	106,221	219,946	99,863	(101,599)	1,081,038
Borrowings	-	-	-	639,427	-	(639,427)	-
Deposit liabilities	-	-	-	-	472,695	(213,427)	259,268
Current income tax liabilities	201,538	-	1,235	45,560	16,837	-	265,169
Deferred tax liabilities	31,069	-	-	91,628	5,005	229,562	357,264
Total liabilities	34,246,257	788,924	387,719	996,561	594,399	(710,393)	36,303,467
EQUITY							
Share capital	250,000	330,000	488,421	20,000	250,000	(1,088,421)	250,000
Share premium	3,750,000	-	-	-	-	-	3,750,000
Foreign currency transalation reserve	-	275,298	691,306	-	-	(55,540)	911,064
Revaluation reserve	-	139,140	-	-	-	(11,132)	128,008
Contingency reserve	403,280	-	-	-	-	-	403,280
Retained earnings/ (accumulated losses)	1,202,667	186,520	(67,120)	(45,768)	(113,674)	28,911	1,191,536
Shareholders' fund	5,605,947	930,957	1,112,607	(25,768)	136,326	(1,126,182)	6,633,888
Owners of the parent	5,605,947	930,957	1,112,607	(25,768)	136,326	(1,126,182)	6,633,888
Non-controlling interests in equity	-	57,014	78,968	-	53,364	1	189,347
Total equity	5,605,947	987,971	1,191,575	(25,768)	189,690	(1,126,181)	6,823,235
Total liabilities and equity	39,852,204	1,776,895	1,579,294	970,793	784,089	(1,836,574)	43,126,702

3.6 Segment information - Continued

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2017 is as follows:

	Assurance business			Real estate	Microfinance		
Group *in thousands of Nigerian Naira*	Mutual Nigeria	Mutual Niger	Mutual Liberia	Mutual Homes	Mutual Microfinance	Elimination adjustment	Total
Gross premium written	4,963,517	1,104,126	671,262	-	-	-	6,738,905
Gross premiums income	4,637,470	1,057,955	671,262	-	-	-	6,366,687
Premiums ceded to reinsurers	(761,363)	(78,004)	-	-	-	-	(839,367)
Net premiums income	3,876,107	979,951	671,262	-	-	-	5,527,320
Fee and commission income	166,109	1,287	-	-	-	-	167,396
Net underwriting income	4,042,216	981,238	671,262	-	-	-	5,694,716
Net benefits and claims	2,592,489	346,707	300,938	-	-	-	3,240,134
Increase in individual life fund	(4,270)	-	-	-	-	-	(4,270)
Increase in annuity reserve	(22,252)	-	-	-	-	-	(22,252)
Underwriting expenses	1,136,011	134,488	52,163	-	-	-	1,322,662
Net underwriting expenses	3,701,978	481,196	353,101	-	-	-	4,536,274
Underwriting profit	340,238	500,042	318,162	-	-	-	1,158,442
Profit on investment contracts	891,899	-	-	-	-	-	891,899
Investment income	646,222	27,998	26,877	-	-	-	701,097
Fair value loss on investment properties	(85,390)	-	-	-	-	-	(85,390)
Other income	303,148	33,332	-	46,189	56,612	-	439,282
Impairment charge no longer required	2,011	-	-	-	-	-	2,011
Impairment charges	(78,830)	-	-	-	(90,307)	-	(169,137)
Employees benefit expenses	(747,233)	(98,181)	(113,592)	(3,300)	(131,219)	-	(1,093,525)
Amortization of intangible assets	(1,852)	(19,781)			(1,709)	-	(23,341)
Depreciation of property, plant and equipment	(203,522)	(11,675)	(16,095)	(278)	(16,726)	-	(248,296)
Management expenses	(719,884)	(227,575)	(210,427)	(2,644.72)	(87,641.85)	-	(1,248,174)
Result of operating activities	346,807	204,160	4,925	39,966	(270,990)	-	324,868
Finance costs	-	-	-	-	(27,681)	(11,751)	(39,432)
Finance income	-	-	-	-	154,985	45,585	200,570
Profit before income tax	346,807	204,160	4,925	39,966	(143,686)	33,834	486,006
Income tax expenses	(31,950)	(63,447)	(1,233)	(3,662)	358	31,164	(68,769)
Net profit for the year	314,857	140,713	3,692	36,304	(143,328)	64,998	417,237
Profit attributable to:							
Owners of the parent	314,857	129,456	3,507	36,304	(117,914)	64,999	431,210
Non-controlling interests	-	11,257	185	-	(25,415)	-	(13,973)
	314,857	140,713	3,692	36,304	(143,328)	64,998	417,237

3.6 Segment information - Continued

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2016 is as follows:

	Assurance business			Real estate	Microfinance		
Group	Mutual	Mutual	Mutual	Mutual	Mutual	Elimination	Total
in thousands of Nigerian Naira	Nigeria	Niger	Liberia	Homes	Microfinance	adjustment	
Cash and cash equivalents	6,157,695	691,230	36,933	7,557	36,005	-	6,929,420
Investment securities:							-
Available-for-sale investment securities	716,472	-	111,350	-	-	-	827,822
Loans and receivables	11,193,259	-	1,057,047	-	460,353	(1,071,432)	11,639,228
Held-to-maturity	6,183,731					-	6,183,731
Trade receivables	-	168,633	190,989	-	-	-	359,622
Reinsurance assets	771,068	42,978	-	-	-	-	814,046
Other receivables	521,088	79,935	10,676	97,564	26,199	(79,973)	655,490
Deferred acquisition costs	105,285	-	-	-	-	-	105,285
Finance lease receivables	181,810	-	90,274	-	-	-	272,084
Inventories	-	-	-	1,332,864	-	-	1,332,864
Investment properties	8,670,390	-	-	-	-	-	8,670,390
Investments in subsidiaries	896,981	-	-	-	-	(896,981)	-
Intangible assets	3,603	32,702	-	-	3,920	-	40,224
Property, plant and equipments	505,381	143,431	194,119	492	28,233	-	871,654
Statutory deposit	200,000	-	-	-	-	-	200,000
Deposit for shares	70,000	-	-	-	-	-	70,000
Goodwill	-	-	-	-	-	1,543	1,543
Total assets	36,176,763	1,158,908	1,691,388	1,438,476	554,711	(2,046,843)	38,973,403

3.6 Segment information - Continued

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments as at 31 December 2016 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	3,210,013	227,786	333,677	-	-	(192,335)	3,579,141
Investment contract liabilities	25,944,127	-	12,644	-	-	-	25,956,771
Trade payables	174,090	46,025	18,381	-	-	579,228	817,723
Other liabilities	1,283,606	232,831	141,773	317,531	51,102	(516,569)	1,510,274
Borrowings	-	-	-	1,050,496	-	(1,050,497)	-
Deposit liabilities	-	-	-	-	203,845	-	203,845
Current income tax liabilities	215,791	12,779	-	41,328	16,212	-	286,110
Deferred tax liabilities	58,046	-	-	92,197	6,542	260,727	417,513
Total liabilities	30,885,673	519,420	506,476	1,501,553	277,701	(919,446)	32,771,377
EQUITY							
Share capital	250,000	330,000	488,421	20,000	250,000	(1,088,421)	250,000
Share premium	3,750,000	-	-	-	-	-	3,750,000
Foreign currency transalation reserve	-	206,667	709,976	-	-	(10,141)	906,502
Contingency reserve	353,645	-	-	-	-	-	353,645
Retained earnings/ (accumulated losses)	937,445	68,195	(46,865)	(83,077)	(28,591)	(28,835)	818,272
Shareholders' fund	5,291,090	604,862	1,151,532	(63,077)	221,409	(1,127,397)	6,078,419
Owners of the parent	5,291,090	604,862	1,151,532	(63,077)	221,409	(1,127,397)	6,078,419
Non-controlling interests in equity	-	34,626	33,380	-	55,602	-	123,607
Total equity	5,291,090	639,488	1,184,912	(63,077)	277,011	(1,127,397)	6,202,026
Total liabilities and equity	36,176,763	1,158,908	1,691,388	1,438,476	554,711	(2,046,843)	38,973,403

3.6 Segment information - Continued

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2016 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	4,351,455	661,835	543,473	-	-	-	5,556,764
Gross premiums income	4,123,068	655,248	543,473	-	-	-	5,321,790
Premiums ceded to reinsurers	(173,181)	(22,453)	-	-	-	-	(195,634)
Net premiums income	3,949,887	632,795	543,473	-	-	-	5,126,156
Fee and commission income	116,754	1,287	-	-	-	-	118,041
Net underwriting income	4,066,641	634,082	543,473	-	-	-	5,244,197
Net benefits and claims	1,850,262	176,073	318,381	-	-	-	2,344,716
Increase in individual life fund	(161,532)	-	-	-	-	-	(161,532)
Increase in annuity reserve	354,038	-	-	-	-	-	354,038
Underwriting expenses	1,236,780	97,687	56,565	-	-	-	1,391,033
Net underwriting expenses	3,279,548	273,761	374,946	-	-	-	3,928,255
Underwriting profit	787,093	360,322	168,527	-	-	-	1,315,942
Profit on investment contracts	819,091	-	-	-	-	(263,626)	555,465
Investment income	492,251	11,134	25,373	-	-	(109,019)	419,739
Fair value loss on investment properties	(5,275)	-	-	-	-	-	(5,275)
Other income	45,516	1,120	81,285	30,411	39,194	(213)	197,314
Impairment charge no longer required	-	-	-	-	33,435	-	33,435
Impairment charges	(10,574)	-	-	-	-	-	(10,574)
Employees benefit expenses	(727,911)	(72,831)	(70,964)	(2,794)	(108,184)	-	(982,685)
Amortization of intangible assets	(2,267)	-	(10,809)	-	-	-	(13,076)
Depreciation of property, plant and equipment	(186,057)	(25,054)	(20,963)	(1,592)	(15,879)	-	(249,545)
Management expenses	(1,055,006)	(137,331)	(149,064)	(14,440)	(96,063)	250,247	(1,201,658)
Result of operating activities	156,861	137,359	23,386	11,585	(147,497)	(122,611)	59,082
Finance costs	-	-	-	-	(27,681)	-	(27,681)
Finance income	-	-	-	-	154,985	-	154,985
Profit before income tax	156,861	137,359	23,386	11,585	(20,192)	(122,611)	186,386
Income tax expenses	(86,767)	(44,699)	(913)	(4,073)	411	-	(136,040)
Net profit for the year	70,094	92,660	22,473	7,512	(19,781)	(122,611)	50,346
Profit attributable to:							
Owners of the parent	70,094	85,247	21,349	8,513	(15,825)	(123,612)	45,766
Non-controlling interests	-	7,413	1,124	-	(3,956)	14,726	19,306
	70,094	92,660	22,473	7,512	(19,781)	(122,611)	50,346

4 Gross premium income

in thousands of Nigerian Naira	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
4.1 Gross premium written					
Group life		3,907,528	2,997,614	3,674,023	2,821,116
Individual life		1,289,494	1,219,464	1,289,494	1,219,464
Non-life		1,541,883	1,028,811	-	-
Annuity		-	310,875	-	310,875
		6,738,905	5,556,764	4,963,517	4,351,455
Changes in unearned premium					
Group life		(326,046)	(228,387)	(326,047)	(228,387)
Non-life		(46,172)	(6,587)	-	-
		(372,218)	(234,974)	(326,047)	(228,387)
Gross premium income	35.2	6,366,687	5,321,790	4,637,470	4,123,068
4.2 Premiums ceded to reinsurers					
Group life		749,829	143,652	749,829	143,652
Individual life		11,534	29,529	11,534	29,529
Non-life		78,004	22,453	-	-
	23.3	839,367	195,634	761,363	173,181
4.3 Net premium income		5,527,320	5,126,156	3,876,107	3,949,887

5 Fees and commission income

Commission income from reinsurance		167,396	118,041	166,109	116,754
		167,396	118,041	166,109	116,754

6 Net benefits and claims

Claims paid		2,831,217	1,732,675	2,183,572	1,238,222
Change in outstanding claims		1,647,035	945,010	1,647,035	945,010
Claims recoveries		(1,432,530)	(153,600)	(1,432,530)	(153,601)
Change in outstanding claims - Reinsurers	23.1	194,412	(179,369)	194,412	(179,369)
		3,240,134	2,344,716	2,592,489	1,850,262

7 Underwriting expenses

Amortisation of deferred acquisition costs	25	517,963	428,841	334,670	278,394
Maintenance costs	7.1	804,699	962,192	801,341	958,386
		1,322,662	1,391,033	1,136,011	1,236,780

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

in thousands of Nigerian Naira	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Marketing expenses		209,954	305,514	209,954	305,514
Agency unit manager allowance		194,183	217,797	190,826	213,991
Training and Forum For Marketers		194,153	167,013	194,153	167,013
Agency allowance		130,258	130,497	130,258	130,497
Transport & Travelling-Corporate		62,648	76,202	62,648	76,202
Agency training		6.319	21.855	6.319	21.855
Administrative charges-Group Life		5,858	6,435	5,858	6,435
Group life actuary valuation report fee		1,600	3,100	1,600	3,100
Postage stamp duty expenses		2,336	2,415	2,336	2,415
Underwriting medical expenses		2,758	5,095	2,758	5,095
Business promotion expenses		-	26,269	-	26,269
		804,699	962,192	801,342	958,386

8 Profit on investment contracts

	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Interest income		3,280,959	2,890,406	3,280,959	2,890,406
Rental income on Alpha Court		80,011	94,039	80,011	94,039
Investment related expenses	8.1	(63,573)	(250,034)	(63,573)	(250,034)
Surrender fee		514,648	314,785	514,648	314,785
Guaranteed interest		(2,041,115)	(1,628,443)	(2,041,115)	(1,628,443)
Acquisition cost on investment policies		(879,031)	(865,288)	(879,031)	(865,288)
	8.2	891,899	555,465	891,899	555,465

8.1 Investment related expenses

	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Property repairs and maintenance cost	24,453	104,515	24,453	104,515
Facility management	-	25,000	-	25,000
Interest paid on refund of deposits for properties	-	33,078	-	33,078
Investment termination charges	-	15,618	-	15,618
Treasury bills handling charges	39,120	41,823	39,120	41,823
Others	-	30,000	-	30,000
	63,573	250,034	63,573	250,034

8.2 During the year ended 31 December 2017, certain items within the notes to the statement of profit or loss were reclassified between the prior year reported balances for better disclosure:

Interest income on Staff car loan and mortgage loan amounting to ₦10,800,000 (2016:₦13,592,000 included in profit /loss on investment contracts in prior year was reclassified appropiately to investment income. Investment related expenses amounting to ₦63,573,000 (2016:₦250,034,000) were also reclassified from manangement expenses to Profit/loss on investment contracts.

9 Investment income

in thousands of Nigerian Naira	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Interest income on loans and advances		10,800	13,592	10,800	13,592
Interest income on fixed term deposit		207,271	211,864	160,936	181,770
Interest income on statutory deposits		30,169	26,009	30,169	26,009
Interest income on lease		16,995	19,260	16,995	19,260
Interest from current accounts with banks		4,511	1,950	4,510	1,950
Interest income from treasury bills		431,351	147,064	422,812	140,651
Dividend income from MB Liberia		-	-	-	122,611
		701,097	419,739	646,222	505,843

10 Fair value loss on investment properties

	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Fair value loss on investment properties	28	(85,390)	(5,275)	(85,390)	(5,275)
		(85,390)	(5,275)	(85,390)	(5,275)

11 Other income

	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Net foreign exchange - gain		29,076	35,731	14,884	33,757
Agency fees		-	81,285	-	-
Net income from sale of properties		39,958	90	-	-
Gain on disposal of property, plant and equipment		6,050	2,830	-	7,291
Micro finance bank charges		-	598	-	-
Micro finance fees and commission		47,473	13,115	-	-
SMS, closed account and default charges		5,373	19,763	-	-
Commission on turnover		3,822	5,718	-	-
Recognition of expired deposit premium	11.1	286,734	-	286,734	-
Others		20,796	38,184	1,530	4,468
		439,282	197,314	303,148	45,516

11.1 The expired deposit premium of ₦287million represents life insurance premium received in previous years which was reported as deposit for premium liability (premium from policies that the assured could not be identified) in the financial statements. However, cover for the premium had expired as at 31 December 2017, the amount was therefore released to the income statement .

12 Impairment charge no longer required

	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Other assets and receivables	24.3	2,011	-	2,011	-
Loans and advances	21.2.2	-	33,435	-	-
		2,011	33,435	2,011	-

13 Impairment charges

	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Loans and advances	21.2.2	90,307	-	-	-
Finance lease	26.2	78,830	-	78,830	-
Other assets and receivables	24.3	-	10,574	-	10,574
		169,137	10,574	78,830	10,574

14 Employee benefit expenses

Wages and salaries	1,060,227	946,984	718,508	696,656
Defined contribution pension costs	33,298	35,701	28,725	31,255
	1,093,525	982,685	747,233	727,911

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 statement of profit or loss as staff cost.

15 Management expenses

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2017	2016	2017	2016
Amortization of intangible assets	30	23,341	13,076	1,852	2,267
Auditors' remunerations		20,403	20,352	16,450	16,330
Bad debt written off		23,819	38,681	-	38,681
Bank Charges		77,240	77,646	73,286	72,115
Business entertainments		16,096	12,010	9,741	6,103
Computer repairs and maintenence		29,735	20,447	22,977	15,489
Depreciation of property, plant and equipment	31	248,296	249,545	203,522	186,057
Directors fee and allowance and expenses		81,503	104,097	20,700	51,950
Donations		23,614	20,232	22,760	18,860
Fines and penalties		602	-	602	-
Insurance		9,908	12,026	6,441	6,662
Insurance supervisory fee		76,806	81,421	76,806	81,421
Legal and consultancy fees		139,268	209,152	114,983	188,027
Loss on disposal of property, plant and equipment		386	-	386	-
Medical expenses		30,122	20,892	27,328	18,762
Motor vehicle running expenses		49,486	33,294	40,880	27,153
Newspapers and periodicals		217	523	181	441
Printing and stationery		24,111	22,454	13,937	16,175
Public relations and advertising		39,168	46,186	9,535	7,379
Rents and Rates		114,849	119,910	92,962	101,790
Repairs and maintainance		307,509	217,425	50,460	49,449
Security expenses		9,393	8,465	5,020	4,824
Subscriptions		10,504	10,871	9,586	10,088
Telecommunication expenses		43,764	36,710	39,093	32,280
Other expenses		50,526	38,718	10,155	3,788
Training and recruitment		18,834	11,011	16,555	8,487
Transport and travelling		43,879	32,600	32,629	22,183
Utilities		6,432	6,535	6,431	6,535
		1,519,811	1,464,279	925,258	993,296

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

16 Finance costs

		GROUP		COMPANY	
in thousands of Nigerian Naira		2017	2016	2017	2016
Interest charge on deposits		38,225	26,066	-	-
Interest on savings account		1,207	1,615	-	-
		39,432	27,681	-	-

17 Finance income

Interest income on micro loans	198,111	131,295	-	-
Interest income on overdraft	2,459	16,300	-	-
Interest income from funds placement	-	4,024	-	-
Interest income on treasury bills	-	3,359	-	-
Interest on Eazy cash product	-	7	-	-
	200,570	154,985	-	-

18 Income tax expense

18.1 Current income tax charge

Company income tax		69,386	48,501	-	-
Education tax		705	578	-	-
Minimum tax		55,243	83,015	55,243	81,411
Information technology tax		3,684	1,569	3,684	1,569
Total current income tax expense	40	129,018	133,663	58,927	82,980

18.2 Deferred tax

Relating to origination and reversal of temporary differences		(60,249)	2,377	(26,977)	3,786
Total deferred tax	41.1	(60,249)	2,377	(26,977)	3,786
Total income tax expenses		68,769	136,040	31,950	86,767

18.3 Reconciliation of tax charge

in thousands of Nigerian Naira	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Profit before income tax	486,006	186,386	346,807	156,861
Tax at Nigerian's statutory income tax rate of 30% (2016: 30%)	145,802	55,916	104,042	47,058
Effect of:				
Tax exempt income	(234,966)	(462,289)	(224,816)	(459,180)
Expenses not deductible for tax purposes	81,223	456,195	76,719	414,853
Tax rate differential on fair value loss	17,078	1,055	17,078	1,055
Information Technology tax	3,684	1,569	3,684	1,569
Mininum tax	55,243	83,015	55,243	81,411
Education tax	705	578	-	-
	68,769	136,039	31,950	86,767

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	2017	2016	2017	2016
Profit attributable to equity holders		431,210	45,766	314,857	70,094
Weighted average number of ordinary shares for basic earnings per share	19.2	250,000	250,000	250,000	250,000
Basic earnings per ordinary share (kobo)		172	18	126	28

19.2 *Weighted average number of ordinary shares - basic*

	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Issued ordinary shares at 1 January	250,000	150,000	250,000	150,000
Issued during the year	-	100,000	-	100,000
As at 31 December	250,000	250,000	250,000	250,000

19.3 *Earnings per share- Diluted*

	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Weighted average number of ordinary shares for diluted earnings per share	19.2	250,000	250,000	250,000	250,000
As at 31 December		250,000	250,000	250,000	250,000
Diluted earnings per ordinary share (kobo)		172	18	126	28

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

20 Cash and cash equivalents

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Cash on hand		3,542	2,606	65	1,041
Cash in banks		1,485,284	2,612,724	702,662	2,002,299
Short-term deposits	20.1	3,607,535	3,894,318	3,448,857	3,734,583
Treasury bills with original maturity of less than 90days		-	419,772	-	419,772
		5,096,361	6,929,420	4,151,584	6,157,695

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 12% per annum (2016: 11%).

For the purpose of the statement of cash flows, the cash and cash equivalents consist of cash and short-term deposits, as defined above and are subject to insignificant change in fair value, and used by the Group to manage its short term cash commitments.

21 Financial assets

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

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Available-for-sale investment securities	21.1	827,972	827,822	716,472	716,472
Loans and receivables	21.2	11,612,559	11,639,228	10,854,661	11,193,259
Held-to-maturity	21.3	12,382,363	6,183,731	12,382,363	6,183,731
		24,822,894	18,650,781	23,953,496	18,093,462
Current		15,186,206	9,116,373	15,067,735	9,555,536
Non-current		9,636,688	9,534,408	8,885,761	8,537,926
		24,822,894	18,650,781	23,953,496	18,093,462

21.1 Available-for-sale investment securities

	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Unquoted investments	21.1.1	827,972	827,822	716,472	716,472
Allowance for impairment		-	-	-	-
		827,972	827,822	716,472	716,472
Current		827,972	827,822	716,472	716,472
Non-current		-	-	-	-
		827,972	827,822	716,472	716,472

All unquoted investments for which fair values could not be reliably estimated have been carried at cost. 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.

21.1 Available-for-sale investment securities - continued

21.1.1 *Analysis of investments in unlisted entities*	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
ICHL Limited	316,472	316,472	316,472	316,472
Leasing Company of Liberia	61,100	60,950	-	-
Motor Way Assets Limited	330,000	330,000	330,000	330,000
Avanage Nigeria Limied	70,000	70,000	70,000	70,000
Other investments	50,400	50,400	-	-
	827,972	827,822	716,472	716,472

21.1.2 Movement in unlisted entities

		GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
At 1 January		827,822	693,036	716,472	609,036
Foreign exchange revaluation		150	64,786	-	-
Transfer from deposit for investment in equity instrument	a	-	70,000	-	70,000
At 31 December		827,972	827,822	716,472	716,472

a The shares for the Avanage Nigeria Limited was alloted during the year ended 31 December 2016 and subsequently reclassified to available-for-sale 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-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Term loans	21.2.1	11,265,177	11,493,566	10,802,005	11,060,806
Overdrafts		370,304	18,953	-	-
Staff loans		96,503	155,827	52,656	132,453
Gross loans and advances		11,731,984	11,668,346	10,854,661	11,193,259
Allowance for individual impairment	21.2.2	(119,425)	(29,118)	-	-
		11,612,559	11,639,228	10,854,661	11,193,259
Current		2,803,843	2,932,642	2,685,372	3,371,805
Non-current		8,808,716	8,706,586	8,169,289	7,821,454
		11,612,559	11,639,228	10,854,661	11,193,259

21.2.1 Term loans

	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Prime Exploration and Production Limited	21.2.3	10,162,578	10,010,310	10,162,578	10,010,310
Mutual Homes and Properties Limited	21.2.4	-	-	639,427	1,050,496
Other		1,102,599	1,483,256	-	-
Gross term loans		11,265,177	11,493,566	10,802,005	11,060,806

21.2 Financial assets - Loans and advances - Continued

21.2.2 Impairment on loans and advances

in thousands of Nigerian Naira		GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Individual impairment					
Balance, begining of the year		29,118	62,553	-	-
Impairment charged for the year	13	90,307	-	-	-
Reversal for the year	12	-	(33,435)	-	-
Balance, end of the year		119,425	29,118	-	-

21.2.3 Loan to Prime Exploration and Production Limited

Included in loans and advances for the Group is the loan balance of ₦10,162,578,000 (2016: ₦10,010,310,000) granted to Prime Exploration and Production Limited. The details is as follow:

in thousands of Nigerian Naira	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Balance as 1 January	10,010,310	9,591,640	10,010,310	9,591,640
Interest on loan	2,202,268	2,110,161	2,202,268	2,110,161
Payments received	(2,050,000)	(1,691,491)	(2,050,000)	(1,691,491)
	10,162,578	10,010,310	10,162,578	10,010,310

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 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. There are no defaults in the loan terms during the year.

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 Financial assets - Loans and advances - Continued

21.2.4 Loan to Mutual Homes and Properties Limited

Included in loans and advances for the Company is the loan balance of ₦639,427,000 (2016: ₦1,050,496,000) granted to Mutual Homes and Properties Limited. The details is as follow:

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2017	31 Dec-2016	31 Dec-2017	31 Dec-2016
Balance as 1 January		-	-	1,050,496	1,303,978
Payments		-	-	(411,069)	(253,482)
		-	-	639,427	1,050,496

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.

21.2.5 *Credit quality of loans and advances is summarised as follows:*

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2017	31 Dec-2016	31 Dec-2017	31 Dec-2016
Neither past due nor impaired		11,612,559	11,639,228	10,854,661	11,193,259
Past due but not impaired		-	-	-	-
Individually impaired		119,425	29,118	-	-
Gross		11,731,984	11,668,346	10,854,661	11,193,259
Less: allowance for impairment	21.2.1	(119,425)	(29,118)	-	-
Net balance		11,612,559	11,639,228	10,854,661	11,193,259

21.2.6 Loans concentrations

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

	GROUP		COMPANY	
in thousands of Nigerian Naira	Loans to individuals	Loans to corporate	Loans to individuals	Loans to corporate
31 December 2017				
Gross	302,155	11,429,829	52,656	10,802,005
Allowance for impairment	-	(119,425)	-	-
Net Balance	302,155	11,310,404	52,656	10,802,005
31 December 2016				
Gross	351,647	11,316,699	132,453	11,060,806
Allowance for impairment	-	(29,118)	-	-
Net Balance	351,647	11,287,581	132,453	11,060,806

21.2 Financial assets - Loans and advances - Continued

21.3 Held-to-maturity

Treasury bills and bonds

	GROUP		COMPANY	
in thousands of Nigerian Naira	31 Dec-2017	31 Dec-2016	31 Dec-2017	31 Dec-2016
NIGTB 01 Feb 2018	640,894	-	640,894	-
NIGTB 12 April 2018	1,000,000	-	1,000,000	-
NIGTB 19 April 2018	1,145,000	-	1,145,000	-
NIGTB 31 May 2018	382,000	-	382,000	-
NIGTB 5 July 2018	28,000	-	28,000	-
NIGTB 12 July 2018	6,174,317	-	6,174,317	-
NIGTB 6 Sept 2018	2,411,391	-	2,411,391	-
KOGI BOND 2020	470,383	-	470,383	-
KOGI BOND 2022	130,378	-	130,378	-
NIGTB 20 July 2017	-	1,000,000	-	1,000,000
NIGTB 27 July 2017	-	760,000	-	760,000
NIGTB 01 June 2017	-	4,273,731	-	4,273,731
NIGTB 13 July 2017	-	150,000	-	150,000
	12,382,363	6,183,731	12,382,363	6,183,731
Current	11,781,602	6,183,731	11,781,602	6,183,731
Non-current	600,761	-	600,761	-
	12,382,363	6,183,731	12,382,363	6,183,731

The treasury bills and bonds are made for varying periods above three months and are subject to an average interest rate of 16% per annum (2016: 12%).

21.3.1 *The movement in held-to-maturity financial assets*

	GROUP		COMPANY	
in thousands of Nigerian Naira	31 Dec-2017	31 Dec-2016	31 Dec-2017	31 Dec-2016
At 1 January	6,183,731	-	6,183,731	-
Additions during the year	11,994,296	5,927,765	11,994,296	5,927,765
Accrued interest income	1,082,097	255,966	1,082,097	255,966
Redemption at maturity	(6,877,761)	-	(6,877,761)	-
At 31 December	12,382,363	6,183,731	12,382,363	6,183,731

22 Trade receivables

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Trade receivables	22.1	351,121	359,622	-	-
Current		351,121	359,622	-	-
Non-current		-	-	-	-
		351,121	359,622	-	-

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. There was no premium receivables for the Company as at 31 December 2017, going by NAICOM's "No Premium No Cover" policy.

22.1 *Analysis of insurance receivables by counter party*

	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Gross				
Due from insurance brokers	351,121	359,622		-
	351,121	359,622	-	-
Allowance for impairment				
Due from insurance brokers	-	-		-
	-	-	-	-
	351,121	359,622	-	-

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

	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
0 – 90 days	351,121	359,622	-	-
91 – 180 days	-	-	-	-
Above 180 days	-	-	-	-
	351,121	359,622	-	-

22.3 *Movement of allowance for impairment of insurance receivables*

	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Balance, beginning of the year	-	317,357	-	317,357
Written off during the year	-	(317,357)	-	(317,357)
	-	-	-	-

23 Reinsurance assets

	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Reinsurance share of outstanding claims	23.1	36,639	231,051	36,639	231,051
Co-assurance claims receivable	23.2	1,011,474	64,165	1,011,474	64,165
Reinsurance debtors		298,735	42,978	-	-
Prepaid reinsurance	23.3	22,056	475,852	22,056	475,852
		1,368,904	814,046	1,070,169	771,068
Current		1,368,904	814,046	1,070,169	771,068
Non-current		-	-	-	-
		1,368,904	814,046	1,070,169	771,068

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

23 Reinsurance assets - Continued

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	31 Dec-2017	31 Dec-2016	31 Dec-2017	31 Dec-2016
Balance at the beginning of the year		231,051	51,682	231,051	51,682
Changes in reinsurance share of outstanding claims	6	(194,412)	179,369	(194,412)	179,369
Balance at the end of the year		36,639	231,051	36,639	231,051

23.2 The movement in co-assurance claim receivables

		GROUP		COMPANY	
Balance at the beginning of the year		64,165	113,588	64,165	110,123
Addition during the year		1,432,529	153,601	1,432,529	153,601
Receipts during the year		(485,220)	(203,024)	(485,220)	(199,559)
Balance at the end of the year		1,011,474	64,165	1,011,474	64,165

23.3 The movement in prepaid reinsurance

		GROUP		COMPANY	
Balance at the beginning of the year		475,852	23,971	475,852	23,971
Additions during the year		385,571	647,515	307,567	625,062
Recognised in profit or loss	4.2	(839,367)	(195,634)	(761,363)	(173,181)
Balance at the end of the year		22,056	475,852	22,056	475,852

24 Other receivables and prepayments

		GROUP		COMPANY	
Rent prepayments		70,697	86,272	45,295	59,999
WHT recoverable		67,402	83,610	67,402	83,610
Loan to policy holders		-	4,184	-	4,184
Other bank balances	24.1	10,648	10,731	10,648	10,731
Advance commission to broker		5,969	8,739	5,969	8,739
Stock of cheques		2,175	2,642	-	-
Directors current account		7,651	30,893	-	-
Excess interest charges		6,390	6,390	6,390	6,390
Dividend receivables		-	-	89,302	89,302
Sundries receivables		151,582	92,408	22,193	7,525
VAT input on Alpha Court Property		198,750	202,500	198,750	202,500
Private placement		-	5,500	-	-
Receivable from property buyers		50,254	102,277	9,979	58,682
ATM cards with staff		957	1,232	-	-
Property development debtors	24.2	21,922	28,686	-	-
		594,397	666,064	455,928	531,662
Allowance for impairment	24.3	(6,390)	(10,574)	(6,390)	(10,574)
		588,007	655,490	449,538	521,088
Current		588,007	655,490	449,538	521,088
Non-current		-	-	-	-
		588,007	655,490	449,538	521,088

24 Other receivables and prepayments - Continued

24.1 This is made up of bank reversals in the bank statement of the company with inadequate information to identify the customers. The entry is corrected once the detailed information is obtained from the bank.

24.2 This is receivable in respect of the property sale from the real estate segment of the Group.

24.3 *Allowance for impairment charges on other receivables*

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2017	31 Dec-2016	31 Dec-2017	31 Dec-2016
Excess interest charges		6,390	6,390	6,390	6,390
Receivable from property buyers		-	4,184	-	4,184
Balance at the end of the year		6,390	10,574	6,390	10,574

24.3 *The movement in allowance for impairment charges on other receivables*

Balance at the beginning of the year		10,574	-	10,574	-
Charge during the year	13	-	10,574	-	10,574
Written off during the year		(2,173)	-	(2,173)	-
Reversal during the year	12	(2,011)	-	(2,011)	-
Balance at the end of the year		6,390	10,574	6,390	10,574

25 Deferred acquisition costs

Balance at the beginning of the year		105,285	60,811	105,285	60,811
Additions during the year		585,779	473,315	402,486	322,868
Amortisation of DAC	7	(517,963)	(428,841)	(334,670)	(278,394)
Balance at the end of the year		173,101	105,285	173,101	105,285
Current		173,101	105,285	173,101	105,285
Non-current		-	-	-	-
		173,101	105,285	173,101	105,285

26 Finance lease receivables

Gross amount		109,606	331,942	91,818	185,810
Unearned interest		(19,765)	(59,858)	(1,977)	(4,000)
Net investment in finance lease	26.1	89,841	272,084	89,841	181,810
Less:					
Allowance for individual impairment	26.2	(78,830)	-	(78,830)	-
		11,011	272,084	11,011	181,810
Current		11,011	272,084	-	181,810
Non-current		-	-	11,011	-
		11,011	272,084	11,011	181,810

26.1 Movement in finance lease receivables

Balance at the beginning of the year		272,084	376,138	181,810	317,930
Interest on finance leases		16,995	19,261	16,995	19,261
Payment during the year		(199,238)	(155,381)	(108,964)	(155,381)
Foreign exchange difference		-	32,066	-	-
		89,841	272,084	89,841	181,810

26 Finance lease receivables - Continued

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2017	31 Dec-2016	31 Dec-2017	31 Dec-2016
26.2 *Allowance for individual impairment*					
Balance at the beginning of the year		-	-	-	-
Impairment charge for the year	13	78,830	-	78,830	-
Balance at the end of the year		78,830	-	78,830	-

Allowance for impairment of ₦78.8million was made for finance lease receivables due but yet to be settled for over 360 days .However, the Company has put in measures to ensure recovery of the finance leases.

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

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2017	31 Dec-2016	31 Dec-2017	31 Dec-2016
Neither past due nor impaired		11,011	193,254	11,011	102,980
Past due but not impaired		-	78,830	-	78,830
Individually impaired		78,830	-	78,830	-
Gross		89,841	272,084	89,841	181,810
Less: allowance for impairment		(78,830)	-	(78,830)	-
Net balance		11,011	272,084	11,011	181,810

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

	GROUP		COMPANY	
in thousands of Nigerian Naira	Lease to individuals	Lease to corporate	Lease to individuals	Lease to corporate
31 December 2017				
Gross	-	89,841	-	89,841
Allowance for Impairment	-	(78,830)	-	(78,830)
Net Balance	-	11,011	-	11,011
31 December 2016				
Gross	-	272,084	-	181,810
Allowance for Impairment	-	-	-	-
Net Balance	-	272,084	-	181,810

27 Inventories

Construction in progress	906,502	1,331,502	-	-
Building raw materials	1,320	1,362	-	-
	907,822	1,332,864	-	-
Current	907,822	1,332,864	-	-
Non-current	-	-	-	-
	907,822	1,332,864	-	-

28 Investment properties

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Balance at the beginning of the year		8,670,390	8,675,665	8,670,390	8,675,665
Disposal		(75,000)	-	(75,000)	-
Fair value loss on investment properties	10	(85,390)	(5,275)	(85,390)	(5,275)
		8,510,000	8,670,390	8,510,000	8,670,390

The items of investment properties are as shown below:

	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Mutual Tulip Estate	i	770,000	798,140	770,000	798,140
Property at Ikeja GRA- Sasegbon	ii	650,000	625,000	650,000	625,000
Property at Ikeja Alausa	iii	300,000	285,000	300,000	285,000
Property at Sango/Idiroko - Mogga	iv	80,000	84,250	80,000	84,250
Property at Sango/Idiroko - Caxtonjo	v	50,000	50,000	50,000	50,000
Property at Onireke,Ibadan	vi	550,000	538,000	550,000	538,000
Mutual Alpha Court duplex, Costain, Lagos	vii	4,140,000	4,218,000	4,140,000	4,218,000
Property at Asokoro, Abuja	viii	700,000	702,000	700,000	702,000
Property at Akure Plots (5,320 Square Meters)	ix	200,000	220,000	200,000	220,000
Property at Paradise Estate, Anthony Estate	x	200,000	230,000	200,000	230,000
Property at Ado Ekiti Land	xi	700,000	750,000	700,000	750,000
Property at Oyingbo, Lagos	xii	170,000	170,000	170,000	170,000
Balance at the end of the year		8,510,000	8,670,390	8,510,000	8,670,390

28.1 *Movement in Investment properties is shown below:*

	Bal as at 1/1/2017	Fair value gain/loss	Acq.cost	Disposal	Bal as at 31/12/2017
Mutual Tulip Estate	798,140	(28,140)	-	-	770,000
Property at Ikeja GRA- Sasegbon	625,000	25,000	-	-	650,000
Property at Ikeja Alausa	285,000	15,000	-	-	300,000
Property at Sango/Idiroko - Mogga	84,250	(4,250)	-	-	80,000
Property at Sango/Idiroko - Caxtonjo	50,000		-	-	50,000
Property at Onireke,Ibadan	538,000	12,000	-	-	550,000
Mutual Alpha Court duplex, Costain, Lagos	4,218,000	(3,000)	-	(75,000)	4,140,000
Property at Asokoro, Abuja	702,000	(2,000)			700,000
Property at Akure Plots (5,320 Square Meters)	220,000	(20,000)	-	-	200,000
Property at Paradise Estate, Anthony Estate	230,000	(30,000)	-	-	200,000
Property at Ado Ekiti Land	750,000	(50,000)	-	-	700,000
Property at Oyingbo, Lagos	170,000	-	-	-	170,000
Balance at the end of the year	8,670,390	(85,390)	-	(75,000)	8,510,000

28 Investment property - Continued

Investment properties are stated at fair value, which has been determined based on valuations performed by Messr Alabi, Ojo & Makinde Consulting (FRC/2015/NIESV/00000010800) and Messr Arigbede & Co Estate Surveyors and Valuers (FRC/2014/00000004634), accredited independent valuers as at 31 December 2017. 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 ₦80,011,000 (2016: ₦94,038,558.86) which is included in profit on investment contract. 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-2017	31 Dec-2016	31 Dec-2017	31 Dec-2016
Rental income derived from investment properties	8	80,011	94,038	80,011	94,038
Fair value loss on investment properties		(85,390)	(5,275)	(85,390)	(5,275)
Direct operating expenses, including repairs and maintenance, included in investment related expenses in other management expenses		(24,453)	(129,515)	(24,453)	(129,515)
Profit/(loss) arising from investment properties carried at fair value		(29,832)	(40,752)	(29,832)	(40,752)

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 - Continued

i ***Mutual Tulip Estate***

Land property of 11.40 Hectares with industrial development potential lying, situates and being at Isheri Oke Village, off Lagos/Ibadan Expressway, Ifo Local Government Area, Ogun State in Nigeria was purchased at a cost of ₦747million. The landed property was revalued to ₦770 million by Messrs Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2017. The subsisting title to the subject is vested in the Company through a Deed of Assignment.

ii ***Property at Ikeja GRA- Sasegbon***

Land property of 5,942.065 square metres of land located at 7b&9 Sasegbon Street, GRA Ikeja Lagos state in Nigeria was purchased at a cost of ₦593million. The landed property was revalued to ₦650 million by Messrs Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2017. The subsisting title to the subject is a deed of assignment.

iii ***Property at Ikeja Alausa***

Land property of 1,515.601 square metres of land located at Alusa central business district Lagos state in Nigeria was purchased at a cost of ₦177million. The landed property was revalued to ₦300 million by Messrs Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2017. The subsisting title to the subject is vested in Deed of Assignment in favour of Mutual Benefits Assurance Plc.

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

Landed property of 4040 square metres of land located at Sango/Idiroko road, opposite Mogga Petroleum, Onibukun village, Ota Atan, Ogun state in Nigeria was purchased at a cost of ₦90million. The landed property was valued to ₦80 million by Messrs Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2017. The subsisting title to the subject is vested in the Deed of Assignment in favour of Mutual Benefits Life Assurance Limited.

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. The landed property was valued to N50 million by Messrs Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2017. The subsisting title to the subject is vested in the Deed of Assignment in favour of Mutual Benefits Life Assurance Limited.

vi ***Property at Onireke,Ibadan***

The property occupy 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 ₦550 million by Messrs Alabi, Ojo and Makinde Consulting as at 31 December 2017. The subsisting title to the subject is a certificate of Occupancy in favour of the Company.

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 2017, 53 units were revalued at ₦4.14 billion by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers. The subsisting title is vested in Deed of Assignment between Mutual Benefits Homes and Properties Limited and Mutual Life Assurance Limited.

28 Investment properties - Continued

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

viii ***Property At Abuja (Asokoro District, Abuja)***

This is a six bedroom detached house (207.12 square meters) on a rectagular shaped site covering and approximately land area of 800 square meters, situated at 78 Yahubu Gowon Crescent, Asokoro, Abuja, The property was purchased at a cost of ₦666.25million. The property was valued at ₦700million by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2017. The subsisting title to the subject land is a deed of assignment in favour of the Company.

ix ***Property at Akure Plots (5,320 Square Meters)***

Land property of 5,320 square meters of land located at Akure, Ondo State, Nigeria was transferred to the Company 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 subsisting title to the subject is vested in the Deed of Assignment between Mutual Benefits Home and Properties Limited and Mutual Benefits Life Assurance Limited. The property was valued at ₦200million by Messrs Arigbede & Co. Estate Surveyors and Valuers as at 31 December 2017.

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 property was valued at ₦200million by Messr Alabi, Ojo & Makinde Consulting, Estate Surveyors and Valuers as at 31 December 2017. The subsisting title to the subject is vested in letters of Allocation issued by Land Bureau, Governor's office of Lagos State Government dated 2007.

xi ***Property at Ado Ekiti Land***

Land property consisting of 27,658 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 at ₦700million by Messrs Arigbede & Co. Estate Surveyors and Valuers as at 31 December 2017. The subsisting title to the subject a deed of assignment in favour of the Company.

xii ***Property at Oyingbo, Lagos***

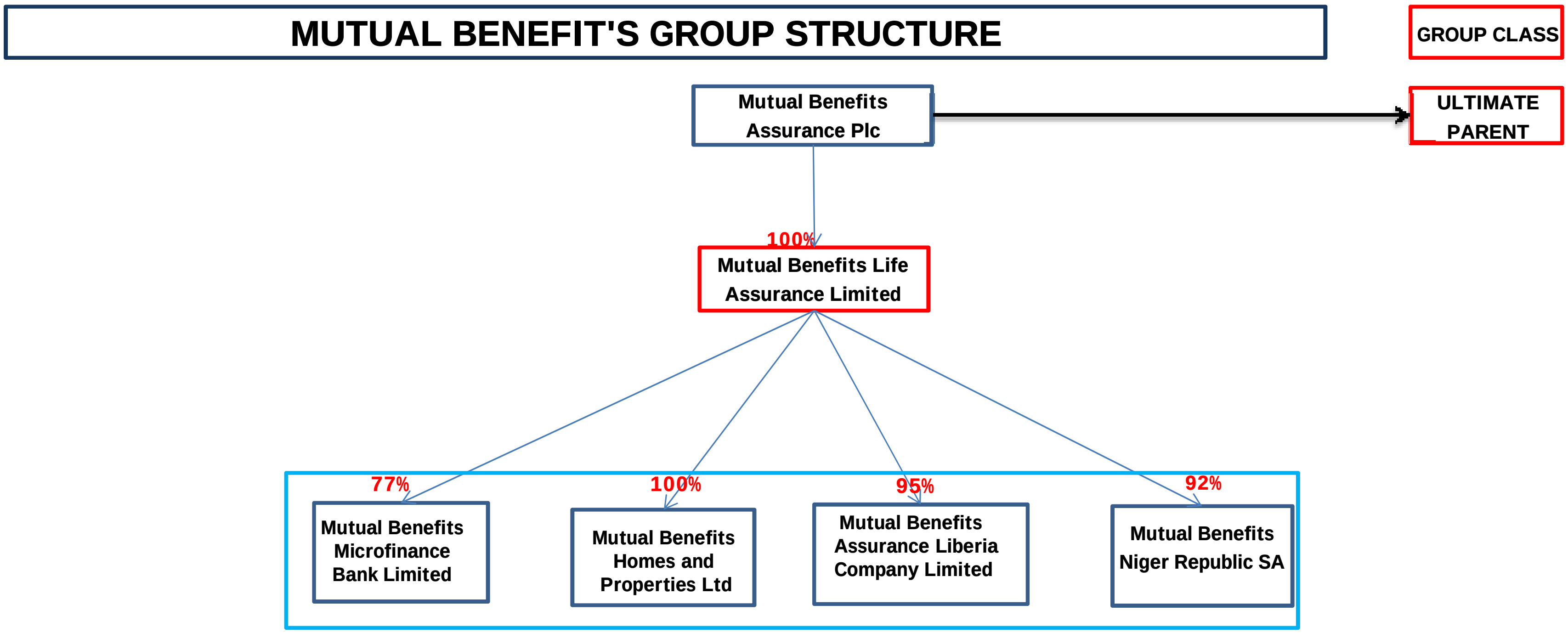
Property of 461 square meters of land located at Apapa Road, Ebute-Metta, Lagos State, Nigeria was transferred at a value of ₦180million. The title is held in perpetuity and Deed of Assignment in favour of the Company is ongoing. The property was valued at N170million by Messr Alabi, Ojo and Makinde Consulting, Estate Surveyors and Valuers as at 31 December 2017. The subsisting title to the subject is vested in the Land Certificate and registered at the Land Registry Office in Lagos State.

29 Investments in subsidiaries

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

	COMPANY	
in thousands of Nigerian Naira	31 Dec-2017	31 Dec-2016
Mutual Benefits-Homes and Properties Ltd	20,000	20,000
Mutual Benefits-Micro Finance Bank Ltd	200,000	200,000
Mutual Benefits-Liberia Limited	464,000	464,000
Mutual Benefits-Niger Republic	301,400	301,400
	985,400	985,400
Allowance for impairment:		
Mutual Benefits-Homes and Properties Ltd	(20,000)	(20,000)
Mutual Benefits-Micro Finance Bank Ltd	(24,962)	(24,962)
Mutual Benefits-Niger Republic	(43,457)	(43,457)
	(88,419)	(88,419)
	896,981	896,981

29 Investments in subsidiaries



	Company name	Nature of business	Country of origin	Relationship	% of equity controlled	NCI	Note	Status	Year of control
1	Mutual Benefits Microfinance Bank	Banking	Nigeria	Direct	77%	23%	48	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.

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 77% of the voting rights of the Company in January 2009. The shareholding of Mutual Benefits Life Assurance Ltd in the Company was reduced to 77% with the additional shares issues in 2017.

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-2017	31 Dec-2016	31 Dec-2017	31 Dec-2016
Computer software acquired					
Cost:					
Balance at the beginning of the year		127,431	92,740	30,539	30,539
Additions		8,071	9,128	-	-
Foreign exchange difference		12,002	25,563	-	-
		147,504	127,431	30,539	30,539
Accumulated Amortization:					
Balance at the beginning of the year		87,207	60,398	26,936	24,669
Amortisation charge	15	23,341	13,076	1,852	2,267
Foreign exchange difference		8,348	13,733	-	-
		118,896	87,207	28,788	26,936
Carrying value		28,608	40,224	1,751	3,603

31 Property, plant and equipment (Group)

in thousands of Nigerian Naira	Note	Leasehold building	Land	Plant and machinery	Motor vehicles	Office equipment	Computer equipment	Furniture and fittings	Capital work-in progress	Total
Cost:										
As at 1 January 2016		698,323	78,900	281,230	271,723	33,313	32,785	332,279	6,887	1,735,441
Additions		38,152	-	620	75,367	3,784	7,174	77,057	-	202,155
Reclassification		-	-	-	-	-	-	6,887	(6,887)	-
Disposal		-	-	(33,293)	(15,000)	(324)	(3,898)	(10,342)	-	(62,857)
Foreign exchange difference		67,227	40,000	4,438	31,909	3,167	-	13,824	-	160,565
31 December 2016		803,703	118,900	252,995	363,999	39,940	36,061	419,705	-	2,035,303
Additions		41,920	63,668	1,162	52,644	3,314	17,792	34,721		215,220
Disposal		-		(64,750)	(9,400)	(85)	-	(3,208)	-	(77,443)
Revaluation adjustment		-	139,139	-	-	-	-	-	-	139,139
Foreign exchange difference		466	17,575	31	289	23	-	9,335	-	27,719
31 December 2017		846,089	339,282	189,438	407,532	43,192	53,853	460,552	-	2,339,939
Accumulated depreciation:										
As at 1 January 2016		283,263	-	228,148	180,098	20,776	30,127	179,862	-	922,274
Charge for the year		105,886	-	24,149	53,273	6,199	2,421	57,617	-	249,545
Disposal		-	-	(33,087)	(15,000)	(243)	(3,435)	(5,535)	-	(57,301)
Foreign exchange difference		7,200	-	2,240	26,489	2,072	-	11,130	-	49,131
31 December 2016		396,349	-	221,450	244,860	28,804	29,113	243,073	-	1,163,649
Charge for the year		110,247	-	11,843	51,951	6,413	4,528	63,314	-	248,296
Disposal		-	-	(64,729)	(9,400)	(68)	-	(1,902)	-	(76,099)
Foreign exchange difference		79	-	26	240	21	-	6,397	-	6,763
31 December 2017		506,675	-	168,590	287,651	35,170	33,641	310,882	-	1,342,609
Carrying amounts at:										
31 December 2017		339,413	339,282	20,848	119,881	8,022	20,212	149,670	-	997,330
31 December 2016		407,354	118,900	31,545	119,139	11,136	6,948	176,632	-	871,654

No leased assets are included in the above property, plant and equipment and the Group had no capital commitments as at 31 December 2017. 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 availalable for use. None of the assets have been pledged as collateral.

31 Property, plant and equipment (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 2016	572,621	44,452	184,304	267,697	-	1,069,074
Additions	38,000	620	52,000	71,885	-	162,505
Disposal	-	-	(15,000)	(4,899)	-	(19,899)
31 December 2016	610,621	45,072	221,304	334,682	-	1,211,679
Additions	-	115	41,100	22,826	-	64,041
Disposal	-	(100)	(9,400)	(3,208)	-	(12,708)
31 December 2016	610,621	45,087	253,004	354,300	-	1,263,012
Accumulated depreciation:						
As at 1 January 2016	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 2016	265,003	13,494	112,125	144,959	-	535,581
Charge for the year	102,732	8,087	34,782	40,456	-	186,057
Disposal	-	-	(15,000)	(339)	-	(15,339)
31 December 2016	367,735	21,581	131,907	185,075	-	706,299
Charge for the year	106,126	7,986	38,311	51,100	-	203,522
Disposal	-	(80)	(9,400)	(1,902)	-	(11,382)
31 December 2017	473,861	29,487	160,818	234,274	-	898,439
Carrying amounts at:						
31 December 2017	136,760	15,600	92,186	120,026	-	364,573
31 December 2016	242,886	23,491	89,397	149,607	-	505,381

No leased assets are included in the above property, plant and equipment, the Company had no capital commitments as at 31 December 2017. 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 15.08% per annum (2016: 11.56%) on statutory deposits are included in investment incomes (Note 9).

The deposit has been tested for adequacy as at 31 December 2017 and found to be adequate.

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2017	31 Dec-2016	31 Dec-2017	31 Dec-2016
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

Mutual Exploration and Production Limited		70,000	70,000	70,000	70,000
		70,000	70,000	70,000	70,000

Mutual Exploration and Production Limited has commenced the process of allotment of shares to subscribers and this is expected to be completed by the end of June 2018. The opportunity loss of this deposit during the year is estimated at ₦8.4 million (2016:₦7.7million).

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-2017	31 Dec-2016
Mutual Microfinance Bank Limited		1,543	1,543
		1,543	1,543

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

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversible.

The goodwill recognized represents the price paid above the 80% of the fair value of the identifiable net assets of CGU (Mutual Benefits Microfinance Bank Limited) at the acquisition date, 1 January 2009.

34 Goodwill - Continued

Impairment test on goodwill

Annual impairment testing of goodwill in accordance with the requirements of IAS 36 ‘Impairment of Assets’ is carried out by comparing the carrying amount of the CGU to its recoverable amount, being the higher of the CGU’s value-in-use or fair value less costs to sell. An impairment charge is recognized when the recoverable amount is less than the carrying value. Value-in-use is calculated as the net present value of the projected risk-adjusted cash flows of the CGU. The cash flows attributable to the value of the CGU are based on past experience of operating results. These cash flows are based on the expected free cash flow growth for the entity over a 5 year period.

Impairment assessment has been performed for the year, and no losses on goodwill was recognized as the recoverable amount of the CGU as at 31 December 2017 was greater than its carrying amount and is thus not impaired.

The recoverable amount of ₦296million (2016: ₦344 million) was determined using a value-in-use computation.

Assumptions Approach used to determining value-in-use

– Discount rate: the discount rates have been calculated based on the Group’s weighted average cost of capital and risks specific to the CGU being tested. Pre-tax rates of 23% was determined as at 31 December 2017.

– Long term growth rates: This is the weighted average growth rate used to extrapolate cash flows beyond the budget period and it is based on the estimated growth rate for Nigeria.

The assumptions used in the impairment testing of the CGU are as follows:

	2017	2016
Carrying amount of the CGU (in thousands of Nigerian Naira)	181,379	277,011
Discount rate	23%	23%
Period covered by management projections	5 years	5 years
Long-term growth rate	2.0%	2.5%

Sensitivity analysis

	Change required to trigger impairment	Change required to trigger impairment
Forecast free cash flow	39% reduction	50% reduction
Discount rate	50% higher	16% higher
Long-term growth rate	2480% lower	359% lower

Management believes that any reasonably possible change in the key assumptions on which the CGU recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

35 Insurance contract liabilities

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2017	31 Dec-2016	31 Dec-2017	31 Dec-2016
Outstanding claims	35.1	4,151,852	2,156,727	3,646,396	2,025,882
Unearned premiums	35.2	1,794,632	1,422,414	1,510,178	1,184,131
		5,946,484	3,579,141	5,156,574	3,210,013
Current		5,946,484	3,579,141	5,156,574	3,210,013
Non-current		-	-	-	-
		5,946,484	3,579,141	5,156,574	3,210,013

35.1 Outstanding claims

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Group life	35.1.1	3,207,089	1,533,575	3,169,353	1,522,318
Individual life	35.1.2	79,925	84,195	79,925	84,195
Annuity	35.1.3	397,118	419,370	397,118	419,370
Non-life	35.1.4	467,720	119,587	-	-
		4,151,852	2,156,727	3,646,396	2,025,883

35.1.1 *Group life*

	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Outstanding claims				
Claims reported by policyholders	2,623,075	895,702	2,585,339	884,445
Claims incurred but not reported (IBNR)	584,014	637,873	584,014	637,873
	3,207,089	1,533,575	3,169,353	1,522,318
Movement in Group life outstanding claims				
At 1 January	1,533,575	597,472	1,522,318	577,308
Claims incurred in the current year	3,992,120	2,324,917	3,725,323	2,074,474
Claims paid during the year	(2,318,606)	(1,388,814)	(2,078,288)	(1,129,464)
At 31 December	3,207,089	1,533,575	3,169,353	1,522,318
The aging analysis of Group life outstanding claims				
0 - 90	2,623,075	895,702	2,585,339	884,445
91 - 180	-	-	-	-
181 - 270	-	-	-	-
271 - 360	-	-	-	-
361 and above	-	-	-	-
No aging - IBNR	584,014	637,873	584,014	637,873
	3,207,089	1,533,575	3,169,353	1,522,318

The ageing of the outstanding claims is measured from the date of the issuance of discharge vouchers to the reporting date for 2017 and 2016 reporting dates

No. of claimants for each age range of Group life outstanding claims

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
0 - 90		637	502	637	502
91 - 180		-	-	-	-
181 - 270		-	-	-	-
271 - 360		-	-	-	-
361 and above		-	-	-	-
No aging - IBNR		-	-	-	-
		637	502	637	502

35.1 Outstanding claims - Continued

35.1.2 Individual life

	in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
i	*Outstanding claims*					
	Claims incurred but not reported (IBNR)		79,925	84,195	79,925	84,195
			79,925	84,195	79,925	84,195
ii	*Movement in individual life outstanding claims*					
	At 1 January		84,195	245,727	84,195	245,727
	Premiums written in the year		1,289,494	1,219,464	1,289,494	1,219,464
	Premiums earned during the year		(1,289,494)	(1,219,464)	(1,289,494)	(1,219,464)
	Claims provision in the current year		59,591	77,975	59,591	77,975
	Claims paid during the year		(59,591)	(77,975)	(59,591)	(77,975)
	Changes in actuarial valuation		(4,270)	(161,532)	(4,270)	(161,532)
	At 31 December		79,925	84,195	79,925	84,195
iii	*The aging analysis of individual life outstanding claims*					
	0 - 90		-	-	-	-
	91 - 180		-	-	-	-
	181 - 270		-	-	-	-
	271 - 360		-	-	-	-
	361 and above		-	-	-	-
	No aging - IBNR		79,925	84,195	79,925	84,195
			79,925	84,195	79,925	84,195

35.1.3 Annuity

		GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
i	*Movement in annuity*				
	At 1 January	419,370	65,332	419,370	65,332
	Claims incurred in the current year	45,692	30,783	45,692	30,783
	Claims paid during the year	(45,692)	(30,783)	(45,692)	(30,783)
	Changes in actuarial valuation	(22,252)	354,038	(22,252)	354,038
	At 31 December	397,118	419,370	397,118	419,370
ii	*The aging analysis of annuity*				
	0 - 90	-	-	-	-
	91 - 180	-	-	-	-
	181 - 270	-	-	-	-
	271 - 360	-	-	-	-
	361 and above	-	-	-	-
	No aging	397,118	419,370	397,118	419,370
		397,118	419,370	397,118	419,370

35.1 Outstanding claims - Continued

35.1.4 Non-life

Movement in Non-life outstanding claims

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
At 1 January		119,587	20,834	-	-
Claims incurred in the current year		755,460	333,856	-	-
Claims paid during the year		(407,327)	(235,103)	-	-
At 31 December		467,720	119,587	-	-

ii *The aging analysis of Non-life outstanding claims*

0 - 90		467,720	119,587	-	-
91 - 180		-	-	-	-
181 - 270		-	-	-	-
271 - 360		-	-	-	-
361 and above		-	-	-	-
		467,720	119,587	-	-

35.2 Unearned premiums

Group life		1,730,503	1,312,684	1,510,178	1,184,131
Non-life		64,129	109,730	-	-
		1,794,632	1,422,414	1,510,178	1,184,131

i *The movement in unearned premium*

At 1 January		1,422,414	1,187,440	1,184,131	955,744
Premiums written in the year	4.1	6,738,905	5,556,764	4,963,517	4,351,455
Premiums earned during the year	4.1	(6,366,687)	(5,321,790)	(4,637,470)	(4,123,068)
At 31 December		1,794,632	1,422,414	1,510,178	1,184,131

36 Investment contract liabilities

Group deposit administration		261,650	233,274	248,884	220,630
Individual deposit administration		26,302,571	25,723,497	26,302,571	25,723,497
		26,564,221	25,956,771	26,551,455	25,944,127
Current		13,415,903	11,061,718	13,403,137	11,055,395
Non-current		13,148,318	14,895,053	13,148,318	14,888,732
		26,564,221	25,956,771	26,551,455	25,944,127

The movement in deposit administration funds

Balance at the beginning of the year		25,956,771	24,217,581	25,944,127	24,208,510
Deposits received during the year		11,985,338	12,338,438	11,985,338	12,338,438
Guaranteed interest		2,041,115	1,628,443	2,041,115	1,628,443
Withdrawals during the year		(13,419,003)	(12,227,691)	(13,419,125)	(12,231,264)
Balance at the end of the year		26,564,221	25,956,771	26,551,455	25,944,127

37 Trade payables

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2017	31 Dec-2016	31 Dec-2017	31 Dec-2016
Reinsurance payables	37.1	149,891	66,576	19,494	46,465
Co-Insurance payables	37.2	885,197	5,635	885,197	5,635
Deferred commission		5,930	83,750	5,930	83,750
Commission payable		290,345	82,534	252,681	38,240
Deposits for premium	37.3	498,660	579,228	498,660	579,228
		1,830,023	817,723	1,661,962	753,318
Current		1,830,023	817,723	1,661,962	753,318
Non-current		-	-	-	-
		1,830,023	817,723	1,661,962	753,318

37.1 The movement in reinsurance payables

Balance at the beginning of the year	66,576	24,777	46,465	17,980
Addition during the year	275,933	140,211	110,504	120,100
Payments during the year	(192,618)	(98,412)	(137,475)	(91,615)
Balance at the end of the year	149,891	66,576	19,494	46,465

37.2 The movement in co-insurance payables

Balance, beginning of the year	5,635	-	5,635	-
Addition during the year	914,306	62,346	914,306	62,346
Payments during the year	(34,744)	(56,711)	(34,744)	(56,711)
	885,197	5,635	885,197	5,635

37.3 The movement in deposit for premium

Balance at the beginning of the year	579,228	437,676	579,228	437,676
Addition during the year	338,031	216,615	338,031	216,615
Reclassified to premium income during the year	(91,865)	(60,063)	(91,865)	(60,063)
Reclassified as investment contract liabilities during	(40,000)	(15,000)	(40,000)	(15,000)
Reclassified as other income during the year	(286,734)	-	(286,734)	-
Balance at the end of the year	498,660	579,228	498,660	579,228

Deposit for premium represents premium received on life policies and investment contracts for which the policy holders are yet to be identified at the reporting date. However, the Company employs all resources at its disposal to ensure prompt identification of the policy holders and subsequent reclassification to appropraite financial statement area as neccessary.

37.3 Deposit premium amounting to ₦498,660,000 (2016:₦579,228,000) classified as Other payable and accruals in prior year was reclassified appropriately to Trade payables as at 31 December 2017.

38 Other liabilities

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Accruals		54,236	504,948	54,363	194,993
Rent received in advance		26,239	25,084	26,239	25,084
Land deduction		9	285	9	285
National Insurance Commission levy		77,000	80,000	77,000	80,000
PAYE		3,452	3,457	2,251	2,410
VAT payable		401,280	413,497	128,888	88,573
WHT payable		27,276	26,133	6,605	37,197
Staff pension		6,976	3,503	4,268	-
ATM working capital		34,962	12,889	-	-
Amount due to related party		176,444	86,686	176,444	107,622
Amount due to Directors		4,019	18,051	529	985
National Housing Fund		430	463	430	463
Cooperative deductions		3,132	3,185	3,132	3,185
Sundry creditors		128,331	196,633	67,625	49,746
Other Creditors		43,667	23,916	2,291	2,291
Deposit for facility management		43,268	37,418	43,268	37,418
Deposit for properties by customers		50,317	74,126	50,317	74,126
		1,081,038	1,510,274	643,659	704,378
Current		1,081,038	1,510,274	643,659	704,378
Non-current		-	-	-	-
		1,081,038	1,510,274	643,659	704,378

39 Deposit liabilities

		GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Current		129,649	78,858	-	-
Time		-	37,522	-	-
Savings		129,619	87,465	-	-
		259,268	203,845	-	-
Current		259,268	203,845		
Non-current		-	-		
		259,268	203,845	-	-

40 Income tax liabilities

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Balance, beginning of year		286,110	203,452	215,791	135,183
Current year charge:					
Company income tax		69,386	48,501	-	-
Education tax		705	578	-	-
Information technology tax		3,684	1,569	3,684	1,569
Minimum tax		55,243	83,015	55,243	81,411
	18.1	129,018	133,663	58,927	82,980
Payments during the year		(149,959)	(51,005)	(73,180)	(2,372)
Balance at the end of the year		265,169	286,110	201,538	215,791

41 Deferred tax

	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Deferred tax liabilities	41.1	(357,264)	(417,513)	(31,069)	(58,046)
Net deferred tax liabilities		(357,264)	(417,513)	(31,069)	(58,046)

41.1 *Movement in Deferred tax liabilities*

	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Balance at the beginning of the year		417,513	415,136	58,046	54,260
(Credit)/charge in profit or loss for the year	18.2	(60,249)	2,377	(26,977)	3,786
Balance at the end of the year		357,264	417,513	31,069	58,046
Deferred tax liability is attributable to the following:					
Property, plant and equipment		102,407	122,424	5,773	23,684
Investment properties		254,857	295,089	25,296	34,362
		357,264	417,513	31,069	58,046

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-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Property and equipment		260,655	219,379	260,655	219,379
Tax losses		3,291,313	2,309,080	3,291,313	2,309,080
Balance, end of year		3,551,967	2,528,459	3,551,967	2,528,459

42 Share capital

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Share capital comprises:					
42.1 ***Authorized:***					
300,000,000 (2016: 300,000,000) Ordinary shares of ₦1.00 each		300,000	300,000	300,000	300,000
42.2 ***Issued and fully paid:***					
250,000,000 (2016:250,000,000) Ordinary shares of ₦1.00 each					
Balance at the beginning of the year		250,000	150,000	250,000	150,000
Issued during the year		-	100,000	-	100,000
Balance at the end of the year		250,000	250,000	250,000	250,000

43 Share premium

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Balance at the beginning of the year		3,750,000	1,850,000	3,750,000	1,850,000
Increase during the year		-	1,900,000	-	1,900,000
Balance at the end of the year		3,750,000	3,750,000	3,750,000	3,750,000

Share premium comprises additional paid-in capital in excess of the par value. This reserve is not ordinarily available for distribution. The increase is as a result of the ₦2 billion capital injected into the Company in 2016 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.

44 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.

45 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-2017	GROUP 31 Dec-2016	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Balance, beginning of the year	353,645	310,130	353,645	310,130
Transfer from retained earnings	49,635	43,515	49,635	43,515
Balance, end of year	403,280	353,645	403,280	353,645

46 Revaluation reserve

This is revaluation surplus in respect of building in line with the Group's accounting policies.

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

		GROUP	
in thousands of Nigerian Naira	Notes	31 Dec-2017	31 Dec-2016
Opening balance		123,607	127,154
Changes in equity		8,311	-
Dividend		-	(8,127)
Addition during the year	48.1	14,867	-
Share from total comphenrensive income		42,562	4,580
Balance as at year end		189,347	123,607

48.1 This relates to additional ordinary shares of 14,867,000 issued by the subsidiary which was fully taken by the Non-controlling interest.

The table below summarises the information relating to the Group's subsidiaries that have material Non-Controlling Interest (NCI) before any intra-group eliminations.

Mutual Benefits Microfinance Bank Ltd

		GROUP	
in thousands of Nigerian Naira	Notes	31 Dec-2017	31 Dec-2016
NCI percentage		23%	20%
Cash and cash equivalents		132,772	36,005
Loans and receivables		591,442	460,353
Other receivables		19,161	26,199
Intangible assets		5,916	3,920
Property, plants and equipment		26,488	28,233
Other liabilities		(99,863)	(51,102)
Deposit liabilities		(472,695)	(203,845)
Current income tax liabilities		(16,837)	(16,212)
Deferred tax liabilities		(5,005)	(6,542)
Net assets		181,379	277,011
Carrying amount of NCI		53,365	55,601
Income		257,237	227,614
Expenses		(277,786)	(247,806)
Profit before tax		(110,856)	(20,192)
Profit after tax		(110,498)	(19,781)
Profit allocated to NCI		(25,415)	(3,956)
Cash flows from operating activities		109,916	(100,654)
Cash flows from investing activities		(5,659)	14,184
Cash flows from financing activities		(2,490)	(1,000)

Net increase in cash and cash equivalents	101,767	(87,470)

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

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2017	2016	2017	2016
Profit before income tax		486,006	186,386	346,807	156,861
Adjustments for non-cash items:					
Reversal of impairment charge on loans and other receivables	12	(2,011)	(33,435)	(2,011)	-
Impairment charge on loans and receivables	13	169,137	10,574	78,830	10,574
Amortisation of deferred acquisition costs		517,963	428,841	334,670	278,394
Depreciation of property, plant and equipment (PPE)	31	248,296	249,545	203,522	186,057
Amortisation of intangible assets	30	23,341	13,076	1,852	2,267
Interest income		(200,570)	(154,985)	-	-
Interest on finance lease receivables	26.1	(16,995)	(19,261)	(16,995)	(19,261)
Interest expenses		39,432	27,681	-	-
(Gain)/loss on disposal of PPE	11/15	(5,664)	(2,830)	386	(7,291)
Foreign exchange gain on cash and cash equivalents		(29,076)	(35,731)	(14,884)	(33,757)
Fair value loss on investment properties	28	85,390	5,275	85,390	5,275
Cash flows from operating activities before changes in operating assets and liabilities		1,315,249	675,136	1,017,567	579,119
Changes in operating assets and liabilities					
Trade receivables		8,501	(215,688)	-	-
Reinsurance assets		(554,858)	(623,635)	(299,101)	(585,292)
Other receivables and prepayments		(786,828)	648,364	(1,008,536)	(253,576)
Deferred acquisition costs		(585,779)	(473,315)	(402,486)	(322,868)
Loans and receivables		(2,113,638)	(2,257,854)	(2,122,470)	(2,103,957)
Provision for unearned premium		372,218	234,974	326,047	228,387
Inventories		425,042	200,300	-	-
Provision for outstanding claims		1,995,125	1,227,362	1,620,513	1,137,516
Investment contract liabilities		607,450	1,739,190	607,328	1,735,617
Trade payables		1,012,300	278,817	908,644	238,452
Other payables		(468,668)	260,772	(60,719)	77,948
Deposit liabilities		55,423	(306,022)	-	-
Income tax paid	41	(149,959)	(51,005)	(73,180)	(2,372)
Net cash flows from operating activities		1,131,578	1,337,396	513,607	728,973

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:

in thousands of Nigerian Naira	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
₦220,001 – ₦720,000		99	76	11	20
₦720,001 – ₦1,400,000		122	114	61	55
₦1,400,001 – ₦2,050,000		50	34	24	25
₦2,050,001 – ₦2,330,000		14	16	8	6
₦2,330,001 – ₦2,840,000		13	6	3	6
₦2,840,001 – ₦3,000,000		4	3	2	1
₦3,000,001 – ₦4,500,000		21	20	14	13
₦4,500,001 – ₦5,950,000		3	8	-	7
₦5,950,001 – ₦6,800,000		3	2	-	1
₦6,800,001 – ₦7,800,000		10	10	9	9
₦7,800,001 – ₦8,600,000		4	2	3	2
₦8,600,001 – ₦11,800,000		5	6	4	4
Above ₦11,800,000		6	6	5	5
Balance, end of year		354	303	144	154

The average number of full time persons employed by the Group during the year was as follows:

	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Executive Directors		4	4	1	1
Management staff		57	42	38	23
Non management staff		297	261	106	131
		358	307	145	155

ii Directors' remuneration:

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

in thousands of Nigerian Naira	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Executive compensation		111,100	104,116	55,757	55,757
Other directors expenses		30,000	24,000	30,000	24,000
		141,100	128,116	85,757	79,757

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	2017	2016	2017	2016
Chairman		2,000	30,000	2,000	30,000
Highest paid director		55,757	55,757	55,757	55,757

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

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2017	2016	2017	2016
N500,000- N1,500,000		3	3	3	3
Above N2,000,000		3	3	0	0
		6	6	3	3

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	2017	2016	2017	2016
Key management compensation					
Salaries and other short-term benefits		111,100	104,116	55,757	55,757
Directors fees and allowance		69,578	97,638	8,775	50,533
Defined contribution pension		2,400	2,400	2,400	2,400
Other directors expenses		30,000	24,000	30,000	24,000
		213,078	228,154	96,932	132,690

51 Related parties - Continued

Transactions with key management personnel

in thousands of Nigerian Naira	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Loans and advances to Directors					
Balance at 1 January		76,054	88,418	76,054	88,418
Granted during the year		-	11,000		11,000
Repayments		(54,004)	(23,364)	(54,004)	(23,364)
At 31 December		22,050	76,054	22,050	76,054
Interest earned		6,464	18,143	6,464	18,143

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 are secured by the underlying assets.

No impairment allowance has been recognised in respect of loans given to key management personnel (2016:Nil).

Loans and advances to subsidiary	2017 ₦'000	2016 ₦'000
Mutual Homes and Properties Limited	639,427	1,050,496

in thousands of Nigerian Naira	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Granted during the year	-	-
Repayment	(411,069)	(253,482)
Interest earned	-	-

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	Type of transactions	COMPANY 31 Dec-2017	COMPANY 31 Dec-2016
Receivables				
Mutual Homes & Properties Ltd	Subsidiary	Loans	639,427	1,050,496
Mutual Benefits Microfinance Bank Ltd	Subsidiary	Current account	3,937	5,462
Mutual Benefits Microfinance Bank Ltd	Subsidiary	Fixed deposit	209,489	122,521
Prime Exploration and Production Limited	Directors	Loans	10,162,578	10,010,310
Payable				
Mutual Benefits Assurance Plc	Parent	Intercompany	155,508	86,686
Mutual Benefits Liberia	Subsidiary	Intercompany	20,936	20,936

52 Contingent liabilities

Litigation and claims

The Company is presently involved in five litigations with estimated claims of ₦14,334,856 (2016: ₦4,625,000). 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 2017.

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 consolidated and separate financial statements.

53 Contravention of laws and regulations

The Company contravened certain law and regulation during the year. Details of the contravention and the appropriate penalty is as follows:

in Nigerian Naira	Penalty
Refiling of 2016 annual returns to NAICOM	500,000

54 Event after the reporting date

There were no events after the reporting date that requires disclosure or adjustment in the consolidated and separate financial statements that has not been disclosed or adjusted.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

APPENDIX 1 (STATEMENT OF VALUE ADDED)

For the year ended 31 December	GROUP				COMPANY			
in thousands of Nigerian Naira	2017	%	2016	%	2017	%	2016	%
Gross premium written	6,738,905		5,556,764		4,963,517		4,351,455	
Net benefits and claims	(3,240,134)		(2,344,716)		(2,592,489)		(1,850,262)	
Premiums ceded to reinsurers	(839,367)		(195,634)		(761,363)		(173,181)	
Other local charges	(1,838,482)		(2,343,985)		(1,251,344)		(2,026,109)	
Fees and commission income	167,396		118,041		166,109		116,754	
	988,318		790,470		524,430		418,657	
Investment income	701,097		419,739		646,222		505,843	
Value added	1,689,415		1,210,209	100%	1,170,652		924,500	100%
Applied to pay:								
Employee benefits	1,093,525	65%	982,685	81%	747,233	64%	727,911	79%
Government as tax	129,018	8%	133,663	11%	58,927	5%	82,980	9%
Retained in the business:								
Contingency reserve	49,635	3%	43,515	4%	49,635	4%	43,515	5%
Retained profit for the year	431,210	26%	45,766	4%	314,857	27%	70,094	8%
Non-controlling interests	(13,973)	-1%	4,580	0%				
Value added	1,689,415	100%	1,210,209	100%	1,170,652	100%	924,500	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.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

APPENDIX 2 - FIVE-YEAR FINANCIAL SUMMARY

Group - Statement of financial position
As at

in thousands of Nigerian Naira	31 Dec-2017	31 Dec-2016	31 Dec-2015	31 Dec-2014	31 Dec-2013
ASSETS					
Cash and cash equivalents	5,096,361	6,929,420	9,904,869	8,000,844	2,545,132
Financial assets:					
Available-for-sale investment securities	827,972	827,822	693,036	505,400	-
Loans and receivables	11,612,559	11,639,228	11,039,430	8,545,925	8,470,687
Held-to-maturity	12,382,363	6,183,731	-	-	-
Trade receivables	351,121	359,622	143,934	43,072	8,380
Reinsurance assets	1,368,904	814,046	190,411	327,508	156,784
Other receivables	588,007	655,490	848,728	742,408	2,644,581
Deferred acquisition costs	173,101	105,285	60,811	51,309	66,351
Finance lease receivables	11,011	272,084	376,138	407,179	467,666
Inventories	907,822	1,332,864	1,533,164	3,004,468	3,614,524
Investments properties	8,510,000	8,670,390	8,675,665	6,937,764	1,846,398
Intangible assets	28,608	40,224	32,342	11,577	14,486
Property, plant and equipment	997,330	871,654	813,166	849,375	416,592
Statutory deposit	200,000	200,000	200,000	200,000	200,000
Deposit for investment in equity shares	70,000	70,000	140,000	460,000	-
Deferred tax assets	-	-	-	16,074	16,074
Goodwill	1,543	1,543	1,543	17,980	4,273
Total assets	43,126,702	38,973,403	34,653,237	30,120,883	20,471,928
LIABILITIES					
Insurance contract liabilities	5,946,484	3,579,141	2,116,805	1,830,274	1,740,176
Investment contract liabilities	26,564,221	25,956,771	24,217,581	20,857,971	14,927,699
Trade payables	1,830,023	817,723	538,906	81,322	73,279
Other liabilities	1,081,038	1,510,274	1,213,694	2,923,717	2,051,999
Deposit for shares	-	-	2,000,000	-	-
Deposit liabilities	259,268	203,845	509,867	485,281	277,369
Borrowings	-	-	-	-	603,192
Current income tax liabilities	265,169	286,110	203,452	234,431	191,199
Deferred tax liabilities	357,264	417,513	415,136	425,120	137,592
Total liabilities	36,303,467	32,771,377	31,215,441	26,838,116	20,002,505
EQUITY					
Share capital	250,000	250,000	150,000	150,000	150,000
Share premium	3,750,000	3,750,000	1,850,000	1,850,000	1,850,000
Foreign currency translation reserve	911,064	906,502	184,491	127,775	-
Contingency reserve	403,280	353,645	310,130	276,753	219,845
Revaluation reserve	128,008	-	-	-	-
Retained earnings/(accumulated losses)	1,191,536	818,272	816,021	786,545	(1,783,855)
Shareholders' fund	6,633,888	6,078,419	3,310,642	3,191,073	435,990
Owners of the parent	6,633,888	6,078,419	3,310,642	3,191,073	435,990
Non-controlling interests in equity	189,347	123,607	127,154	91,694	33,433
Total equity	6,823,235	6,202,026	3,437,796	3,282,767	469,423
Total liabilities and equity	43,126,702	38,973,403	34,653,237	30,120,883	20,471,928

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

APPENDIX 2 - FIVE-YEAR FINANCIAL SUMMARY

Group- Statement of profit or loss
For the year ended

in thousands of Nigerian Naira	31 Dec-2017	31 Dec-2016	31 Dec-2015	31 Dec-2014	31 Dec-2013
Gross premium written	6,738,905	5,556,764	4,056,566	4,096,522	2,534,143
Premium earned	6,366,687	5,321,790	3,570,717	4,188,470	2,170,345
Profit/(loss) before income tax	486,006	186,386	149,745	2,887,279	(536,955)
Income tax expense	(68,769)	(136,040)	(54,848)	(250,236)	(93,367)
Profit/(loss) after income tax	417,237	50,346	94,897	2,637,043	(630,322)
Transfer to contingency reserve	(49,635)	(43,515)	(33,377)	(56,908)	(25,341)
Earnings/(loss) per share- Basic (kobo)	172	18	50	1,752	(420)

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

APPENDIX 2 - FIVE-YEAR FINANCIAL SUMMARY

Company - Statement of financial position
As at

in thousands of Nigerian Naira	31 Dec-2017	31 Dec-2016	31 Dec-2015	31 Dec-2014	31 Dec-2013
ASSETS					
Cash and cash equivalents	4,151,584	6,157,695	9,410,464	7,573,638	2,437,248
Financial assets:					
Available-for-sale investment securities	716,472	716,472	609,036	-	12,007,347
Loans and receivables	10,854,661	11,193,259	11,034,276	10,585,049	8,380
Held-to-maturity	12,382,363	6,183,731	-	-	-
Reinsurance assets	1,070,169	771,068	185,776	327,508	156,784
Other receivables	449,538	521,088	534,055	314,349	2,621,630
Deferred acquisition costs	173,101	105,285	60,811	51,309	66,351
Finance lease receivables	11,011	181,810	317,930	407,143	467,544
Investment properties	8,510,000	8,670,390	8,675,665	6,937,764	1,846,398
Investments in subsidiaries	896,981	896,981	896,981	896,981	175,038
Intangible assets	1,751	3,603	5,870	8,809	10,774
Property, plant and equipment	364,573	505,381	533,493	498,910	167,825
Statutory deposit	200,000	200,000	200,000	200,000	200,000
Deposit for shares	70,000	70,000	140,000	460,000	-
Deferred tax assets	-	-	-	16,074	16,074
Total assets	39,852,204	36,176,763	32,604,357	28,277,534	20,181,393
LIABILITIES					
Insurance contract liabilities	5,156,574	3,210,013	1,844,111	1,648,289	1,704,176
Investment contract liabilities	26,551,455	25,944,127	24,208,510	20,847,272	14,927,699
Trade payables	1,661,962	753,318	514,866	71,958	73,279
Other liabilities	643,659	704,378	626,430	2,373,795	719,839
Deposit for shares	-	-	2,000,000	-	-
Current income tax liabilities	201,538	215,791	135,183	179,552	157,779
Deferred tax liabilities	31,069	58,046	54,260	42,918	31,264
Total liabilities	34,246,257	30,885,673	29,383,360	25,163,784	17,614,036
EQUITY					
Share capital	250,000	250,000	150,000	150,000	150,000
Treasury shares	3,750,000	3,750,000	1,850,000	1,850,000	1,850,000
Contingency reserve	403,280	353,645	310,130	276,753	219,845
Retained earnings/(accummulated losses)	1,202,667	937,445	910,866	836,997	347,512
Total equity	5,605,947	5,291,090	3,220,996	3,113,750	2,567,357
Total liabilities and equity	39,852,204	36,176,763	32,604,356	28,277,534	20,181,393

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

APPENDIX 2 - FIVE-YEAR FINANCIAL SUMMARY

Company - Statement of profit or loss
For the year ended

in thousands of Nigerian Naira	31 Dec-2017	31 Dec-2016	31 Dec-2015	31 Dec-2014	31 Dec-2013
Gross premium written	4,963,517	4,351,455	3,337,711	3,543,233	2,534,143
Premium earned	4,637,470	4,123,068	2,906,011	3,812,728	2,179,345
Profit before income tax	346,807	156,861	151,832	505,658	126,693
Income tax expense	(31,950)	(86,767)	(44,586)	40,735	(49,273)
Profit after income tax	314,857	70,094	107,246	546,393	77,420
Transfer to contingency reserve	(49,635)	(43,515)	(33,377)	(56,908)	(25,341)
Earnings per share- Basic (kobo)	126	28	71	364	52