2012 Annual Report & Accounts

• Value Creation • Partnership • Empowerment

www.mbaplc.com

MUTUAL

Mutual Benefits Assurance Plc.

RC 269837

NIA

A MEMBER OF THE NIGERIAN INSURERS ASSOCIATION

MUTUAL

Mutual Benefits Assurance Plc.

RC 269837

Aret Adams House, 233, Ikorodu Road, Ilupeju, Lagos.
P. O. Box 70986, Victoria Island, Lagos.
Tel: 234-(0)1-342918,+234-(0)1-342019
E-mail: info@mbaplc.com
Website: www.mbaplc.com

...creating and protecting wealth

CONTENTS

Mission Statement

To transcend
the expectations
of our customers
for the satisfaction of their
wealth protection needs
through the provision of
qualitative insurance and
risk management services
thereby creating values
for all stakeholders.

Guiding Principles

To act
with due care and diligence
in the pursuit of excellence
in an atmosphere
of mutual respect and
understanding

Core Values

- INTEGRITY
- RESPONSIVENESS
- LEADERSHIP
- KNOWLEDGE
- CONTINUOUS IMPROVEMENT

Who we are

Mutual Benefits Assurance Plc. (MUTUAL), has evolved into a conglomerate of value-adding companies with diversification into other sectors of the Nigerian economy through investments, strategic alliances and partnerships. Today, MUTUAL is a leading brand in the Nigerian Insurance Industry with over 5000 staff in its employment and more than 250,000 Policy holders.

MUTUAL is strong, well capitalized with a team of highly trained professionals, a respectable Board and access to the International Insurance Market.

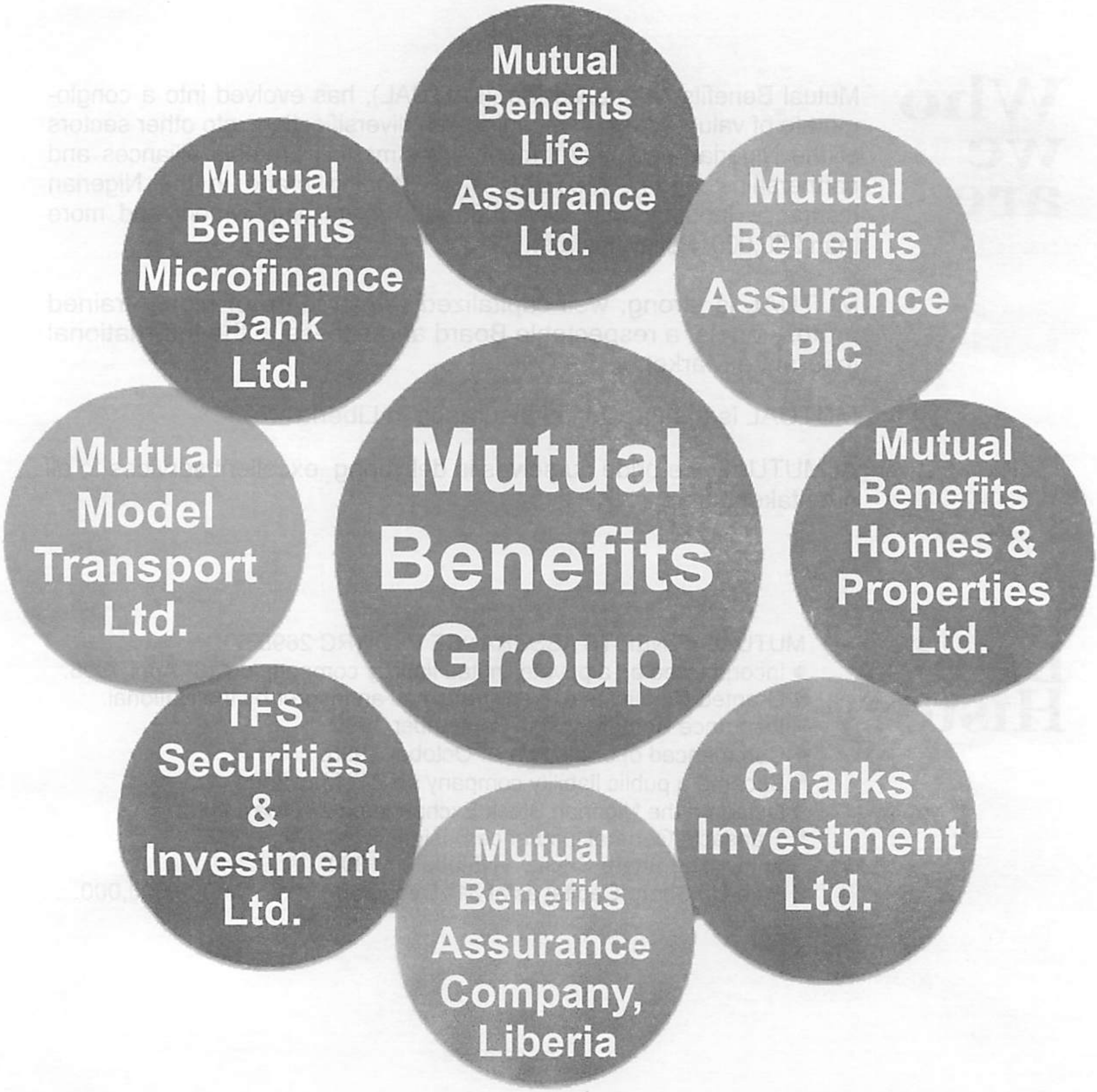
MUTUAL is the flagship of insurance in Liberia.

At MUTUAL, we pride ourselves in delivering excellent services to all our stakeholders.

Brief History

MUTUAL BENEFITS ASSURANCE PLC. (RC 269837)

- Incorporated as a private limited liability company on 18th April 1995.
- Granted Certificate of Registration as an Insurer by the National. Insurance Commission in September 1995.
- Commenced operation on 2nd October 1995.
- Became a public liability company on 24th May 2001
- Listed on the Nigerian Stock Exchange on 28th May, 2002.
- Transacts General Insurance Business.
- Authorised Share Capital - N5,000,000,000.
- Paid-Up Share Capital as at 31st December, 2012-N4,000,000,000.


Mutual Benefits Group
Mutual Benefits Life Assurance Ltd.
Mutual Benefits Assurance Plc
Mutual Benefits Homes & Properties Ltd.
Charks Investment Ltd.
Mutual Benefits Assurance Company, Liberia
TFS Securities & Investment Ltd.
Mutual Model Transport Ltd.
Mutual Benefits Microfinance Bank Ltd.

BOARD OF DIRECTORS


Chamberlain Oyibo
Chairman


Akin Opeodu
Vice Chairman


Akin Ogunbiyi
Group Managing Director


Adesoye Olatunji
Group Financial Director

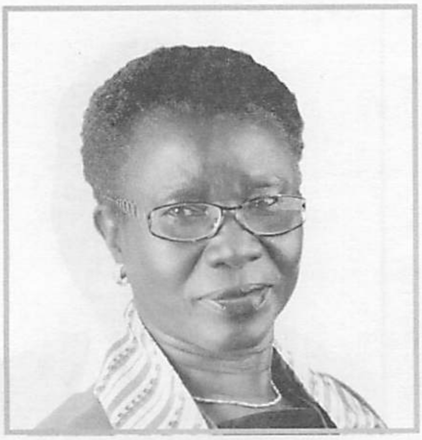

Segun Omosehin
Managing Director (General)


Femi Asenuga
Managing Director (Life)


Gbenga Ogunko
Executive Director Public Accounts
& Business Development

BOARD OF DIRECTORS

Dr. Moses Ajaja
Director



Mrs. I.Z Aret-Adams
Director

Prof. Pat Utomi
Director

Michael Govan (American)
Director

Dr. Eze C. Ebube (American)
Director

Prince Nasir Ado Bayero
Director

Admiral FBI Porbeni (MNI,CSR)
Director

MANAGEMENT TEAM

BISI OLAYIWOLA (FCA, MBA)
GENERAL MANAGER, CORPORATE PLANNING & INVESTMENT

KEHINDE BELLO (FCII, MBA)
DEPUTY GENERAL MANAGER, TECHNICAL / SPECIAL RISK

TUNDE OLADUJA (MBA)
DEPUTY GENERAL MANAGER, PUBLIC ACCOUNT & BUSINESS DEVELOPMENT

RICHARD ODODO (ACII, B.Sc)
ASSISTANT GENERAL MANAGER ,LAGOS BUSINESS DISTRICT

NGOZI OJEOGWU (FCA, ACIT, B.Sc)
ASSISTANT GENERAL MANAGER , INTERNAL AUDIT

DEMOLA FAGBAYI (B.Ed)
GENERAL MANAGER , MUTUAL RETAIL

BIYI ASHIRU-MOBOLAJI (MBA, ACII)
HEAD, TAKAFUL OPERATIONS

NOMWEN EMEGHALU (B.ED , MBA, ACIIN)
ASSISTANT GENERAL MANAGER ,CORPORATE MARKETING

JIDE IBITAYO (LLM, ACIS)
ASSISTANT GENERAL MANAGER , LEGAL SERVICES

BAYO AKINMOLADUN (MBA)
ASSISTANT GENERAL MANAGER , EASTERN REGION

BETTY AKINYEMI SANYA (M.Ed, ANIM, ACIPM)
CONTROLLER ,HR/ADMIN - MUTUAL LIFE

SOLA ADEKUNLE (B.Sc, ACII)
ASSISTANT GENERAL MANAGER, CORPORATE MARKETING - MUTUAL LIFE

OGUNWO ABAYOMI AYODEJI (MBA, ACA)
ASSISTANCE GENERAL MANAGER,CORPORATE PLANNING & INVESTMENT

SHEMAYE ABODERIN (B.Ed, MBA, ACIPM)
CONTROLLER HR & ADMIN

RAMON ODUKALE (MBA)
CONTROLLER,WESTERN REGION

ARTHUR OJUMAH (B.Sc)
SENIOR MANAGER, APAPA BRANCH

GABRIEL GBADEBO (B.A, ACII)
SENIOR MANAGER, TECHNICAL - MUTUAL LIFE

MAKANJUOLA TOYE BABATUNDE (HND, MCA, ACII)
SENIOR MANAGER, TECHNICAL

LINDA OMIJEH (MBA, ACII)
SENIOR MANAGER ,CORPORATE MARKETING

OSEAFIANA JUDE UDOKA (HND, PGD, ILRM)
SENIOR MANAGER, CORPORATE MARKETING

OPAYELE OYEWOLE AKANBI (B.Ed, MNIM,ACII)
GENERAL MANAGER TECHNICAL, MUTUAL, LIBERIA

ELLEN OFFO (MBA, rpa)
SENIOR MANAGER, CORPORATE COMMUNICATION

FOLASADE OKE (HND,ACII)
SENIOR MANAGER, CORPORATE MARKETING

OLADOTUN TEMOWO (MBA, MCTS, MCDS)
SENIOR MANAGER, ICT - MUTUAL LIFE

BOYE FASASI (Msc, ACII)
SENIOR MANAGER, TECHNICAL- MUTUAL LIFE

FEMI FAPOHUNDA (MSc)
SENIOR MANAGER, IT

TITI AKINSIKU (MBA, ACII)
SENIOR MANAGER, CLAIMS

AYODEJI BABATUNDE DAVID (Msc, ACIIN)
SENIOR MANAGER, CORPORATE MARKETING

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 17th Annual General Meeting of **Mutual Benefits Assurance Plc** will be held at AGIP RECITAL HALL, MUSON CENTRE ONIKAN, LAGOS on **30th of January, 2014 at 11:00 a.m.** to transact the following business:

ORDINARY BUSINESS:

1. To lay before the members, the Audited Financial Statements of MUTUAL BENEFITS ASSURANCE PLC for the year ended 31st December 2012 together with the Reports of Directors, Auditors and Audit Committee thereon.
2. To elect/re-elect Directors.
3. To elect members of the Audit Committee.
4. To ratify the appointment of BDO Professional Services as Auditors of the Company and to authorize the Directors to determine their remuneration.

SPECIAL BUSINESS

5. To approve the remuneration of the Directors.
6. To consider and if thought fit, to pass the following as ordinary resolution:
   "That Chief Chamberlain Oyibo, who has attained the age of 70 years be re-elected as a director of the Company
   "That Mrs. Aret Adams, who has attained the age of 70 years be re-elected as a director of the Company.
   "That Dr. Moses Ajaja, who has attained the age of 70 years be re-elected as a director of the Company.
7. **INCREASE IN SHARE CAPITAL**
   "That pursuant to Article 35 of the Articles of Association, the Authorized share capital of the Company be and is hereby increased from N5, 000,000,000 (Five Billion Naira) to N10,000,000,000 (Ten Billion naira) by the creation of 10,000,000,000 (Ten Billion) additional Ordinary shares of 50 kobo each ranking parri-passu in all respect with the existing Ordinary Shares of the Company"
8. **AMENDMENT OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION**
   "That the existing Memorandum and Articles of Association of the Company be and is hereby amended as follows:
   That Clause 6 of the Memorandum of Association be altered by deleting the words "the Authorized Share Capital of the Company is N2,500,000,000 (Two Billion and Five Hundred Million Naira) divided into 5,000,000,000 (Five Billion) ordinary shares of 50 kobo each "and substituting with "the Authorized share capital of the Company is N10,000,000,000 (Ten Billion Naira) divided into 20,000,000,000 (Twenty Billion) ordinary shares of 50 kobo each
   "That the Company Secretary be and is hereby authorized to take such steps and to do such things as may be required to give effect to the above resolutions.

NOTES

1. **Proxy**
   A member of the company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the company. A proxy Form is attached to the Annual Reports and Accounts.
   All proxy forms should be completed, stamped and deposited to the Company's Head Office, Aret Adams House, 233, Ikorodu Road, Lagos, not less than 48 hours before the time of the meeting.
2. **Audit Committee**
   In accordance with Section 359(5) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004, any shareholder may nominate another shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting

By Order of the Board

Abdulai, Taiwo & Co.
Company Secretaries

Abdullahi, Taiwo& Co

(Company Secretaries)

DATED THIS DAY 23RD DECEMBER, 2013
FRC/2013/NBA/00000004757

Directors & Advisers

Chief Chamberlain Oyibo	-	Chairman
Mr. Akin Opeodu	-	Vice Chairman
Mr. Akin Ogunbiyi	-	Group Managing Director
Mr. Adesoye Olatunji	-	Group Financial Director
Mr. Segun Omosehin	-	Managing Director, Mutual Benefits Assurance Plc
Mr. Femi Asenuga	-	Managing Director, Mutual Benefits Life Assurance Ltd.
Mr. Dipo Owolabi	-	Executive Director, Northern Region (resigned w.e.f 31/10/12)
Mr. Gbenga Ogunko	-	Executive Director, Public Account & Business Development
Dr. M. O. Ajaja	-	Non Executive Director
Mrs. I. Z. Aret-Adams	-	Non Executive Director
Prof. Pat Utomi	-	Non Executive Director
Mr. Michael Govan (American)	-	Non Executive Director
Mr. Godspower Agofure	-	Non Executive Director(resigned w.e.f 31/10/12)
Dr. Eze C. Ebube (American)	-	Non Executive Director
Prince Nasir Ado Bayero	-	Non Executive Director

Corporate Office

Mutual Benefits Assurance Plc,
Aret Adams House,
233, Ikorodu Road,
Ilupeju, Lagos.
Tel: 234-(0)1-342 9018,
(0)1-342 9019
E-mail: info@mbaplc.com
Website: www.mbaplc.com
RC No. 269837

Registrar & Transfer Office

Meristem Registrars Limited,
213, Herbert Macaulay Way,
Adekunle, Yaba,
Lagos.
Telephone:+234-18920491-2
Email: info@meristemregistrars.
Website: www.meristemregistrars.com

Actuaries

Alexander Forbes Consulting
Actuaries Nigeria Ltd.
FRC/2012/0000000000504
2nd Floor, Rio Plaza,
235, Muri Okunola Street,
Victoria Island, Lagos
Tel: + 234-1-2711081-3

Re-Insurers

African Reinsurance Corporation
Aveni Reinsurance Ltd.
Continental Reinsurance Plc
Nigerian Reinsurance Corporation

Auditors

BDO Professional Services (Chartered Accountants),
ADOL House,
15, CIPM Avenue,
CBD, Alausa,
Ikeja, Lagos.
P. O. Box 4929 GPO
Marina, Lagos.

Bankers

Access Bank Plc
Fidelity Bank Plc.
First Bank Nig. Plc
First City Monument Bank Plc
Guaranty Trust Bank Plc.
Keystone Bank Limited
Sterling Bank Plc
Zenith Bank Plc.
Mutual Microfinance Bank Ltd.

Company Secretary

Abdulai Taiwo & Co.
FRC/2013/NBA/00000004757.
Goodwill House,
278, Ikorodu Road,
Anthony, Lagos
E-mail: law@abdulaitaiwo.com
Tel: +234-1 2790737, 2790738, 08191426614

Estate Surveyor &Valuer

Jide Alabi & Co.
FRC/2013/NIESV/00000000314
6B, Maitama Street, South West, Ikoyi,
Lagos
Email:info@jidealabiand co.com

CHAIRMAN'S STATEMENT

Chief Chamberlain Oyibo
Chairman

CHAIRMAN'S STATEMENT

Fellow Shareholders, distinguished ladies and gentlemen, on behalf of the Board of Directors, it is my pleasure to welcome you all to yet another General Meeting of Mutual Benefits Assurance Plc., the 17th of its kind, permit me to present a summary of our operating results and the key achievements of your company for the financial year ended 31st December, 2012. As usual, I will provide a brief overview of the macroeconomic operating environment and highlight our company's scorecard during the period under review.

GLOBAL ECONOMY

The year 2012 saw a further decline in global growth. According to a report by the International Monetary Fund the year recorded decline growth of 4.0% as against 3.2% reported in 2011. The improvement in the Economic condition was as a result of strong performance in the emerging market. The Financial Condition of the economy improves as borrowing cost for countries in euro fell and many stock markets around the world rose. For stock markets, it started the year on a positive note, lifted by strong manufacturing data from developed countries like America, Britain and China. The prolonged European debt crises, the fiscal crag controversy in the United States and the economic slowdown in major emerging economies were few of the key themes that shaped the year. The instability in the global economy contributed to uncertainties surrounded by China's attempts to "rebalance" its growth. These development adversely affected employment, damped private sector confidence and further tightened financing conditions in both the periphery and the core economies.

With the success of the policy makers in the developed economies in dealing with the twin threat of the fiscal cliff in the United States and the potential break-up of the Euro area, global economic prospects are expected to improve in 2013. Global growth is expected to reach 4.0% in 2014 with strong performance in the United States (3.0%) as well as the emerging markets and developing economies (5.7%), while the euro area will finally return to the path of growth.

DOMESTIC ECONOMY

In spite the lethargic economic state in the developed world, Nigeria's macroeconomic indices were largely solid in 2012. According to the report from The National Bureau of Statistics (NBS), Gross Domestic Product grew by 6.6% in 2012; this achievement is lower than the 2011 growth of 0.84% over the 2010, though there was a high rate of inflation to about 12% from 10.3% in 2011.

The non-oil sector continued to be a major driver of the economy. On a year-on-year basis, the sector recorded 8.21% growth in the fourth quarter of 2012 compared with 9.10% in the previous year 2011. The decline could be traced to a decrease in activities in the wholesale and retail trade and real estate.

The continuing security challenges in the oil producing region, widespread oil theft and vandalization of pipelines led to a 2% decline in crude oil production, from 2.32million barrel per day in 2011 to 2.27million barrel per day during the year under review. In the same vein, the floods of July 2012 hampered agricultural production and disrupted input supply to the wholesale and retail sector. Even though there are positive sentiments around the developments surrounding the power sector reforms, the manufacturing sector is yet to pick up due to power supply challenges, while quality of service is becoming a real problem in the telecommunications sector.

Following the16.3% decline in 2011, the Nigerian Stock Exchange All share index achieved an increase of 34% in 2012, well ahead the global peers, as a result of trading activities of foreign investors, the anticipation of better than expected results, the NSE's reform initiatives and low fixed income yields.

Also, the Monetary Policy Rate (MPR) was maintained at 12% throughout the year by the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN), in view of the inflationary pressures and global uncertainties. The *Naira* closed the year strongly at N156.2 per dollar which amounts to a 3.8% appreciation in 2012. This was a reflection of declining demand for the US dollar on account of more subdued import demand (especially petroleum related products) and increased dollar supply at the interbank market. This has seen the Nation's foreign reserves sustained its upward trend and rise to $45.68 billion, the highest in more than two years.

However, there is some consensus amongst analysts that the country's macroeconomic outlook remains generally robust, with the potential for higher growth lower inflation and reserve accumulation. This should enable the government reinvigorate the implementation of the Transformation Agenda, renew policy focus and funding for the agricultural sector, successfully conclude the power sector reforms as well as navigate the tricky passage of the much awaited Petroleum Industry Bill.

The renewal focus on agriculture, level of investment in the power sector and growth in the wholesale and retail sectors will have significant implication for insurance and risk management services in the years ahead.

CORPORATE GOVERNANCE

Our company is well focused on responsible corporate governance tenets because we are certain that the benefits from its implementation are immense to the actualization of the various

CHAIRMAN'S STATEMENT CONT'D

corporate goals. We wish to reiterate our total commitment to the principle of fair play and good corporate citizenship in the market place and, that the spirit of continuous development and excellence has been instituted in every areas of the company's operation.

INSURANCE SECTOR

The performance of the insurance sector in 2012 reflected the recital of the world economy. Despite the fact that the global insurance premium grew by 2.4% the emerging markets remained the engine of growth at 6.8% compared to 1.7% in the advanced insurance markets. From this achievement, Africa accounted for just 1.6% of the world insurance premiums. Growth was much stronger in 2012 at 10.5%. While South Africa continued to dominate the African market, accounting for 76.3% (2011: 76.6%), the share of the Nigerian insurance industry increased slightly from 2.2% in 2011 to 2.5% in 2012.

A significant increase was also witnessed in the Nigerian market especially in the level of regulatory activity. In addition to the continued focus on the Market development and Restructuring initiatives, National Insurance Commission supervised the development of the first phase of the industry wide Enterprise Risk Management framework aimed at improving the way insurers identify measure, manage and report risks across all the business areas. Similarly, insurance companies, as with other publicly listed and significant public interest entities were required to produce financial statements using the International Financial Reporting Standards (IFRS) as against the Nigerian Generally Accepted Accounting Practice previously in force. By far the most significant intervention relate to the enforcement of the Insurance Act provision on collection of premium before commencement of cover. This policy will definitely result in significant increases in productivity and profitability of the industry. I joined the practitioners to commend NAICOM leadership for its unriveted commitment and relentless efforts at repositioning the Nigerian Insurance industry

OPERATING RESULT

Without doubt, year 2012 was highly challenging. In spite of all the unanticipated domestic shocks that befell the country in the year such as flooding and security challenges, weather variations nationwide, the proposed Federal Government total removal of fuel subsidy which led to the early January nationwide strike, yet your company was able to strategize round these challenges and provide a quick win short term goal which we hope to enhance long term business growth.

Gross Premium Written reduced by 9% to N5.bn in 2012 against N5.5bn in 2011. Net Premium Income also reduced by 3% from N4.7bn recorded in 2011 to N4.6bn in 2012. We closed the year with an underwriting profit of N2.6bn, representing 13% decrease below the 2011 result of N3.1bn.

However, our investment income recorded a significant growth by almost double of the 2011 result; moving from N486m recorded in 2011 to N800m in 2012 representing 64% achievement. The company reported a loss of N475 million as against a profit of N885 million in 2011. The impact of the reinstatement of the previous years' financial statements in line with First time adoption (IFRS1) of the International Financial Reporting Standard and full compliance (as promised in the last financial year) to the IFRS conversion was also responsible for the recorded loss.

Meanwhile, our asset base grew from N11bn in 2011 to N14bn in 2012 representing 21% growth. However, shareholders' fund grew by 19% from N4.1bn in 2011 to N4.9bn in 2012.

BOARD OF DIRECTORS

I wish to reiterate the fact that we have laid a solid foundation for the stability and steady growth of the company. I am convinced that from now on there will be a clear manifestation of value for all our stakeholders.

DIVIDEND

The Board of Directors is conscious about the value to which annual return on your investment is worth but full adoption of International Financial Reporting Standard(IFRS) in our accounts this year, has made dividend declaration to be impossible this year.

FUTURE OUTLOOK

In enforcing section 50 of the Insurance Act 2003 which states that insurance cover will be provided on a strict "No Premium No Cover" basis, our operations now refrain from covering risk on a credit basis. This we believe will have many positive effects on our operations including the protection of policy holders and shareholders alike.

Our focus remains to continue to add value to all our stakeholders and to ensure maximum focus on revenue generation and optimization. We will ensure operating at full force by engaging a significant improvement across all areas of our businesses. Our goal is to see that Mutual Benefits Assurance Plc. is the insurance company of choice in Africa and it is prominently placed among insurance companies in the world. On this we stand and look forward to in the years ahead.

CONCLUSION

Distinguished Ladies and Gentlemen, I wish to express my appreciation to all our esteemed customers, policy holders, Brokers, Agents and every other stakeholder including the board, management and staff for their unflinching loyalty and support. We believe in you and remain confident about the future of our company.

I wish you a rewarding Annual General Meeting. Thank you all, God bless Mutual Benefits Assurance Plc, God bless Nigeria.

Chief Chamberlain Oyibo
Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view of the statement of financial position of the Company at the end of the year and of its profit or loss and other comprehensive income in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Insurance Act, CAP I17, 2004. The responsibilities include ensuring that the Company:

i. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004 and the Insurance Act, CAP I17, 2004.

ii. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii. Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in compliance with:

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);

- The requirements of the Insurance Act, CAP I17, LFN 2004

- Relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); and the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Company and of the loss for the year. 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.

In the opinion of the Directors, the company complied with the requirements of International Financial Reporting Standards (IFRS) and in a manner specified by the provisions of the Financial Reporting Council (FRC), Companies and Allied Matters Act, CAP C20, LFN 2004, Insurance Act, CAP I17, LFN 2004 and relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); however, the requirements of IFRS override the provisions of other Acts where there is conflict.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

....	....	....
Mr. Akin Opeodu	**Mr. Akin Ogunbiyi**	**Mr. Adesoye Olatunji**
Vice Chairman	***Group Managing Director***	***Executive Director***
FRC/2013/ICAN/00000003128	**FRC/2013/CIIN/00000003114**	**FRC/2013/ICAN/00000004720**

DIRECTORS' REPORT

For the year ended 31st December, 2012

The Directors have the pleasure of presenting their report on the affairs of Mutual Benefits Assurance Plc ("the Company ") and its subsidiaries to the Shareholders together with the Group Audited Financial Statements and the auditors report for the year ended 31st December 2012.

Legal Status and Principal Activity

Mutual Benefits Assurance Plc was incorporated on the 18th day of April 1995 under the name Mutual Benefits Assurance Company Limited. The Company was converted and re-registered as a Public Limited Liability Company on 24th May 2001. On the 28th May, 2002 the Company became listed on the Nigerian Stock Exchange (NSE).

The Company's Head Office is located 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, Apapa, Benin, Calabar, Ikorodu, Ikoyi, Ilorin, Jericho, Kaduna, Kano, Lafia, Lekki, Ojo, Oshogbo, Otta, Owerri, Ibadan, Yenogoa, and Ikeja.

BUSINESS REVIEW

The Company is primarily an insurance firm principally involved in general insurance business, operating multifarious business activities with separate licenses. The activities of the Company through its subsidiaries include Life Assurance, Real Estate, Microfinance Banking, Equipment Leasing and Stock Broking Services.

MUTUAL Group's products and services are as follows:

GENERAL BUSINESS PRODUCTS

Property Insurance

- Fire and Special Perils
- Burglary / House Breaking
- Householder, House-owners Comprehensive
- Marine Cargo
- Marine Hull
- Motor
- Goods- in-Transit
- All Risk Insurance
- Engineering
- Industrial All Risks

Liability/Bond Insurance

- Money
- Professional Indemnity
- Fidelity Guarantee
- Public Liability/Product Liability
- Director's Liability
- Bond and Suretyship
- Workmen's Compensation

Special Risks

- Aviation and Related Risks
- Oil and Gas

LIFE INSURANCE PRODUCTS

Insurances of the Person

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

RETAIL MARKETING PRODUCTS

- Insurvisa
- Greenshield - 24Hr. Accident Cover.
- Greenshield - Life
- Mutual Group Investment Protection Plan
- Micro Personal Investment Plan

SPECIAL PRODUCTS

- Automedics Car Insurance
- Hygea Assistance programme (H.A.P.)
- Overseas Health Insurance for Expatriates and Nigerians

The Company has Eight (8) subsidiaries namely: Mutual Benefits Life Assurance Limited, Mutual Benefits Assurance Liberia Incorporated, Mutual Benefits Asset Management Limited, Mutual Benefits Homes and Properties Limited, Mutual Model Transport Limited, Charks Investment Limited, TFS Securities Limited, Mutual Benefits Microfinance Bank.

DIRECTORS' REPORT CONT'D

For the year ended 31st December, 2012

3. OPERATING RESULTS

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

	2012 N'000	2011 N'000
Gross Premium	7,944,453	6,716,040
(Loss)/profit before Taxation	(290,607)	238,941
Taxation	(318,654)	(311,755)
(Loss)/profit after Taxation	(609,261)	(72,814)
Shareholders' Fund	3,575,061	2,849,758

Gross earnings of the Group increased by 18% while there was a loss before taxation of N290,607,000. The Directors are not recommending dividend for this year.

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 and the Listing requirements of the Nigerian Stock Exchange is noted:

DIRECTORS	2012 N'000	2011 N'000	
Chief Chamberlain Oyibo	90,224,722	79,224,722	(Direct)
Mr. Akin Opeodu	85,713,287	85,713,287	(Direct & Indirect)
Mr. Akin Ogunbiyi	579,514,892	579,514,892	(Direct & Indirect)
Mr. Olusegun Omosehin	NIL	NIL	
Mr. Adesoye Olatunji	3,000,000	3,000,000	
Mr. Gbenga Ogunko	4,200,000	4,200,000	
Mr. G.U. Agofure	5,290,456	5,290,456	
Dr. Moses O. Ajaja	8,233,326	8,233,326	
Mrs. Izarene Z. Aret-Adams	94,724,567	94,724,567	
Mr. Micheal Govan	3,100,000	3,100,000	
Mr. Eze Ebube	NIL	NIL	
Prof. Pat Utomi	NIL	NIL	
Prince Ado Bayero	NIL	NIL	
Mr. Femi Asenuga	93,150		

In accordance with Article 85 of the Company's Articles of Association, Chief Chamberlain Oyibo, Mrs.Aret-Adams and Dr Moses Ajaja retire by rotation at this meeting, and being eligible, offer themselves for re-election.

Appointment of Directors

The company appointed an Executive Director (Femi Asenuga) and a Non-Executive Director, Admiral Festus Porbeni (Rtd).

DIRECTORS' INTEREST IN CONTRACTS

In compliance with Section 277 of the Companies and Allied Matters Act CAP C20 LFN 2004, none of the directors has notified the Company of any declarable interest in contracts involving the Company during the year under review.

DIRECTORS' REPORT CONT'D
For the year ended 31st December, 2012

DIRECTORS REMUNERATION

Remuneration	Description	Timing
Basic Salary	Part of gross salary package for Executive Directors only	Paid monthly during the financial year
	A competitive salary package that reflects the desires of the Company to remain at the apex of the industry.	
13th month salary	Part of gross salary package for 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 residing 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

PROPERTY, PLANT AND EQUIPMENT

Information relating to property, plant and equipment is given in Note 20 to the Financial Statements. In the opinion of the Directors, the market value of the Company's properties are not less than the values shown in the Financial Statements.

DONATIONS AND CHARITABLE GIFTS

In identifying with the aspirations of the community and the environment within which the Company operates, a total sum of **N13,546,175** (December 2011: **N4,684,000**) was given out as donations and charitable contributions during the year. These include contributions to charitable organizations amounting to **N3, 395,000** (December 2011: **N2,000,000**) and donations made to other non-charitable organizations amounted to N10, 151,175(December 2011: **N2, 684,000**). Details of the donations and charitable gifts are as stated below:

DIRECTORS' REPORT CONT'D

For the year ended 31st December, 2012

Organisations:	2012 N'000	2011 N'000
Mende Senior High School	250,000	
9th Aret Adams Foundation Lecture	209,000	209,000
Donation of Eye Equipment to Gbagada Gen. Hospital (through Ilupeju Lions Club)	3,045,000	
Corona School Gbagada PPA (Fun Day)	100,000	
Annual Programme of the International Youth Fellowship of CAC, Agbala-Itura	1,000,000	
Institute of Chartered Secretaries & Administrators of Nigeria (ICSAN) Seminar	200,000	
Centre for Petroleum Institute (CPI) 2012 Petroleum Policy Roundtable	300,000	205,000
Institute of Directors (IOD) 2012 Annual Fellows Evening	1,500,000	2,100,000
Nigerian Insurers Association (NIA)	350,000	20,000
Professional Insurance Ladies (PILA)	200,000	
Donation to National Association of Insurance Correspondents (NAICO)	50,000	150,000
Ilupeju Community (Greater Ilupeju Township)	300,000	
Donation of Football Equipments to Police College Football Club	842,175	
Little Saints orphanage	350,000	2,000,000
Donation of Vehicle (Hilux) to LAGBUS	4,850,000	
TOTAL	**13,546,175**	**4,684,000**

BENEFICIAL OWNERSHIP

The following shareholders held 5% or more of the issued and paid up shares of the Company as at 31st December , 2012:

Name of Holder	No. of Shares	Percentage of Shareholding 50 kobo Each
Charles Enterprises	2,100,000,000	26.25
CIL Risks & Assets Management Ltd	1,334,200,838	6.67
Akin Ogunbiyi	579,514,892	7.24

Share Range Analysis as at December 31st, 2012 was –

Range	No. of shareholders	No. of shares held	Percentage of shareholders
1- 5,000	13,679	33,742,041	0.42
5,001-10,000	6,674	56,481,357	0.71
10,001 - 100,000	14,424	546,343,347	6.83
100,001 – 500,000	2,329	514,730,247	6.43
500,001 – 1,000,000	288	227,359,645	2.84
1,000,001 – 5,000,000	215	458,374, 074	5.73
5,000,001 – 10,000,000	27	183,347,706	2.29
10,000,001 – 100,000,000	48	1,454,629,221	18.18
100,000,001 – 1,000,000,000	8	2, 424,995,362	30.31
1,000,000,001 and above	1	2,100,000,000	26.25
	37,693	**8,000,000,000**	**100**

POST BALANCE SHEET EVENTS

There are no significant post balance sheet events which could have had a material effect on the state of affairs of the company as at 31st December 2012.

EMPLOYMENT AND HUMAN RESOURCES MATTERS

(i) Employee Involvement and Training

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

Gender Analysis

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

	Male Number	Female Number	Male %	Female %
Employees	149	81	65	35
Gender analysis of Board and Top Management is as follows:				
Board	13	1	92	8
Top Management	11	4	73	27

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

	Male Number	Female Number	Male %	Female %
Assistant General Manager	4	2	67	33
Deputy General Manager	3	-	100	-
Executive Director	3	-	100	-
Chief Executive Officer	1	-	100	-
Non-Executive Director	8	1	89	11

(ii) Employment of Disabled Persons

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

(iii) Employee Health Safety and Welfare

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

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

DIRECTORS' REPORT CONT'D

For the year ended 31st December, 2012

AUDITORS

In compliance with Section 357(2) of the Companies and Allied Matters Act, CAP C20, LFN, 2004. BDO Professional Services (Chartered Accountants) have indicated their willingness to continue in office. A resolution will be proposed at the Annual General Meeting to authorise the directors to fix their remuneration.

By Order of the Board

Abdulai, Taiwo & Co.
Company Secretaries

COMPANY SECRETARIES
30 October 2013
FRC/2013/NBA/00000003123

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO.29 OF 2007

We the undersigned hereby certify the following with regards to our audited report for the year ended 31st December 2012 that:

(a) We have reviewed the report;

(b) To the best of our knowledge, the report does not contain:
- (i) Any untrue statement of a material fact, or
- (ii) Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;

(c) To the best of our knowledge, the financial statements and other financial information included in the report fairly presents in all material respects the financial condition and results of operations of the company as of, and for the periods presented in the report;

(d) We:
- (i) are responsible for establishing and maintaining internal controls;
- (ii) have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
- (iii) have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
- (iv) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

(e) We have disclosed to the auditors of the company and audit committee:
- (i) All significant deficiencies in the design or operations of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
- (ii) any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

(f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

....	....
Financial Controller	Chief Executive Officer
FRC/2013/ICAN/00000004720	FRC/2013/CIIN/00000003114

REPORT OF THE AUDIT COMMITTEE

For the year ended 31 December 2012

To the members of Mutual Benefits Assurance Plc and its subsidiary companies.

In compliance with the provisions of Section 359(6) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the members of the Audit Committee of Mutual Benefits Assurance Plc reviewed the Audited Financial Statements for the Year Ended 31 December 2012 and based on the documents and information available to us hereby report as follows:

(a) We ascertained that the account and reporting policies of the Company are in accordance with the legal requirements and agreed ethical practices.

(b) We reviewed the Scope and Planning of the Audit requirements and found it adequate.

We have deliberated with the external auditors, who confirmed that necessary cooperation was received from Management in the course of their statutory audit and we are satisfied with Management's responses to their recommendations for improvement and with the effectiveness of the Group's system of accounting and internal control.

Dated 2nd November, 2013

TEMI DUROJAIYE (MRS)

Mrs. Temi Durojaiye
FRC/2013/ICAN/00000003102

Members of the Audit Committee

Members of the Audit Committee

1. **Mrs. Temi Durojaiye - Chairperson**
2. **Mr. Osato Aideyan - Shareholders' Representative**
3. **Chief Akin Odubiyi - Shareholder's Representative**
4. **Dr. Moses Ajaja - Board's Representative**
5. **Mrs. Izarene Aret-Adams - Board's Representative**
6. **Mr. Godspower Agofure - Board's Representative**

CORPORATE GOVERNANCE REPORT

INTRODUCTION

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

The Company continues to comply with its Internal Governance Policies and the Code of Corporate Governance for Public Companies in Nigeria. As an Insurance Company, the Company also complies with the Code of Good Corporate Governance for the Insurance Industry in Nigeria, issued by the National Insurance Commission in February, 2009. The NAICOM'S Code of Corporate 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 standards as well as compliance with the Laws of Nigeria. The Board is composed of 14 members including a Non-Executive Chairman, GMD/CEO, 4 Executive Directors and 8 Non-Executive Directors. The Directors are experienced stakeholders with diverse professional backgrounds in Insurance, Accounting, Commerce, Management, Information Technology, etc.

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

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

(a) MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, the Board met on 26th April, 2012, 29th June, 2012, 23rd October, 2012 and 17th December, 2012.

Details of attendance by the Directors at Board meetings are as follows:

S/N	DIRECTORS	CATEGORY OF DIRECTORSHIP	NO OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
1	Chief Chamberlain Oyibo	Chairman/Non- Executive Director	4	4
2	Mr. Akin Opeodu	Vice Chairman/Non-Executive Director	4	3
3	Dr. Moses Ajaja	Non-Executive Director	4	4
4	Mr. Godspower Agofure *	Non-Executive Director	4	4
5	Mrs. Izarene Aret-Adams	Non-Executive Director	4	4
6	Prof Pat Utomi	Non-Executive Director	4	3
7	Prince Nasir Ado-Bayero	Non-Executive Director	4	3
8	Dr. Eze Bube	Non-Executive Director	4	2
9	Mr Michael Govan	Non-Executive Director	4	2
10	Mr Akin Ogunbiyi	Group Managing Director/CEO	4	4
11	Mr Soye Olatunji	Group Finance Director	4	4
12	Mr Olusegun Omosehin	MD- Gen Business	4	4
13	Mr Femi Asenuga **	MD- Life Business	4	4
14	Mr Ladi Owolabi ***	Executive Director	4	4
15	Mr Gbenga Ogunko	Executive Director	4	4

CORPORATE GOVERNANCE REPORT CONT'D

* Resigned w.e.f31/12/12
** Appointed w.e.f23/10/12
*** Resigned w.e.f31/10/12

The Board performed its functions through a total of four Standing Committees during period 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 compliance with Section 359 (6) of the Companies and Allied Matters Act, CAP C20 LFN 2004. The Committee is comprised of three representatives of Shareholders (elected annually at the AGM), Two Non-Executive Directors and the GMD/CEO. Mrs. Temi Durojaiye chaired the Committee during the year under review.

SCHEDULE OF MEETINGS

The Audit Committee met four times during the year under review. It met on 6th and 13th March 2012, 21st June 2012 and 29th November, 2012 Membership and attendance at the meetings are as follows:

S/N	MEMBERS	NUMBER OF MEETINGS HELD	NO OF MEETINGS ATTENDED
1	Mrs. Temi Durojaiye	4	4
2	Dr. Moses Ajaja	4	3
3	Chief Akin Odubiyi	4	4
4	Mr. Godspower Agofure	4	4
5	Mrs. Izarene Aret-Adams	4	3
6	Mr. Osato Aideyan	4	4

(ii) FINANCE AND GENERAL PURPOSES COMMITTEE

The Finance and General purposes Committee is made up of the GMD/CEO, Group Finance Director and 2 Non-Executive Directors. The Committee meets 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. Akin Opeodu Chaired the Committee during the year under review.

SCHEDULE OF MEETINGS

The Committee met thrice in the year under review. It met on 25th January 2012, 7th February 2012 and 21st June 2012. The following are the details of members and meetings held in the last financial year.

S/N	MEMBERS	NUMBER OF MEETINGS	NUMBER OF MEETINGS ATTENDED
1	Mr. Akin Opeodu	3	3
2	Mr. Akin Ogunbiyi	3	3
3	Mr Godspower Agofure	3	3
4	Mr. Soye Olatunji	3	3

(iii) ESTABLISHMENT COMMITTEE

The Establishment Committee comprises the GMD/CEO and three Non-Executive Directors. Dr. Moses Ajaja chairs the Committee. The Committee considers staff matters in general.

SCHEDULE OF MEETINGS

The Committee meets as the need arises. The Committee meetings were held on 17th July 2012 and 7th December 2012. Details of the members and the meetings held are contained in the following schedule:

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO.29 OF 2007

We the undersigned hereby certify the following with regards to our audited report for the year ended 31st December 2012 that:

(a) We have reviewed the report;

(b) To the best of our knowledge, the report does not contain:
   (i) Any untrue statement of a material fact, or
   (ii) Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;

(c) To the best of our knowledge, the financial statements and other financial information included in the report fairly presents in all material respects the financial condition and results of operations of the company as of, and for the periods presented in the report;

(d) We:
   (i) are responsible for establishing and maintaining internal controls;
   (ii) have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
   (iii) have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
   (iv) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

(e) We have disclosed to the auditors of the company and audit committee:
   (i) All significant deficiencies in the design or operations of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
   (ii) any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

(f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

....

Financial Controller
FRC/2013/ICAN/00000004720

Chief Executive Officer
FRC/2013/CIIN/00000003114

REPORT OF THE AUDIT COMMITTEE

For the year ended 31 December 2012

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We have deliberated with the external auditors, who confirmed that necessary cooperation was received from Management in the course of their statutory audit and we are satisfied with Management's responses to their recommendations for improvement and with the effectiveness of the Group's system of accounting and internal control.

Dated 2nd November, 2013

TEMI DUROJAIYE (MRS)

Mrs. Temi Durojaiye
FRC/2013/ICAN/00000003102

Members of the Audit Committee

Members of the Audit Committee

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2. **Mr. Osato Aideyan - Shareholders' Representative**
3. **Chief Akin Odubiyi - Shareholder's Representative**
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7	Prince Nasir Ado-Bayero	Non-Executive Director	4	3
8	Dr. Eze Bube	Non-Executive Director	4	2
9	Mr Michael Govan	Non-Executive Director	4	2
10	Mr Akin Ogunbiyi	Group Managing Director/CEO	4	4
11	Mr Soye Olatunji	Group Finance Director	4	4
12	Mr Olusegun Omosehin	MD- Gen Business	4	4
13	Mr Femi Asenuga **	MD- Life Business	4	4
14	Mr Ladi Owolabi ***	Executive Director	4	4
15	Mr Gbenga Ogunko	Executive Director	4	4

* Resigned w.e.f31/12/12
** Appointed w.e.f23/10/12
*** Resigned w.e.f31/10/12

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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:

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SCHEDULE OF MEETINGS

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4	Mr. Soye Olatunji	3	3

(iii) ESTABLISHMENT COMMITTEE

The Establishment Committee comprises the GMD/CEO and three Non-Executive Directors. Dr. Moses Ajaja chairs the Committee. The Committee considers staff matters in general.

SCHEDULE OF MEETINGS

The Committee meets as the need arises. The Committee meetings were held on 17th July 2012 and 7th December 2012. Details of the members and the meetings held are contained in the following schedule:

MANAGEMENT DISCUSSION AND ANALYSIS

THE NATURE OF THE BUSINESS

Mutual Benefits Assurance Plc, is a general insurance business with over nineteen years experience in Nigeria. The company's core areas of business include motor, marine, bond, engineering, fire, aviation, oil and gas and general accident.

The company is known for providing expertise knowledge especially in high risk businesses such as aviation, marine, oil and gas.

Our company is known by the populace for prompt settlement of claims and efficient customer care.

The major bulk of our business comes from brokers market .

MANAGEMENT'S OBJECTIVES

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

OUR STRATEGIES

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

OUR RESOURCES, RISKS AND RELATIONSHIP.

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

Insurance business is a kind of business that is full of risk known as insurable risks.
This is a known risk but which the likelihood and magnitude of the occurrence is not certain.
The Company has put in place a balanced re-insurance policy to absorb the impact of such risks at any time in future.

Aside from this, the Company is also faced with diverse risks which are financial and non-financial in nature.

Several strategies are already in place to mitigate their negative impact on the business and the company itself.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

FINANCIAL RESULTS AND PROSPECTS

	2012 N'000	2011 N'000	Growth %	2012 N'000	2011 N'000	Growth %
Gross premium written	7,944,453	6,716,040	18.29	4,975,074	5,471,238	(9.07)
Gross premium income	7,980,860	6,053,844	31.83	5,026,347	4,961,943	1.30
Re-insurance expenses	(525,355)	(235,179)	123.39	(415,926)	(185,756)	123.91
Net premium income	7,455,505	5,818,665		4,610,421	4,776,187	
Commission received	60,902	35,853	69.87	37,241	35,853	3.87
Net underwriting income	7,516,407	5,854,518		4,647,662	4,812,040	
Claims expenses	(2,552,245)	(1,470,469)	73.57	(1,415,572)	(1,164,300)	21.58
Underwriting expenses	(1,826,636)	(1,482,622)	23.20	(577,838)	(590,610)	(2.16)
Underwriting results	3,137,526	2,901,427		2,654,252	3,057,130	
Investment and other income	3,557,384	1,889,667	88.25	800,044	485,813	64.68
Management and operating expenses	(7,044,406)	(4,524,321)	55.70	(3,630,850)	(2,374,604)	52.90
Loss on disposal of associate	(6,414)		(100.00)			-
Share of associate profit or loss	-	19,373	(100.00)	-	-	-
Net fair value gains /(losses)	(26,912)	(89,759)	(70.02)	(13,345)	(89,759)	(85.13)
Finance income	147,667	92,345	59.91	-	-	-
Finance cost	(55,452)	(49,791)	11.37	(34,262)	(38,709)	(11.49)
(Loss)/profit before tax	(290,607)	238,941		(224,161)	1,039,871	
Tax expense	(318,654)	(311,755)	2.21	(251,131)	(154,397)	62.65
(Loss)/profit after tax	(609,261)	(72,814)		(475,292)	885,474	
Total assets	28,294,218	19,655,936	43.95	13,893,809	11,470,156	21.13
Investment contract liabilities	10,677,556	7,327,411	45.72	-	-	
Insurance contract liabilities	6,599,145	4,116,019	60.33	3,089,313	2,683,877	15.11
Shareholders fund	3,575,061	2,849,758	25.45	4,984,335	4,171,064	19.50
Earnings per share (Kobo)	(7.50)	(0.88)		(5.94)	11.07	

CORPORATE SOCIAL RESPONSIBILITY REPORT

At Mutual Benefits Assurance Plc, we care for the environment and the society in which we operate. In appreciation of the gesture towards the upliftment of our Company during the year 2012 particularly, donations were made to various organisations in order to bring relief to the society especially the less privileged ones.

We also made donations to various charitable and non-profit organisations across the country. The following are the causes we supported in the year under review.

ORGANISATION	DONATION (N)
Mende Senior High School	250,000
9th Aret Adams Foundation Lecture	209,000
Donation of Eye Equipment to Gbagada Gen. Hospital (through Ilupeju Lions Club)	3,045,000
Corona School Gbagada PPA (Fun Day)	100,000
Annual Programme of the International Youth Fellowship of CAC, Agbala-Itura	1,000,000
Institute of Chartered Secretaries & Administrators of Nigeria (ICSAN) Seminar	200,000
Centre for Petroleum Institute (CPI) 2012 Petroleum Policy Roundtable	300,000
Institute of Directors (IOD) 2012 Annual Fellows Evening	1,500,000
Nigerian Insurers Association (NIA)	350,000
Professional Insurance Ladies (PILA)	200,000
Donation to National Association of Insurance Correspondents (NAICO)	50,000
Ilupeju Community (Greater Ilupeju Township)	300,000
Donation of Football Equipments to Police College Football Club	842,175
Little Saints orphanage	350,000
Donation of Vehicle (Hilux) to LAGBUS	4,850,000
TOTAL	13,546,175

BDO

BDO Professional Services (Chartered Accountants),
ADOL House,
15, CIPM Avenue,
CBD, Alausa, Ikeja, Lagos.
P. O. Box 4929 GPO Marina, Lagos.

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

We have audited the accompanying separate and consolidated financial statements of Mutual Benefits Assurance Plc ("the Company") and its subsidiaries (together "the group"). These financial statements comprise the consolidated and separate statement of financial position as at 31 December 2012, the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statement of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory notes.

Directors' responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, CAP C20 LFN 2004 and the Insurance Act, CAP I17, LFN 2004 and its interpretations issued by the National Insurance Commission in its Insurance Industry Policy Guidelines. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting polices and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company's financial position as at 31 December 2012 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act No 6, 2011, the Companies and Allied Matters Act, CAP C20 LFN 2004 and Insurance Act, CAP I17, LFN 2004 and its interpretations issued by the National Insurance Commission in its Insurance Policy Guidelines.

Report on other legal requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit, we consider and report to you on the following matters. We confirm that:

(I) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
(ii) in our opinion, proper books of account have been kept by the Company; and
(iii) the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

BDO Professional Services
Chartered Accountants

Lagos, Nigeria
6 December 2013

Chartered Accountants
FRC/2013/ICAN/0000001076

General information

Mutual Benefits Assurance Plc commenced operation in 1995, Mutual Benefit Assurance Plc is a leading financial, wealth protection company in Nigeria. The principal objective of the Company is to render qualitative insurance & risks management services. Mutual Benefits Assurance Plc is a premier provider of Auto Insurance, Health Insurance, Special Risks, and Investment products and services. The address of the registered office is; Aret Adams House, 233 Ikorodu Road, Ilupeju - Lagos.

Mutual Benefits Assurance Plc (RC 269837) was Incorporated as a private limited company on 18 April 1995, granted Certificate of Registration as an Insurer by the National Insurance Commission in September 1995, commenced operation 2 October 1995, became a public liability company on 24 May 2001.

The Company is listed on the Nigerian Stock Exchange. The consolidated financial statements, including the assets and liabilities of the Company and all its subsidiaries, were authorised for issue by the directors on 30 October 2013.

Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1) Basis of preparation and compliance with IFRS

The International Financial Reporting Standards (IFRSs) Roadmap issued by the Financial Reporting Council of Nigeria (FRC), following a decision by the Federal Executive Council, requires all publicly listed and other significant public interest entities to adopt IFRS by the year starting 1 January 2012.

In compliance with the requirements of FRC, these financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that are effective at 31 December 2012 (the Company's first reporting date under IFRS) and requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004,the Insurance Act, CAP I 17 LFN 2004 and the Financial Reporting Council of Nigeria Act No 6, 2011 to the extent that they are not in conflict with IFRS.

(a) Statement of compliance with IFRS

These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) in force at 31 December 2012 and IFRS 1, First time adoption of International Financial Reporting Standards has been applied

(b) Basis of measurement

The financial statements have been prepared on historical cost basis except as detailed below:

(i) Financial instruments at fair value through profit or loss are measured at fair value

(ii) Property, plant and equipment are carried at cost except land and buildings which are measured at revalued amounts.

(c) Critical accounting estimates and judgements

The preparation of financial statements requires directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year.

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICY CONT'D

(a) Fair value of financial assets

(i) Fair value of available for sale financial assets

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases are estimated from observable data using valuation models. The models used to determine fair values are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices.

(b) Liabilities arising from insurance contracts

(i) Claims arising from non-life insurance contracts

Liabilities for unpaid claims are estimated on a case by-case basis. The liabilities recognised for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analysis and the Group deems liabilities reported as adequate.

(ii) Liabilities arising from life insurance contracts

The liabilities for life insurance contracts are estimated using appropriate and acceptable base tables of standard mortality according to the type of contract being written. Management make various assumptions such as expenses inflation, valuation interest rate and mortality in estimating the required liabilities for life contracts.

(c) Impairment of trade receivables

In accordance with the accounting policy on financial assets, the Group tests annually whether trade receivables have suffered any impairment. The recoverable amounts of the trade receivables have been determined based on the incurred loss model. These calculations require the use of estimates of future collections.

(d) Going concern

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

However, the solvency margin of N2,578,924,000 is below the minimum requirement of N3 billion as required by the Insurance Act,CAP I17,LFN 2004.

(e) Explanation of transition to IFRSs

(i) Implementation of IFRSs

These are the Company's first financial statements prepared in accordance with International Financial Reporting Standards (IFRS), the Company publishes comparative information for the year in its financial statements, the date of transition to IFRSs is effectively, 1 January 2011, which represents the start of the earliest period of comparative information presented. The opening balance sheet as at 1 January 2011 has been restated accordingly. The accounting policies have been applied consistently to all periods presented in these financial statements by the entity.

The most significant IFRS's impact for the Company originated from the implementation of IAS39-Financial instruments: Recognition and Measurement which requires the valuation of financial assets values and impairment of financial assets to be accounted for only if there is objective evidence that a loss event has occurred after initial recognition but before the balance sheet date, IAS 1 and the change in recognition and measurement for life contracts from fund accounting method to annual accounting method.

The effect of the company's transition to IFRS is further summarized as follows:

(i) Transition elections;

(ii) Reconciliation of equity and comprehensive income as previously reported under Nigerian GAAP to IFRS

(i) Transition elections;

In preparing these financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions from full retrospective application of IFRS. The optional exemptions from full retrospective application selected by the Company are summarized below:

STATEMENT OF SIGNIFICANT ACCOUNTING POLICY CONT'D

- The latest revaluation of property plant and equipment carried out under Nigerian GAAP prior to the date of transition was used as deemed cost at the date of transition;
- The cumulative translation differences on foreign operations were deemed to be zero at the date of transition, and amounts recognised in accordance with Nigerian GAAP as at that date were reclassified to retained earnings; and
- The Group has elected to designate its financial assets on initial recognition as financial asset at fair value through profit or loss, available for sale financial assets, held to maturity and loans and receivables.

Estimates made by Mutual Benefit Assurance Plc under the Nigerian GAAP at the transition date, i.e. 1 January 2011 shall be consistent with estimates made in the Company's opening IFRS statement of financial position (after adjustments to reflect any difference in accounting policies).

Subject to the above mandatory and optional elections and exceptions, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS financial statements as at 1 January 2012 throughout all periods presented, as if these policies had always been in effect.

(ii) Reconciliation of equity and comprehensive income as previously reported under Nigerian GAAP to IFRS.

A quantitative explanation of how the transition to International Financial Reporting Standards (IFRS) has affected the reported financial position is provided in note 63. This note includes reconciliations of equity and profit or loss for comparative periods reported under Nigerian GAAP (previous GAAP) to those reported for this period under IFRS.

(2) Foreign currency translation

(a) Functional and presentation currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entities operates ('the functional currency'). The financial statements are presented in Nigerian Naira (N) which is the Group's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. Differences are taken to the income statements.

3. Segment reporting

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

4. New Standards and Amendments

(a) New standards and amendments issued but not effective for the financial year beginning 1st January 2012 and not early adopted

New Standards

(i) IFRS 9-Financial instruments

IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates a qualitative mismatch. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, we will now have two main categories of financial assets i.e. fair value and amortized cost (as opposed to the four categories prescribed by IAS 39 - fair value through profit & loss, loans & receivables, held to maturity and available for sale financial assets) but will potentially have no impact on classification and measurements of financial liabilities.

The Group intends to adopt IFRS 9 not later than the accounting period beginning 1st January 2015.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICY CONT'D

ii) IFRS 10-Consolidated financial statements
IFRS 10 introduces a single control to determine whether an investee should be consolidated. As a result, a company may need to change its consolidation conclusion in respect of its investees; which may lead to changes in the current accounting for these investees. The Group intends to adopt IFRS 10 not later than the accounting period beginning 1st January 2013.

(iii) IFRS 11: Joint arrangements
This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has right to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. IFRS 11: Joint arrangements (effective for periods beginning on or after 1st January 2013). Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

IFRS 11 is not expected to have any impact on the Group because the Group does not have interest in joint ventures.

The group intends to adopt IFRS 11 not later than the accounting period beginning 1 January 2013.

iv) IFRS 12- Disclosures of interests in other entities
This standard brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 requires the disclosure of information about the nature, risks and financial effects of these interests. The Group intends to adopt IFRS 12 not later than the accounting period beginning 1st January 2013.

iv) IFRS 13-Fair value measurement
IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. The Group is currently reviewing its methodologies in determining fair values in line with this standard. The Group intends to adopt IFRS 13 not later than the accounting period beginning 1st January 2013.

Although many of the IFRS 13 disclosure requirements regarding financial assets and financial liabilities are already required, the adoption of IFRS 13 will require the Group to provide additional disclosures. These include fair value hierarchy disclosures for non-financial assets/liabilities and disclosures on fair value measurements that are categorised in level 3.

Amendments

(v) IAS 27 as amended,
IAS 27 as amended, is limited to the accounting for investment in subsidiaries, joint ventures and associates in separate financial statements. The Group is yet to assess IAS 27's full impact and intends to adopt the standard not later than the accounting period beginning 1 January 2013.

The adoption of IFRS 10,12,13 and IAS 27 as amended has no material effect on the Company's accounting policies.

(vi) Annual improvements 2011
These annual improvements, address six issues in the 2009-2012 reporting cycle. It includes changes to:

- IFRS 1, 'First time adoption'
- IAS 1, 'Financial statement presentation'
- IAS 16, 'Property, plant and equipment'
- IAS 32, 'Financial instruments; Presentation'
- IAS 34, Interim financial reporting'

5 Consolidation
(i) Subsidiaries
The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases. For the purpose of these financial statements, subsidiaries are entities over which the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Changes in the Group's interest in a subsidiary that does not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Investment in subsidiaries in the separate financial statements of the parent entity is measured at cost

Acquisition-related costs are expensed as incurred.

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

(ii) Disposal of subsidiaries

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(6) Cash and cash equivalents

For the purposes of the statement of cash flows, cash comprises cash balances and deposits with banks. Cash equivalents comprise highly liquid investments (including money market funds) that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value with original maturities of three months or less being used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Short-term deposits are initially recognised at fair value and subsequently measured at amortised cost. Interest on short-term deposits is recognised in profit or loss on a time proportion basis that takes into account the effective yield on the deposits.

Treasury bills are initially recognised at fair value and subsequently measured at amortised cost. Interest on treasury bills is recognised in profit or loss on a time proportion basis that takes into account the effective yield on the deposits.

(7) Financial Assets

The group classifies its financial assets into the following categories: Fair value through profit and loss, Loans and receivables, held to maturity, available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired. In line with the Insurance Act, CAP I17 LFN 2004, Section 26(i)(c), the financial assets of Insurance and Investment contracts have been kept seperately to meet obligations as at when due.

i Available –for–sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are classified as available-for-sale or are not classified in any of the two preceeding categories and which may be sold in response to the need for liquidity or changes in interest rates, exchange rates or equity prices. They comprise investment in unquoted equities and investments in projects. These investments are initially recognised at cost. After initial measurement, available-for-sale financial assets are subsequently measured at fair value using net assets valuation basis. In cases where the fair value of an unlisted equity cannot be measured reliably, the instruments are carried at cost less impairment.

Fair value gains and losses are reported as a separate component in other comprehensive income until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity are transferred to the statement of profit or loss and other comprehensive income.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICY CONT'D

ii **Financial assets at fair value through profit or loss**

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. The investments are carried at fair value, with gains and losses arising from changes in this value recognized in the income statement in the period in which they arise. Such investments are investments in quoted equity. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

iii **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are mainly receivables arising from insurance contracts. Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost less any impairment losses. They include receivables from Direct insured, Agents and Brokers, Coinsurance and Reinsurance companies. Other loans and receivables include loans and advances, staff loans and advances and other sundry receivables which arise in the ordinary course of business.

Impairment provisions are recognized when there is objective evidence that the Group will not be able to collect all of the amounts due under the terms of the receivable; (evidence include significant financial difficulties on the part of the counterparty or default or significant delay in payment - over 90 days). The amount of such a provision being the difference between the carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For amounts due from policy holders and reinsurers, which are reported net, such provisions are recorded in a separate impairment account with the loss being recognised in income statement. On confirmation that the amounts receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. Any subsequent recoveries are credited to the income statement in the period the recoveries are made. Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

iv **Held-to-maturity financial assets**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available-for-sale; and
- those that meet the definition of loans and receivables.

The Group classifies financial assets as Held-to-maturity when the Group's has positive intent and ability to hold the securities to maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying its investment securities as held-to-maturity for the current and the following two financial years. Quoted equities and debt securities e.g. bonds that are initially classified as held-to-maturity may, subsequently, be moved to available-for-sale financial assets whenever the market price is higher than the purchase price in order to sell and take profit. Interests on held-to-maturity investments are included in the consolidated income statement and are reported as Interest and similar income'. In the case of an impairment, it is reported as a deduction from the carrying value of the investments. Held-to-maturity investments are largely bonds and recognised in the consolidated income statement as 'Net gains/(losses) on investment securities'.

The Group assesses its reinsurance assets for impairment at each statement of financial position date. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost.

11 Deferred acquisition costs (DAC)

Acquisition costs comprises all direct and indirect costs arising from the writing of both life and non-life insurance contracts. Deferred acquisition costs represent a proportion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium.

12 Other receivables and Prepayments

Receivables are stated at their original invoiced value, as the interest that would be recognized from discounting future cash receipts over the short credit period is not considered to be material. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue receivables is recognized as it accrues.

13 Leases

Leases are divided into finance leases and operating leases.

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

Assets held under finance leases are recognized as finance lease receivable of the Group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The related liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between interest expenses and capital redemption of the liability, Interest is recognized immediately in the income statement, unless attributable to qualifying assets, in which case they are capitalized to the cost of those assets. Contingent rentals are recognised as expenses in the periods in which they are incurred.

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

14 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.

15 Investments in subsidiaries

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICY CONT'D

16 Investment in associate

When the group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated statement of comprehensive income except that losses in excess of the Group's investment in the associate are not recognised unless there is obligation to make good those losses.

Profit and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investor's interest in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associates.

17 Intangible Assets

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, software acquired is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Maintenance costs should not be included.

18 Property, plant and equipment

Land and buildings comprise mainly outlets and offices occupied by the Group.

Land is shown at fair value based on periodic valuations by external independent valuers less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less accumulated depreciation, less impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation is calculated on property and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life. No depreciation is charged on property and equipment until they are brought into use. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. Freehold land is not depreciated. Depreciation reduces an asset's carrying value to its residual value at the end of its useful life, and is allocated on a straight line basis over the estimated useful lives.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICY CONT'D

The estimated useful lives for the current and comparative periods are as follows:

- Buildings	50 years
- Plant and machinery	5 years
- Leasehold Improvements	5 years
- Vehicles	4 years
- Furniture and fittings and equipment	5 years
- Computer equipment	5 years

The assets residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement in operating income.

19 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any intangible asset allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

20 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 the cost in the statement of financial position being 10% of the statutory minimum capital requirement of N3 billion for General insurance business. Interest income on the deposit is recognised in the income statement in the period the interest is earned.

21 Deposit for shares

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

22 Goodwill

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

23 Insurance contract liabilities

In accordance with IFRS 4, the company has continued to apply the accounting policies it applied in accordance with Pre changeover Nigerian GAAP subject to issue of Liability adequacy test . Balances arising from insurance contracts primarily includes unearned premium, provisions for outstanding claims and adjustment expenses, re-insurers share of provision for unearned premium and outstanding claims and adjustment expenses, deferred acquisition costs, and salvage and subrogation receivables.

Insurance contract liabilities arising from insurance contracts are determined as follows:

(i) Non life

a Reserves for unearned premium

In compliance with Section 20 (1) (a) of Insurance Act CAP I17, 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

b 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 balance sheet date. The IBNR is based on the liability adequacy test.

c 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)"

(ii) Life business

a General reserve fund

This is made up of net liabilities on policies in force as determined by qualified actuaries at the reporting date. Surplus or deficit arising from the periodic valuation of the life insurance contracts are recognised in the income statement. This is made up of net liabilities on policies in force as determined by qualified actuaries at the reporting date. Surplus or deficit arising from the periodic valuation of the life insurance contracts are recognised in the statement of profit and loss. The reserves include Incurred But Not Reported(IBNR) and Unearned Premium Reserve (UPR).

(iii) 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".

The provisions of the Insurance Act, CAP I17, 2004 requires an actuarial valuation for life reserves only however, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. The provision of section 59 of the Financial Reporting Council Act 2011 gives superiority to the provision of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act, CAP I17, 2004, it serves the company's prudential concerns well.

24 Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk Investment contracts can be classified into interest linked and unitised fund. Interest linked investment contracts are measured at amortised cost while unitised funds are measured at fair value.

Investment contracts with guaranteed returns (interest linked) and other business of a savings nature are recognized as liabilities. Interest accruing to the life assured from investment of the savings is recognized in the profit and loss account in the year it is earned while interest paid and due to depositors is recognized as an expense. The net result of the deposit administration revenue account is transferred to the income statement of the group.

The Group's investment contracts are classified into two categories:

(i) Investment contacts –Group
(ii) Investment contracts– Individual

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

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

25 Trade payables and other payables

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

26 Provisions

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

27 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallise.

28 Financial liabilities

The Group's holding in financial liabilities is in financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and financial liabilities at amortised cost. Financial liabilities are derecognised when extinguished.

(a) Financial liabilities at fair value through profit and loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition. A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together. Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the income statement and are reported as 'Net gains/(losses) on financial instruments at fair value through profit or loss'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

(b) Other liabilities measured at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are Deposit liabilities.

29 Borrowings

The redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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

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

30 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realisable or the deferred income tax liability is payable.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the consolidated income statement together with the deferred gain or loss.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICY CONT'D

31 Share Capital and Premium

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, net of tax.

32 Contingency reserves

Non-life business

In compliance with Section 21 (2) of Insurance Act, CAP I17,LFN 2004, the contingency reserve is credited with the greater of 3% of total premiums, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50% of net premium.

Life business

In compliance with Section 22 (1) (b) of Insurance Act, CAP I17,LFN 2004, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit.

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 Group's by the weighted average number of ordinary shares outstanding during the period excluding treasury shares held by the Group.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

34 Dividends

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the year in which the dividend is approved by the Company's shareholders.

35 Revenue recognition

Revenue comprises the fair value for services, net of value-added tax, after eliminating revenue within the Group. Revenue is recognised as follows:

Dividend income: Dividend income for available-for-sale equities is recognised when the right to receive payment is established, this is the ex-dividend date for equity securities.

Premiums written comprise the premiums on contracts incepting in the financial year. Premiums written are stated gross of commissions payable to agents and exclusive of taxes levied on premiums. The Company earns premium income evenly over the term of the insurance policy generally using the pro rata method. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in unearned premiums.

36 Reinsurance expenses

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

37 Salvage and subrogation recoverable

In the normal course of business, the company obtains ownership of damaged properties, which they resell to various salvage operators. Unsold property is valued at its estimated net realizable value. Where the company indemnifies policyholders against a liability claim, it acquires the right to subrogate its claims against other parties. These claims are reflected at amounts expected to be received from the subrogated parties net of related costs.

38 Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services, investment management 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.

39 Claims expenses

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. (See policy for reserve for outstanding claims above). The gross provision for claims represents the estimated liability arising from claims in current and preceding financial years which have not yet given rise to claims paid. The provision includes an allowance for claims management and handling expenses.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICY CONT'D

The gross provision for claims is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the income statement in the financial period in which adjustments are made, and disclosed separately if material.

40 Acquisition costs and other underwriting expenses

Acquisition costs represent commissions payable and other expenses related to the acquisition of insurance contract revenues written during the financial year. Deferred acquisition costs represent the proportion of acquisition costs incurred which corresponds to the unearned premium provision (See policy for Deferred Acquisition Cost above). Examples of these costs include, but are not limited to, commission expense, supervisory levy, superintending fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/contract.

41 Investment income

This includes interest income and dividend income. Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument. Dividend income for available-for-sale equities is recognised when the right to receive payment is established, this is the ex-dividend date for equity securities.

42 Other operating income

Other operating income is made up of rent income, profit on disposal of fixed assets, profit or loss on disposal of investment, exchange gain or loss and other line of income that are not investment income.

43 Management expenses

Other expenses are expenses other than claims, investment expenses, employee benefits, expenses for marketing and administration and underwriting expenses. They include wages, professional fees, depreciation expenses and other non-operating expenses. Other Operating expenses are accounted for on accrual basis and recognized in the income statement upon utilization of the service or at the date of their origin.

44 Retirement obligations and Employee benefits

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

(a) Defined *contribution* pension scheme

The Group operates a defined contributory pension scheme for eligible employees. Company contribute 15% of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2004. The Company pays the contributions to a pension fund administrator. The Company 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.

(b) Short-term benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses and paid in arrears when the associated services are rendered by the employees of the Company.

45 Interest Income and Expenses

Interest income and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognised within 'investment income and finance cost in the income statement using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

46 Events after the statement of financial position date

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

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Notes	Group 31 December 2012	Group 31 December 2011	Group 1 January 2011	Company 31 December 2012	Company 31 December 2011	Company 1 January 2011
ASSETS		**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	8.0	1,539,730	1,585,931	967,928	741,277	385,593	436,504
Financial assets							
– Available-for-sale	9.1	823,149	795,899	727,735	-	47,833	-
– At fair value through profit or loss	9.2	194,214	170,179	176,585	71,880	85,225	174,984
– Loans and receivables	9.3	9,345,120	4,374,020	1,267,567	3,911,579	3,406,792	1,488,438
Pledged assets	10.0	427,427	427,427	427,427	400,000	400,000	400,000
Trade receivables	11.0	538,758	640,898	302,813	453,591	543,815	224,188
Reinsurance assets	12.0	2,286,296	607,530	133,690	403,460	110,125	70,673
Deferred acquisition cost	13.0	304,464	236,819	217,748	266,338	236,497	181,352
Other receivables and prepayments	14.0	819,534	939,490	810,053	240,272	310,211	171,731
Finance lease receivables	15.0	932,960	1,326,756	1,344,268	336,600	260,413	182,535
Inventories	16.0	4,566,628	3,303,292	2,571,755	-	-	-
Investment in subsidiaries	17.0	-	-	-	2,886,001	2,930,036	2,886,001
Investments in associates	18.0	-	212,050	117,542	-		
Intangible assets	19.0	42,172	53,955	36,609	18,731	27,716	36,401
Property, plant and equipment	20.0	5,725,163	4,221,777	4,504,341	2,881,080	1,442,900	1,509,355
Statutory deposit	21.0	500,000	500,000	500,000	300,000	300,000	300,000
Deposit for shares	22.0	-	-	-	983,000	983,000	688,925
Deferred tax asset	38.0	58,495	31,136	15,408	-	-	-
Goodwill	23.0	190,108	228,777	228,777	-	-	-
TOTAL ASSETS		28,294,218	19,655,936	14,350,246	13,893,809	11,470,156	8,751,087
LIABILITIES		**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Insurance contract liabilities	30.0	6,599,145	4,116,019	2,529,026	3,089,313	2,683,877	1,860,032
Investment contract liabilities:	31.0	10,677,556	7,327,411	3,920,489	-	-	
Trade payables	32.0	111,626	195,913	53,468	-	-	
Other payables	33.0	3,029,474	1,259,122	1,264,209	2,429,110	1,484,211	594,793
Deposit liabilities	34.0	197,688	89,017	71,608	-	-	-
Book overdraft	35.0	31,384	73,890	-	27,345	69,460	-
Borrowings	36.0	2,857,618	2,926,633	3,093,496	2,671,764	2,699,647	2,723,825
Current income tax liabilities	37.0	476,408	381,487	239,613	291,762	244,931	222,440
Deferred income tax liabilities	38.0	484,318	181,681	79,692	400,180	116,966	64,407
TOTAL LIABILITIES		24,465,217	16,551,173	11,251,601	8,909,474	7,299,092	5,465,497
EQUITY							
Paid up share capital	24.0	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Retained earnings	25.0	(3,267,366)	(2,240,411)	(1,895,436)	(1,361,333)	(736,789)	(1,445,168)
Contingency reserve	26.0	1,502,043	1,075,348	801,070	1,057,105	907,853	730,758
Revaluation reserve	27.0	1,327,593	-	-	1,288,563	-	-
Foreign currency translation reserves	28.0	12,791	14,821	-	-	-	-
SHAREHOLDERS' FUNDS		3,575,061	2,849,758	2,905,634	4,984,335	4,171,064	3,285,590
Total equity attributable to the owners of the parent		3,575,061	2,849,758	2,905,634	4,984,335	4,171,064	3,285,590
Non-controlling interest in equity	29.0	253,940	255,005	193,011	-	-	-
TOTAL EQUITY		3,829,001	3,104,763	3,098,645	4,984,335	4,171,064	3,285,590
TOTAL LIABILITIES AND EQUITY		28,294,218	19,655,936	14,350,246	13,893,809	11,470,156	8,751,087

Signed on behalf of the Board of Directors on 30 October 2013 by:

Additionally certified by:

Mr. Adesoye Olatunji
FRC/2013/ICAN/00000004720
Chief Finance Officer

Mr. Akin Ogunbiyi
FRC/2013/CIIN/00000003114
Group Managing Director

Mr. Akin Opeodu
FRC/2013/ICAN/00000003128
Vice Chairman

The accounting policies on pages 37 to 52 and notes on pages 58 to 139 form an integral part of the financial statements.

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2012

	Notes	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Parent 31 December 2012 N'000	Parent 31 December 2011 N'000
Gross premium written	39.0	7,944,453	6,716,040	4,975,074	5,471,238
Gross premium income	39.0	7,980,860	6,053,844	5,026,347	4,961,943
Re-insurance expenses	39.0	(525,355)	(235,179)	(415,926)	(185,756)
Net premium income		7,455,505	5,818,665	4,610,421	4,776,187
Commission received		60,902	35,853	37,241	35,853
Net underwriting income		7,516,407	5,854,518	4,647,662	4,812,040
Claims:					
Claims expenses (Gross)	40.0	(4,349,210)	(2,072,029)	(1,827,106)	(1,331,472)
Claims expenses recovered from reinsurers	40.0	1,796,965	601,560	411,534	167,172
Claims expenses (Net)		(2,552,245)	(1,470,469)	(1,415,572)	(1,164,300)
Underwriting expenses:	41.0	(1,826,636)	(1,482,622)	(577,838)	(590,610)
Total underwriting expenses		(4,378,881)	(2,953,091)	(1,993,410)	(1,754,910)
Underwriting results		3,137,526	2,901,427	2,654,252	3,057,130
Investment income	42.0	576,446	482,737	37,248	276,809
Net fair value losses on financial assets at FVTPL	43.0	(26,912)	(89,759)	(13,345)	(89,759)
Other income	44.0	2,980,938	1,406,930	762,796	209,004
Impairment charges	45.0	(1,772,982)	(1,207,749)	(1,379,259)	(868,193)
Management expenses	46.0	(4,192,347)	(2,555,250)	(1,639,179)	(1,068,216)
Employees benefit expense	47.0	(1,079,077)	(761,322)	(612,412)	(438,195)
Share of associate profit or loss	18.1	-	19,373	-	-
Loss on disposal of associate		(6,414)	-	-	-
Results of operating activities		(382,822)	196,387	(189,899)	1,078,580
Finance cost	48.0	(55,452)	(49,791)	(34,262)	(38,709)
Finance income	49.0	147,667	92,345	-	-
(Loss)/profit before tax		(290,607)	238,941	(224,161)	1,039,871
Income tax expense	37.0	(318,654)	(311,755)	(251,131)	(154,397)
(Loss)/profit after tax		(609,261)	(72,814)	(475,292)	885,474
(Loss)/profit attributable to:					
Owners of the parent		(600,260)	(70,697)	(475,292)	885,474
Non-controlling interests	29.0	(9,001)	(2,117)	-	-
		(609,261)	(72,814)	(475,292)	885,474
Other comprehensive income:					
Foreign currency translation reserve		(3,715)	28,931	-	-
Revaluation surplus on Property plant and equipment (Net of tax)		1,337,350	-	1,288,563	-
Other comprehensive income for the period		1,333,635	28,931	1,288,563	-
Total comprehensive income for the period		724,374	(43,883)	813,271	885,474
Owners of the parent		725,438	(55,876)	-	-
Non-controlling interests		(1,064)	11,993	-	-
Total comprehensive income for the period		724,374	(43,883)	-	-
Basic (loss)/earnings per share	50.0	(7.50)	(0.88)	(5.94)	11.07

STATEMENTS OF CHANGES IN EQUITY - GROUP

For the year ended 31st December, 2012

	Share capital N'000	Foreign currency translation reserve N'000	Contingency reserve N'000	Revaluation reserve N'000	Retained earnings N'000	Total N'000	Non Controlling interest N'000	Total equity N'000
Balance 1 January, 2012	4,000,000	14,821	1,075,348	-	(2,240,411)	2,849,758	255,005	3,104,763
Total comprehensive income for the period:								
Profit or loss for the period	-	-	-	-	(600,260)	(600,260)	(9,001)	(609,261)
Transfer to contingency reserve	-	-	426,695	-	(426,695)	-	-	-
	-	-	-	-	-	-	-	-
Other comprehensive income:	-	-	-	-	-	-	-	-
Revaluation surplus on Property plant and equipment				1,327,593		1,327,593	9,757	1,337,350
Changes in Available-for-sale financial assets	-	-	-	-	-	-	-	-
Foreign currency translation reserve	-	(2,030)	-	-	-	(2,030)	(1,821)	(3,851)
Total comprehensive income for the period	-	(2,030)	426,695	1,327,593	(1,026,955)	725,303	(1,065)	724,238
Transactions with owners recorded directly in equity								
Contributions by and distribution to owners								
Dividends to equity holders	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-
Balance 31 December, 2012	4,000,000	12,791	1,502,043	1,327,593	(3,267,366)	3,575,061	253,940	3,829,001

Statements of Changes in Equity
Year ended 31 December 2011
Group

	Share capital N'000	Foreign currency translation reserve N'000	Contingency reserve N'000	Revaluation reserve N'000	Retained earnings N'000	Total N'000	Non Controlling interest N'000	Total equity N'000
Balance 1 January, 2011	4,000,000	-	801,070	-	(1,895,436)	2,905,634	193,011	3,098,645
Total comprehensive income for the period:								
Profit or loss for the period	-	-	-	-	(70,697)	(70,697)	(2,117)	(72,814)
Transfer to contingency reserve	-	-	274,278	-	(274,278)	-	-	-
NCI's share of increase in share capital	-	-	-	-	-	-	31,872	31,872
Proportion of shares disposed by NCI	-	-	-	-	-	-	(30,237)	(30,237)
Movement in reserves of NCI based on shares disposed	-	-	-	-	-	-	48,366	48,366
Other comprehensive income:	-	-	-	-	-	-	-	-
Foreign currency translation reserve	-	14,821	-	-	-	14,821	14,110	28,931
					-	-	-	-
Total comprehensive income for the period	-	14,821	274,278	-	(344,975)	(55,876)	61,994	6,118
Transactions with owners recorded directly in equity								
Contributions by and distribution to owners								
Dividends to equity holders	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-
Balance 31 December, 2011	4,000,000	14,821	1,075,348	-	(2,240,411)	2,849,758	255,005	3,104,763

STATEMENTS OF CHANGES IN EQUITY - PARENT

For the year ended 31st December, 2012

	Share capital N'000	Revaluation reserve N'000	Contingency reserve N'000	Retained earnings N'000	Total N'000
Balance 1 January, 2012	4,000,000	-	907,853	(736,789)	4,171,064
Total comprehensive income for the period:					
Loss for the period	-	-	-	(475,292)	(475,292)
Transfer to contingency reserve	-	-	149,252	(149,252)	-
Revaluation surplus on Property, plant and equipment	-	1,288,563	-	-	1,288,563
Total comprehensive income for the period	-	1,288,563	149,252	(624,544)	813,271
Transactions with owners recorded directly in equity	-	-		-	-
Balance 31 December, 2012	4,000,000	1,288,563	1,057,105	(1,361,333)	4,984,335

Statements of Changes in Equity
Year ended 31 December 2011
Company

	Share capital N'000	Revaluation reserve N'000	Contingency reserve N'000	Retained earnings N'000	Total N'000
Balance 1 January, 2011	4,000,000	-	730,758	(1,445,168)	3,285,590
Total comprehensive income for the period:					
Profit for the period	-	-	-	885,474	885,474
Transfer to contingency reserve	-	-	177,095	(177,095)	-
Total comprehensive income for the period	-	-	177,095	708,379	885,474
Transactions with owners recorded directly in equity	-	-	-	-	-
Balance 31 December, 2011	4,000,000	-	907,853	(736,789)	4,171,064

STATEMENT OF CASH FLOWS
For the year ended 31st December, 2012

		Group 31 December 2012	Group 31 December 2011	Parent 31 December 2012	Parent 31 December 2011
Cash flows from operating activities		**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash received from customers		9,940,867	6,353,172	5,565,346	4,845,341
Changes in working capital					
Reinsurance assets		(1,678,766)	(473,840)	(293,335)	(39,452)
Other receivables		192,971	(129,437)	142,954	(138,480)
Deferred acquisition cost		(67,645)	(19,071)	(29,841)	(55,145)
Inventories		(1,263,336)	(731,537)	-	-
Insurance contract liabilities		2,483,126	1,586,993	405,436	823,845
Investment contract liabilities		3,350,145	3,406,922		-
Trade and other payables		1,686,065	137,358	944,899	889,418
Loans and advances		(108,739)	(37,584)		
Deposit liabilities		108,671	17,409		-
Deposit for shares		-	-	-	(294,075)
Claims reported and loss adjustment expenses		(4,349,210)	(2,072,029)	(1,827,106)	(1,331,472)
Operating expenses		(10,353,025)	(5,091,309)	(4,925,668)	(2,974,735)
Other cash received		3,557,384	1,889,667	737,407	320,569
		3,498,509	4,836,714	720,092	2,045,814
Income tax paid		(91,630)	(84,163)	(64,260)	(79,347)
Net cash from operating activities	51.0	3,406,879	4,752,551	655,832	1,966,467
Cash flows from investing activities					
Purchase of property, plant and equipment	20.0	(473,949)	(579,761)	(94,644)	(34,877)
Purchase of intangible assets	19.0	(5,068)	(18,105)	-	(20)
Proceed from the disposal of property, plant and equipment		10,000	75,816	1,300	9,629
Additions to finance lease receivables	15.0	(455,910)	(435,961)	(262,779)	(352,653)
Repayment of finance lease receivables	15.0	802,266	363,042	226,785	271,275
Loan to Prime Exploration Production Limited	9.3.1(d)	(3,436,373)	(3,008,000)	(32,488)	(1,773,000)
Loan to Mutual Homes and properties	9.3.1(b)	-	-	(1,430)	(61,385)
Receipt from Mutual Homes and Properties Limited	9.3.1(b)	-	-	500	19,000
Additional loan to Mutual Model transport Limited	9.3.1(a)	-	-	(40,420)	(1,413)
Receipt from Mutual Model transport Limited		-	-	81,173	-
Purchase of trading securities	9.2	-	(219,026)	-	-
Disposal of trading securities	9.2	84,721	-	-	-
Additions to investments in associates	18.0	-	(75,000)	-	-
Proceed on disposal of investments in associates		205,636	-	-	-
Additions to other investments		(77,594)	(47,833)	-	(47,833)
Additions to investment in subsidiaries		-	-	-	(52,674)
Net cash used in investing activities		(3,346,271)	(3,944,828)	(122,003)	(2,023,951)
Cash flows from financing activities					
Finance cost	48.0	(55,452)	(49,791)	(34,262)	(38,709)
Finance income	49.0	147,667	92,345	-	-
Bank loan	36.1(ii)	34,262	188,000	34,262	188,000
Repayment of Long term borrowings		(190,780)	(104,605)	(136,030)	(104,605)
Net cash used in /from financing activities		(64,303)	125,949	(136,030)	44,686
Cash and cash equivalent at beginning of year		1,512,041	578,370	316,133	328,931
Net increase/decrease in cash and cash equivalents		(3,695)	933,671	397,799	(12,798)
Cash and cash equivalent at end of period	8.4	1,508,346	1,512,041	713,932	316,133

NOTES TO THE FINANCIAL STATEMENT
For the year ended 31st December, 2012

8.0 Cash and cash equivalents

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

	Group 31 December 2012	Group 31 December 2011	Group 1 January 2011	Company 31 December 2012	Company 31 December 2011	Company 1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Cash at bank and in hand	1,291,670	602,849	763,562	587,266	285,872	265,875
Short-term bank deposits	409,232	1,111,119	344,938	240,732	172,795	247,703
Treasury bill	16,633	25,562	15,000	-	-	-
	1,717,535	1,739,530	1,123,500	827,998	458,667	513,578
Impairment charge (Note 8.1)	(177,805)	(153,599)	(155,572)	(86,721)	(73,074)	(77,074)
Cash and cash equivalents	1,539,730	1,585,931	967,928	741,277	385,593	436,504
Current	1,539,730	1,585,931	967,928	741,277	385,593	436,504
Non current	-	-	-	-	-	-

Basis of impairment

The Company uses "incurred loss model" in determining impairment of its assets. Under the incurred loss model, a loss is considered to have been incurred on an asset when there is no longer reasonable assurance that the future cash flows associated with the asset will either be collected in their entirety or when due,in this circumstance, the asset is considered to have been impaired.

If the Group determines that there is no objective evidence that a balance or a group of balances would be available for its use, the balance or the group of balances is considered to be impaired. Short-term placements with prolonged period of default after maturity were assessed to be impaired and adequate impairment provision was made for the balances

The Company had placements that were not performing nor generating returns over a prolonged period of time. For such balances, the recoverable amount was deemed to be nil and the carrying amount was considered to be fully impaired

8.1 The impaired balances comprise:

	N'000	N'000	N'000	N'000	N'000	N'000
Impairment charge on bank balances (Note 8.2)	76,940	7,055	7,055	71,277	7,055	7,055
Impairment charge on short term deposits (Note 8.3)	100,865	146,544	148,517	15,444	66,019	70,019
	177,805	153,599	155,572	86,721	73,074	77,074

Movement in impairment charge is as shown below:

(I) **Movement in impairment charge on cash and bank balances :**	N'000	N'000	N'000	N'000	N'000	N'000
Balance at the beginning of the year	7,055	7,055	7,055	7,055	7,055	7,055
Write off of impaired balances	(7,055)	-	-	(7,055)	-	-
Charge for the year	76,940	-	-	71,277	-	-
	76,940	7,055	7,055	71,277	7,055	7,055
(ii) **Movement in impairment charge on short term deposits :**	N'000	N'000	N'000	N'000	N'000	N'000
Balance at the beginning of the year	146,544	148,517	148,517	66,019	70,019	70,019
Write off of impaired balances	(68,046)	-	-	(66,019)	-	-
Charge for the year	22,367	2,027	-	15,444	-	-
Reversal of impairment charge	-	(4,000)	-	-	(4,000)	-
	100,865	146,544	148,517	15,444	66,019	70,019

Details of impaired balances are as shown below:

8.2 **Impairment charge on cash and bank balances**	N'000	N'000	N'000	N'000	N'000	N'000
Balance held with Eco Bank Plc	-	7,055	7,055	-	7,055	7,055
Balance held in Skye Bank Jericho	2,533	-	-	2,533	-	-
Balance held in GTB(Premium call account)	18,068	-	-	18,068	-	-
Balance held in Unity Bank Plc	1,541	-	-	1,541	-	-
Balance held in Guaranty trust Bank (Matori Branch)	42,988	-	-	42,988	-	-
Balance held in Sterling Bank Plc Portharcourt	6,135	-	-	6,136	-	-
Balance held in GTB(current account)	11	-	-	11	-	-
Other bank balances	5,664	-	-	-	-	-
	76,940	7,055	7,055	71,277	7,055	7,055
Impairment charge on short term deposits	N'000	N'000	N'000	N'000	N'000	N'000
8.3 Placement with ARM Aggressive growth fund	-	10,000	10,000	-	10,000	10,000
Placement with Marelco Nigeria Ltd	-	5,000	5,000	-	5,000	5,000
Placement with Unity Bank	-	6,763	6,763	-	6,763	6,763
Placement with Integrated Microfinance Bank Ltd	-	195	195	-	195	195
Placement with Wema securities	-	1,125	1,125	-	1,125	1,125
Placement with Capital Trust and Investments	-	2,401	2,401	-	2,401	2,401
Placement with First Call Options Marketing Ltd	-	5,557	5,557	-	5,557	5,557
Placement with Flexi Lease Limited	-	3,047	3,047	-	3,047	3,047
Placement with Fleet Derivatives fixed deposit	-	11,198	11,198	-	11,198	11,198
Placement with US Car Import	-	17,135	21,135	-	17,135	21,135
Placement with Charks investment Limited	70,424	69,008	69,008	-	3,598	3,598
Placement with Deap Capital & Trust Plc	14,997	13,088	13,088	-	-	-
Placement with UBA	-	2,027	-	-	-	-
Placement with Profound Securities	15,444	-	-	15,444	-	-
	100,865	146,544	148,517	15,444	66,019	70,019

8.4 For the purpose of the statement of cash flow, the cash and cash equivalent comprise the following balance with less than 3 months maturity from the date of acquisition.

	N'000	N'000	N'000	N'000	N'000	N'000
Cash at bank and in hand	1,126,900	491,947	612,646	496,947	229,933	178,457
Short-term bank deposits	412,830	1,093,984	355,282	244,330	155,660	258,047
Bank overdraft	-	-	(389,558)	-	-	(107,573)
Book overdraft	(31,384)	(73,890)	-	(27,345)	(69,460)	-
	1,508,346	1,512,041	578,370	713,932	316,133	328,931

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

9.0 Financial assets

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

	N'000	N'000	N'000	N'000	N'000	N'000
Available-for-sale (see note 9.1 below)	823,149	795,899	727,735	-	47,833	-
Fair value through profit or loss (see note 9.2 below)	194,214	170,179	176,585	71,880	85,225	174,984
Loans and receivables (see note 9.3 below)	9,345,120	4,374,020	1,267,567	3,911,579	3,406,792	1,488,438
Total financial assets	10,362,483	5,340,098	2,171,887	3,983,459	3,539,850	1,663,422
Current	5,116,251	3,214,020	1,267,567	504,787	1,918,354	1,488,438
Non-current	5,246,232	2,126,078	904,320	3,478,672	1,621,496	174,984
	10,362,483	5,340,098	2,171,887	3,983,459	3,539,850	1,663,422

9.1 Available-for-sale financial assets

Available for sale assets represents interests in unlisted entities and projects as at period end.

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
	N'000	N'000	N'000	N'000	N'000	N'000
Equity securities -Unlisted (Note 9.1.1)	419,229	421,740	401,409	-	-	-
Other investments (Note 9.1.2)	403,920	374,159	326,326	-	47,833	-
	823,149	795,899	727,735	-	47,833	-
Current	-	-	-	-	-	-
Non-current	823,149	795,899	727,735	-	47,833	-
	823,149	795,899	727,735	-	47,833	-

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

9.1.1 Movement in unlisted entities is as analysed below:

Unquoted investments (Note 9.1.1(a))	720,684	719,824	714,724	172,355	172,355	169,955
Foreign exchange rate movement	20,709	23,220	2,889	-	-	-
	741,393	743,044	717,613	172,355	172,355	169,955
Impairment charge (Note 9.1.1(b))	(322,164)	(321,304)	(316,204)	(172,355)	(172,355)	(169,955)
	419,229	421,740	401,409	-	-	-

(a) **Analysis of investments in unlisted entities is shown below:**

Empire Aviation Limited	122,355	122,355	119,955	122,355	122,355	119,955
Global Haulage Limited	150,000	150,000	150,000	50,000	50,000	50,000
Massive Investment TV Limited	4,630	4,630	1,930	-	-	-
Leasing Company of Liberia	29,520	29,520	29,520	-	-	-
Joint venture trade financing	369,000	369,000	369,000	-	-	-
Consolidated Bureau de change	14,319	14,319	14,319	-	-	-
Maple Autos Limited	30,000	30,000	30,000	-	-	-
Other investments	860	-	-	-	-	-
	720,684	719,824	714,724	172,355	172,355	169,955

(b) **At the reporting date the following investments in unlisted entities were impaired**

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Empire Aviation Limited	122,355	122,355	119,955	122,355	122,355	119,955
Global Haulage Limited	150,000	150,000	150,000	50,000	50,000	50,000
Massive Investment TV Limited	4,630	4,630	1,930	-	-	-
Consolidated Bureau de change	14,319	14,319	14,319	-	-	-
Maple Autos Limited	30,000	30,000	30,000	-	-	-
Other investments	860	-	-	-	-	-
	322,164	321,304	316,204	172,355	172,355	169,955

Basis of impairment

The Company uses "incurred loss model" in determining impairment of its investments. Under the incurred loss model, a loss is considered to have been incurred on investment when there is no longer reasonable assurance that the future cash flows associated with the investment will either be collected in their entirety or when due,thereby, the investment is considered to have been impaired.

Available for sale financial assets are considered impaired when the following loss events are identified:

I) An indication that there is measurable decrease in the estimated future cash flows on the financial assets since the initial recognition of those assets.

ii) Where there has been no financial returns on the instruments since acquisition

If any of the events stated above is identified the Company calculates an impairment loss which is determined by comparing the recoverable amount with the carrying amount of the investment, any amount by which the carrying amount exceeds the recoverable amount is treated as impaired and charged to an impairment expense account in the income statement. The Company investments in some unlisted entities had not been generating returns over a prolonged period of time, the financial statements of the entities were unavailable to ascertain the recoverable amount of the investments, in other cases some of the entities were no longer in existence. Therefore, based on the assessment of the investment in each of the entities, the recoverable amount of these investments were considered to be nil and full impairment loss was charged to the income statement

9.1.2 Other investments

	N'000	N'000	N'000	N'000	N'000	N'000
Other investments	462,177	384,583	501,994	58,257	58,257	175,668
Transfer to Current account with Mutual Homes and Properties Limited	-	-	(165,244)	-	-	(165,244)
	462,177	384,583	336,750	58,257	58,257	10,424
Impairment charge	(58,257)	(10,424)	(10,424)	(58,257)	(10,424)	(10,424)
	403,920	374,159	326,326	-	47,833	-

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

Details of other investments is as shown below:

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Investment in NURTW (Note 9.1.2(a))	47,833	47,833	-	47,833	47,833	-
Investment in Enterprise logistics	10,424	10,424	10,424	10,424	10,424	10,424
Investment in vehicle registration-Ekiti (Note 9.1.2(b))	142,854	112,000	112,000	-	-	-
Investment in vehicle registration-Abuja (Note 9.1.2(c))	162,947	135,000	135,000	-	-	-
Investment in Electonic Payment Platform (Note 9.1.2(d))	98,119	79,326	79,326	-	-	-
	462,177	384,583	336,750	58,257	58,257	10,424

(a) **Investment in NURTW**
Mutual Benefits Assurance Plc invested in Nationwide Biometrics Enabled Database project in agreement with NURTW. The purpose of the investment Is to ensure nationwide registration of members of NURTW, capturing their data finger prints and facial image,ID card for members and nationwide registration of members vehicles. The Group has invested N47,833,000 into this project as at 31 December 2012.

(b) **Investment in Vehicle registration- Ekiti**
Mutual Benefits Assurance Plc in agreement with Ekiti State Government invested in an online vehicle registration project known as Vreg-online in Ekiti state. Mutual Benefits Assurance Plc has advanced a total of N142,853,810 to this project as at 31 December 2012. The Group is entitled to 30 percent of the income generated from the project.

(c) **Investment in Electronic payment platform**
Mutual Benefits Assurance Plc in agreement with Federal Capital Territory Administration invested in FCT Unified Insurance Electronic Platform which would ensure automated on line vehicle registration platform. Mutual Benefits Assurance Plc has invested N162,947,810 into the project as at 31 December 2012. The group is entitled to 85 percent of the proceeds from the investment.

(d) **Investment in Electronic Payment platform**
This amount is invested in the developement of electronic payment platform for vehicle registration, insurvisa for internally generated revenue nationwide for Delta, Niger, Kwara and Kano state while those of Ekiti State and Abuja has been commissioned. This shall be liquidated after 5 years.

9.2 **Financial assets at fair value through profit or loss**

Investment in equity securities	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January	305,853	176,585	109,844	85,225	174,984	109,844
Additions during the year	-	219,027	1,601	-	-	-
Disposal	(84,727)	-	-	-	-	-
Fair value gain	3,521	795	66,213	3,521	795	66,213
Fair value loss	(30,433)	(90,554)	(1,073)	(16,866)	(90,554)	(1,073)
	194,214	305,853	176,585	71,880	85,225	174,984
Impairment loss	(135,674)	(135,674)	-	-	-	-
Reversal of impairment charge	135,674	-	-	-	-	-
	194,214	170,179	176,585	71,880	85,225	174,984
Current	-	-	-	-	-	-
Non-current	194,214	170,179	176,585	71,880	85,225	174,984
	194,214	170,179	176,585	71,880	85,225	174,984

Analysis of equity securities is shown below:

	N'000	N'000	N'000	N'000	N'000	N'000
Investments in equity securities by Mutual Benefits Assurance Plc	71,880	85,225	174,984	71,880	85,225	174,984
Investments in equity securities by TFS Securities Limited	70,227	84,954	1,601			
Investments in equity securities by Mutual Benefits Assets Management Limited	52,107	-	-	-	-	-
	194,214	170,179	176,585	71,880	85,225	174,984

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
A.G.LEVENTIS(NIGERIA)PLC	3	3	-	-	-	-
ACCESS BANK OF NIGERIA PLC	3,149	2,045	1,711	815	865	1,711
AFROMEDIA PLC	22	20	-	-	-	-
Ashaka Cement	3,534	4,507	10,438	3,534	4,394	10,438
CADBURY PLC	6,598	5,035	11,658	6,598	5,006	11,659
CONSOLIDATED HALLMARK INSURANCE	16	11	-	-	-	-
COURTVILLE INVEST. PLC	5	5	-	-	-	-
CUSTODIAN ANDALIED INSUR	1	2	-	-	-	-
DAAR COMMUNICATION PLC	4	4	-	-	-	-
DANGOTE FLOUR. MILLS PLC	11	7	-	-	-	-
DEAP CAPITAL MGT & TRUST PLC	101	101	-	-	-	-
DIAMOND BANK PLC	6,147	4,815	18,598	6,137	4,811	18,598
DUNLOP NIGERIA PLC	2	2	-	-	-	-
ECOBANK NIGERIA PLC	917	315	600	917	315	600
EQUITY ASSURANCE PLC	13	13	-	-	-	-
FIRST ALUMINIUM NIGERIA PLC	3	3	-	-	-	-
FIRST BANK OF NIGERIA PLC	20,485	1,038	-	20,485	-	-
First Bank Of Nigeria PLC	181	24,172	37,501	-	24,171	37,500
FIRST CITY MONUMENT BANK	415	136	172	40	94	172
FIRST INLAND BANK PLC	2,500	5,000	7,300	2,500	5,000	7,300
FORTE OIL PLC	155	7	-	-	-	-
FTN COCOA PROCESSORS PLC	31	31	-	-	-	-
Guaranty Trust Bank	5,552	7,715	8,218	5,322	6,478	8,218
IBTC CHARTERED BANK PLC	-	8	-	-	-	-
INV. & ALLIED ASSUR PLC	744	744	-	-	-	-
JAPAU OIL & MARINE SERVICE PLC	376	74	-	-	-	-
LASACO INSURANCE PLC	2	2	-	-	-	-
LIVESTOCK FEEDS	4	2	-	-	-	-
MAY & BAKER NIGERIA PLC	404	111	-	-	-	-
MOBIL OIL NIG PLC	328	40	-	-	-	-
MTECH COMMUNICATIONS PLC	9	9	-	-	-	-
MUTUAL BENEFIT ASSURANCE PLC	61,897	79,147	500	250	500	500
NATIONAL AVIATION HANDLING COY PLC	839	360	-	-	-	-
NIGERIAN BAGS MANUFACTURING	2	1	-	-	-	-
NIGERIAN BOTTLING CO	-	204	-	-	-	-
OANDO PLC	1,284	88	-	-	-	-
REGENCY ALLIANCE INSURANCE CO PLC	10	10	-	-	-	-
ROYAL EXCHANGE ASSURANCE	-	15	-	-	-	-
SEVEN UP BOTTLING COMPANY	381	-	-	-	-	-
SKYE BANK PLC	9	12	-	-	-	-
STANDARD ALLIANCE INSUR PLC	3	3	-	-	-	-
STERLING BANK PLC	4,423	5,528	12,158	4,421	5,526	12,158
UNION DIAGNOSTIC & CLINICAL SERV. PLC	1	1	-	-	-	-
UNION HOME SAVINCE & LOAN PLC	2	2	-	-	-	-
United Bank For Africa	13,260	14,087	52,186	12,576	14,087	52,186
UNITY BANK PLC	241	541	1,159	241	541	1,159
UNIVERSAL INSURANCE COMPANY PLC	2,500	5,000	5,000	2,500	5,000	5,000
W/A PROV. INSURE PLC	-	4	-	-	-	-
WEMA Bank	52	114	258	52	114	258
West African Portland Cement	5,493	8,323	7,527	5,493	8,323	7,527
WEST AFRICAN PROVINCIAL INSURANCE PLC	-	33	-	-	-	-
ZENITH INTERNATIONAL BANK PLC	-	730	-	-	-	-
Others	52,106	-	1,601	-	-	-
	194,214	170,179	176,585	71,880	85,225	174,984

Financial Assets at Fair Value through Profit or Loss of the group represents investments where there is a ready quoted market, and mark to market valuations are possible on a daily basis.

Equity securities classified at fair value through profit or loss are designated in this category upon initial recognition. At the reporting date, there were no assets measured at fair value through the profit or loss that were either past due or impaired

9.3 Loans and Receivables

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

	N'000	N'000	N'000	N'000	N'000	N'000
Loans issued to corporate organisations (Note 9.3.1)	9,091,230	4,228,869	1,160,000	3,911,579	3,406,792	1,488,438
Loans and advances to customers (Note 9.3.2)	253,890	145,151	107,567	-	-	-
	9,345,120	4,374,020	1,267,567	3,911,579	3,406,792	1,488,438
Current	5,116,251	3,214,020	1,267,567	504,787	1,918,354	1,488,438
Non-current	4,228,869	1,160,000	-	3,406,792	1,488,438	-
	9,345,120	4,374,020	1,267,567	3,911,579	3,406,792	1,488,438

9.3.1 **Loans issued to corporate organisations are as analysed below:**

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Loan to Mutual Model Transport Limited (Note 9.3.1(a))	-	-	-	206,998	302,351	300,938
Loan to Mutual Homes and Properties Limited (Note 9.3.1(b))	-	-	-	297,396	235,129	27,500
Loan to CIL Track Africa (Note 9.3.1(c))	476,905	536,312	600,000	476,905	536,312	600,000
Loan to Prime Exploration (Note 9.3.1(d))	8,614,325	3,692,557	560,000	2,930,280	2,333,000	560,000
	9,091,230	4,228,869	1,160,000	3,911,579	3,406,792	1,488,438

(a) **Loan to Mutual Model Transport Limited**

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Balance as at the beginning of the year	-	-	-	302,351	300,938	-
Additions during the year	-	-	-	40,420	1,413	300,938
	-	-	-	342,771	302,351	300,938
Payments during the year	-	-	-	(81,173)	-	-
Impairment charge	-	-	-	(54,600)		
Balance at the end of the year	-	-	-	206,998	302,351	300,938

(b) **Loan to Mutual Homes and Properties Limited**

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Balance as at the beginning of the year	-	-	-	235,129	27,500	
Additions during the year	-	-	-	1,430	61,385	27,500
Interest on loan				61,337		
Transfer from other investments (Note 9.1.2)	-	-	-	-	-	165,244
	-	-	-	297,896	88,885	192,744
Payments during the year	-	-	-	(500)	(19,000)	
Impairment charge				-		(165,244)
Reversal of impairment charge				-	165,244	
Balance at the end of the year	-	-	-	297,396	235,129	27,500

Mutual Benefits Assurance Plc granted Mutual Homes and Properties Limited a loan facility of N235,129,000 on the 11 November 2011. The loan was granted at an interest rate of 22% for a period of 48 months with a 24 months moratorium. The loan was granted to finance the construction of Mutual Alpha Court.

(c) **Loan to CIL Track Africa Limited**

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Balance as at the beginning of the year	536,312	600,000	-	536,312	600,000	-
Loan granted to CIL Track Africa Limited	-	-	600,000	-	-	600,000
	536,312	600,000	600,000	536,312	600,000	600,000
Payments during the year	(59,407)	(63,688)	-	(59,407)	(63,688)	-
Balance at the end of the year	476,905	536,312	600,000	476,905	536,312	600,000

The Company granted a Loan facility of N600 million to CIL Track Africa Limited for the purpose of developing advance vehicle tracking and electronic payment solution for E-Vreg as part of overall risk mitigating plan on loss of vehicles.

The tenor of the facility is for a period of five (5) years from the date of the disbursement of the facility.

The interest on the facility is determined by the ruling money market conditions and is therefore liable to fluctuations

Repayment of the principal commenced from January 2011,repayment is made by the deduction of the sum of N38,000 on the cost of each vehicle tracked for Mutual Benefits Assurance Plc

The facility is secured by the personal guarantee of the MD/CEO of CIL Track Africa Limited supported with a statement of his personal networth.

(d) **Loan to Prime Exploration Production Limited**

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Balance at 1 January,	3,692,557	560,000	-	2,333,000	560,000	-
Additions	3,436,373	3,008,000	560,000	32,488	1,773,000	560,000
	7,128,930	3,568,000	560,000	2,365,488	2,333,000	560,000
Interest on loan	1,485,395	124,557	-	564,792	-	-
Balance as at 31 December	8,614,325	3,692,557	560,000	2,930,280	2,333,000	560,000

Mutual Benefits Assurance Plc and Mutual Benefits Life Assurance Plc entered an agreement to grant Prime Exploration and Production Limited a Loan facility of N10billion on the 16 February 2011 out of which N7.1 billion has been advanced to date.

The purpose of the loan is to assist Prime Exploration and Production Limited in financing the development and production of hydrocarbons in Asaramatoru Marginal oil field

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

The Loan was granted for a period of 60 months at 22 percent interest rate and 2 percent all in and a moratorium period of 30 months.

Security for the loan include the following:
- First charge over oil asset of Asaramataru Marginal Field
- First charge on all receivables under oil contract throughout the tenor of the facility.
- Guarantee by all the directors of Prime Exploration and Production Limited.

The age analysis of loans to corporate organizations as at the end of the year is as follows:

	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
0 – 365 days	4,862,361	3,068,869	1,160,000	504,787	1,918,354	1,488,438
365 – 730 days	4,228,869	1,160,000	-	3,406,792	1,488,438	-
Total	9,091,230	4,228,869	1,160,000	3,911,579	3,406,792	1,488,438

9.3.2 Loans and advances

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

Loans and advances

		Group 31 December 2012 ₦'000	Group 31 December 2011 ₦'000	Group 1 January 2011 ₦'000	Company 31 December 2012 ₦'000	Company 31 December 2011 ₦'000	Company 1 January 2011 ₦'000
(a)	**By Category**						
	Customers						
	Staff						
	Overdrafts						
	Provision for bad and doubtful receivables and interest in suspense						
(b)	**By quality**						
	The gross value of advances is as analysed below						
	Performing	254,362	147,306	84,693	-	-	-
	Non-Performing:		-				
	Pass and watch	1,320	4,727	14,419	-	-	-
	Substandard	462	842	10,209	-	-	-
	Doubtful	899	367	4,184	-	-	-
	Lost	8,875	825	16,211	-	-	-
		265,918	154,067	129,716	-	-	-
	Provision for bad and doubtful receivables and interest in suspense	(12,028)	(8,916)	(22,149)	-	-	-
		253,890	145,151	107,567	-	-	-
(c)	**By maturity**						
	Maturity within one month	46,499	14,930	5,378	-	-	-
	Maturity between 1 and 3 months	63,818	28,035	72,472	-	-	-
	Maturity between 3 and 6 months	68,222	82,743	25,254	-	-	-
	Maturity between 6 and 12 months	87,379	28,359	26,612	-	-	-
		265,918	154,067	129,716	-	-	-
(d)	Provision for bad and doubtful debts and interest in suspense						
(I)	Provision for bad and doubtful debts:						
	Balance as at beginning of the year	8,919	21,912	14,266	-	-	-
	(Waiver/Recoveries) during the year	(399)	(19,113)	(207)	-	-	-
	Charge to the profit & Loss account	3,508	6,117	7,853	-	-	-
	Balance as year end	12,028	8,916	21,912	-	-	-
(ii)	Interest in suspense						
	balance as at beginning of the year	-	237	294	-	-	-
	(Waiver/Recoveries) during the year	-	(237)	(57)	-	-	-
	Balance as year end	-	-	237	-	-	-
	Total Provision	12,028	8,916	22,149	-	-	-
	Current	-	-	-	-	-	-
	Non-current	12,028	8,916	22,149	-	-	-

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

10.0 Pledged assets

These are quoted financial instruments held on lien by providers of short term borrowings for the purpose of securing the debt
The debt providers maintain posession of the Quoted instruments but do not have ownership unless default.
Pledged assets are measured at cost as at year end.

Analysis of pledged assets is as follows:	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Margin facility with Guaranty Trust Bank Plc (Note 11.1.1)	400,000	400,000	400,000	400,000	400,000	400,000
Long term quoted investments (in lien)	27,427	27,427	27,427			
	427,427	427,427	427,427	400,000	400,000	400,000
Current	-	-	-	-	-	-
Non-current	427,427	427,427	427,427	400,000	400,000	400,000

Mutual Benefits Assurance Plc purchased quoted shares of N400million with a Margin facility from Guaranty Trust Bank Plc. There is an on-going litigation on this investment arising from the additional investment cover requested for by the Bank due to the fall in the value of the shares purchased which was rejected by the Company

The directors, having sought the advice of professional counsel, are of the opinion that no significant liability will crystalise from this litigation therefore, no provision has been made in the financial statements.

11.0 Trade receivables

	N'000	N'000	N'000	N'000	N'000	N'000
Trade receivables (Note 11.1)	538,758	640,898	302,813	453,591	543,815	224,188
Current	538,758	640,898	302,813	453,591	543,815	224,188
Non-current	-	-	-	-	-	-

11.1 Trade receivable comprise:

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Amount due from brokers	2,170,220	1,724,643	971,387	2,170,220	1,189,383	649,105
Amount due from agents	1,053,911	566,795	334,970	679,498	469,712	256,345
Amount due from Insurance companies	298,659	104,603	57,087	242,330	104,603	57,087
Amount due from direct insured	492,425	738,844	403,224	492,425	738,844	403,224
	4,015,215	3,134,885	1,766,668	3,584,473	2,502,542	1,365,761
Impairment for receivables (11(b)	(3,476,457)	(2,493,987)	(1,463,855)	(3,130,882)	(1,958,727)	(1,141,573)
	538,758	640,898	302,813	453,591	543,815	224,188

(a) Third party categorization of insurance receivables:

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Non-life business						
Brokers and Agents	2,906,047	1,756,178	984,075	2,849,718	1,659,095	905,450
Insurance companies	242,330	104,603	57,087	242,330	104,603	57,087
Contract holders	492,425	738,844	403,224	492,425	738,844	403,224
Total Non-life insurance receivables	3,640,802	2,599,625	1,444,386	3,584,473	2,502,542	1,365,761
– Less impairment for receivables from agents, brokers and intermediaries	3,149,861	1,958,727	1,141,573	3,130,882	1,958,727	1,141,573
– Less impairment for receivables from contract holders	-	-	-	-	-	-
– Less provision for impairment of receivables from insurance companies	-	-	-	-	-	-
Impairment Non-life business	3,149,861	1,958,727	1,141,573	3,130,882	1,958,727	1,141,573
	490,941	640,898	302,813	453,591	543,815	224,188
Life business	N'000	N'000	N'000	N'000	N'000	N'000
Insurance companies	-	-	-	-	-	-
Brokers and agents	374,413	535,260	322,282	-	-	-
Contract holders	-	-	-	-	-	-
Total life insurance receivables	374,413	535,260	322,282	-	-	-
– Less impairment for receivables from contract holders	N'000 -	N'000 -	N'000 -	N'000 -	N'000 -	N'000 -
– Less impairment for receivables from agents, brokers and intermediaries	326,596	535,260	322,282	-	-	-
– Less provision for impairment of receivables from insurance companies	-	-	-	-	-	-
Impairment life business	326,596	535,260	322,282	-	-	-
	47,817	-	-	-	-	-
Total insurance receivables	538,758	640,898	302,813	453,591	543,815	224,188

There is no concentration of credit risk with respect to loans and receivables, as the Group has a non-symmetrical portfolio dispersed across many industries in Nigeria

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

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
0 – 90 days	409,424	1,788,352	761,569	361,607	1,440,051	761,569
91 – 180 days	723,419	775,319	220,467	396,823	662,599	220,467
Above 180 days	2,882,372	571,214	784,632	2,826,043	399,892	383,725
Total	4,015,215	3,134,885	1,766,668	3,584,473	2,502,542	1,365,761

Basis of impairment

To determine impairment of trade receivables. The Company first assesses whether objective evidence of impairment exists individually for receivables that are individually significant and are impaired accordingly.If it is determined that no objective evidence of impairment exists for an individually assessed receivables, whether significant or not,such receivables will be included in a group of receivables with similar credit risk characteristics and collectively assessed for impairment.Trade receivables which have been individually assessed for impairment are evaluated for subsequent year end receipt where there is no evidence of receipt, such receivable is considered to be impaired.

(b) Impairment of insurance receivables
The movement in impairment of insurance receivables is as follows

	N'000	N'000	N'000	N'000	N'000	N'000
Balance, beginning of the year	2,493,987	1,463,855	253,637	1,958,727	1,141,573	253,637
Additions, during the year	1,481,596	1,030,132	1,210,218	1,172,155	817,154	887,936
Foreign exchange rate movement	3	-	-	-	-	-
Reversal of impairment charge	(463,556)	-	-	-	-	-
Trade receivables written off	(35,573)	-	-	-	-	-
	3,476,457	2,493,987	1,463,855	3,130,882	1,958,727	1,141,573

12.0 **Reinsurance assets**
This represents potential amount recoverable from reinsurers in respect of outstanding claims and additional reserves as valued by the Actuary

	N'000	N'000	N'000	N'000	N'000	N'000
Total reinsurers'share of insurance liabilities (Note 12.1)	2,094,607	607,530	133,690	403,460	110,125	70,673
Reinsurance receivables	191,689	-	-	-	-	-
	2,286,296	607,530	133,690	403,460	110,125	70,673

	N'000	N'000	N'000	N'000	N'000	N'000
Current	2,286,296	607,530	133,690	403,460	110,125	70,673
Non-current	-	-	-	-	-	-

12.1 Detailed analysis of reinsurers' share of insurance liabilities is as shown below

	N'000	N'000	N'000	N'000	N'000	N'000
Actual claims recoverable	285,541	-	-	285,541	-	-
Amount recognised based on actuarial valuation	1,809,066	607,530	133,690	117,919	110,125	70,673
	2,094,607	607,530	133,690	403,460	110,125	70,673

13.0 **Deferred acquisition cost**

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

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Deferred acquisition cost- Motor	105,937	105,289	85,361	105,937	105,289	85,361
Deferred acquisition cost- Marine	33,836	17,902	23,210	33,836	17,902	23,210
Deferred acquisition cost- Fire	28,986	35,199	17,624	28,986	35,199	17,624
Deferred acquisition cost- Gen. Accident	97,579	78,107	55,157	97,579	78,107	55,157
Life business	38,126	322	36,396	-	-	-
	304,464	236,819	217,748	266,338	236,497	181,352

The movement in deferred acquisition cost is as follows:

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Balance, beginning of the year	236,819	217,748	-	236,497	181,352	-
Additions in the year	67,645	55,145	217,748	29,841	55,145	181,352
Amortization in the year	-	(36,074)	-	-	-	-
Balance, ending of the year	304,464	236,819	217,748	266,338	236,497	181,352
Current	304,464	236,819	217,748	266,338	236,497	181,352
Non-current	-	-	-	-	-	-

14.0 **Other receivables and prepayments**

	N'000	N'000	N'000	N'000	N'000	N'000
Prepayments	218,655	256,384	400,309	17,821	15,500	27,199
Interest receivable	-	48,825	28,528	-	25,972	28,527
Loan to policy holders	6,098	13,557	27,946	-	-	-
Staff loans and advances	98,267	61,332	47,649	21,703	31,170	17,205
Directors current account	184,626	154,818	57,657	170,942	154,819	72,600
Amount due from related companies (Note 14.1)	19,055	-	25,840	19,055	81,300	25,840
Witholding Tax Receivable	-	159	159	-	-	-
VAT Receivable	-	1,485	395	-	1,450	360
Property development	22,682	22,682	66,546	-	-	-
Customers' Indebtedness	-	-	-	-	-	-
Trade debtors	152,050	91,437	-	-	-	-
Deposit for machinery	-	112,203	-	-	-	-
Deposit for building materials	27,000	25,000	-	-	-	-
Other assets	119,405	140,014	161,119	-	-	-
Advance to consultant	44,295	-	-	-	-	-
Other debit balances	74,119	44,881	-	10,751	-	-
	966,252	972,777	816,147	240,272	310,211	171,731
Impairment on other receivables and prepayments	(146,718)	(33,287)	(6,094)			-
	819,534	939,490	810,053	240,272	310,211	171,731

Basis for impairment

The Group assesses its other receivables and prepayments for impairment. If the Group determines that no objective evidence that a balance or a group of balances would be recouped, the balance or the group of balances is deemed to be impaired. Other receivables and prepayments with a significant degree of uncertainty of recovery were assessed to be impaired and adequate impairment provision was made for the balances.

	Group 31 December 2012	Group 31 December 2011	Group 1 January 2011	Company 31 December 2012	Company 31 December 2011	Company 1 January 2011
14.1 **Amount due from related companies**	N'000	N'000	N'000	N'000	N'000	N'000
CIL Risk and Asset Management Limited	-	-	25,840	-	-	25,840
Charks Investment Limited	-	-	-	-	-	-
Mutual Benefits Life Assurance Limited	-	-	-	-	75,000	-
Mutual Benefit Assurance Plc	-	-	-	-	-	-
Mutual model transport Limited	-	-	-	-	-	-
Mutual Asset Management Limited	-	-	-	-	6,300	-
Mutual Benefits Assurance-Niger Republic	19,055	-	-	19,055	-	-
	19,055	-	25,840	19,055	81,300	25,840
Provision for intercompany balances	-	-	-	-	-	-
	19,055	-	25,840	19,055	81,300	25,840

(I) Amount due from related companies for the Group represents amount due from related companies which are not subsidiaries.

Current	N'000	N'000	N'000	N'000	N'000	N'000
Non-current	819,534	939,490	810,053	240,272	310,211	171,731
	-	-	-	-	-	-

15.0 **Finance lease receivables**	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January,	2,090,326	2,020,907	1,429,795	292,131	214,253	1,062,086
Additions during the year	455,910	435,961	980,076	262,779	352,653	236,877
Payments during the year	(802,266)	(363,042)	(388,964)	(226,785)	(271,275)	(355,384)
Adjustments to investments in finance lease Note 15.1)	9,663	-	-	50,711		
Gross investment	1,753,633	2,093,826	2,020,907	378,836	295,631	943,579
Interest in suspense	-	-	(27)	-	-	-
Net investment	1,753,633	2,093,826	2,020,880	378,836	295,631	943,579
Transfer to Mutual Benefits Life Assurance Limited	-	-	-	-	-	(729,326)
Transfer to property, plant and equipment (Note	-	(3,500)	-	-	(3,500)	-
	1,753,633	2,090,326	2,020,880	378,836	292,131	214,253
Impairment on finance lease receivables	(864,794)	(763,584)	(676,612)	(60,235)	(31,718)	(31,718)
Reversal of impairment charge no longer required	44,121	14	-	17,999	-	-
Balance at 31 December	932,960	1,326,756	1,344,268	336,600	260,413	182,535
Current	570,102	1,383,219	1,198,825	301,180	207,510	165,027
Non-current	1,183,531	707,107	822,055	77,656	84,621	49,226
	1,753,633	2,090,326	2,020,880	378,836	292,131	214,253

15.1 Adjustments to finance lease represent correction of errors in principal and interest amounts due

Basis of impairment

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

16.0 **Inventories**

	N'000	N'000	N'000	N'000	N'000	N'000
Tickets	5,205	5,881	7,432	-	-	-
Diesel Stocks-Head office	7,656	1,761	-	-	-	-
Spare parts	15,517	8,237	-	-	-	-
Construction in progress	544,382	18,968	-	-	-	-
Building raw materials	96,183	5,820	-	-	-	-
Building for resale work in progress (Note 16.1)	935,806	300,746	-	-	-	-
Landed properties for construction (Note 16.2)	2,961,879	2,961,879	2,564,323	-	-	-
	4,566,628	3,303,292	2,571,755	-	-	-
Current	4,566,628	3,303,292	2,571,755	-	-	-
Non-current	-	-	-	-	-	-

16.1 Included in Inventories are plots of Land purchased for the construction of buildings for resale. The Landed properties also encompass cost of construction of the buildings meant for resale, cost of conversion and other such direct costs incurred in bringing the properties to their present location and condition in line with International Accounting Standard (IAS) 2. The Company's inventories are reported at the lower of cost and net realisable value. Highlighted below are details of Buildings under construction and Landed properties.

	N'000	N'000	N'000	N'000	N'000	N'000
Landed properties at Olaleye Village	251,000	251,000	-	-	-	-
Cost of building construction	684,806	49,746	-	-	-	-
	935,806	300,746	-	-	-	-

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

16.2 Details of Landed properties meant for construction of buildings for resale are as stated below:

S/N	TYPE OF ASSET	DETAILS	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
1	Landed properties	Mutual Tulip Estate (117,000 Square metres)	747,408	747,408	477,211
2	Landed properties	Ikeja GRA- Sasegbon (6,500 Square metres)	592,500	592,500	487,408
3	Landed properties	Alausa Plots (1,548 Square metres)	176,971	176,971	176,971
4	Landed properties	Akure Plots (5,500 Square metre)	142,500	142,500	142,500
5	Landed properties	Plots at Paradise Estate,Anthony village,Lagos (16,000 Square metres)	295,000	295,000	180,000
6	Landed properties	Oyingbo/Ebute Metta, Lagos Building property	-	-	180,000
7	Landed properties	Ado Ekiti Building Property	-	-	720,233
8	Landed properties	Long term investments in Lekki Terrace Houses	-		200,000
9	Landed properties	Ado Ekiti Land (100 hectares)	662,500	662,500	-
10	Landed properties	Oregun Lagos Land (7.161 acres)	345,000	345,000	-
			2,961,879	2,961,879	2,564,323

17.0 Investment in subsidiaries

	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Mutual Benefits Life Assurance Limited	-	-	-	2,000,000	2,000,000	2,000,000
Mutual Benefits Liberia Company Limited	-	-	-	464,000	464,000	464,000
Mutual Benefits Asset Management Limited	-	-	-	412,000	412,000	412,000
Mutual Model Transport Limited	-	-	-	10,000	10,000	10,000
Charks Investment Limited	-	-	-	132,678	132,678	132,678
TFS Securities Limited	-	-	-	220,174	220,174	127,500
	-	-	-	3,238,852	3,238,852	3,146,178
Impairment loss on investments				(352,851)	(308,816)	(260,177)
	-	-	-	2,886,001	2,930,036	2,886,001

Basis of impairment
Impairment of investment in subsidiary companies was based on the Net asset valuation method for each individual subsidiary company. If the Company determines that its share of the net assets of a subsidiary is less than the carrying amount of investment in that subsidiary, it recognises impaiment loss which is the amount by which the Company's share of net assets of the subsidiary is less than the carrying value of investment in the subsidiary.

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

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

Company name	Nature of business	Country	31 December 2012 % of equity capital Controlled	31 December 2011 % of equity capital Controlled	1 January 2011 % of equity capital Controlled	Status
Mutual Benefits Life Assurance Limited	Insurance	Nigeria	100	100	100	Set up
Mutual Benefits Asset Management Limited	Asset Management	Nigeria	99	99	99	Set up
Mutual Model Transport Limited	Transport	Nigeria	100	100	100	Set up
TFS Securities	Stock brokerage	Nigeria	66	66	53	Acquired
Charks Investment Limited	LeasingNigeria		80	80	80	Acquired
Mutual Benefits Liberia Company Limited	Insurance	Liberia	51	51	51	Set up

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

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

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Balance, beginning of the year	-	-	-	3,238,852	3,146,178	3,146,178
Additions, during the year	-	-	-	-	92,674	-
Disposal, during the year	-	-	-	-	-	-
Balance, ending of the year	-	-	-	3,238,852	3,238,852	3,146,178

a **Mutual Model Transport Limited**
Mutual Model Transport Limited is a wholly owned subsidiary of Mutual Benefits Assurance Plc. The Company is a sub operator under LAGBUS engaging in the business of Public transportation. The Company was incorporated on the 2 September 2009 as a Private Limited Liability Company and commenced business on the 14 January, 2010

b **Mutual Benefits Asset Management Limited**
Mutual Benefits Assets Management Limited is a 99% owned subsidiary of Mutual Benefits Assurance Plc. The principal activities of the Company is to carry on the business as asset manager, consultants ,investment adviser and portfolio management. The Company was incorporated as a private limited liability company on January 17,2008 .

c **Charks Investment Limited**
Charks Investment Limited is an 80% owned subsidiary of Mutual Benefits Assurance Plc.The Company is into the business of corporate leasing and hire purchase financing.

d **TFS Securities & Investment Company Limited**
TFS Securities and Investment Company Limited is an 80% owned subsidiary of Mutual Benefits Assurance Plc.The Company is into the business of Stock brokerage.

e **Mutual Benefits Life Assurance Limited**
Mutual Life Assurance Limited is an wholly owned subsidiary of Mutual Benefits Assurance Plc. The principal activity of the Company is the underwriting of life insurance policies. Mutual Benefits Life Limited has the following subsidiaries:

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

ii **Mutual Benefits Homes and Properties Limited**
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

18.0 Investments in associates

	N'000	N'000	N'000	N'000	N'000	N'000
Net carrying amount as at 1 January	212,050	117,542	141,594	-	-	-
Additions	-	75,000	-	-	-	-
Disposals	(212,050)	-	-	-	-	-
Share of results (Note 18.1)	-	19,373	(20,011)	-	-	-
Exchange rate differences	-	135	(4,041)	-	-	-
Net carrying amount as at 31 December	-	212,050	117,542	-	-	-

Investments in associates represents the Group's investment in a foreign Company,Assurance Du Cameroon.A wholly owned subsidiary within the Group, Mutual Benefits Life Assurance Limited obtained 40% equity participation in the shares of the foreign company as at 31 May 2009.The Subsidiary Company disposed of its shares in the foreign Company as at 31 December, 2012

Investments in associate is represented by the following:

	N'000	N'000	N'000	N'000	N'000	N'000
Share capital	192,688	192,688	120,520	-	-	-
Statutory reserves	292	292	292	-	-	-
Share of retained earnings acquired	(85,942)	(85,942)	(85,942)	-	-	-
Share of net assets acquired	107,038	107,038	34,870	-	-	-
Goodwill on acquisition	95,675	95,675	92,843	95,675	95,675	95,675
Cost of investment in associate	202,713	202,713	127,713	-	-	-
Share of profits/(losses) since acquisition	11,744	11,744	(7,629)	-	-	-
Exchange differences on translating foreign associate	(2,407)	(2,407)	(2,542)	-	-	-
	212,050	212,050	117,542	-	-	-
Disposal of equity accounted investment	(212,050)	-	-	-	-	-
	-	212,050	117,542	-	-	-

The Key financial data of the Group's associate for financial years 2010 and 2011 is as analysed below:

Name of associate	Country of incorporation	Financial year	Assets	Liabilities	Revenue	Profit or Loss	% holding in Associate	Share of profit/(loss)
Assurance du cameroon	Cameroon	2010	642,435	580,687	229,760	(50,027)	40%	(20,011)
		2011	1,047,369	756,432	381,324	48,433	40%	19,373

18.1 Share of the results in associate company is as analysed below

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000
Share of results before taxes	-	19,373	(20,011)
Less share of taxes	-	-	-
Share of results	-	19,373	(20,011)

There was no unrecognised loss in the year 2011.There were no contingent liabilities arising in the associate as at the year ended 31 December 2011 to which the Company is liable to.

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For the year ended 31st December, 2012

19.0 Intangible assets

	Group Dec. 12 Computer Software ₦'000	Group Dec. 11 Computer Software ₦'000	Group Jan. 11 Computer Software ₦'000	Company Dec. 12 Computer Software ₦'000	Company Dec. 11 Computer Software ₦'000	Company Jan. 11 Computer Software ₦'000
Cost:						
Balance, beginning of the period	91,858	59,353	58,103	58,123	58,103	58,103
Additions	5,068	18,105	-	-	20	-
Reclassification	2,980	14,400	208	-	-	-
Balance, end of the period	99,906	91,858	58,311	58,123	58,123	58,103
Amortization:						
Balance, beginning of the period	37,884	22,744	13,618	30,407	21,702	13,618
Amortisation charge	16,571	12,271	8,084	8,985	8,705	8,084
Reclassification	3,279	2,888	-	-	-	-
Accumulated amortisation and impairment ending of the period	57,734	37,903	21,702	39,392	30,407	21,702
Closing net book amount	42,172	53,955	36,609	18,731	27,716	36,401

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

As at 31 December 2012

	Leasehold Properties ₦'000	Land and Building ₦'000	Plant and Machinery ₦'000	Motor Vehicle ₦'000	Furniture, fittings and equipment ₦'000	Trading Booth ₦'000	Organisational cost ₦'000	Capital work in progress	Total ₦'000
Cost									
1 January 2012	296,821	1,579,637	215,676	3,134,593	413,456	2,772	115,439	-	5,758,393
Additions	3,669	9,306	172,612	199,886	65,015	-	-	23,461	473,949
Transfer to revaluation reserve	-	(151,374)	-	-	-	-	-		(151,374)
Revaluation surplus	-	1,626,692	-	-	-	-	-		1,626,692
Reclassifications	-	-	-	-	(2,980)	-	-	-	(2,980)
Disposals	-	-	(2,600)	(27,947)	-	-	-		(30,547)
Foreign exchange rate movements		(473)	(23)	(183)	(38)		(687)		(1,404)
31 December 2012	300,490	3,063,788	385,665	3,306,349	475,453	2,772	114,752	23,461	7,672,729
Accumulated depreciation									
1 January 2012	223,954	58,528	95,527	794,489	291,063	2,213	70,842	-	1,536,616
Charge for the year	13,063	31,645	66,025	249,574	55,053	316	22,951	-	438,627
Transfer to revaluation reserve	-	(5,206)	-	-	-		-	-	(5,206)
Reclassifications	-	-	-	-	-		-	-	-
Disposals	-	-	(1,333)	(18,772)	(1,751)		-	-	(21,856)
Foreign exchange rate movements		(12)	(18)	(136)	(27)		(422)		(615)
31 December 2012	237,017	84,955	160,201	1,025,155	344,338	2,529	93,371	-	1,947,567
Net book values at:									
31 December 2012	63,473	2,978,833	225,464	2,281,194	131,115	243	21,380	23,461	5,725,163
1 January 2012	72,867	1,521,109	120,149	2,340,104	122,393	559	44,596	-	4,221,777

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

(b) **Property and equipment (Company)**

As at 31 December 2012	Leasehold Properties ₦'000	Land and Building ₦'000	Plant and Machinery ₦'000	Motor Vehicle ₦'000	Furniture, fittings and equipment ₦'000	Trading Booth ₦'000	Organisational cost ₦'000	Capital work in progress ₦'000	Total ₦'000
Cost									
At 1 January 2012	154,126	1,368,435	45,631	172,763	255,046	-	-	-	1,996,001
Additions	-	8,229	4,932	62,447	19,036	-	-	-	94,644
Transfer to revaluation reserve	-	(130,161)	-	-	-	-	-	-	(130,161)
Revaluation reserve	-	1,556,692	-	-	-	-	-	-	1,556,692
Reclassifications	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(3,450)	-	-	-	-	(3,450)
At 31 December 2012	154,126	2,803,195	50,563	231,760	274,082	-	-	-	3,513,726
Accumulated depreciation									
At 1 January 2012	154,126	47,533	39,375	111,503	200,564	-	-	-	553,101
Transfer to revaluation reserve	-	(5,206)	-	-	-	-	-	-	(5,206)
Charge for the year	-	27,437	3,848	36,218	20,698	-	-	-	88,201
Disposals	-	-	-	(3,450)	-	-	-	-	(3,450)
At 31 December 2012	154,126	69,764	43,223	144,271	221,262	-	-	-	632,646
Net book values at:									
31 December 2012	-	2,733,431	7,340	87,489	52,820	-	-	-	2,881,080
At 1 January 2012	-	1,320,902	6,256	61,260	54,482	-	-	-	1,442,900

I The Company's land and building at Aret Adams House were professionally valued on 18 December 2012 by Jide Alabi & Co Estate Surveyors and Valuers (FRC/2013/NIESV/00000000314). The valuation which was based on open market value between a willing buyer and a willing seller produced a surplus amount of N1,431,736,925. which has been credited to the property, plant and equipment revaluation account. As a result of the valuation , the revised value of the properties as at 31 December 2012 was N1,556,691,485. The re-valued property is the Head office building of the company located at No. 233, Ikorodu Road (Aret Adams House, Ilupeju, Lagos State)

The cost to date at the date of the revaluation was N130,161,000. The property was valued in an open market by reference to the cost approach to value and the Income Approach to value was adopted to cross check the market value.

The cost of N130,161,000 and the accumulated depreciation of N5,206,440 of the revalued property as at 31 December 2011 was transferred to property, plant and revaluation account and was used to determine the surplus on the revaluation of the property. The Company's other landed properties are stated at cost.

ii Charks Investment Limited , a subsidiary of Mutual Benefits Assurance Plc revalued its Landed properties at Otta in Ogun State. The properties were professionally valued by Messrs Lekan Ogunrinola & Co Estate surveyors & valuers on 13 December 2013 resulting in a revaluation surplus of N48,786,860 which has been credited to the property plant and equipment revaluation account. The revaluation was carried out on an open market value basis.

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

(c) **Property and equipment (Group)**

As at 31 December 2011	Leasehold Properties ₦'000	Land and Building ₦'000	Plant and Machinery ₦'000	Motor vehicles ₦'000	Furniture, fittings and equipment ₦'000	Trading Booth ₦'000	Organisational cost ₦'000	Capital work in progress ₦'000	Total ₦'000
Cost									
1 January 2011	357,945	1,483,825	120,297	2,855,657	384,412	2,772	109,874	-	5,314,781
Additions	735	95,974	101,259	339,966	41,827	-	-	-	579,761
Transfer from finance lease account	-	-	-	3,500	-	-	-	-	3,500
Reclassifications	-	(162)	284	150	(12,519)	-	-	-	(12,247)
Disposals	(64,992)	-	(6,352)	(66,162)	(594)	-	-	-	(138,100)
Foreign exchange rate movements	3,133		188	1,482	310		5,565		10,679
31 December 2011	296,821	1,579,637	215,676	3,134,593	413,436	2,772	115,439	-	5,758,374
Accumulated depreciation									
At 1 January 2011	223,358	28,787	64,514	208,915	237,515	1,897	45,453	-	810,439
Charge for the year	28,154	29,690	34,794	622,242	56,586	316	22,485	-	794,267
Reclassifications	-	-	(22)	22	(2,888)	-	-	-	(2,888)
Disposals	(28,954)	-	(3,884)	(37,624)	(358)	-	-	-	(70,820)
Foreign exchange rate movements	1,396	52	125	934	188	-	2,905	-	5,600
31 December 2011	223,954	58,529	95,527	794,489	291,043	2,213	70,843	-	1,536,598
Net book values at:									
31 December 2011	72,867	1,521,108	120,149	2,340,104	122,393	559	44,596	-	4,221,777
1 January 2011	134,587	1,455,038	55,783	2,646,742	146,897	875	64,421	-	4,504,342

(d)_ **Property and equipment (Company)**
As at 31 December 2011

	Leasehold Properties ₦'000	Land and Building ₦'000	Plant and Machinery ₦'000	Motor Vehicle ₦'000	Furniture, fittings and equipment ₦'000	Trading Booth ₦'000	Organisational cost ₦'000	Capital work in progress ₦'000	Total ₦'000
Cost									
1 January 2011	154,126	1,368,435	45,551	173,150	243,929	-	-	-	1,985,191
Additions	-	-	80	23,680	11,117	-	-	-	34,877
Reclassifications	-	-	-	3,500	-	-	-	-	3,500
Disposals	-	-	-	(27,567)	-	-	-	-	(27,567)
31 December 2011	154,126	1,368,435	45,631	172,763	255,046	-	-	-	1,996,001
Accumulated depreciation									
1 January 2011	154,126	20,885	35,847	91,579	173,399	-	-	-	475,836
Charge for the year	-	26,648	3,528	46,249	27,165	-	-	-	103,590
Disposals	-	-	-	(26,325)	-	-	-	-	(26,325)
31 December 2011	154,126	47,533	39,375	111,503	200,564	-	-	-	553,101
Net book values at:									
31 December 2011	-	1,320,902	6,256	61,260	54,482	-	-	-	1,442,900
1 January 2011	-	1,347,550	9,704	81,571	70,530	-	-	-	1,509,355

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

21.0 Statutory deposit

This represents amounts deposited with the Central Bank of Nigeria (CBN) pursuant to Section 10(3) of the Insurance Act, 2003.

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Statutory deposit	500,000	500,000	500,000	300,000	300,000	300,000
	500,000	500,000	500,000	300,000	300,000	300,000

22.0 Deposit for shares

	N'000	N'000	N'000	N'000	N'000	N'000
Mutual Model transport Limited	-	-	-	583,000	583,000	583,000
Charks Investment Limited	-	-	-	400,000	400,000	105,925
	-	-	-	983,000	983,000	688,925

Deposit for shares above represents funds injected into Mutual Model Transport Limited and Charks Investment Limited (both Subsidiaries). These amounts shall be converted into equity or utilised as may be directed by the Board of Directors

23.0 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).

	N'000	N'000	N'000	N'000	N'000	N'000
Mutual Benefits Assurance Company Limited Liberia	181,715	181,715	181,715	-	-	-
Mutual Benefits Asset Management Limited	4,120	4,120	4,120	-	-	-
Mutual Microfinance Bank Limited	4,273	42,942	42,942	-	-	-
	190,108	228,777	228,777	-	-	-

23.1 The movement in the balance of goodwill is as follows:

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Goodwill on consolidation of subsidiaries	228,777	228,777	228,777	-	-	-
Provision for impairment	(38,669)	-	-	-	-	-
Balance at the end of the year	190,108	228,777	228,777	-	-	-

23.2 Goodwill on consolidation is arrived at as follows:

	Charks Investment Limited N'000	TFS Securities Limited N'000	Mutual Benefits Asset Management Limited N'000	Mutual Model Transport Limited N'000	Mutual Benefits Assurance Company Limited Liberia N'000	Mutual Benefits Microfinance Bank Limited N'000	Total N'000
(a) 2010							
Cost of acquisition	132,677	127,500	412,000	10,000	464,000	200,000	1,346,177
Less: Net assets acquired							
Share capital	100,000	243,535	412,000	10,000	553,500	229,453	1,548,488
Share premium	13,400	-	-	-	-	-	13,400
Pre acquisition reserves	(16,683)	(118,692)	-	-	-	(33,131)	(168,506)
Net assets of acquiree at the date of acquisition	96,717	124,843	412,000	10,000	553,500	196,322	1,393,382
Percentage holding	80%	53%	99%	100%	51%	80%	
Net assets acquired	77,374	66,309	407,880	10,000	282,285	157,058	1,000,905
Goodwill on acquisition of subsidiaries	55,303	61,191	4,120	-	181,715	42,942	345,272
Impairment loss	(55,303)	(61,191)					(116,494)
	-	-	4,120	-	181,715	42,942	228,777
(b) 2011							
Cost of acquisition	132,677	220,174	412,000	10,000	464,000	200,000	1,438,851
Less: Net assets acquired							
Share capital	100,000	335,999	412,000	10,000	553,500	229,453	1,640,952
Share premium	13,400						13,400
Pre acquisition reserves on initial acquisition	(16,683)	(118,692)	-	-	-	(33,131)	(168,506)
Pre acquisition reserves on subsequent acquisition		(389,543)					
Net assets of acquiree at the date of acquisition	96,717	217,307	412,000	10,000	553,500	196,322	1,485,846
Percentage holding	80%	53%	99%	100%	51%	80%	
Percentage of additional shares acquired	-	12%	-	-	-	-	
Net assets acquired	77,374	108,772	407,880	10,000	282,286	157,058	1,043,369
Goodwill on acquisition of subsidiaries	55,303	111,402	4,120	-	181,715	42,942	395,482
Impairment loss	(55,303)	(111,402)					(166,705)
	-	(0)	4,120	-	181,715	42,942	228,777

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For the year ended 31st December, 2012

(C) **2012**

Cost of acquisition	132,677	220,174	412,000	10,000	464,000	200,000	1,438,851
Less: Net assets acquired							
Share capital	100,000	335,999	412,000	10,000	553,500	229,453	1,640,952
Share premium	13,400						13,400
Pre acquisition reserves on initial acquisition	(16,683)	(118,692)	-	-	-	(33,131)	(168,506)
Pre acquisition reserves on subsequent acquisition		(389,543)					
Net assets of acquiree at the date of acquisition	96,717	217,307	412,000	10,000	553,500	196,322	1,485,846
Percentage holding	80%	53%	99%	100%	51%	80%	
Percentage of additional shares acquired	-	12%	-	-	-	-	
Net assets acquired	77,374	108,772	407,880	10,000	282,285	157,058	1,043,369
Goodwill on acquisition of subsidiaries	55,303	111,402	4,120	-	181,715	42,942	395,482
Impairment loss	(55,303)	(111,402)				(38,669)	(205,374)
	-	(0)	4,120	-	181,715	4,273	190,108

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, liablities 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.

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

24.0 **Share capital:**
Share capital comprises:

(a) Authorized:
(a) Issued and fully paid:

	N'000	N'000	N'000	N'000	N'000	N'000
10,000,000,000 Ordinary shares of 50k each	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

(I) **Non-Life Business**
Share capital comprises:
Issued and fully paid:

	N'000	N'000	N'000	N'000	N'000	N'000
8,000,000, 000 Ordinary shares of 50k each	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

25.0 **Retained earnings**
The retained earnings represents the amount available for dividend distribution to the equity shareholders of the Company .

	Group 31 December 2012	Group 31 December 2011	Group 1 January 2011	Company 31 December 2012	Company 31 December 2011	Company 1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Balance, beginning of the year	(2,240,411)	(1,895,436)	(360,154)	(736,789)	(1,445,168)	(336,727)
Transfer from statement of comprehensive income	(600,260)	(70,697)	(1,427,358)	(475,292)	885,474	(1,007,415)
	(2,840,671)	(1,966,133)	(1,787,512)	(1,212,081)	(559,694)	(1,344,142)
Transfer to contingency reserves	(426,695)	(274,278)	(107,924)	(149,252)	(177,095)	(101,026)
Balance, ending of the year	(3,267,366)	(2,240,411)	(1,895,436)	(1,361,333)	(736,789)	(1,445,168)

26.0 **Contingency reserves**
In compliance with Section 21 (1) of Insurance Act,CAP I17,2004, the contingency reserve for non-life insurance business is credited with the greater of 3% of total premiums, or 20% of the profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium. While life business the contigency reserves 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.

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

	N'000	N'000	N'000	N'000	N'000	N'000
Balance, beginning of the year	1,075,348	801,070	693,146	907,853	730,758	629,732
Transfer from retained earnings	426,695	274,278	107,924	149,252	177,095	101,026
Balance, ending of the year	1,502,043	1,075,348	801,070	1,057,105	907,853	730,758

Analysis per business segment

	N'000	N'000	N'000
Non-life business	1,057,105	907,853	730,758
Life business	444,938	167,495	70,312
Balance, ending of the year	1,502,043	1,075,348	801,070

(I) ***Non-life business***

	N'000	N'000	N'000
Balance, beginning of the year	907,853	730,758	629,732
Transfer from retained earnings	149,252	177,095	101,026
Balance, ending of the year	1,057,105	907,853	730,758

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

(ii) **Life business**

	N'000	N'000	N'000
Balance, beginning of the year	167,495	70,312	63,414
Transfer from retained earnings	277,443	97,183	6,898
Balance, ending of the year	444,938	167,495	70,312

27.0 **Revaluation Reserves**

	N'000	N'000	N'000	N'000	N'000	N'000
Revaluation surplus on Property, plant and equipment (Note 20(b))	1,470,767	-	-	1,431,737		-
Deferred tax on revaluation surplus	(143,174)			(143,174)		
	1,327,593	-	-	1,288,563	-	-

28.0 **Foreign currency translation reserves**

Movements in the foreign currency translation reserves

	N'000	N'000	N'000	N'000	N'000	N'000
At beginning of the year	14,821	-	-	-	-	-
Proportion of foreign currency translation reserves allocated to the Group from foreign subsidiary	(1,895)	14,686	-	-		-
Proportion of foreign currency translation reserves allocated to the Group from equity accounted investments	12,926	14,686	-	-		-
Foreign exchange reserves transferred on disposal of equity accounted investments	-	135	-	-		-
	(135)	-	-	-		-
At end of the year	12,791	14,821	-	-	-	-

The Group elected to zeroise the cumulative translation difference from its foreign subsidiary (Mutual Benefits Liberia Company Limited) at the date of transition to IFRS in line with the optional exception requirement of IFRS1, this is also in compliance with section 13(b)iii of the National Insurance Commission's IFRS Harmonisation Carve-Out and Regulatory Requirement for Nigerian Insurance Industry

29.0 **Non-controlling interests in equity**

The entity accounting for non-controlling interest is shown below

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000
Mutual Benefits Asset Management Limited	4,493	3,240	3,218
TFS Securities Limited	4,407	(1,166)	(68,457)
Charks Investment Limited	(69,446)	(45,260)	(33,803)
Mutual Benefits Assurance Company Limited Liberia	284,480	274,492	261,169
Mutual Microfinance Bank Limited	30,005	23,699	30,885
	253,940	255,005	193,011

The movement in Non controlling interest	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000
Balance at the beginning of the year	255,005	193,011	297,785
NCI's share of increase in share capital (TFS securities)	-	31,872	-
Proportion of shares disposed by NCI	-	(30,237)	-
Movement in reserves of NCI based on shares disposed	-	48,365	-
Results for the year	(9,001)	(2,117)	(106,556)
Foreign exchange translation reserves	(1,821)	14,110	1,782
Revaluation reserves	9,757	-	-
Balance at the end of the year	253,940	255,005	193,011

Non controlling interest in entities within the group is as analysed below:

Company name	31 December 2012 % of equity capital held by NCI	31 December 2011 % of equity capital held by NCI	1 January 2011 % of equity capital held by NCI
Mutual Benefits Asset Management Limited	1	1	1
TFS Securities Limited	34	34	47
Charks Investment Limited	20	20	20
Mutual Benefits Liberia Company Limited	49	49	49
Mutual Microfinance Bank Limited	20	20	20

30.0 **Insurance liabilities**

	N'000	N'000	N'000	N'000	N'000	N'000
Outstanding claims (Note 30.1)	4,364,791	1,844,860	923,215	1,340,791	884,083	569,533
Unearned premiums (See note 30.2)	2,234,354	2,271,159	1,605,811	1,748,522	1,799,794	1,290,499
	6,599,145	4,116,019	2,529,026	3,089,313	2,683,877	1,860,032
Current	6,599,145	4,116,019	2,529,026	3,089,313	2,683,877	1,860,032
Non-current	-	-	-	-	-	-

30.1 **Claims reported and loss adjustment expenses**

Non-Life (Note 30.1.1)	1,344,249	887,541	572,991	1,340,791	884,083	569,533
Life (Note 30.1.2)	3,020,542	957,319	350,224	-	-	-
	4,364,791	1,844,860	923,215	1,340,791	884,083	569,533

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30.1.1 Non-Life

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Claims reported	820,233	377,330	222,525	816,775	373,872	219,067
Claims incurred but not reported	524,016	510,211	350,466	524,016	510,211	350,466
	1,344,249	887,541	572,991	1,340,791	884,083	569,533

(a) **Analysis of Non-life insurance contract per class of insurance**

	2012			2011	2010
	Outstanding N'000	IBNR N'000	Claims N'000	Claims N'000	Claims N'000
Motor	194,951	95,224	290,175	173,975	165,625
Marine	22,480	25,994	48,474	43,643	19,486
Fire	70,737	112,608	183,345	154,773	174,402
General accidents	528,607	290,190	818,797	511,692	210,020
Total	816,775	524,016	1,340,791	884,083	569,533

(b) **The age analysis for claims reported and losses adjusted for non-life insurance contracts.**

Days	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
0 - 90	88,993	18,897	59,472
91 -180	335,178	241,416	17,279
181-270	41,609	28,035	24,565
271-365	140,865	36,233	74,541
365 and above	210,129	49,291	43,210
	816,775	373,872	219,067

30.1.2 **Life business**

Life insurance contract liabilities are made up of the following:

	N'000	N'000	N'000
Outstanding claims	2,702,521	502,349	90,388
Claims incurred but not reported	318,021	454,970	259,836
Total outstanding claims	3,020,542	957,319	350,224

(b) **Life Insurance contract liabilities comprise the following classes:**

	N'000	N'000	N'000
Group life	3,020,542	957,319	350,224
Individual life	-	-	-
	3,020,542	957,319	350,224

(C) **The movement in outstanding claims for life insurance contract liabilities is as follows:**

	N'000	N'000	N'000
Balance at the beginning of the year	957,319	350,224	-
Increase in outstanding claims	2,063,223	607,095	350,224
Balance at the end of the year	3,020,542	957,319	350,224

30.2 **Unearned Premium**

Unearned premium						
Non-Life (Note 30.2(a))	1,804,613	1,866,435	1,351,315	1,748,522	1,799,794	1,290,499
Life (Note 30.2(b))	429,741	404,724	254,496	-	-	-
	2,234,354	2,271,159	1,605,811	1,748,522	1,799,794	1,290,499

30.2.1 The movement in unearned premium is as follows:

	N'000	N'000	N'000	N'000	N'000	N'000
Balance, beginning of year	2,271,159	1,605,811	816,246	1,799,794	1,290,499	792,068
Increase in the year	25,017	662,196	786,138	-	509,295	498,431
Release of unearned premium	(61,424)	-	-	(51,272)	-	-
Foreign exchange rate movement	(399)	3,152	3,427	-	-	-
Balance, end of year	2,234,353	2,271,159	1,605,811	1,748,522	1,799,794	1,290,499

(a) **Analysis of Non-life unearned premium per class of insurance**

	Group			Company		
	N'000	N'000	N'000	N'000	N'000	N'000
Motor	875,798	866,257	739,318	839,792	819,661	692,037
Marine	191,478	254,575	118,688	191,094	252,764	118,688
Fire	147,345	214,282	102,983	142,988	209,817	102,052
General accidents	589,992	531,321	390,326	574,648	517,552	377,722
	1,804,613	1,866,435	1,351,315	1,748,522	1,799,794	1,290,499

(a(I)) **The movement in unearned premium for Non-Life business is as follows:**

Balance, beginning of year	1,866,435	1,351,315	816,246	1,799,794	1,290,499	792,068
Increase in the year	-	511,968	531,642	-	509,295	498,431
Release of unearned premium	(61,424)	-	-	(51,272)	-	-
Foreign exchange rate movement	(398)	3,152	3,427	-	-	-
Balance, end of year	1,804,613	1,866,435	1,351,315	1,748,522	1,799,794	1,290,499

These reserve represents the liability for short term insurance contracts for which the group's obligation are not expired as at year end. Management's assessment of the estimated cost of claims and expenses resulting from claims does not exceed the unearned premium reserve, thus no provision was made for unexpired risk as at period end.

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For the year ended 31st December, 2012

Unearned Premium Reserve (UPR)

The unearned premium reserve was calculated using a time - apportionment basis, in particular, the 365ths method. In the calculation of the UPR, it was assumed that both the start and end date were included in the coverage period, i.e. if the policy's start and end date are the 1 January 2012 and 31 December 2012 respectively, then the policy will cover any claim occuring on the 1 January 2012 and 31 December 2012 as well as any dates in between.

(b) Life Business

	N'000	N'000	N'000
Analysis of Life business unearned premium per class of insurance			
Group Life	362,686	358,727	211,533
Individual Life	67,055	45,997	42,963
	429,741	404,724	254,496

(b(I)) The movement in unearned premium is as follows:

	N'000	N'000	N'000
Balance at the beginning of the year	404,724	254,496	-
Actuarial movement in unearned premium	25,017	150,228	254,496
Balance at the end of the year	429,741	404,724	254,496

31.0 Investment Contract Liabilities

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

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

31.1 Details of balances of investment contract liabilities at the year end are as presented below:

				Group		Company
	31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Groups (Note 31.1(a))	1,155,849	1,816,112	1,903,491	-	-	-
Individuals (Note 31.1(b))	9,521,707	5,511,299	2,016,998	-	-	-
	10,677,556	7,327,411	3,920,489	-	-	-
Current	-	-	-	-	-	-
Non-current	10,677,556	7,327,411	3,920,489	-	-	-
	10,677,556	7,327,411	3,920,489	-	-	-

(a) Group investment contract liabilities are made of the following:

			Group		Company	
	31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Managed funds (Note a(i))	1,147,802	1,808,489	1,900,275	-	-	-
Others	8,047	7,623	3,216	-	-	-
	1,155,849	1,816,112	1,903,491	-	-	-

(a(I)) The movement in the balance of managed funds during the year is as shown below:

	N'000	N'000	N'000	N'000	N'000	N'000
Balance at the beginning of the year	1,808,489	1,900,275	2,482,183	-	-	-
Deposits received during the year	1,216,337	542,997	457,480	-	-	-
Withdrawals during the year	(1,834,696)	(843,782)	(1,039,388)	-	-	-
Guaranteed interest	145,973	208,999	-	-	-	-
Gain on valuation of group investment contract liabilities	(188,301)	-	-	-	-	-
Balance at the end of the year	1,147,802	1,808,489	1,900,275	-	-	-

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

	N'000	N'000	N'000	N'000	N'000	N'000
Balance at the beginning of the year	5,511,299	2,016,998	-	-	-	-
Deposits received during the year	4,195,735	3,630,326	2,016,998	-	-	-
Withdrawals and surrenders during the year	(757,597)	-	-	-	-	-
Guaranteed interest	-	-	-	-	-	-
Gain/(loss) on valuation of individual investment contract liabilities	572,270	(136,025)	-	-	-	-
	9,521,707	5,511,299	2,016,998	-	-	-

	N'000	N'000	N'000	N'000	N'000	N'000
(b(I)) Balance at the beginning of the year	4,291,334	1,364,119	-	-	-	-
Actuarial movement in investment policies liabilities	5,230,373	2,927,215	1,364,119	-	-	-
	9,521,707	4,291,334	1,364,119			
Others	-	1,219,965	652,879	-	-	-
Balance at the end of the year	9,521,707	5,511,299	2,016,998	-	-	-

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

32.0 Trade payables	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Trade payables	17,383	69,362	14,371	-	-	-
Lease creditors	94,243	70,044	39,097	-	-	-
Coinsurance payable	-	56,507	-	-	-	-
	111,626	195,913	53,468	-	-	-
Current	111,626	195,913	53,468	-	-	-
Non-current	-	-	-	-	-	-

33.0 Other payables	N'000	N'000	N'000	N'000	N'000	N'000
Accruals	373,055	224,208	122,896	53,918	58,816	32,866
Sundry payables	406,149	303,641	198,587	190,304	103,775	184,026
Dividend Payable	135,453	135,453	135,453	135,453	135,453	135,453
Commission payable	727,442	385,375	-	727,442	385,375	-
Due to related companies (Note 33.1)	-	-	-	1,150,619	765,480	205,854
PAYE	3,278	7,974	4,899	1,804	7,877	3,093
VAT Payable	673	5	55	12	-	-
WHT Payable	18,763	15,010	15,389	15,812	12,966	13,371
CSCS Equity Fees	-	-	-	-	-	-
NSE Fees on equity	-	-	157	-	-	-
SEC Fees	-	-	128	-	-	-
Staff pension	8,091	15,494	13,637	2,839	13,711	12,871
Industrial training fund	6,216	-	-	4,961	-	-
Salary control account	22,256	-	-	22,256	-	-
Customers deposits	377,784	-	396,347	-	-	-
Ageny/legal fee	87,850	-	-	-	-	-
Deferred income	39,698	-	-	39,698	-	-
Amount due to brokers	18,000	-	-	18,000	-	-
Mutual Personal Investment Limited	18,774	-	-	18,774	-	-
Amount due to Directors	39,444	-	4,559	39,444	-	4,559
Cooperative	5,064	-	50	-	-	-
Contract Stamp Fees	-	-	16	-	-	-
Audit Fees Payable	-	-	68	-	-	-
Assets Management Company of Nigeria (AMCON)	-	-	475	-	-	-
Premium tax payable	-	-	1,579	-	-	-
Social security taxes payable	-	-	198	-	-	-
Co-Insurance payable	10,870	-	-	-	-	-
Contract collection suspense	3,000	-	-	-	-	-
Obligation under finance lease	448,128	-	367,016	-	-	-
Reinsurance payable	26,401	56,506	-	-	-	-
Deposit for premium	-	39,642	-	-	-	-
Sundry creditors	249,128	75,056		3,817	-	-
	3,029,474	1,259,122	1,264,209	2,429,110	1,484,211	594,793
Current	3,029,474	1,259,122	1,264,209	2,429,110	1,484,211	594,793
Non-current	-	-				-

33.1 Amount due to related companies						
Mutual Benefits Assurance Plc	-	-	-	-	-	-
Mutual Asset Management Limited	-	-	-	-	-	7,832
Mutual Benefit Life Assurance Limited	-	-	-	1,017,942	765,480	198,022
Charks Investment Limited	-	-	-	132,677	-	-
	-	-	-	1,150,619	765,480	205,854

34.0 Deposit liabilities	N'000	N'000	N'000	N'000	N'000	N'000
Current	105,458	20,466	20,829	-	-	-
Time	21,763	10,413	1,047	-	-	-
Savings	70,467	58,138	49,732			
	197,688	89,017	71,608	-	-	-
Current	127,221	30,879	21,876	-	-	-
Non current	70,467	58,138	49,732	-	-	-
	197,688	89,017	71,608	-	-	-

35.0 Book overdraft						
Book overdraft (note 35.1)	31,384	73,890	-	27,345	69,460	-

35.1 The book overdraft balances represents overdrawn balances in the cash book arising from timing differences.

36.0 Borrowings						
Bank overdraft	-	-	389,558	-		107,573
Bank Loan (note(36.1))	690,121	718,004	592,291	560,117	588,000	504,605
Other borrowings (note 36.2)	55,850	96,982	-	-	-	-
Loan from Daewoo Securities Limited (note 36.3)	2,111,647	2,111,647	2,111,647	2,111,647	2,111,647	2,111,647
Total borrowings	2,857,618	2,926,633	3,093,496	2,671,764	2,699,647	2,723,825
Current portion (liabilities to be settled within one year)	160,117	188,000	389,558	160,117	188,000	212,178
Non-current portion (liabilities to be settled after one year)	2,697,501	2,738,633	2,703,938	2,511,647	2,511,647	2,511,647

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

36.1 Movement in bank loan is as analysed below:

	Group 31 December 2012 ₦'000	Group 31 December 2011 ₦'000	Group 1 January 2011 ₦'000	Company 31 December 2012 ₦'000	Company 31 December 2011 ₦'000	Company 1 January 2011 ₦'000
Guaranty Trust Bank Plc (Note 36.1 (i)	400,870	400,000	400,000	400,870	400,000	400,000
Sterling Bank Plc (Note 36.1 (ii)	102,025	188,000	104,605	102,025	188,000	104,605
Assets Management Company of Nigeria	130,004	130,004	87,686	-	-	-
Sterling Bank Plc/ Charks Loan (Note 36.1 (iii)	57,222	-	-	57,222	-	-
	690,121	718,004	592,291	560,117	588,000	504,605

(I) Included in Bank loan is an amount of N400 million being a margin facility obtained from Guaranty Trust Bank Plc. There is an on-going litigation on this investment arising from the additional investment cover requested for by the Bank due to the fall in the value of the shares purchased, which was rejected by the Company. The directors, having sought the advice of professional counsel, are of the opinion that no significant liability will crystalise from this litigation therefore, no provision has been made in the financial statements.

(ii) The Company also has a term loan facility of N188,000,000 with Sterling Bank Plc. The facility arose from the restructuring of various overdraft and term loan facilities previously granted to the Company to ease repayment

Movement in the Sterling bank term loan is as analysed below:	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balances at the beginning of the year	188,000	104,605	-	188,000	104,605	-
Addition during the year	-	188,000	104,605	-	188,000	104,605
Interest charges during the year	34,262	-	-	34,262	-	-
Repayments during the year	(120,237)	(104,605)	-	(120,237)	(104,605)	-
	-	-	-	-	-	-
	102,025	188,000	104,605	102,025	188,000	104,605

(iii) As a result of continuous default by its subsidiary company (Charks Investment Limited) in settling a Lease liability due to Sterling Bank Plc for which Mutual Benefits Assurance Plc had given a corporate guarantee.The Company entered into a settlement arrangement with Sterling Bank Plc and it was agreed that a payment of N70million be accepted as full and final payment..

	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Loan amount due to Sterling Bank Plc	70,000	-	-	70,000	-	-
Interest charged on loan facility	3,015			3,015		-
Repayments during the year	(15,793)	-	-	(15,793)		-
	-	-	-	-		-
	57,222	-	-	57,222	-	-

36.2 **Other borrowings**

	Group ₦'000	Group ₦'000	Group ₦'000	Company ₦'000	Company ₦'000	Company ₦'000
Balance at1 January	96,982	-	-	-	-	-
Loan transferred from borrowings	-	96,982	-	-	-	-
Accrued interest	13,618	-	-	-	-	-
Repayment during the year	(54,750)	-	-	-	-	-
Balance at 31 December	55,850	96,982	-	-	-	-

This represents balance of bank overdraft with Guaranty Trust Bank Plc which the Bank assigned on Loan Purchase Agreement to Asset Management Corporation of Nigeria

The amount outstanding as at 31 December 2012, was restructured to be paid within 60 months with effect from March, 2013 subject to interest rate of 13% per annum up to December, 2013.There after applicable interest rate shall be monetary policy rate (MPR) plus 5% or 15% whichever is higher.

36.3 **Loan from Daewoo Securities**

	Group 31 December 2012	Group 31 December 2011	Group 1 January 2011	Company 31 December 2012	Company 31 December 2011	Company 1 January 2011
At 1 January	2,111,647	2,111,647	2,262,397	2,111,647	2,111,647	2,262,397
Repayment	-	-	(150,750)	-	-	(150,750)
At 31 December	2,111,647	2,111,647	2,111,647	2,111,647	2,111,647	2,111,647

The Company issued a zero coupon bond valued at 2,500,000,000 Japanese Yen (JPY) to Daewoo Securities (Europe) Limited in two tranches

The Company issued a bond valued at 1,750,000,000 Japanese Yen (JPY) to Daewoo Securities (Europe) Limited who have acted as subscribers to the bond. The bond is due to be repaid in 2020 with the options to subscribe for the ordinary shares of the Company.Securities (Europe) Limited who acted as paying. The bond is due to be repaid in 2027 together, with detachable options to subscribe for the shares of the Company.

I) **Initial funds received**

The following funds were received by the company net of the professional and agency charges;

	JPY'000 ₦'000	Equivalent ₦'000
Fair value of the bond facility	2,500,000	2,654,517
Foreign agency charges	-	-
Amount received by the issuing house	2,500,000	2,654,517
Issuing house charges	-	-
Net proceeds received	2,500,000	2,654,517

The Company also issued another bond valued at 750,000,000 Japanese Yan (JPY) to Daewoo Securities Limited

Subsequently, in 2010 due to the global financial crisis ,the subscriber called for the repayment of the bond in contravention of the agreement reached with the Company and an amount of N150,750,000 has since been repaid to date.

Currently, a proposal for restructuring of the loan for repayment within the next 4 years is being made by Daewoo Securities Limited. No conclusion has been reached in respect of this proposal. The bond has therefore been converted to a Long term Loan

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

37.0 Current income tax liabilities

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

	N'000	N'000	N'000	N'000	N'000	N'000
Balance, beginning of year						
Company income tax	381,487	239,613	128,588	244,931	222,440	125,052
Education tax	-	-	2,123	-	-	-
Charge for the year (see note (b) below)						
Company income tax	143,543	199,584	143,839	75,141	81,930	133,844
Education tax	18,461	14,005	2,313	11,793	9,509	-
Information technology tax	390	11,905	-	-	10,399	-
Foreign exchange reserve movement	1	542	-	-	-	-
Over/(under) provision during the year	24,157	-	-	24,157	-	-
Payments during the year	(91,631)	(84,162)	(37,250)	(64,260)	(79,347)	(36,456)
Balance, end of year	476,408	381,487	239,613	291,762	244,931	222,440
Current	476,408	381,487	239,613	291,762	244,931	222,440
Non current	-	-	-	-	-	-

(b) **The tax charge for the year comprises:**

	Group Dec-12	Group Dec-11	Company Dec-12	Company Dec-11
Company income tax				
-General business	75,141	81,930	75,141	81,930
- Life business	55,250	89,309	-	-
- Mutual Benefits Asset Management	1,522	1,774	-	-
- Mutual Model Transport Limited	2,622	2,788	-	-
- TFS Securities Limited	1,698	1,747	-	-
- Charks Investment Limited	1,301	1,806	-	-
- Mutual Benefits Liberia Company Limited	6,009	20,230	-	-
	143,543	199,584	75,141	81,930
Education tax				
-General business	11,793	9,509	11,793	9,509
- Life business	6,668	4,184	-	-
- Mutual Benefits Asset Management	-	312		
	18,461	14,005	11,793	9,509
Information technology tax				
-General business	-	10,399		10,399
- Life business	390	1,506	-	-
	390	11,905	-	10,399
Over/(under) provision in taxation				
-General business	24,157	-	24,157	-
	24,157	-	24,157	-
	186,551	225,494	111,091	101,838
Deferred tax liability				
-General business	140,040	52,559	140,040	52,559
- Life business	18,784	47,917	-	-
- Mutual Benefits Asset Management	638	1,513	-	-
- Charks Investment Limited	-	-	-	-
	159,462	101,989	140,040	52,559
Deferred tax asset				
- Life business	(16,074)	-	-	-
- Charks Investment Limited	(11,285)	(15,728)	-	-
	(27,359)	(15,728)	-	-
Total tax charge for the year	318,654	311,755	251,131	154,397

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

37.1 **Actual tax charge on the company's profit differ from the standard rate of corporate tax in Nigeria applied to profits for the year as analysed below:**

	Company 2012 N'000	Company 2011 N'000
Current tax on profit for the year:		
Income Tax	75,141	81,930
Education tax	11,793	9,509
	86,934	91,439
Adjustment for (under)/over provision in prior periods		-
Underprovision for income tax in prior year		-
Total current tax	86,934	91,439
Deferred tax liability		
Origination and reversal of temporary differences	140,040	52,559
Total tax expense	226,974	143,998
Tax Expense recognised in Other Comprehensive Income		
Capital Gains Tax on Revaluation Surplus	143,174	-
The reasons for the difference between the actual tax charge for the year and the standard rate of corporate tax in Nigeria applied to profits for the year are as follows:		
(Loss)/Profit Before Tax	(224,161)	1,039,871
Expected tax charge based on the standard rate on Nigeria corporate tax at the domestic rate of 30% (2011: 30%)	(67,248)	311,961
Income tax as per computations	75,141	81,930
Difference (see below)	(142,389)	230,031
Adjustment for tax deductible and non-deductible items		
Net premium income	(4,610,421)	(4,776,187)
Commission received	(37,241)	(35,853)
Claims expenses (Net)	1,415,572	1,164,300
Underwriting Expenses	577,838	590,610
Investment Income	(37,248)	(276,809)
Other Income	(762,796)	(209,004)
Net fair value losses on financial assets at FVTPL	13,345	89,759
Impairment charges	1,379,259	868,193
Management expenses	1,639,179	1,068,216
Employees benefit expense	612,412	438,195
Finance Cost	34,262	38,709
Taxable Income	250,470	273,100
	474,631	(766,771)
Income tax @ 30% - Difference (as above)	142,389	(230,031)

38.0 **Deferred income tax**

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
Balance at the beginning of the year	181,681	79,692	79,692	116,966	64,407	64,407
Write back for the year	-	(2,946)	-	-	-	-
Charge for the year:						
- Income statement	159,463	104,935	-	140,040	52,559	-
- Other comprehensive income	143,174	-	-	143,174		-
Balance at the end of the year	484,318	181,681	79,692	400,180	116,966	64,407
Current	-	-	-	-	-	-
Non current	484,318	181,681	79,692	400,180	116,966	64,407
Deferred income tax asset	N'000	N'000	N'000	N'000	N'000	N'000
Balance at the beginning of the year	31,136	15,408	15,408	-	-	-
Movement during the year	27,359	15,728	-	-	-	-
	58,495	31,136	15,408	-	-	-
Current	-	-	-	-	-	-
Non current	58,495	31,136	15,408	-	-	-

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

38.1 Deferred income tax are attributable to the following:

Company

	Opening balance as at 1 January 2012 ₦'000	Recognized in net income ₦'000	Recognized in OCI ₦'000	Closing Balance at 31 December 2012 ₦'000
Deferred tax liabilities				
Excess of NBV over TWDV	234,219	22,788		257,006
Unrealised Exchange gain				
Revaluation Surplus	-	-	143,174	143,174
	234,219	22,788	143,174	400,180
Deferred tax assets				
Other timing difference items	117,253	(117,253)		-
Net deferred tax liability/ (asset)	116,966	140,040	143,174	400,180

39.0 **Net premium income**	Group 31 December 2012 ₦'000	Group 31 December 2011 ₦'000	Company 31 December 2012 ₦'000	Company 31 December 2011 ₦'000
Gross premium written	7,944,453	6,716,040	4,975,074	5,471,238
Provision for unearned premium (non-life)	61,424	(511,968)	51,273	(509,295)
Provision for unearned premium (life)	(25,017)	(150,228)	-	-
Gross premium income	7,980,860	6,053,844	5,026,347	4,961,943
– Re-insurance cost	(525,355)	(235,179)	(415,926)	(185,756)
– Changes in prepaid re-insurance (Non-life contracts)	-	-	-	-
Re-insurance expenses	(525,355)	(235,179)	(415,926)	(185,756)
Net premium income	7,455,505	5,818,665	4,610,421	4,776,187

40.0 **Claims:**

Claims expenses (Gross)

	₦'000	₦'000	₦'000	₦'000
Current year claims paid	1,748,956	1,100,722	1,370,398	1,016,922
Outstanding claims	2,600,254	971,307	456,708	314,550
Total claims and loss adjustment expense	4,349,210	2,072,029	1,827,106	1,331,472
Recoverable from re-insurance	(1,796,965)	(601,560)	(411,534)	(167,172)
Net claims and loss adjustment expense	2,552,245	1,470,469	1,415,572	1,164,300

41.0 **Underwriting Expenses:**

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

41.1 **Acquisition Cost**

	₦'000	₦'000	₦'000	₦'000
Commission paid	1,536,193	1,193,301	536,119	474,480
Other underwriting expenses	290,443	289,321	41,719	116,130
	1,826,636	1,482,622	577,838	590,610

42.0 **Investment income**

	₦'000	₦'000	₦'000	₦'000
Income from quoted equity	-	122	-	121
Income from fixed deposits	14,543	6,091	14,543	6,091
Income on statutory deposits	21,744	-	21,744	-
Income on lease	-	47,558	-	47,558
Interest from current accounts with banks	961	6,930	961	6,930
Vehicle registration	-	216,109	-	216,109
Investment contract (Note 42.1)	539,198	205,927	-	-
	576,446	482,737	37,248	276,809

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

42.1 Investment contract

Investment contract comprises the following:

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
Income from various investments (Note 42.1(a))	1,053,072	229,277		-
Interest income	16,068	49,624	-	-
Gain on valuation of group investment contract liabilities	188,301	-		-
(Loss)/gain on valuation of individual investment contract liabilities	(572,270)	136,025	-	-
Guranteed interest on investment contract liabilities	(145,973)	(208,999)	-	-
	539,198	205,927	-	-

(a) Income from various investments

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
Investment income from unquoted companies (Note 42.1(b))	920,603	138,343		-
Interest income on short term deposits	92,233	77,018	-	-
Lease finance income	40,236	13,916		-
Total investment income	1,053,072	229,277	-	-

(b) Investment income from unquoted companies is made up of:

	Group 31 December N'000	Group 31 December N'000	Company 31 December N'000	Company 31 December N'000
Prime Exploration	920,603	88,980	-	-
Mutual Homes and Properties	-	-	-	-
Mutual Non life current account	-	9,685	-	-
Charks Investment	-	11,640	-	-
Investment in Mutual Homes and Properties Limited	-	27,628	-	-
Current account with Mutual Homes and Properties Limited	-	-	-	-
(Loss)/profit on disposal of investment in associate	-	-	-	-
Investment in IDSS	-	410	-	-
	920,603	138,343	-	-

43.0 Net fair value gains on assets

	N'000	N'000	N'000	N'000
Net fair value gains on financial assets at				
fair value gain on financial assets through profit or loss	3,521	795	3,521	795
fair value loss on financial assets through profit or loss	(30,433)	(90,554)	(16,866)	(90,554)
Fair value gains on financial assets	(26,912)	(89,759)	(13,345)	(89,759)

44.0 Other operating income

	N'000	N'000	N'000	N'000
Brokerage commission, Dividend & Int.	36,243	29,072	-	-
Sales of ticket	748,777	646,965	-	-
Charter services	68,514	71,843	-	-
Finance lease income	12,497	21,082	-	-
Operating lease income	80,231	78,663	-	-
Income from vehicle registration project	-	7,762	-	-
Dividend from quoted investment	-	148	-	-
Interest income from leased assets	-	32,092	-	-
Profit on sale of fixed assets	1,309	8,537	1,300	8,387
Interest income	-	-	-	-
Rental Income	23,465	21,029	23,465	21,029
Agency fees	601	411	-	-
Interest on loan to Mutual Homes and Properties ltd	-	-	61,337	-
Interest on loan to Prime Exploration and Production Limited	564,792	-	564,792	-
Management fees	526	1,570	-	-
Bad debt recovered	28,277	20,945	-	-
Miscellaneous income	-	138	-	-
Income from sale of quoted stock	-	21,425	-	-
Recovery of bank overcharge	-	72,569	-	-
Insurance claim received	501	-	501	-
Impairment loss no longer required:				
- Trade receivables	463,556	-	-	-
- Other receivables	357,987	165,490	109,617	165,244
-Cash and Cash equivalents	-	14,344	-	14,344
Other charges - SMS, closed accounts, default charges, etc	15,095	3,491	-	-
Income from logistics activities	305,145	53,954	-	-
Revenue from real estate operations	120,354	72,927	-	-
Others	94,246	21,903	1,784	-
	2,980,938	1,406,930	762,796	209,004

		Note	Group 31 December 2012	Group 31 December 2011	Company 31 December 2012	Company 31 December 2011
45.0	**Impairment charge**					
	Impairment charge on cash and cash equivalents	8.0	99,306	2,026	86,719	-
	Impairment charge on available for sale financial instruments	9.1.1(b)	48,693	5,100	47,833	2,400
	Impairment charge on loans and advances		3,508	6,116	-	-
	Impairment charge on trade receivables	11.0	1,481,596	1,030,132	1,172,155	817,154
	Impairment charge on finance lease receivables balance	13.0	101,210	86,972	28,517	-
	Impairment of investment in subsidiaries	17.0	-	-	44,035	48,639
	Impairment charge on goodwill	23.1	38,669	50,211	-	-
	Impairment charge on other assets		-	27,192	-	-
			1,772,982	1,207,749	1,379,259	868,193
46.0	**Management expenses**		**N'000**	**N'000**	**N'000**	**N'000**
	Depreciation charges		403,898	783,599	88,203	103,571
	Amortisation charges		8,985	8,705	8,985	8,705
	Auditors fees		18,390	23,300	7,000	5,000
	Professional Fees/Legal Expenses		124,725	116,825	96,112	105,822
	Directors fees/Emoluments		305,556	314,784	233,689	278,041
	Medical Expenses		7,640	29,858	6,077	7,631
	Donation & Subscription		30,580	13,501	25,774	7,696
	Rents and Rates		91,306	56,026	39,792	30,712
	Repairs and Maintainance/Generator/computer		163,631	147,612	75,270	56,582
	Utilities		225,235	138,920	71,548	74,669
	Transport/Travelling		245,099	112,452	199,070	91,128
	Advertising expenses		115,918	76,074	102,128	68,859
	Motor Vehicle Running Expenses		36,652	33,987	30,379	25,779
	Entertainment/Corporate Client		85,517	83,696	82,046	82,858
	Training Recruitment		167,974	62,607	95,390	39,314
	Insurance		24,511	29,484	15,265	21,199
	Bank Charges		48,030	49,528	27,815	20,470
	Recapitalisation Exp		1,520	32,553	-	-
	Agent Brokerage Commission and Charges		748	7,074	-	-
	NAICOM Supervisory levy		38,412	64,508	-	-
	Board meeting expenses		25,900	17,977	-	-
	Productivity Bonus		-	3,759		3,759
	Fines and penalties		3,185	1,745	1,100	
	office general expense		-	1,158	-	
	Other assets written off		265,025	62,202	133,212	
	Provision for loan losses			3,518		
	Other Expenses		286,481	75,088	96,001	36,421
	Bank balances written off		8,942		8,942	
	Intercompany balances written off		620,475		188,611	
	Exchange Loss		6,770	-	6,770	
	Loss on disposal of PPE		3,746	-	-	
	Cost of sales		671,219	122,947	-	-
	Operating lease expenses		53,775	10,208	-	-
	Cost of real estate operations		102,502	71,555	-	-
			4,192,347	2,555,250	1,639,179	1,068,216
47.0	**Employee benefit expenses**		**N'000**	**N'000**	**N'000**	**N'000**
	Wages and salaries		1,008,709	720,474	555,879	402,580
	Pension costs – defined contribution plans		70,368	40,848	56,533	35,615
			1,079,077	761,322	612,412	438,195
48.0	**Finance costs**		**N'000**	**N'000**	**N'000**	**N'000**
	Interest on loans and overdraft		46,743	45,906	34,262	38,709
	Interest charge on current accounts		913	592	-	-
	Interest charge on depositsDeposits		4,697	893	-	-
	Other charges		3,099	2,400	-	-
			55,452	49,791	34,262	38,709
49.0	**Finance income**		**N'000**	**N'000**	**N'000**	**N'000**
	Interest income on Micro loans		31,743	23,043	-	-
	Interest income on SME loans		96,940	65,387	-	-
	Interest income on overdraft		14,745	904	-	-
	Interest income on treasury bills		2,842	1,503	-	-
	Income from funds placement		1,397	1,508	-	-
			147,667	92,345	-	-

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

50.0 Earning per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares

	Group 31 December 2012 N'000	Group 31 December 2011 N'000	Company 31 December 2012 N'000	Company 31 December 2011 N'000
(Loss)/profit attributable to the equity holders	(600,260)	(70,697)	(475,292)	885,474
Weighted average number of ordinary shares in issue (thousands)	8,000,000	8,000,000	8,000,000	8,000,000
Basic (loss)/earnings per share (kobo per share)	(7.50)	(0.88)	(5.94)	11.07

51.0 Net cash flow from operating activities

This comprises:

	Notes	N'000	N'000	N'000	N'000
Operating (loss)/profit		(609,26)	(72,814)	(475,292)	885,474
Adjustment to reconcile (loss)/profit before taxation to net cash flow from operations:					
Depreciation charges	20	438,627	794,267	88,201	103,590
Amortisation of intangible assets	20	16,571	12,271	8,985	8,705
Reclassifications in Property,plant and equipment	20	3,279	(2,153)	-	-
Profit/loss on disposal of property, plant and equipment		(1,309)	(8,537)	(1,300)	(8,387)
Net impact of foreign exchange movement		(551)	3,386	-	-
Movement in Non controlling interest		-	50,000	-	-
Movement in other borrowings	36.2	13,618	139,300	-	-
Impairment charge on Goodwill		38,669	-	-	-
Impairment charge finance leases	15	101,210	86,972	28,517	-
Impairment charge on investment in subsidiaries	17	-	-	44,035	48,639
Impairment charge on investments in projects	9.1.2	47,833	-	47,833	-
Impairment charge on loans and receivables	9.3.1(a)	-	-	54,600	-
Impairment charge on financial assets at fair value through profit and loss	9.2		135,674		
Reversal of impairment charge for investment in finance lease	15	(44,121)	-	(17,999)	-
Reversal of impairment charge on loans and receivables	9.3.1(b)	-	-	-	(165,244)
Reversal of impairment charge on Financial assets at fair value through profit or loss	9.2	(135,674)	-	-	-
Interest on loan to mutual homes and properties	9.3.1(b)	-	-	(61,337)	-
Interest on loan on Prime Exploration and Production Limited	9.3.1(d)	(1,485,395)	(124,557)	(564,792)	-
Interest in suspense	15	-	(41)	-	-
Changes in unquoted securities-TFS securities		-	-	-	(40,000)
Repayment of loan to CIL Track Limited	9.3.1(c)	59,407	63,688	59,407	63,688
Adjustment to investment in finance lease	15	(9,663)	-	(50,711)	-
Interest charge on loan from Guaranty Trust Bank Plc	36.1	870	-	870	-
Net fair value losses on financial assets at Fair value through profit and loss	43	26,912	89,759	13,345	89,759
Interest charges	48	55,452	49,791	34,262	38,709
Interest income	49	(147,667)	(92,345)	-	-
Share of associate profit or loss		6,414	(19,373)	-	-
Decrease/(Increase) in other receivables and prepayments		192,971	(129,437)	142,954	(138,480)
Decrease/(Increase) in trade receivables		102,140	(338,085)	90,224	(319,627)
Increase in reinsurance assets		(1,678,766)	(473,840)	(293,335)	(39,452)
Increase in deferred acquisition costs		(67,645)	(19,071)	(29,841)	(55,145)
Increase in inventories		(1,263,336)	(731,537)		-
Increase/(decrease) in trade and other payables		1,686,065	137,358	944,899	889,418
Increase in insurance contract liabilities		2,483,126	1,586,993	405,436	823,845
Increase in investment contract liabilities		3,350,145	3,406,922	-	-
Increase in loans and advances		(108,739)	(37,584)	-	-
Increase in deposit liabilities		108,671	17,409	-	-
Increase/(decrease) in deposit for shares		-	-	-	(294,075)
Increase/(decrease) in taxation payable		94,921	141,874	46,831	22,491
Increase in deffered taxation liability		159,463	101,989	140,040	52,559
Increase in deferred tax asset		(27,359)	(15,728)	-	-
Net cash flow from operating activities		3,406,879	4,752,551	655,832	1,966,467

52.0 Supplementary profit and loss information:

(a) Staff and directors' cost:

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

	N'000	N'000	N'000	N'000
Wages and salaries	1,008,709	720,474	555,879	402,580
Pension costs – defined contribution plans	70,368	40,848	56,533	35,615
	1,079,077	761,322	612,412	438,195

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For the year ended 31st December, 2012

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

	Number	Number	Number	Number
N720,001 – N1,400,000	54	40	36	22
N1,400,001 – N2,050,000	67	50	59	23
N2,050,001 – N2,330,000	13	37	6	46
N2,330,001 – N2,840,000	23	47	17	78
N2,840,001 – N3,000,000	4	78	1	13
N3,000,001 – N4,500,000	17	32	12	13
N4,500,001 – N5,950,000	11	35	4	30
N5,950,001 – N6,800,000	16	5	13	2
N6,800,001 – N7,800,000	9	20	6	10
N7,800,001 – N8,600,000	9	1	4	10
N8,600,001 – N11,800,000	6	5	2	1
Above N11,800,000	14	15	10	14
	243	365	170	262

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

	Number	Number	Number	Number
Executive Directors	8	9	4	5
Management staff	114	74	61	45
Non management staff	769	530	217	212
	891	613	282	262

(b)
(I) **Directors' remuneration:**
Remuneration paid to the directors of the Company was as follows:

	N'000	N'000	N'000	N'000
Executive compensation	257,856	90,193	197,139	82,800
Directors fees	12,250	23,050	12,250	17,000
Other directors expenses	24,300	-	24,300	-
	294,406	113,243	233,689	99,800

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

Chairman	4,300	2,200	4,300	2,200
	75,000	35,000	75,000	35,000

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

	Number	Number	Number	Number
N500,000 - N1,000,000	8	8	-	-
Above N2,000,000	9	9	9	9
	17	17	9	9

53.0 Operating Segments

An operating segment is a component of the Group engaged in business activities from which revenue can be earned.The Group's Executive Management reviews the segments operation regularly in order to allocate resources and assess performance.

The Group strategic business units are organised into 5 major operating segments.These segments distribute their products through various forms of brokers, agencies and direct marketing programmes Management identifies its reportable operating segments by product line consistent with the reports used by the Investment and Underwriting Committee.

The reportable segments by product line respective operations are as follows:

General business: This segment covers the protection of customers' assets (Particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers accident. All contracts in this segment are short term in nature.Revenue in this segment is derived primarily from insurance premium, investment income, net realised gains on financial assets , and net fair value gains on financial assets at fair value through profit or loss.The Companies within the Group whose operations fall under this segment are Mutual Benefits Assurance Plc and Mutual Benefits Liberia Company Limited

Life business: This segment covers the protection of Group's customers against threats to life such as premature death, disability, critical illness and other such accidents .Contract in these segments are usually long term in nature and are from insurance premium, investment income and net fair value gains on financial assets through profit and loss.The operations of Mutual Benefits Life Assurance Limited is reported under this segment.

Asset Management: This segment covers the business of management of quoted securities , lease and equity finance. Revenue from this segment is obtained from sale of shares, income from Vehicle registration projects and dividend income.The operations of Mutual Benefits Asset Management Limited and TFS Securities Limited are reported under this segment.

Transportation: This segment covers the business of transportation.Revenue from this segment is obtained from sale of ticket, charter services and advertisement.The operations of Mutual Model Transport Limited, a subsidiary within the group, is categorised under this segment

Leasing: This segment covers the business of corporate leasing and hire purchase financing.Revenue from this segment is obtained from leasing .The operations of Charks Investment Limited, a subsidiary within the Group, is reported under this segment

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

53.1 Segment 2012

	General Business 31 December 2012 ₦'000	Life business 31 December 2012 ₦'000	Asset Management 31 December 2012 ₦'000	Transportation 31 December 2012 ₦'000	Leasing 31 December 2012 ₦'000	Total 2012 ₦'000	Elimination Adjustments	Group 31 December 2012 ₦'000
Gross premium written	5,243,517	**2,700,936**	-	-	-	**7,944,453**		**7,944,453**
Gross premium income	5,304,941	2,675,919	-	-	-	7,980,860		7,980,860
Reinsurance expenses	(427,414)	(97,941)	-	-	-	(525,355)		(525,355)
Net premium income	4,877,527	2,577,978	-	-	-	7,455,505		7,455,505
	37,241	23,661	-	-	-	60,902		60,902
Net underwriting income	**4,914,768**	**2,601,639**	-	-	-	**7,516,407**		**7,516,407**
Claims expenses	(1,907,427)	(2,441,781)	-	-	-	(4,349,208)		(4,349,208)
Claims expenses recovered from reinsurers	411,532	1,385,431	-	-	-	1,796,963		1,796,963
	(1,495,895)	(1,056,350)	-	-	-	(2,552,245)		(2,552,245)
Underwriting expenses	(601,590)	(1,225,046)	-	-	-	(1,826,636)		(1,826,636)
Total underwriting expenses	(2,097,485)	(2,281,396)				(4,378,881)		(4,378,881)
Underwriting results	**2,817,283**	**320,243**	-	-	-	**3,137,526**		**3,137,526**
Investment income	37,248	539,198	-	-	-	576,446		576,446
Other income	880,102	956,016	211,138	871,669	123,349	3,042,274	(61,336)	2,980,938
Net fair value losses on financial assets at FVTPL	(13,345)	-	(13,567)	-	-	(26,912)		(26,912)
Share of associate profit/loss	-	(6,414)	-	-	-	(6,414)		(6,414)
Impairment charge	(1,398,236)	(404,168)	(860)	-	(13,754)	(1,817,018)	44,036	(1,772,982)
Management expenses	(1,840,575)	(1,273,058)	(39,654)	(787,419)	(251,641)	(4,192,347)	-	(4,192,347)
Employees benefit expenses	(642,271)	(358,730)	(11,714)	(41,191)	(25,171)	(1,079,077)		(1,079,077)
	(2,977,077)	(547,156)	145,343	43,059	(167,217)	(3,503,048)	(17,300)	(3,520,348)
Results of operating activities	(159,794)	(226,913)	145,343	43,059	(167,217)	(365,522)	(17,300)	(382,822)
Finance cost	(34,262)	(8,709)	-	-	(12,481)	(55,452)		(55,452)
Finance income	-	146,270	-	1,397		147,667		147,667
Loss/(profit) before taxation	**(194,056)**	**(89,352)**	**145,343**	**44,456**	**(179,698)**	**(273,307)**	(17,300)	**(290,607)**
Income tax expense	(257,140)	(65,018)	(3,859)	(2,621)	9,984	(318,654)		(318,654)
(Loss)/profit after taxation	**(451,196)**	**(154,370)**	**141,484**	**41,835**	**(169,714)**	**(591,961)**	(17,300)	**(609,261)**

Elimination adjustments were made to remove intragroup transactions included within the operations of the subsidiaries in arriving at the consolidated results

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

53.2 Segment 2011	General Business 31 December 2011 N'000	Life business 31 December 2011 N'000	Asset Management 31 December 2011 N'000	Transportation 31 December 2011 N'000	Leasing 31 December 2011 N'000	Total 2011 N'000	Elimination Adjustments 31 December 2011 N'000	Group 31 December 2011 N'000
Gross premium written	**5,744,209**	**971,831**		-	-	**6,716,040**		**6,716,040**
Gross premium income	5,232,241	821,603		-	-	6,053,844		6,053,844
Reinsurance expenses	(194,434)	(40,745)		-	-	(235,179)		(235,179)
Net premium income	5,037,807	780,858		-	-	5,818,665		5,818,665
Fees and commission income	35,853	-		-	-	35,853		35,853
Net underwriting income	5,073,660	780,858		-	-	5,854,518	-	5,854,518
Claims expenses	(1,381,134)	(690,895)		-	-	(2,072,029)		(2,072,029)
Claims expenses recovered from reinsurers	167,172	434,388				601,560		601,560
	(1,213,962)	(256,507)				(1,470,469)		(1,470,469)
Underwriting expenses	(620,524)	(862,098)				(1,482,622)		(1,482,622)
Total underwriting expenses	(1,834,486)	(1,118,605)				(2,953,091)		(2,953,091)
Underwriting results	**3,239,174**	**(337,747)**		-	-	**2,901,427**	-	**2,901,427**
Investment income	276,809	205,928	-	-	-	482,737		482,737
Other income	229,289	151,022	144,282	759,378	122,959	1,406,930	-	1,406,930
Net fair value losses on financial assets at FVTPL	(89,759)	-	-	-	-	(89,759)		(89,759)
Impairment charge	(868,192)	(248,339)	-	(2,700)	(86,946)	(1,206,177)	(1,572)	(1,207,749)
Management expenses	(1,219,954)	(508,945)	(66,385)	(686,420)	(73,546)	(2,555,250)		(2,555,250)
Employees benefit expense	(470,161)	(206,051)	(19,903)	(40,159)	(25,048)	(761,322)		(761,322)
Share of profit of associate	-	19,373	-	-	-	19,373		19,373
	(2,141,968)	(587,012)	57,994	30,099	(62,581)	(2,703,468)	(1,572)	(2,705,040)
Result of operating activities	1,097,206	(924,759)	57,994	30,099	(62,581)	197,959	(1,572)	196,387
Finance cost	(38,709)	(2,171)	(288)	-	(8,623)	(49,791)	-	(49,791)
Finance income		92,345				92,345		92,345
Loss/(profit) before taxation	**1,058,497**	**(834,585)**	**57,706**	**30,099**	**(71,204)**	**240,513**	**(1,572)**	**238,941**
Income tax expense	(174,627)	(142,915)	(5,347)	(2,788)	13,922	(311,755)		(311,755)
(Loss)/profit after taxation	**883,870**	**(977,500)**	**52,359**	**27,311**	**(57,282)**	**(71,242)**	**(1,572)**	**(72,814)**

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

54.0 **Contravention of laws and regulations**

The Company contravened the following sections of the 2011 operational guidelines of National Insurance Commission:

General Business

	Section	Description of penalty	Number of times	Year	Amount of penalty ₦
(a)	NAICOM GUIDELINE 2011 S 8.1	Penalty for late submission of 2012 reinsurance treaty arrangement	1	2012	500,000
(b)	NAICOM GUIDELINE 2011 S2.2	Penalty on non rendition of oil and gas insurance quarterly returns for 2011	1	2012	400,000
(c)	NAICOM GUIDELINE 2011 S1.10b	Penalty for violation of the 2011 Operational guideline on placement with banks above 20%	1	2012	500,000
(d)	NAICOM GUIDELINE 2011 S1.10	Penalty for violation of the 2011 Operational guideline on investment in unquoted equities, leasing and subsidiaries	1	2012	500,000
(d)	INSURANCE ACT ,CAPI17,2004 (S25)	Penalty for violation of the Insurance Act,CAP I17,2004 on investment in unquoted equities, leasing and subsidiaries	1	2012	50,000
(e)	INSURANCE ACT ,CAPI17,2004 (S25)	Penalty for violation of the Insurance Act,CAP I17,2004 on hypothecation of investment	1	2012	50,000
					2,000,000

55.0 **Life Business**

	Section	Description of contravention	Number of times	Year of contravention	Amount of penalty ₦
(a)	NAICOM OPERATIONAL GUIDELINES 2011 Para 1.10	Violation of 2011 Operational Guidelines on allowable limit of investment in finance lease	1	2011	500,000
(b)	NAICOM OPERATIONAL GUIDELINES 2011 Para 1.17	Non-dislosure of all penalties and fines paid	1	2011	500,000
(c)	INSURANCE ACT 2003 S26(3)	Late submission of 2011 statutory returns		2011	60,000
(d)	NAICOM OPERATIONAL GUIDELINES 2011 Para 1.17	Violation of Insurance Act	1	2011	50,000
(e)	NAICOM OPERATIONAL GUIDELINES 2011 Para 1.17	Restatement of Accounts	1	2011	100,000
(f)	NAICOM OPERATIONAL GUIDELINES 2011 Para 1.1	Violation of Operational Guidelines on hypothecation of investment	1	2011	500,000
(g)	NAICOM OPERATIONAL GUIDELINES 2011 Para 1.10(b)(ii)(4)	Violation of Operational Guidelines on investment of policyholders' funds in financial assets	1	2012	500,000
(h)	NAICOM OPERATIONAL GUIDELINE 2011 Para 1.10(b)(ii)(2)	Violation of Operational Guidelines on investment of insurance fund in finance lease receivables	1	2012	500,000
(I)	NAICOM OPERATIONAL GUIDELINE 2011 Para 1.10(b)(iv)	Violation of Operational Guidelines on investment of insurance fund in other receivables and prepayments due from related companies	1	2012	500,000
(j)	NAICOM OPERATIONAL GUIDELINES 2011 Para 1.10(b)(i)		1	2012	500,000
					3,710,000

No events or transactions have occurred since 31 December 2012, which would have a material effect upon the financial statements at that date or which need to be mentioned in the financial statements in order not to make them misleading as to the financial position or results of operations at 31 December 2012.

56.0 **Related parties**

Related parties include the Board of Directors,the Group Managing Director , Group Finance Director,Managing Director, close family members and companies which are controlled by these individuals

During the year, the Company conducted transactions with its related company and also with its subsidiaries and sub-subsidiary companies
Details of amount due from and to these related parties are as disclosed in Notes 14.1 and 33.1 to the financial statements

These transactions were conducted on arms length basis in the ordinary course of business

Details of related party transactions other than amount due to and from related parties are as disclosed below:

Name of related party	Nature of relationship	Nature of transaction	Security (if any)	Guarantees	Interest on loan	Amount
Mutual Homes and Properties	Subsidiary	Loan	Post dated Cheques	-	22%	234,629
Mutual Model Transport Limited	Subsidiary	Loan	Post dated Cheques	-	21%	40,000
Charks Investment Limited	Subsidiary	Lease Finance	Post dated Cheques	-	21%	89,622
Prime Exploration Nigeria Limited	Chairman	Loan Facility	Domiciliation of Crude Oil Proceeds	-	22%	2,930,280
VT Leasing Limited	Vice Chairman	Lease Facility	-	Personal Guarantee of the Directors	5%	5,119
Praise Hill Limited	Group Finance Director	Insurance Underwriting	-	-	-	10,530
Newcastle Insurance Brokers Limited	Managing Director	Insurance Underwriting	-	-	-	11,274

Terms and conditions

Loans granted and Lease financing transactions with related parties were carried out in the ordinary course of business are are on an arms length basis
Insurance underwriting businesses relates to sale of insurance contracts and are at arms length.

Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also 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 Assurance Plc.

Details of employee benefit expense earned by key management personnel are as disclosed in Note 51(b)

57.0 **Contingencies**

Contingent liabilities

There were no contingent liabilities at the end of the year. (2011: Nil)

Financial/capital commitments

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

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

58.0 **MANAGEMENT OF INSURANCE AND FINANCIAL RISK**

58.1 **Insurance risk**

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

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

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

I) **Frequency and severity of claims**

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

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

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

ii) **Concentration of insurance risk**

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

Class of Business	**Outstanding claims 2012**			**2011**		
	No. of claims	**Gross N'000**	**Net N'000**	**No. of claims**	**Gross N'000**	**Net N'000**
Accident	112	371,026	356,242	90	268,948	268,948
Fire	12	48,644	177,701	2	962	962
Workmen's compensation	8	539	539	13	10,175	10,175
Motor	213	110,825	110,825	102	75,826	75,826
Marine and Aviation	13	21,933	21,933	4	15,655	15,655
Engineering	10	1,987	1,987	2	391	391
Oil and Gas	-	-	-	-	-	-
Bonds	3	119,916	75,504	1	1,916	1,916
	371	674,870	744,731	214	373,873	373,873

The Company manages insurance risks through the underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk and class of business.

iii) **Sources of uncertainty in the estimation of future claim payments**

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

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

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For the year ended 31st December, 2012

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR and a provision for reported claims not yet paid at the balance sheet date. The

The Company has ensured that liabilities on the balance sheet at year end for existing claims whether reported or not, are adequate. The Company has in place a series of quota-share and excess of loss covers in each of the last four years to cover for losses on these contracts.

In deciding the assumption used, the Company uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims.

Depending on the volume of data in the reserving classes , the appropriate methodologies were used. Three methods were considered for the projection of claims. The Basic Chain Ladder Method (BCL), a Loss ratio method adjusted for assumed experience to date and in more recent years and where the claim development seems different than in the past a Bornheutter –Ferguson (BF) Method was used based on loss ratios that have been experienced in past accident years.

Claims data was grouped into triangles by accident year and payment year. Data was grouped on a yearly basis as there are not sufficient claims to group on a shorter time period such as by quarters or months. Payment development patterns were also used instead of the movement years' patterns to allow for the longer tail development that would be seen in reporting and payment delays as well as to allow for the movement of partial payments in the data.

There was insufficient data to sub-divide claims between large and small claims. Sub – dividing the data would reduce the volume of the data in the triangles and compromise the credibility. Extreme large claims however were removed from the triangulations to avoid distorting development patterns.

Basic Chain Ladder Method (BCL)

Development factors were calculated using the last 2 or 3 years of data by accident year or quarter. Within the data there was some movement in the older years' accident periods (pre 2007). This was used where possible to allow for some development in claims paid past five years. Ultimate development factors are calculated for each of the permutations. Developments patterns are selected taking into account the stability of the loss ratios between accident periods for a development period as well as considering whether there seems to be a change in development, for example a quickening in the rate that claims are paid.

Ultimate development factors are applied to the paid data per accident year and ultimate claim amount is calculated. The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns calculated above. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter

For cases where there were extreme large losses that had been reported but not paid, and therefore would not have influenced the development patterns, the total case reserve was excluded from the calculation of the IBNR.

i.e. IBNR = Ultimate Claim Amount (excl extreme large losses)
minus Paid Claims to date (excl extreme large losses)
minus Claims Outstanding (excl extreme large losses)

Assumptions underlying the BCL

The Basic Chain Ladder Method assumes that past experience is indicative of future experience i.e. that claims reported to date will continue to develop in a similar manner in the future.

An implicit assumption is that, for an immature accident year, the claims observed thus far tell you something about the claims yet to be observed. A further assumption is that it assumes consistent claim processing, a stable mix of types of claims, stable inflation and stable policy limits. If any of these assumptions are invalidated, the results of the reserving exercise may prove to be inaccurate

Loss ratio method

Due to the fact that claims from FY 2011 and prior could not be allocated to all segments, all the classes had a fair amount of history and volume such that the loss ratio method was not used. For completeness sake and when the Company has captured sufficient history to sub-divide the data between more homogenous classes, explanation of the methodology was included. This method is used for classes with limited claim payments or history and therefore a BCL method would be inappropriate. Allowance is made for expected experience to date within the assumed delay period and the assumed average ultimate loss ratios in carrying out the calculation.

Average delay durations are calculated from the data provided. The average delay is the average number of months that it takes for a claim to be paid after the loss incident occurred.

The IBNR is then calculated as:

Expected average ultimate loss ratio for the assumed average delay period
x earned premium for the assumed delay period
- Current experience to date relating to the accident months that the delay implies

Assumptions underlying the Loss Ratio method

It is assumed that the average delay in the payment of claims will continue into the future. If it is expected that these delay assumptions no longer hold, an adjustment needs to be made to allow for this change in payment delay. If the delay period in payment is expected to have increased from previous years, the results calculated will be understated.

Additionally, an estimate of the average ultimate loss ratio would need to be assumed. This would be based on our estimated average loss ratio on claims experience to date for previous accident years where claims data was available. For classes of business where no claims data is available, an average loss ratio that is experienced in the industry is used.

Motor

Motor is the largest class of business in terms of written premium in financial year 2012, making up more than 42% of total written premium. This class of business exhibits a much shorter tail than other classes of business, where the majority of claims are paid within the first three development years.

A Basic Chain Ladder was used for accident years prior to 2012 and a BF method was used for accident year 2012, with an initial expected loss ratio of 32%. This was based on the average loss ratio that has been incurred to date over the previous three accident years.

As at 31 December 2012 there are 2 exceptionally large claims that have been reported but not paid yet, compared to other claims experienced on this class of business. These were excluded from the triangles and projections used in calculating the IBNR so as not to disort the development patterns.

General Accident

General accident is the second largest class of business in terms of written premium in financial year 2012, making up almost 35% of total written premium. However, this also includes Engineering, Bonds and Oil and Gas business which do not get reported separately.

A Basic Chain Ladder method was used to project future claims, again with a BF method being used for the most current accident year. An initial expected loss ratio of 24% is used. This is based on the average incurred loss ratio to date that is seen over the previous three accident years.

This class experienced four very large claims that have either been reported and paid or have just been paid compared to other claims observed for this class of business. These claims, occurring in 2011 and 2012 were all excluded from the development triangles to avoid development patterns from being distorted.

Fire

A Basic Chain Ladder was used again with a BF method being used for the 2 most recent accident years to project the expected claims development. This was done to allow for the different experience observed to date for AY 2011, as well as the slower development seen to date for AY 2012. The initial expected loss ratio assumption of 40% was based on the average loss ratio incurred to date over accident years 2009 and 2010, with an additional allowance for future development still expected to occur.

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

Two extreme large losses are seen in this class of business in accident year 2010 and these were not included in the derivation of the development patterns to determine the IBNR to be held as at 31 December 2012.

Marine

Marine is the third largest class of business in terms of written premium in financial year 2012, making up approximately 14% of total written premium.

A Basic Chain Ladder method was used to project future claims, again with a BF method being used for the most current accident year. An initial expected loss ratio of 10% was used. This is based on the average incurred loss ratio to date that is seen over the previous three accident years, with a small allowance for potential future development.

As at 31 December 2012 there is one unusually large claim compared to other claims experienced on this class of business that has been reported but not paid as yet. This claim was excluded from the projections used in calculating the IBNR so as not to distort the development patterns.

Sensitivity Analysis

Sensitivity analysis are performed to test the variability around the reserves that are calculated at a best estimate level. The estimated claim amounts can never be an exact forecast of future claim amounts and therefore looking at how these claim amounts can vary can provide valuable information for business planning and risk appetite considerations.

Overview

A sensitivity analysis was done to determine how the IBNR reserve amount would change if we were to consider the 75 percentile as opposed to our best estimate figures included in reserve reviews as at 31 December 2012. The 75 percentile is a generally accepted level of prudency.

Due to the limited volume of data and claim amounts we only tested the sensitivity by using a Normal distribution. As the history and volume of the data increases, sensitivity analyses will be done using the Thomas Mack method and Bootstrapping addtionally.

Results based on the Normal Distribution

Normal distribution is used as a proxy for the distribution of the IBNR claims reserve with a mean equal to the best estimate reserve calculated for each class of business.

In order to determine the standard deviation of the distributions,0.5 percentile of the distributions is equated to be equal to 0 thereby assuming that the IBNR reserve % cannot be negative

Through the use of the mean and the 0.5 percentile it was possible to calculate the implied standard deviations for each class.

The results based on fiting a Normal distribution to the best estimate IBNR reserves as at 31 December 2012 are as follows:

Class of business	Best Estimate	75% using Normal Distribution
Fire	114,101,424	143,979,273
General Accident	306,222,799	386,408,291
Motor	132,868,133	167,660,111
Marine	26,358,259	33,260,260
Total	579,550,615	731,307,935

Overall there is a 26.2% increase from the best estimate calculated and that at the 75%.

The 75% is generally regarded as a prudent level for IBNR reserves. More importantly, the difference between the best estimate and the 75% provides management with an indication of the variability inherent in the IBNR reserves. In conclusion, there is only a 25% chance that the IBNR reserves required by the Company will exceed NGN 731m as at 31 December 2012 on a gross basis.

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For the year ended 31st December, 2012

Claims Paid Triangulations as at December 2012

The risks associated with insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company's employs various techniques based on past claims development experience to quantify these sensitivities.This includes indicators such as average claim cost, amount of claims occurrence, expected loss ratios and claims development.The claims development table shows how the claims develop over time to provide a scientific basis to estimate the value of claims that could arise from the policies already written by the company. The tables below illustrates the claims development for General Accident, Marine, Motor and Fire class of business

Fire

	Development							
Accident Period	0	1	2	3	4	5	6	7
2005	-			5,275,520	5,275,520	5,275,520	5,275,520	5,331,808
2006	-	-	306,626	306,626	306,626	306,626	306,626	
2007	-	1,122,904	1,201,085	1,201,085	1,201,085	1,201,085		
2008	7,082,065	15,488,062	17,922,545	18,753,544	18,753,544			
2009	23,250,785	43,919,238	61,740,118	61,740,118				
2010	17,577,090	206,336,990	206,901,243					
2011	65,800,221	76,138,089						
2012	23,431,930							

General Accident

	Development							
Accident Period	0	1	2	3	4	5	6	7
2005				6,035,955	6,035,955	6,451,826	6,481,718	6,481,718
2006		-	9,282,465	13,169,245	13,678,286	13,678,286	14,278,286	
2007	-	41,999,696	53,147,576	54,402,443	54,402,443	54,402,443		
2008	44,309,063	73,778,201	93,792,257	96,840,198	97,883,115			
2009	36,884,111	152,792,763	168,106,986	183,084,629				
2010	46,783,654	99,247,996	175,093,117					
2011	117,546,547	491,541,982						
2012	142,270,989							

Marine

	Development							
Accident Period	0	1	2	3	4	5	6	7
2005	-			864,629	864,629	864,629	864,629	864,629
2006	-	-	1,207,483	1,207,483	1,207,483	3,119,697	3,119,697	
2007	-	3,869,173	21,862,744	21,862,744	21,862,744	21,862,744		
2008	15,737,970	29,390,889	29,393,853	29,452,349	29,452,349			
2009	13,918,716	20,738,162	26,926,845	26,926,845				
2010	11,394,790	14,944,723	15,038,203					
2011	22,489,675	28,530,177						
2012	19,414,333							

Motor

	Development							
Accident Period	0	1	2	3	4	5	6	7
2005	-						122,545	122,545
2006	-	-	541,299	594,334	594,334	594,334	594,334	
2007		54,086,041	55,174,089	55,174,089	55,174,089	55,174,089		
2008	166,337,392	272,036,262	277,882,956	279,665,395	279,665,395			
2009	320,528,320	422,237,773	425,428,631	434,184,844				
2010	297,921,621	391,691,349	401,960,655					
2011	422,243,430	610,436,165						
2012	491,782,333							

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

58.2 Financial risk

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

The most important components of this financial risk are:
-Market risk (which includes foreign exchange risk, interest rate risk and equity price risk)
-Credit risk;
-Liquidity risk;

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

The Company's risk management policies are designed to identify and analyse risks, to set appropriate risk limits and control, and monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

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

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

I) **Market risk**

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

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

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

(a) **Foreign exchange risk**

Foreign exchange risk is the risk of loss resulting from changes in exchange rates The Company purchases a significant proportion of its reinsurance contracts locally, therefore it is not significantly exposed to foreign currency fluctuations.

The Company has some transactions denominated in foreign currency that are exposed to currency risk.The Investment Committee closely monitors currency risk exposures against pre-determined limits. Exposure to foreign currency exchange risk is not hedged.

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

At December 31, 2012	N'000	¥'000	€'000	$'000	Total
Assets:					
Non-current assets	7,805,412	-	-	-	7,805,412
Current assets	5,347,120	-	-	-	5,347,120
Bank balances, deposits and cash	494,658	-	1,203	245,416	741,277
TOTAL ASSETS	13,647,190		1,203	245,416	13,893,809
Liabilities:					
Current liabilities	5,996,777	-	-	-	5,996,777
Non-current liabilities	801,050	2,111,647	-	-	2,912,697
TOTAL LIABILITIES	6,797,827	2,111,647	-	-	8,909,474

At December 31, 2011	N'000	¥'000	€'000	$'000	Total
Assets:					
Non-currents assets	6,344,065	-	-	-	6,344,065
Current assets	4,740,498	-	-	-	4,740,498
Bank balances, deposits and cash	363,834	-	1,534	20,225	385,593
TOTAL ASSETS	11,448,397	-	-	-	11,470,156

Liabilities:					
Current liabilities	4,670,479	-	-	-	4,670,479
Non-current liabilities	516,966	2,111,647	-	-	2,628,613
TOTAL LIABILITIES	5,187,445	2,111,647	-	-	7,299,092
At January 1, 2012	N'000	¥'000	€'000	$'000	Total
Assets:					
Non-current assets	6,003,217		-	-	6,003,217
Current assets	2,311,366		-	-	2,311,366
Bank balances, deposits and cash	404,811		1,534	30,159	436,504
TOTAL ASSETS	8,719,394		1,534	30,159	8,751,087
Liabilities:					
Current liabilities	2,889,443		-		2,889,443
Non-current liabilities	464,407	2,111,647	-	-	2,576,054
TOTAL LIABILITIES	3,353,850	2,111,647	-	-	5,465,497

Sensitivity

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

Impact on Results : Group	NGN	USD (Converted to NGN)	Euro (Converted to NGN)	Carrying Value N'000	+ 5% N'000	- 5% N'000
At December 31, 2012						
Bank balances and deposits	1,265,473	273,054	1,203	1,539,730	13,713	(13,713)
At December 31, 2011						
Bank balances and deposits	1,547,858	36,539	1,534	1,585,931	1,904	(1,904)
At 1 January, 2011						
Bank balances and deposits	908,888	57,506	1,534	967,928	2,875	(2,875)

Impact on Results : Company	NGN	USD (Converted to NGN)	Euro (Converted to NGN)	Carrying Value N'000	+ 5% N'000	- 5% N'000
At December 31, 2012						
Bank balances and deposits	494,658	245,416	1,203	741,277	12,331	(12,331)
At December 31, 2011						
Bank balances and deposits	363,834	20,225	1,534	385,593	1,088	(1,088)
At 1 January, 2011						
Bank balances and deposits	404.811	30,159	1,534	436,504	1,508	(1,508)

(b) **Interest rate risk**

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

Sensitivity

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

Group		Impact on results	
	Carrying amount N'000	+ 1% N'000	- 1% N'000
At December 31, 2012			
Loans and receivables	9,345,120	20,559	(20,559)
Short term bank deposits	409,232	123	(123)
Treasury bills	16,633	5	(5)
Finance lease receivables	932,960	2,053	(2,053)
Total interest earning assets	10,703,945	22,740	(22,740)
Borrowings	2,857,618	(6,001)	6,001
Investment contract liabilities	10,677,556	(3,203)	3,203
Deposit liabilities	197,688	(59)	59
Total interest bearing liabilities	13,732,862	(9,264)	9,264

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For the year ended 31st December, 2012

	Carrying amount ₦'000	Impact on results + 1% ₦'000	- 1% ₦'000
At December 31, 2011			
Loans and receivables	4,374,020	9,623	(9,623)
Short term bank deposits	1,111,119	333	(333)
Treasury bills	25,562	8	(8)
Finance lease receivables	1,326,756	2,919	(2,919)
Total interest earning assets	6,837,457	12,883	(12,883)
Borrowings	2,926,633	(6,146)	6,146
Investment contract liabilities	7,327,411	(2,198)	2,198
Deposit liabilities	89,017	(27)	27
Total interest bearing liabilities	10,343,061	(8,371)	8,371

	Carrying amount ₦'000	Impact on results + 1% ₦'000	- 1% ₦'000
At 1 January, 2011			
Loans and receivables	1,267,567	2,789	(2,789)
Short term bank deposits	344,938	103	(103)
Treasury bills	15,000	5	(5)
Finance lease receivables	1,344,268	2,957	(2,957)
Total interest earning assets	2,971,773	5,854	(5,854)
Borrowings	3,093,496	(6,496)	6,496
Investment contract liabilities	3,920,489	(1,176)	1,176
Deposit liabilities	71,608	(21)	21
Total interest bearing liabilities	7,085,593	(7,694)	7,694

Company	Carrying amount ₦'000	Impact on results + 1% ₦'000	- 1% ₦'000
At December 31, 2012			
Loans and receivables	3,911,579	8,605	(8,605)
Short term bank deposits	240,732	72	(72)
Finance lease receivables	336,600	741	(741)
Total interest earning assets	4,488,911	9,418	(9,418)
Borrowings	2,671,764	(5,611)	5,611
Total interest bearing liabilities	2,671,764	(5,611)	5,611

	Carrying amount ₦'000	Impact on results + 1% ₦'000	- 1% ₦'000
At December 31, 2011			
Loans and receivables	3,406,792	7,495	(7,495)
Short term bank deposits	172,795	52	(52)
Finance lease receivables	260,413	573	(573)
Total interest earning assets	3,840,000	8,120	(8,120)
Borrowings	2,699,647	(5,669)	5,669
Total interest bearing liabilities	2,699,647	(5,669)	5,669

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

	Carrying amount N'000	Impact on results + 1% N'000	Impact on results - 1% N'000
At 1 January, 2011			
Loans and receivables	1,488,438	3,275	(3,275)
Short term bank deposits	247,703	74	(74)
Finance lease receivables	182,535	402	(402)
Total interest earning assets	1,918,676	3,750	(3,750)
Borrowings	2,723,825	(5,720)	5,720
Total interest bearing liabilities	2,723,825	(5,720)	5,720

('c) **Equity price risk**

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

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

Sensitivity

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

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

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

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

58.2.1 **Types of financial risk**

(a) **Credit Risk**

Credit risk is the risk of financial loss to the Group if a debtor fails to perform its contractual obligation. The company is not in the business of granting loans like banks but has granted loans to few companies which makes it exposed to a reasonable extent, credit risks in terms of customer default on loans repayment. However, in terms of premium payment and investments in counterparties, considerable risks exist that brokers and large corporate organisation who are allowed extended payment period may default and this is closely allied to cash flow risks.

Group is exposed to this risk relating to its debt holdings in its investment portfolio and the reliance on reinsurers to make payment when certain loss conditions are met.

Sources of credit risk identified are Direct Default Risk that the Group will not receive the cash flows or assets to which it is entitled because a party with which the firm has a bilateral contract defaults on one or more obligations. Downgrade Risk that changes the possibility of future default by an obligor will adversely affect present value of the contract with the obligor today and Settlement risk arising from lag between the value and settlement dates of transactions. All these risks are closely monitored and measures are put in place to minimise the Group's exposure to them.

(I) **Reinsurance credit exposures**

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

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

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

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

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

(ii) **Estimates of future claims payments**

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

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

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

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

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

(iii) **Sensitivity**

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

(iv) **Uncertainties and judgements**

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

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

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

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

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For the year ended 31st December, 2012

(b) **Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet all cash outflow obligations as they come due. The Group mitigates this risk by monitoring cash activities and expected outflows. The Group ensures that it does not breach borrowing limits on any of its borrowing facilities. The Group's current liabilities arise as claims are made. The Group does not have material liabilities that can be called unexpectedly at the demand of a lender or client. It has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claim payments are funded by current operating cash flow including investment income. Short-term investments include treasury bills, commercial paper and term deposits with an original maturity of less than one year. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Liquidity maturity table

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

Group As at 31 December 2012	Within 1-12 months N'000	1-5 years N'000	Over 5 years N'000	Statement of financial position carrying value N'000
Loans and borrowings	190,631	586,724	2,111,647	2,889,002
Insurance contract liabilities	6,599,145		-	6,599,145
Investment contract liabilities		10,677,556	-	10,677,556
Deposit liabilities	105,458	92,230	-	197,688
Trade payables and other payables	3,141,100		-	3,141,100
Total	10,036,334	11,356,510	2,111,647	23,504,491

As at 31 December 2011	Within 1-12 months N'000	1-5 years N'000	Over 5 years N'000	Statement of financial position carrying value N'000
Loans and borrowings	261,890	626,986	2,111,647	3,000,523
Insurance contract liabilities	4,116,019		-	4,116,019
Investment contract liabilities	-	7,327,411	-	7,327,411
Deposit liabilities	20,466	68,551	-	89,017
Trade payables and other payables	1,455,035	-	-	1,455,035
Total	5,853,410	8,022,948	2,111,647	15,988,005

As at 1 January 2011	Within 1-12 months N'000	1-5 years N'000	Over 5 years N'000	Statement of financial position carrying value N'000
Loans and borrowings	494,163	487,686	2,111,647	3,093,496
Insurance contract liabilities	2,529,026	-	-	2,529,026
Investment contract liabilities	-	3,920,489	-	3,920,489
Deposit liabilities	20,829	50,778	-	71,607
Trade payables and other payables	1,317,677			1,317,677
Total	4,361,695	4,458,953	2,111,647	10,932,295

58.3 **Risk Categorisation**

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

Financial risk
Business risk
Operational risk
Hazard risk
Underwriting risk

Financial risk comprises of market, liquidity and credit risk.

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

Operational Risk

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

Hazard Risk

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

Insurance/underwriting Risk

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

The risk categorization are presented in the table below:

FINANCIAL RISK REGISTER **TABLE I**

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	Market	a) interest rate risk	losses resulting from movement in interest rates to the extent that future cash flows from asset and liabilities are not well matched	extreme	where interest rate flunctuates in relation to existing commitments as a result of change in economic & monetary policies and CBN reserve deposits	setting of metrics to measure exposure to interest rate risk factors, setting appropriate limit structure to control exposures to interest rate risk, document appropriate alternative products to hedge exposures against interest rate risk, use stress testing to determine the potential effect of economic shifts, market events on interest rate
		b) equity risk	losses resulting from movement of market values of equities; to the extent that the insurer makes capital investments, which exposes its portfolio to sustained declines in market values	extreme	where equity prices flunctuates widely as a result of speculations and industry induced factors, while the company is forced to sell to meet emerging commitments, thus, incurring losses from fall in value of equity	setting of metrics to measure exposure to equity value risk factors, setting appropriate limit structure to control exposures to equity value risk, document appropriate alternative products to hedge exposures against equity value risk, use stress testing to determine the potential effect of economic shifts and market events on equity value
		c) real estate	losses resulting from movement of market values of real estates and other assets; to the extent that the insurer makes capital investments in real estate by which it becomes exposed to sustained declines in market values	high	where real estate prices fall in response to various market conditions	setting of metrics to measure exposure to real estate risk factors, setting appropriate limit structure to control exposures to real estate risk, document appropriate alternative products to hedge exposures against real estate risk, use stress testing to determine the potential effect of economic shifts and market events on real estate
		d) currency risk	losses resulting from movements in exchange rates; to the extent that cash flows, assets and liabilities are denominated in different currencies	high	where the naira flunctuates in response to limited intervention from CBN and oil majors	set appropriate limits for foreign currency holding

FINANCIAL RISK REGISTER CONT'D

TABLE I CONT'D

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
ii	Credit	a) Default risk	non- receival or delayed receival of cash flow or assets to which it is entitled due to default in one or more obligation by the other party	extreme	where premium are not received on time or interest and principal are delayed or become irrecoverable	credit is extended only on secured basis, where credit is unsecured a limit structure is established. Transactions and exposures involving affiliated entities must receive special approval and portfolio diversification
		b) Downgrade or Mitigation risk	changes in the probability of a future default by an obligor will adversely affect the present value of the contract with the obligor today	low	where insurance premium owed overtime is to be rediscounted for payment	set appropriate premium credit limit structure
		c) Indirect credit or spread risk	Risk as a result of market perception of increased risk on either a macro or micro basis	low	where the insured and insurance intermediaries increasingly request for premium credit or staggered premium payment	set appropriate premium credit limit structure
		d) Concentration risk	losses due to concentration of investments in a geographical area, economic sector, counterparty, or connected parties	extreme	where the company's investment portfolio is skewed towards a particular instrument or issuer, where premium generated is predominantly from one or two intemediaries	diversification of investment portfolio and premium base
iii	liquidity	a) liquidation value risk	unexpected timing or amounts of needed cash may require the liquidation of assets when market conditions could result in loss of realised value	high	where fund is not available to meet emerging but urgent claims and other statutory payments as a result of deterioration of the economy and abnormally volatile or stressed market	set appropriate limits
		b) affiliated investment risk	investment in a member company of the conglomerate or group may be difficult to sell, or that affiliates may create a drain on the financial or operating resources from the insurer	extreme	where investment in affiliate company is not easily realisable when needed as a result of economic shifts or unquoted nature of the investment	set appropriate limits
		c) capital funding risk	inability to obtain sufficient outside funding, as its assets are illiquid, at the time it needs it (to meet an unanticipated large claim)	medium	where additional funding is difficult to obtain or raising of equity is laborious and long as a result of deterioration of the economy or stressed market	set appropriate limits

STRATEGIC RISK REGISTER

TABLE II

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

HAZARD RISK REGISTER

TABLE III

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

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

INSURANCE RISK REGISTER

TABLE IV

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
i	Insurance Underwriting	Risk Assessment and Risk Rating, Process and Control deficiency, System Risk	weaknesses in the system of underwriting and control which exposes the company to more than normal risks or limits the ability of the company to charge equitable premium	extreme	where material information necessary for prudent underwriting is ambiguos without the undewriter getting clarifications, where necessary risk survey and inspection are not carried out, where risks are written at ridiculous rates and where system error compounds the underwriting process	existence of underwriting policy, rating guides, and functional reporting & supervision system
ii	Re-insurance	a) Inadequate reinsurance arrangement	weaknesses in the reinsurance process which may result in omission of risks exposures from current reinsurance coverage or exhausion of reinsurance covers through multiple losses	high	where there is failed process or errors of omission by staff or system error	existence of reinsurance policy and procedure, functional reporting & supervision system, rendition of quarterly account
		b) Reinsurers selection error / failure	weakness in the reinsurance management process which overlooks the strength, capacity and performance as necessary factors in selection of reinsurers from time to time : insufficient consideration for the possibility of insolvency of the reinsurer or its inability to respond to cash calls during the year	medium	where the reinsurers are not regularly appraised and evaluated	annual pre-qualifications for reinsurers, standard parameters established for reinsurers participation in companys' accounts
iii	Claims Management	illiquidity, Failed Process, Fraud	weaknesses in the underwriting & Claims management process which may hinder or prevent the company from fulfilling its contractual obligation to policy holders; illiquidity arising out of huge outstanding premium, or inability to liquidate assets or obtain funding; or inability to discover claims fraud	extreme	where the underwriting is poorly done, where the company has illiquidity problems or where claims consultants collude with staff to defraud the company, or where the process is laborious	existence of claim management policies & procedures, existence off internal SLAs, functional reporting & supervision system
iv	Reserve Development risk	Computation error, Solvency and System error	weakness in reserving method which results in insurance reserve being less than the net amount payable when the risks crystalise, such weaknesses may include, calculation error, system error, people error or a sign of the impending insolvency of the company	extreme	where calculation error, system error, people error exists or where the company is tending toward insolvency	statutory basis for reserve calculation, internal & external audit checks
v	Premium default	Agent default, Brokers default and Fraud	weakness in the management system that allows agent and brokers to freely owe or defraud the company	extreme	where there are huge outstanding premium due to uncollectable premium from agents, brokers or direct insured; where there is collusion between staff members and such intermediaries; where there is pressure to meet production target	defined basis for premium recognition, pre-qualification for premium credit, establishment of credit control
vi	Product Design and Pricing risk	Product recall / default, Pricing Defect	the possiblity that a newly developed product may be wrongly priced or not accepted in the market	extreme	where new product is not based on market need, or where a produt is inappropriately priced	step by step procedure for new product development, new product emerge only through a committee comprising members from different departments

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

OPERATIONAL RISK REGISTER

TABLE V

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
I	People	a) Discrimination	Gender discrimination, Tribe discrimination+ Qualification discrimination(B.Sc/ HND).	High	a)where HR employs more males than females, or B.sc, is given precedence over HND, or one tribe is predominantly employed.	a)Recruitment & Selection is strictly on merit, minimum qualifications are specified for every position in the organisation, deliberate policy of the company is to engage a minimum number of physically challenged people
		b) Demotivated and Disgruntled workforce	Poor conditions of service, Bad Management, Delayed gratuity payment, poor work environment	Medium	b) where Salary, Promotion & confirmation of Staff are delayed, Where Salary & emoluments are not regularly reviewed	b) review of salaries & emoluments in line with inflation, adherence to employees union agreements, agreed timeline for payment of salaries & emoluments
		c) Employee Health and safety	Unconducive work environment, staff constant exposure to harzadous pollutants	Medium	c) where adequate provision is not made for Health maintenance of employees, where work environment is tight & untidy	c) Availability of Health Insurance, retained Medical clinics for emergencies, Decent & well lighted work environment
		d) Misappropriation of assets	Conversion of company's asset for personal use, theft.	High	d) where assets are not properly labelled, where assets register is poorly maintained, and where assets movement & control are inadequate.	d) regularly updated assets register, adequately labelled & asset inscription, strict security checks, documented asset movement
		e) Internal fraud	Ghost workers, forgery, Aiding and Abating, financial collusions, over invoicing, delayed retirement of advances & IOU	High	e) where financial control is loose, where regular audit is far in between, where filing & access to financial documents / department is free	e) Regular Audit, , regular monitoring of compliance with financial controls, regular updating of financial controls, secure financial documents & checks, establishment of comprehensive control administrative & accounting procedure, strict adherence to functional reporting.
		f) High Staff attrition	High turn-over of Staff, forced & Voluntary resignations, Abadonment	Medium	f) where there is the absence of Staff forum, where there is poor management-staff relationship, where there is poor internal communication and where there is under-employment of Staff	f) competitive remuneration package, comprehensive Learning & Development program, continously improved work environment, fully engaged employees
		g) Sudden Resignation of Key employee	Efficient employees leaving, key employees leaving	High	g) where employees productivity is not matched with reward, where there is poor Management-Staff relationship, where Management integrity is absent, where Manageent & Board is wasteful	g) regular management-key employees dialogue, comprehensive training & development program, adequate motivation
Ii	**Process**	a)Clientele Service/ Interaction	Poor customer relations management, Unable to meet customers promised deadlines	High	where there is delayed response to customers enquiries and requests arising out of process breakdown and poor interpersonal relations and abridged communication	matching employees skills with roles, comprehensive Human Capital Learning & Development programs, Customer Relationship Management training, Service Level Agreements
		b) Documentation Errors	flaws in documentation, flaws in marketing & promotion literature, errors in policy documentation, failure to maintain proper records.	High	where employees are poorly trained, sentimentally recruited & supervision is weak, where functional manuals are not made available, where manual record keeping is still prevalent	automation of processes, re-engineering of processes, enforcement of strong supervisory controls, zero tolerance for process errors, introduction of self assessment programs, Training & development
		c) Miscommunication / Misreporting	issuance of factually incorrect or misleading information to internal &external customers, errors in policy wordings & financial statements, unauthorised disclosure of confidential information	High	where functional supervision is loose, where functional reporting is not strictly enforced, where there is no comprehensive control administrative procedure	establishment of central communication center at corporate & functional levels, enforcement of strong supervisory control

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

OPERATIONAL RISK REGISTER

TABLE V CONT'D

S/N	RISK TYPE	RISK ELEMENTS	RISK EVENT DESCRIPTION	INHERENT RISK RATING	RISK DRIVER DESCRIPTIONS	DESCRIPTION OF EXISTING CONTROLS
		d) Transaction and Payment processing error	Manual data entry errors, design and specification errors, casting errors, omissions	High	where record keeping is still largely manual, where there is no comprehensive control accounting procedures, where financial controls are weak, and where employees are poorly trained	enforcement of comprehensive control and accounting procedure, automation of processes, pre-payment audit
		e) Sales advise / practice errors	Mis-selling and negligent sales advisory services	High	where customers frequently return policies and endorsements, where sales people oversell company's products, and where policies are prematurely terminated or not renewed	training and employees capacity building in sales and marketing management, customer retention as a KPI for Sales/ Marketing employees
iii	**System**	Hardware failure, software failure, utility disruptions	system hang, system hacking, electricity disruption, software design failure, data corruption, viruses, theft of information, security breaches	extreme	where disruption is caused to service delivery for internal and external customers because of system failure, telecommunication failure, security breaches and frequent down-time	standardised proprietry hardware, robust software deployment, availability of maintenance contract, strict adherence to security control system, adequate system and data Back-up, controlled infrastructure and dependable telecommunications network
iv	**External events**	a) legislative and regulatory risk	non compliance, delayed compliance and inability to fully comply with regulatory and legislative procedures	extreme	where penalties are paid for non-compliance or delayed compliance of regulatory procedures	establishment of compliance unit, enforcement of compliance requirement
		b) damage to company's assets	loss of company assets due to terrorism, riots and civil commotion and other fundamental perils	extreme	where the company looses one of its assets due to the occurrence of a fundametal peril	asset insurance, *authorised* movement of assets
		c) external fraud	Theft of information, financial collusion and forgery, impersonation, fraudulent claims, fraudulent billing by suppliers	extreme	where signatures are forged by third parties, where fraudulent billings are presented and where policy claims are manipulated	secured storage of company's financial documents, pre and post audit of supplies, pre audit of claims payment
		d) Third party liabilities.	outsourcing delivery failure, actions by third party against the company	extreme	where services outsourced to third parties are impaired, and where third parties make claims on the company for negligence or breach of contract	enforceable outsourcing contract, imposition of by-laws within company premises
v	**Legal/ Litigation**	Contracts and documentation, outsourcing, fiduciary breaches	missing or incomplete legal documentation, poor contract staff management, risk relating to tax legislation, either general taxation or VAT, claims dispute	extreme	where contracts are not carefully drafted, where policy documents are ambiguous, where existing legislation is hard to comply with	centralisation of all contracts with legal, functional supervision of policy documents

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

59.0 **Asset and Liability Management**

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

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

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts.
The following tables reconciles the Non Life and Life business within the consolidated balance sheet to the classes and portfolios used in the Group's ALM framework.

Non Life Business

	INSURANCE CONTRACT	SHAREHOLDERS' FUND	TOTAL
Assets	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	741,277	-	741,277
Financial assets	2,011,436	1,972,023	3,983,459
Pledged assets	-	400,000	400,000
Trade receivables	-	453,591	453,591
Reinsurance assets	-	403,460	403,460
Finance lease receivables	336,600	-	336,600
Other receivables and prepayment	-	240,272	240,272
Investment in subsidiaries	-	2,886,001	2,886,001
Deferred acquisition cost	-	266,338	266,338
Property, plant and equipment	-	2,881,080	2,881,080
Intangible assets	-	18,731	18,731
Statutory deposit	-	300,000	300,000
Deposit for shares	-	983,000	983,000
Total assets	3,089,313	10,804,496	13,893,809
Liabilities:			
Borrowing	-	2,671,764	2,671,764
Other payables	-	2,429,110	2,429,110
Insurance contract liabilities	3,089,313	-	3,054,134
Current income tax liabilities	-	291,762	291,762
Deferred income tax liabilities	-	400,180	400,180
Total liabilities	3,089,313	5,792,816	8,846,950
Gap	-	5,011,680	5,046,859

60.0 **Capital Management**

The main objectives of the Company when managing capital are:

- to ensure that the Minimum Capital Requirement of N3 billion as required by the Insurance Act CAP I17, LFN 2004, is maintained at all times.

  This is a risk based capital method of measuring the minimum amount appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Company's assets, outstanding claims, unearned premium reserve and assets above a certain concentration limit.

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

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

  The Insurance Act CAP I17, LFN 2004 specifies the amount of capital that must be held in proportion to the Company's liabilities, i.e in respect of outstanding claims liability risk, unearned premium liability risk, investment risk, catastrophe risk and reinsurance ceded.

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

The solvency margin for the Company as at 31 December 2012 is as follows:

Admissible assets		**N'000**
Cash and cash equivalents		741,277
Financial assets at fair value through profit or loss		71,880
Loans and receivables		3,911,579
Reinsurance assets		403,460
Staff loans and advances		21,703
Deferred acquisition cost		266,338
Finance lease receivables		336,600
Investment in subsidiaries		2,886,001
Intangible assets		18,731
Statutory deposits with CBN		300,000
Property, plant and equipment		1,147,649
Deposit for shares		983,000
		11,088,218
Admissible liabilities		
Book overdraft		27,345
Borrowings		2,671,764
Other payables		2,429,110
Insurance contract liabilities		3,089,313
Current income tax liabilities		291,762
Excess of admissible assets over admissible liabilities		**8,509,294**
		2,578,924
	N'000	**N'000**
Excess of admissible assets over admissible liabilities		2,578,924
Gross premium	5,026,347	
Outward re-insurance	(415,926)	
Net premium for the year	4,610,421	
15% thereon	**691,563**	
Minimum paid-up capital	3,000,000	
The higher thereof		3,000,000
Deficit in solvency margin below the minimum capital base		421,076
Solvency ratio		(14.0)

The Company's capital requirement ratio and Solvency margin is below the requirement of the Insurance Act CAP I17, LFN 2004.

61.0. **Financial assets and liabilities**

Categorisation of financial assets and financial liabilities

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

Group:

(a)

Financial assets 31 December 2012	Held for Trading (carried atfair value) N'000	Available for sale (fair value) N'000	Held to maturity (carried at amortised cost) N'000	Loans and receivables (carried at amortised cost) N'000	Total N'000
Cash and cash equivalents	-	-	-	1,539,730	1,539,730
Quoted investments	194,214	-	-	-	194,214
Unquoted investments	-	823,149	-		823,149
Trade receivables	-	-	-	538,758	538,758
Other receivables excluding prepayments	-	-	-	600,879	600,879
	194,214	823,149	-	2,679,367	3,696,730

Financial liabilities 31 December 2012	Derivatives used for hedging(fair value) N'000	Designated at FVTPL N'000	Other liabilities (carried at FVTPL) N'000	Other liabilities (carried at amortised cost) N'000	Total N'000
Trade payables	-	-	-	111,626	111,626
Other payables				3,029,474	3,029,474
Borrowings				2,857,618	2,857,618
Deposit liabilities				197,688	197,688
	-	-	-	6,196,406	6,196,406

(b)

Financial assets 31 December 2011	Held for trading (FVTPL) N'000	Held to maturity (carried at amortised cost) N'000	Available for sales (fair value) N'000	Loans and receivables (carried at amortised cost) N'000	Total N'000
Cash and cash equivalents	-	-	-	1,585,931	1,585,931
Quoted investments	170,179	-	-	-	170,179
Unquoted investments	-	-	795,899		795,899
Trade receivables	-	-	-	640,898	640,898
Other receivables excluding prepayments	-	-	-	567,355	567,355
	170,179	-	795,899	2,794,184	3,760,262

Financial liabilities 31 December 2011	Derivatives used for hedging (fair value) N'000	Designated at (FVTPL) N'000	Other liabilities (carried at FVTPL) N'000	Other liabilities (carried at amortised cost) N'000	Total N'000
Trade payables	-	-	-	195,913	195,913
Other payables				1,259,122	1,259,122
Borrowings				2,926,633	2,926,633
Deposit liabilities				89,017	89,017
	-	-	-	4,470,685	4,470,685

(c)

Financial assets 1 January 2011	Held for trading (FVTPL) N'000	Held to maturity (carried at amortised cost) N'000	Available for sales (fair value) N'000	Loans and receivables (carried at amortised cost) N'000	Total N'000
Cash and cash equivalents	-	-	-	967,928	967,928
Quoted investments	176,585	-	-	-	176,585
Unquoted investments	-	-	727,735		727,735
Trade receivables	-	-	-	302,813	302,813
Other receivables excluding prepayments	-	-	-	409,744	409,744
	176,585	-	727,735	1,680,485	2,584,805

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31 December, 2012

Financial liabilities 1 January 2011	Derivatives used for hedging(fair value) N'000	Designated at FVTPL N'000	Other liabilities (carried at FVTPL N'000	Other liabilities (carried at amortised cost) N'000	Total N'000
Trade payables	-	-	-	53,468	53,468
Other payables	-	-	-	1,264,209	1,264,209
Borrowings	-	-	-	3,093,496	3,093,496
Deposit liabilities	-	-	-	71,608	71,608
				53,468	4,482,781

(d) The details and carrying amounts of Held for trading and available-for-sale financial assets are as follows:

31 December	2012 N'000	2011 N'000	2010 N'000
Quoted investments	194,214	170,179	176,585
Unquoted investments	823,149	795,899	727,735
	1,017,363	966,078	904,320

The Held-for-trading financial assets are denominated in Naira and are publicly traded in Nigeria

Company:

(a)

Financial assets 31 December 2012	Held for Trading (carried at fair value) N'000	Available for sale (fair value) N'000	Held to maturity (carried at amortised cost) N'000	Loans and receivables (carried at amortised cost) N'000	Total N'000
Cash and cash equivalents	-	-	-	741,277	741,277
Quoted investments	71,880	-	-	-	71,880
Unquoted investments		-			-
Trade receivables	-	-	-	453,591	453,591
Other receivables excluding prepayments	-	-	-	222,451	222,451
	71,880	-	-	1,417,319	1,489,199

Financial liabilities 31 December 2012	Derivatives used for hedging(fair value) N'000	Designated at FVTPL N'000	Other liabilities (carried at FVTPL) N'000	Other liabilities (carried at amortised cost) N'000	Total N'000
Other payables				2,429,110	2,429,110
Borrowings				2,671,764	2,671,764
	-	-	-	5,100,874	5,100,874

(b)

Financial assets 31 December 2011	Held for trading (FVTPL) N'000	Held to maturity (carried at amortised cost) N'000	Available for sales (fair value) N'000	Loans and receivables (carried at amortised cost) N'000	Total N'000
Cash and cash equivalents	-	-	-	385,593	385,593
Quoted investments	85,225	-	-	-	85,225
Unquoted investments	-	-	-		-
Trade receivables	-	-	-	543,815	543,815
Other receivables and prepayments	-	-	-	219,711	219,711
	85,225	-	-	1,149,119	1,234,344

Financial liabilities 31 December 2011	Derivatives used for hedging(fair value) N'000	Designated at FVTPL) N'000	Other liabilities (carried at FVTPL) N'000	Other liabilities (carried at amortised cost) N'000	Total N'000
Other payables				1,484,211	1,484,211
Borrowings				2,699,647	2,699,647
	-	-	-	4,183,858	4,183,858

(c)

Financial assets 1 January 2011	Held for trading (FVTPL) N'000	Held to maturity (carried at amortised cost) N'000	Available for sales (fair value) N'000	Loans and receivables (carried at amortised cost) N'000	Total N'000
Cash and cash equivalents	-	-	-	436,504	436,504
Quoted investments	174,984	-	-	-	174,984
Unquoted investments	-	-	-		-
Trade receivables	-	-	-	224,188	224,188
Other recievables excluding prepayments	-	-	-	144,533	144,533
	174,984	-	-	805,225	980,209

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31 December, 2012

Financial liabilities 1 January 2011	**Derivatives used for hedging(fair value)**	**Designated at FVTPL**	**Other liabilities (carried at FVTPL**	**Other liabilities (carried at amortised cost)**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Other payables	-	-	-	594,793	594,793
Borrowings	-	-	-	2,723,825	2,723,825
	-	-	-	3,318,618	3,318,618

(d) The details and carrying amounts of Held-for-trading and available-for-sale financial assets are as follows:

31 December	**2012 N'000**	**2011 N'000**	**2010 N'000**
Quoted investments	71,880	85,225	174,984
Unquoted investments	-	-	
	71,880	85,225	174,984

The Held-for-trading financial assets are denominated in Naira and are publicly traded in Nigeria

62.0 Fair valuation methods and assumptions

I Cash and balances with banks

Cash and balances with banks represent cash held with banks of the various jurisdictions in which the Group operates. The fair value of these balances is their carrying amounts.

ii Short term deposits

Short term deposits represents balances with Commercial banks and placements in financial institutions. The carrying amount is a reasonable approximation of fair value as the balances are short term in nature.

iii Loans and advances to customers

Loans and advances are carried at amortised cost less impairment. The fair value of loans and advances represent an estimation of the value of the loans using average benchmarked lending rates which were adjusted to specific entity risks based on history of losses. The rates used were obtained from the industry rates published by the Central Bank of Nigeria.

iv Investment securities (including pledged assets)

The held-to-maturity financial assets (including pledged assets) are based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

v Deposits from banks and due to customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

vi Other assets, liabilities and borrowings

Other assets represent monetary assets which usually have a short recycle period and as such the fair values of these balances approximate their carrying amount. Amount outstanding as other liabilities and borrowings are assumed to approximate their respective fair values.

vii Fair Value Hierarchy

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

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices)
- level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31 December, 2012

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

Group

31 December 2012	Level 1	Level 2	Level 3	Total
Assets				
Fair value through profit or loss	194,214	-	-	194,214
Available-for-sale fiancial assets	-	-	823,149	823,149
Loans and receivables	-	-	9,345,120	9,345,120
Trade receivables	-	-	538,758	538,758
Other receivables excluding prepayments	-	-	600,879	600,879
Total	194,214	-	11,307,906	11,502,120
Liabilities				
Trade payables	-	-	111,626	111,626
Other payables	-	-	3,029,474	3,029,474
Borrowings	-	-	2,857,618	2,857,618
Deposit liabilities	-	-	197,688	197,688
Total	-	-	6,196,406	6,196,406
Net fair value	194,214	-	5,111,500	5,305,714

31 December 2011	Level 1	Level 2	Level 3	Total
Assets				
Fair value through profit or loss	170,179	-	-	170,179
Available-for-sale fiancial assets	-	-	795,899	795,899
Loans and receivables	-	-	4,374,020	4,374,020
Trade receivables	-	-	640,898	640,898
Other receivables excluding prepayments	-	-	683,106	683,106
Total	170,179	-	6,493,923	6,664,102
Liabilities				
Trade payables	-	-	195,913	195,913
Other payables	-	-	1,259,122	1,259,122
Borrowings	-	-	2,926,633	2,926,633
Deposit liabilities	-	-	89,017	89,017
Total	-	-	4,470,685	4,470,685
Net fair value	170,179	-	2,023,238	2,193,417

1 January 2011	Level 1	Level 2	Level 3	Total
Assets				
Fair value through profit or loss.	176,585	-	-	176,585
Available-for-sale fiancial assets	-	-	727,735	727,735
Loans and receivables	-	-	1,267,567	1,267,567
Trade receivables	-	-	302,813	302,813
Other receivables excluding prepayments	-	-	409,744	409,744
Total	176,585	-	2,707,859	2,884,444
Liabilities				
Trade payables	-	-	53,468	53,468
Other payables	-	-	1,264,209	1,264,209
Borrowings	-	-	3,093,496	3,093,496
Deposit liabilities	-	-	71,608	71,608
Total	-	-	4,482,781	4,482,781
Net fair value	176,585	-	(1,774,922)	(1,598,337)

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31 December, 2012

Company 31 December 2012	Level 1	Level 2	Level 3	Total
Assets				
Fair value through profit or loss	71,880	-	-	71,880
Available-for-sale fiancial assets	-	-	-	-
Loans and receivables	-	-	3,911,579	3,911,579
Trade receivables	-	-	453,591	453,591
Other receivables excluding prepayments	-	-	222,451	222,451
Total	71,880	-	4,587,621	71,880
Liabilities				
Other payables	-	-	2,429,110	2,429,110
Borrowings	-	-	2,671,764	2,671,764
Total	-	-	5,100,874	5,100,874
Net fair value	71,880	-	(513,253)	(5,028,994)
31 December 2011	Level 1	Level 2	Level 3	Total
Assets				
Fair value through profit or loss	85,225	-	-	85,225
Available-for-sale financial assets	-	-	47,833	47,833
Loans and receivables	-	-	3,406,792	3,406,792
Trade receivables	-	-	543,815	543,815
Other receivables excluding prepayments	-	-	294,711	294,711
Total	85,225	-	4,293,151	4,378,376
Liabilities				
Other payables	-	-	1,484,211	1,484,211
Borrowings	-	-	2,699,647	2,699,647
Total	-	-	4,183,858	4,183,858
Net fair value	85,225	-	109,293	194,518
1 January 2011	Level 1	Level 2	Level 3	Total
Assets				
Fair value through profit or loss	174,984	-	-	174,984
Available-for-sale fiancial assets	-	-	-	-
Loans and receivables	-	-	1,488,438	1,488,438
Trade receivables	-	-	224,188	224,188
Other receivables excluding prepayments	-	-	144,532	144,532
Total	174,984	-	1,857,158	2,032,142
Liabilities				
Other payables	-	-	594,793	594,793
Borrowings			2,723,825	2,723,825
Total	-	-	3,318,618	3,318,618
Net fair value	174,984	-	(1,461,460)	(1,286,476)

For held for trading, fair values have been determined by reference to their quoted bid prices at the reporting dates.

63.0 **Explanation of transition to IFRSs**

Explanations of the transition to IFRSs has been provided in the statement of significant accounting policies of the Group.The analysis below represents a reconcilation of the statement of financial position and comprehensive income for both the group and parent from the previous Nigerian GAAP to IFRS:

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

Group
Mutual Benefits Assurance Plc
Reconciliation of equity for the Group at the date of transition on 1 January 2011 will be reconciled to the amounts reported under the previous GAAP as follows:

Assets	**Note**	**Previous GAAP N'000**	**Reclassification N'000**	**Measurement 'N000**	**Adjustments Recognition/ derecognition N'000**	**Total N'000**	**IFRS N'000**
Cash and bank balances	i	750,956	(750,956)	-	-	(750,956)	-
Cash and cash equivalents	A(i,ii)	-	1,106,238	(167,191)	28,881	967,928	967,928
Short-term investments	ii	356,883	(356,883)	-	-	(356,883)	-
Long-term investments	iii	2,082,845	(2,082,845)	-	-	(2,082,845)	-
Financial assets:		-	-	-	-	-	-
Fair value through profit and loss	B((iii,ii)	-	247,108	(70,523)	-	176,585	176,585
Available-for-sale	C(iii)	-	652,954	(326,628)	401,409	727,735	727,735
Loans and receivables	D(iii,iv,v)	-	1,432,811	(165,244)		1,267,567	1,267,567
Loans and advances	iv	107,567	(107,567)	-	-	(107,567)	-
Other loans and receivables	v	1,160,000	(1,160,000)	-	-	(1,160,000)	-
Pledged assets	E(iii)	-	427,427	-	-	427,427	427,427
Premium debtors	vi	1,194,306	(1,194,306)	-	-	(1,194,306)	-
Trade receivables	F(vi)	-	1,194,306	(970,118)	78,625	302,813	302,813
Reinsurance assets	G	-	-	133,690	-	133,690	133,690
Deferred acquisition costs	H	-	-	217,748	-	217,748	217,748
Other debtors and prepayments	vii	1,261,480	(1,261,480)	-	-	(1,261,480)	-
Other receivables and prepayments	I(iii,vii,x)	-	1,155,555	(402,782)	57,280	810,053	810,053
Investment in finance lease	viii	1,941,241	(1,941,241)	-	-	(1,941,241)	-
Finance lease receivables	J(viii)	-	1,941,241	(596,973)	-	1,344,268	1,344,268
Stocks and work in progress	ix	7,432	(7,432)	-	-	(7,432)	-
Inventories and work in progress	K(vii,ix,x)		2,781,939	(210,184)	-	2,571,755	2,571,755
Investment properties	x	2,774,507	(2,774,507)	-	-	(2,774,507)	-
Investment in subsidiaries	L(iii)	-	464,000	-	(464,000)	-	-
Investment in associate	M(iii)	-	127,713	(10,171)	-	117,542	117,542
Intangible assets	N(O)	145,076	(108,467)			(108,467)	36,609
Property, plant and equipment	O	4,433,332	(36,401)	(10,810)	118,220	71,009	4,504,341
Statutory deposit		500,000	-	-	-	-	500,000
Deposit for shares	P(vii,M)	-	105,925	(105,925)	-	-	-
Deferred tax asset	(Z)	-	15,408	-	-	15,408	15,408
Goodwill	Q(N)		144,868	(101,926)	185,835	228,777	228,777
Total Assets		16,715,625	15,408	(2,787,037)	406,250	(2,365,379)	14,350,246
Liabilities							
Insurance funds	xi	1,917,525	(1,917,525)	-	-	(1,917,525)	-
Insurance contract liabilities	R(xi)		1,878,443	586,309	64,274	2,529,026	2,529,026
Deposit administration	xii	4,480,755	(4,480,755)	-	-	(4,480,755)	-
Investment contract liabilities	S(xi,xii)	-	4,480,755	(563,482)	3,216	3,920,489	3,920,489
Creditors and accruals	xiii	1,885,602	(1,885,602)	-	-	(1,885,602)	-
Trade payables	T(xiii)	-	53,468	-	-	53,468	53,468
Other payables and accruals	U(xiii)	-	1,653,052	(403,947)	15,104	1,264,209	1,264,209
Deposit,current and other account	xiv	71,608	(71,608)	-	-	(71,608)	-
Deposit liabilities	V(xiii,xiv)	-	71,608	-	-	71,608	71,608
Borrowings	X(xiii,xv)	737,984	2,286,688	-	68,824	2,355,512	3,093,496
Long term borrowings	xv	2,111,647	(2,111,647)	-	-	(2,111,647)	-
Taxation payable	xvii	235,572	(235,572)	-	-	(235,572)	-
Current income tax liabilities	Y(xvii)		239,613	-	-	239,613	239,613
Deferred taxation	Z	64,284	15,408	-	-	15,408	79,692
Total Liabilities		11,504,977	(23,674)	(381,120)	151,418	(253,376)	11,251,601
Equities							
Share capital		4,000,000	-		-	-	4,000,000
General reserve	AA	287,996	24,538	(2,183,829)	(24,141)	(2,183,432)	(1,895,436)
Statutory Contingency reserve	AB	912,460	-	(111,390)	-	(111,390)	801,070
Foreign currency reserves	AC	-	-	-	-	-	-
Revaluation *surplus*		24,538	(24,538)	-	-	(24,538)	-
			-	-	-	-	-
Total equities		5,224,994		-	(24,141)	(2,319,360)	2,905,634
Non- Controlling Interest	AD	(14,346)	-	57,031	150,326	207,357	193,011
Total liabilities and equities		16,715,625	(23,674)	(381,120)	127,277	(2,572,736)	14,350,246

Group
Mutual Benefits Assurance Plc
Reconciliation of equity for the Group at the date of transition on 31 December 2011 will be reconciled to the amounts reported under the previous GAAP as follows

	Note	Previous GAAP N'000	Reclassification N'000	Adjustments N'000	Recognition/ derecognition N'000	Total N'000	IFRS N'000
Assets							
Cash and bank balances	i	597,318	(597,318)	-	-	(597,318)	-
Cash and cash equivalents	A(I,ii)	-	1,756,236	(186,743)	16,438	1,585,931	1,585,931
Short-term investments	ii	1,174,412	(1,174,412)	-	-	(1,174,412)	-
Long-term investments	iii	1,380,303	(1,380,303)	-	-	(1,380,303)	-
Financial assets:		-	-	-	-		
-Fair value through profit or loss	B((iii,ii)	-	305,854	(135,675)	-	170,179	170,179
-Available-for-sale	C(iii)	-	423,108	(48,949)	421,740	795,899	795,899
-Loans and receivables	D(iii,iv,v)		4,380,045	(6,025)		4,374,020	4,374,020
Loans and advances	iv	151,176	(151,176)		-	(151,176)	-
Other loans and receivables	v	4,228,869	(4,228,869)			(4,228,869)	-
Pledged asset	E(iii)	-	427,427	-	-	427,427	427,427
Premium debtors	vi	2,176,011	(2,176,011)	-	-	(2,176,011)	-
Trade receivables	F(vi)	-	2,176,011	(1,632,196)	97,083	640,898	640,898
Reinsurance assets	G	-	-	607,530	-	607,530	607,530
Deferred acquisition costs	H	213,503	-	23,316	-	23,316	236,819
Other debtors and prepayments	vii	1,021,966	(1,021,966)		-	(1,021,966)	-
Other receivables and prepayments	I(iii,vii,x)	-	1,200,591	(264,150)	3,049	939,490	939,490
Investment in finance lease	viii	1,902,715	(1,902,715)		-	(1,902,715)	-
Finance lease receivables	J(viii)	-	1,902,715	(575,959)		1,326,756	1,326,756
Stocks and work in progress	ix	1,783,331	(1,783,331)	-	-	(1,783,331)	-
Inventories and work in progress	K(viii, ix,x)	-	4,672,740	(1,369,448)	-	3,303,292	3,303,292
Investment properties	x	2,961,879	(2,961,879)	-	-	(2,961,879)	-
Investment in subsidiaries	L(iii)	-	-	-	-	-	-
Investment in associate	M(iii)	-	202,713	9,337	-	212,050	212,050
Intangible assets	N(O)	53,121	1,759	(925)	-	834	53,955
Property, plant and equipment	O	4,126,132	(30,133)	(7,000)	132,778	95,645	4,221,777
Statutory deposit		500,000	-	-	-	-	500,000
Deferred tax asset	Z	-	31,136	-	-	31,136	31,136
Goodwill	Q(N)	-	28,374	14,568	185,835	228,777	228,777
Total Assets		22,270,736	100,596		856,923	(2,614,800)	19,655,936
Liabilities							
Insurance funds	xi	9,400,192	(9,400,192)	-	-	(9,400,192)	-
Insurance contract liabilities	R(xi)	-	2,536,069	1,509,852	70,098	4,116,019	4,116,019
Deposit administration	xii	1,808,489	(1,808,489)	-	-	(1,808,489)	-
Investment contract liabilities	S(xi,xii)	-	3,825,487	3,494,301	7,623	7,327,411	7,327,411
Creditors and accruals	xiii	1,501,345	(1,501,345)		-	(1,501,345)	-
Trade payables	T(xiii)	-	195,913		-	195,913	195,913
Other payables and accruals	U(xiii)		1,071,257	175,461	12,404	1,259,122	1,259,122
Deposit,current and other account	xiv	84,261	(84,261)	-	-	(84,261)	-
Deposit liabilities	V(xiii,xiv)	-	140,884	(51,867)	-	89,017	89,017
Book overdraft	W(i)	-	73,890	-	-	73,890	73,890
Borrowings	X(xiii,xv)	592,430	2,334,203	-	-	2,334,203	2,926,633
Long term borrowings	xv	2,208,629	(2,208,629)		-	(2,208,629)	-
Gratuity payable	xvi	55,955	-	(55,955)	-	(55,955)	-
Taxation payable	xvii	355,445	(355,445)		-	(355,445)	-
Current income tax liabilities	Y(xvii)	-	359,487	1,227	20,773	381,487	381,487
Deferred taxation	Z	111,609	32,649	37,423	-	70,072	181,681
Total Liabilities		16,118,355	(4,788,522)	5,110,442	110,898	432,818	16,551,173
Equities							
Share capital		4,000,000	-	-	-	-	4,000,000
General reserve	AA	1,043,155	24,810	(3,282,631)	(25,745)	(3,283,566)	(2,240,411)
Statutory Contingency reserve	AB	1,061,892		13,456	-	13,456	1,075,348
Statutory reserve		1,786	(1,786)	-	-	(1,786)	-
Foreign currency reserves	AC	-	-	-	14,821	14,821	14,821
Revaluation surplus		24,538	(24,538)	-	-	(24,538)	-
		-	-	-	-	-	-
Total equities		6,131,371			(10,924)	(3,281,613)	2,849,758
Non- Controlling Interest	AD	21,010		70,325	163,670	233,995	255,005
Total liabilities and equities		22,270,736	(4,788,522)		99,974	(2,848,795)	19,655,936

Company
Mutual Benefits Assurance Plc
Reconciliation of equity for the Group at the date of transition on 1 January 2011 will be reconciled to the amounts reported under the previous GAAP as follows:

	Note	Previous GAAP N'000	Reclassification N'000	Measurement 'N000	Recognition/ derecognition N'000	Total N'000	IFRS N'000
Assets							
Cash and bank balances	i	267,150	(267,150)	-	-		
Cash and cash equivalents	A(i,ii)	-	525,196	(88,692)	-	436,504	436,504
Short-term investments	ii	258,047	(258,047)	-	-	(258,047)	-
Long-term investments	iii	745,272	(745,272)	-	-	(745,272)	-
Financial assets:		-					
Fair value through profit and loss	B(iii,ii)	-	109,833	65,151	-	174,984	174,984
Available-for-sale	C(iii)	-	70,195	(70,195)	-		
Loans and receivables	D(iii,iv,v)	-	1,653,682	(165,244)	-	1,488,438	1,488,438
Other loans and receivables	v	1,488,438	(1,488,438)	-	-	(1,488,438)	-
Pledged asset	E(iii)	-	400,000	-	-	400,000	400,000
Premium debtors	vi	872,024	(872,024)	-	-	(872,024)	-
Trade receivables	F(vi)	-	872,024	(647,836)	-	224,188	224,188
Reinsurance assets	G	-		70,673	-	70,673	70,673
Deferred acquisition costs	H	-		181,352	-	181,352	181,352
Other debtors and prepayments	vii	424,878	(424,878)		-	(424,878)	-
Other receivables and prepayments	I(iii,vii,x)	-	318,954	(147,223)	-	171,731	171,731
Investment in finance lease	viii	214,253	(214,253)		-	(214,253)	-
Finance lease receivables	J(viii)	-	214,252	(31,717)	-	182,535	182,535
Investment in subsidiaries	L(iii)	3,729,177	(582,999)	(260,177)	-	(843,176)	2,886,001
Intangible assets	N(O)	-	36,401	-	-	36,401	36,401
Property, plant and equipment	O	1,545,756	(36,401)	-	-	(36,401)	1,509,355
Statutory deposit		300,000		-	-		300,000
Deposit for shares	P(vii,M)	-	688,925	-	-	688,925	688,925
Total Assets		9,844,995	-	(1,093,908)	-	(826,758)	8,751,087
Liabilities							
Insurance funds	xi	1,273,723	(1,273,723)	-	-	(1,273,723)	-
Insurance contract liabilities	R(xi)	-	1,273,723	586,309	-	1,860,032	1,860,032
Creditors and accruals	xiii	488,649	(488,649)		-	(488,649)	-
Other payables and accruals	U(xiii)	-	484,608	110,185	-	594,793	594,793
Borrowings	X(xiii,xv)	612,178	2,111,647	-	-	2,111,647	2,723,825
Long term borrowings	xv	2,111,647	(2,111,647)	-	-	(2,111,647)	-
Taxation payable	xvii	218,399	(218,399)	-	-	(218,399)	-
Current income tax liabilities	Y(xvii)	-	222,440	-	-	222,440	222,440
Deferred taxation	Z	64,407	-	-		-	64,407
Total Liabilities		4,769,003	-	696,494	-	696,494	5,465,497
Equities							
Share capital		4,000,000	-	-	-	-	4,000,000
General reserve	AA	222,831	24,538	(1,692,537)	-	(1,667,999)	*(1,445,168)*
Statutory Contingency reserve	AB	828,623		(97,865)	-	(97,865)	730,758
			-	-	-	-	
Revaluation surplus		24,538	(24,538)	-	-	(24,538)	-
			-	-	-		
Total equities		5,075,992				(1,790,402)	3,285,590
Total liabilities and equities		9,844,995	-	696,494	-	(1,093,908)	8,751,087

Company
Mutual Benefits Assurance Plc
Reconciliation of equity for the parent at 31 December 2011 can be reconciled to the amounts reported under the previous GAAP as follows:

Assets	Note	Previous GAAP N'000	Reclassification N'000	Adjustments N000	Recognition/ derecognition N'000	Total N'000	IFRS N'000
Cash and bank balances	i	216,412	(216,412)	-	-	-	
Cash and cash equivalents	A(i,ii)		441,532	(55,939)	-	385,593	385,593
Short-term investments	ii	155,660	(155,660)	-	-	(155,660)	-
Long-term investments	iii	714,214	(714,214)	-	-	(714,214)	-
Financial assets:			-	-	-		-
Fair value through profit and loss	B(iii,ii)	-	85,225	-	-	85,225	85,225
Available-for-sale	C(iii)	-	47,833	-	-	47,833	47,833
Loans and receivables	D(iii,iv,v)		3,406,792			3,406,792	3,406,792
Other loans and receivables	v	3,406,792	(3,406,792)	-	-	(3,406,792)	-
Pledged asset	E(iii)	-	400,000	-	-	400,000	400,000
Premium debtors	vi	1,771,350	(1,771,350)	-	-	(1,771,350)	-
Trade receivables	F(vi)	-	1,771,350	(1,227,535)	-	543,815	543,815
Reinsurance assets	G			110,125	-	110,125	110,125
Deferred acquisition cost	H	213,503	-	22,994	-	22,994	236,497
Other debtors and prepayments	vii	223,783	(223,783)	-	-	(223,783)	-
Other receivables and prepayments	I(iii,vii,x)	-	404,938	(94,727)	-	310,211	310,211
Investment in finance lease	viii	278,412	(278,412)	-	-	(278,412)	-
Finance lease receivables	J(viii)		278,412	(17,999)	-	260,413	260,413
Investment in subsidiaries	L(iii)	3,049,036	(583,000)	464,000	-	(119,000)	2,930,036
Intangible assets	N(O)	-	27,716			27,716	27,716
Property, plant and equipment	O	1,470,616	(27,716)	-	-	(27,716)	1,442,900
Statutory deposit		300,000	-				300,000
Deposit for shares	P(vii,M)	400,000	583,000			583,000	983,000
Total Assets		12,199,778	69,459	(799,081)	-	(513,210)	11,470,156
Liabilities							
Insurance funds	xi	1,931,349	(1,931,349)	-	-	(1,931,349)	-
Insurance contract liabilities	R(xi)	-	1,931,349	752,528	-	2,683,877	2,683,877
Creditors and accruals	xiii	1,316,380	(1,316,380)	-	-	(1,316,380)	-
Other payables and accruals	U(xiii)	-	1,312,339	171,872	-	1,484,211	1,484,211
Book overdraft	W(i)	-	69,460	-	-	69,460	69,460
Borrowings	X(xiii,xv)	588,000	2,111,647	-	-	2,111,647	2,699,647
Long term borrowings	xv	2,111,647	(2,111,647)		-	(2,111,647)	-
Gratuity payable	xvi	55,955	-	(55,955)	-	(55,955)	-
Taxation payable	xvii	239,661	(239,661)	-	-	(239,661)	-
Current income tax liabilities	Y(xvii)		243,702	1,229	-	244,931	244,931
Deferred taxation	Z	116,966	-	-	-	-	116,966
Total Liabilities		6,359,958	69,460	869,674	-	939,134	7,299,092
Equities							
Share capital		4,000,000	-				4,000,000
General reserve	AA	869,724	24,538	(1,631,051)	-	(1,606,513)	(736,789)
Statutory Contingency reserve	AB	945,558	-	(37,705)	-	(37,705)	907,853
		-	-	-	-		-
Revaluation surplus		24,538	(24,538)	-	-	(24,538)	-
			-	-	-		
Total equities		5,839,820				(1,668,756)	4,171,064
Total liabilities and equities		12,199,778		869,674	-	(729,622)	11,470,156

Explanation of transition to IFRSs

Implementation of IFRS

These are the Group (and the Company's) first financial statements prepared in accordance with International Financial Reporting Standards. The opening balance sheet as at 1 January 2011 which represents the transition date has been restated accordingly. The accounting policies have been applied consistently to all periods in these financial statements.

The most significant IFRSs impact for the Group (and the Company) originated from the implementation of IAS 39 - Financial instruments: Recognition and measurement which requires the valuations of financial assets and liabilities at fair value and impairment of financial assets to only be accounted if there is objective evidence that a loss event has occurred after initial recognition but before the balance sheet date and IAS 1 Presentation of Financial Statement.

The effect of the Group (and the Company's) transition to IFRS is summarised as follows:
1 Transition elections;
2 Reconciliation of equity and comprehensive income as previously reported under Nigerian GAAP to IFRS
3 Explanation of material adjustments as at 1 January 2011 and 31 December 2011
4 Reconciliation of comprehensive income as previously reported under Nigerian GAAP to IFRS as at 31 December 2011

1 **Transition elections**

In preparing these financial statements in accordance with IFRS 1, the Group (and the Company) has applied the mandatory exceptions from full retrospective application of IFRS. The optional exemptions from full retrospective application selected by the Group (and the Company) are summarised below:
The Group (and the Company) adopted the following optional exemptions requirements of IFRS 1 during the year:

Fair value or revaluation as deemed cost (IAS 16 and IAS 38)
An entity may elect to measure an item of property, plant and equipment and intangible assets at the date of transition to IFRS at its fair value and use that fair value as its deemed cost at that date; or may elect to use a previous GAAP revaluation of these assets at, or before, the date of transition to IFRS as deemed cost at transition.

The Group (and the Company) has property, plant and equipment and the Group (and the Company) has an option to revalue its property, plant and equipment for the financial year ended 1 January 2011 and the revalued amount represents the deemed cost in the Group (and the Company's) opening IFRS statement of financial position under IFRS. Due to regulatory requirements, the Group (and the Company) has broadly classified its property, plant and equipment at cost less accumulated depreciation under NGAAP as the deemed cost under IFRS.

The cumulative translation differences on foreign operations were deemed to be zero at the date of transition, and amounts recognised in accordance with Nigerian GAAP as at that date were reclassified to retained earnings; and

Designation of previously recognised financial instruments (IAS 39)
IAS 39 permits a financial asset to be designated on initial recognition as available-for-sale or a financial instrument (provided it meets certain criteria) to be designated as a financial asset or financial liability at fair value through profit or loss. Despite this requirement, exceptions apply in the following circumstances: an entity is permited to make an available-for-sale designation at the date of transition to IFRSs. An entity is permitted to designate, at the date of transition to IFRSs, any financial asset or financial liability as at fair value through profit or loss provided the asset or liability meets the criteria in paragraph 9(b)(i), 9(b)(ii) or 11A of IAS 39 at that date.

The Group (and the Company) has elected to designate its financial assets on initial recognition as financial asset at fair value through profit or loss, available for sale financial asset, held to maturity and loans and receivables.

2 **Reconciliation of equity and comprehensive income as previously reported under Nigerian GAAP to IFRS**

See reconciliations on pages 120 to 139

3 **Explanations of material adjustments as at 1 January 2011 and 31 December 2011**

(i) **Cash and bank balances**
Under GAAP, the Group (and the Company's) cash and bank balances comprise of cash in hand of N61,973,000(Company: N775,000), bank balances of N673,983,000 (Company N266,375,000) and treasury bills of N15,000,000(Company:Nil). At transition cash and bank balances and treasury bills were reclassified to cash and cash equivalents.

On 31 December, the Group (and the Company) reclassified cash on hand of N97,819,000 (Company N768,000), bank balances of N473,499,000 (Company N215,644,000), and treasury bills of N26,000,000 (Company:Nil) to cash and cash equivalent. See details below:

	Note	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
NGAAP		597,318	750,956	216,412	267,149
Reclassification to book overdraft	(i)a,W	69,460	-	69,460	-
Reclassifications to cash and cash equivalents	A	(666,778)	(750,956)	(285,872)	(267,149)
IFRS		-	-	-	-

(i)(a) Included in the Group (and the Company) cash and bank balances under NGAAP on 31 December 2011 were credit cash book balances. These balances were reclassified to book overdraft under IFRS.

(ii) **Short term investments**
Under NGAAP, short term investments were made up of placement with banks of N355,282,000 (Company N258,047,000) and quoted equities of N1,601,000(Company:Nil). At transition, placement with banks was reclassified to cash and cash equivalents while quoted equities was reclassified to financial asset at fair value through profit or loss.

On 31 December 2011, the Group (and the Company's) short term investment was made up of placement in banks of N1,089,458,000, (Company N156,660,000), investments in quoted equites of N84,954,000 (Company Nil). Under IFRS, placements in banks are not classified as short term investments but as cash and cash equivalent while investment in quoted equites are classified as financial assets at fair value through profit or loss. As such, placement in banks of N1,089,458,000 (Company N155,660,000) was reclassified to cash and cash equivalents while investment in quoted equities of N84,954,000 (Company: Nil) was reclassified to financial assets at fair value through profit or loss.

		Group		Company	
		31 December 2011	1 January 2011	31 December 2011	1 January 2011
	Note	N'000	N'000	N'000	N'000
NGAAP		1,174,412	356,883	155,660	258,047
Reclassifications to cash and cash equivalents	A	(1,089,458)	(355,282)	(155,660)	(258,047)
Reclassifications to financial assets at fairvalue through profit or loss	B	(84,954)	(1,601)	-	-
IFRS		-	-	-	-

(A) **Cash and cash equivalents**

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Under Nigerian GAAP, the Group (and the Company) recognised all bank placements with maturities within 90 days or less as short term investments, while cash in hand and cash at bank were known as cash and bank balances. At transition to IFRS, the Group (and the Company's) short term investments and cash and bank balances were reclassified to cash and cash equivalents. As a result, cash and bank balance of N750,956,000 (Company N267,149,000) was reclassified to cash and cash equivalents while short term investment of N355,282,000 (Company N258,047,000.) was also reclassified to cash and cash equivalents.

On 31 December 2011, the Group (and the Company's) cash and bank balance of N579,318,000 (Company N216,412,000) was reclassified to cash and cash equivalent. Also, on 31 December 2011, the Group had short term investment of N1,174,412,000, out of which N1,089,458,000 relates to placements and the balance of N84,954,000 relates to quoted investments. These balances have been reclassified as appropriate also, placements of N155,660,000 in the Company was also reclassified from short term investments to cash and cash equivalents as appropriate.

		Group		Company	
		31 December 2011	1 January 2011	31 December 2011	1 January 2011
	Note	N'000	N'000	N'000	N'000
NGAAP		-	-	-	-
Reclassification from cash and bank balances	(i)	666,778	750,956	285,872	267,149
Reclassification from short term investments	(ii)	1,089,458	355,282	155,660	258,047
		1,756,236	1,106,238	441,532	525,196
Recognition of cash and bank balances	A(i)	16,438	28,881	-	-
Reversal of unearned interest on treasury bills	A(iii)	(438)	-	-	-
Amount written off from cash and cash equivalents	A(ii)	-	(11,619)	-	(11,619)
Impairment loss on cash and cash equivalent	A(ii)	(134,438)	(155,572)	(55,939)	(77,073)
Elimination of intra-Group balances on consolidation	A(iv)	(51,867)	-	-	-
IFRS		1,585,931	967,928	385,593	436,504

A(i) Under NGAAP, the Group did not consolidate its investments in Mutual Benefits Liberia. But at transition, Mutual Benefits Liberia was consolidated. As such, the Group recognized and reclassified cash and bank balance of N28,881,000 as cash and cash equivalents on 1 January 2011, while N16,438,000 was recognized and reclassified to cash and cash equivalent on 31 December 2011.

A(ii) At transition, the Group (and the Company) had bank balances in financial institutions that no longer existed, balances that have been dormant for years and short term investments in financial institutions that were no longer functioning. As a result, these balances were deemed as non performing ,therefore balances that were deemed to be irrecoverable amounting to N11,619,000 (Company:N11,619,000) were written off at transition and an impairment loss of N155,772,000 (Company: N77,073,000) was made for balances that are doubtful of recovery while N134,438,000 (Company:N55,939,000) was made on 31 December 2011.

A(iii) The Group corrected overstatement of treasury bills balance by derecognising unearned interest of N438,000 (Company: Nil) at the year end.

A(iv) An amount of N51,867,000 which represents intra Group bank deposit which was not eliminated in the NGAAP consolidated financial statements was eliminated against Deposit liabilities under IFRS

iii **Long term Investments**

Under Nigerian GAAP, the Group (and the Company's) long term investment comprised of quoted equities of N245,507,000 (Company N109,833,000) unquoted equities of N316,204,000 (Company N59,771,000), investment in pledged assets of N427,427,000 (Company: 400,000,000), *investment in* projects of N336,750,000 (Company N10,423,000), loan to cornerstone construction of N165,244,000 (Company N165,244,000), investment in associate of N127,713,000(Company: Nil), investment in subsidiary of 464,000,000. At transition, the Group (and the Company) reclassified its long term investments based on the intention of the management to hold the investments and the nature of those investments. As such, the Group (and the Company) reclassified its quoted investment of N245,507,000 (Company N109,833,000) as financial assets at fair value through profit and loss, unquoted investments of N316,204,000 (Company N59,771,000) and Investment in projects of N336,759,000 (Company N10,423,000) were reclassified as available for sale financial assets, pledged assets of N427,427,000 (Company N400,000,000) was reclassified as a line item on the face of statement of financial position for better presentation, loan to conerstone construction of N165,244,000 (Company: N165,244,000) was reclassified to loans and receivables, investment in associate of N127,713,000 (Company: Nil) was reclassified as a line item on the face of statement of financial position and investment in subsidiary of N464,000,000 (Company: Nil) was reclassified from long term investment to investment in subsidiary.

On 31 December 2011 the Group (and the Company's) long term investment comprised of quoted equities of N220,900,000 (Company N85,226,000) unquoted equities of N48,949,000 (Company: Nil), investment in pledged assets of N427,427,000,(Company: 400,000,000), investment in projects of N374,159,000 (Company N47,833,000), intercompany receivable N106,155,000 (Company N181,155,000), investment in associate of N202,713,000 (Company:N75,000,000).On 31 December 2011, the Group (and the Company) reclassified quoted equities of N220,900,000 (Company: N85,226,000) to financial assets at fair value through profit or loss, investment in unquoted equites of N48,949,000 (Company: Nil) and investment in project of N374,159,000 (Company: N47,833,000) were reclassified to available for sale financial assets, investment in pledged assets of N427,427,000 (Company: 400,000,000) was reclassified as a line item on the face of statement of financial position for better presentation, intercompany receivables of N106,155,000 (Company: N106,155,000) was reclassified to other receivables and prepayments while investment in associate of N202,713,000 in the Group was reclassified as a line item on the face of statement of financial position and treated in line with IAS 28. Also, included in long term investment reported by the Company as at 31 December 2011 is investment in associate of N75,000,000 being amount invested in an associate company on behalf of Mutual Benefits Life Assurance Limited, therefore, as at 31 December 2011, the investment in associate was transferred to current account with Mutual Benefits Life Assurance Limited as reported under other receivables and prepayments. See analysis below:

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

	Note	31 December 2011 N'000	1 January 2011 N'000	31 December 2011 N'000	1 January 2011 N'000
NGAAP		1,380,303	2,082,845	714,214	745,271
Reclassification to financial assets at fair value through Profit or loss	B	(220,900)	(245,507)	(85,226)	(109,833)
Reclassification to available for sale financial assets	C	(48,949)	(316,204)	-	(59,771)
Recalssification to pledged assets	E	(427,427)	(427,427)	(400,000)	(400,000)
Reclassification to available for sale financial assets	C	(374,159)	(336,750)	(47,833)	(10,423)
Reclassification to loans and receivables	D		(165,244)		(165,244)
Reclassification to other receivables and prepayments	I	(106,155)	-	(106,155)	-
Reclassification to other receivables and prepayments	I			(75,000)	
Reclassification to investment in associate	N	(202,713)	(127,713)	-	-
Reclassification to investment in subsidiary	M	-	(464,000)	-	-
IFRS		-	-	-	-

B **Financial Assets**

Under IFRS, the Group (and the Company) classifies its financial assets as fair value through profit or loss, available for sale, loans and receivables. The changes impacting financial instruments are summarised below:

Financial assets at Fair value through profit or loss

On 1 January 2011, the Group (and the Company) did not value its quoted investment at fair value . At transition, Management elected to designate its quoted entities at fair value through profit or loss in line with IAS 39. As a result, Quoted investments were restated to its fair value based on quoted prices in an active market . This resulted to a net fair value gain of N65,151,000 on 1 January 2011. Also, on 31 December 2011, the Group (and the Company) remeasured its quoted entities at fair value, see details below

	Note	N'000	N'000	N'000	N'000
NGAAP		-	-	-	-
Reclassification from long term investments	iii	220,900	245,507	85,225	109,833
Reclassification from short term investments	ii	84,953	1,601	-	-
Net fair value gain or loss		-	65,151	-	65,151
Impairment loss	B(i)	(135,674)	(135,674)	-	-
IFRS		170,179	176,585	85,225	174,984

The detailed movement in Financial assets at fair value through profit or loss is as follows:

	N'000	N'000	N'000	N'000
NGAAP	-	-	-	-
Reclassification from long term investments	220,900	245,507	85,225	109,833
Reclassification from short term investments	84,953	1,601		
Net fair value gain (2010)	65,151	65,151	65,151	65,151
Impairment loss	(135,674)	(135,674)	-	-
Writeback of provision for diminution under GAAP	24,608	-	24,608	-
Net fair value loss (2011)	(89,759)	-	(89,759)	-
IFRS	170,179	176,585	85,225	174,984

B(I) At transition, an impairment charge of N135,674,000 was made on some of the Group's quoted investments as there were no data to support the existence of the investments.

C **Available for sale financial assets**

The Group (and the Company's) available for sale financial assets comprise of unquoted equities and investment in projects. The unquoted equities in the Group includes 21% redeemable preference shares (2005 - 2008) of N150,000,000 (Company:N50,000,000) in Global Haulage Limited, investment in Empire Aviation of N119,954,000 , investment in consolidated bureau d' change amounting to N14,319,000 (Company: Nil), 30,000,000 investment in maples autos limited, investment in massive television of N1,930,000.Investment in project includes N112,000,000 investment in Ekiti vehicle registration, N135,000,000 investment in Abuja vehicle registration, N79,326,487 investment in electronic payment platform and N10,424,000 investment in enterprise logistics. The unquoted securities in the Company consist of investment in empire aviation of N119,954,000 and investments in enterprise logistics of N10,424,000

At transition, the Group (and the Company) reclassified its unquoted investments and investment in projects to available for sale financial assets. Also, an impairment loss was made on available for sale financial assets to the tune of N326,628,000 (Company: N180,378,000).

	Note	N'000	N'000	N'000	N'000
NGAAP					-
Reclassification from long term investments	iii	48,949	316,204	-	59,770
Reclassification from long term investments	iii	374,159	336,750	47,833	10,424
Transfer from Mutual Life Assurance Limited	C(i)	-	-	-	110,184
Recognition of available for sale financial assets	C(ii)	421,740	401,409	-	-
Impairment loss	C(iii)	(48,949)	(326,628)	-	(180,378)
IFRS		795,899	727,735	47,833	-

C(I) Transfer from Mutual Life Assurance Limited of N110,184,000 in the financial statements of the company represents investment in Empire Aviation made by Mutual Benefit Assurance Plc which was treated in the financial statements of Mutual Life Assurance Limited (a subsidiary company). At transition, the investment was transferred from the financial statements of Mutual Life Assurance Limited to the financial statements of Mutual Benefits Assurance Plc

C(ii) Under NGAAP, the Group did not consolidate its investments in Mutual Benefits Liberia. But at transition, Mutual Benefits Liberia was consolidated in the IFRS financial statements. As such, the Group recognized and reclassified its unquoted investment of N401,409,000 as available for sale financial assets on 1 Janaury 2011, while N421,740,000 was recognized and reclassified to available for sale financial asset on 31 December 2011.

C(iii) the Group (and the Company) made an impairment loss on its available for sale financial assets at transition. See analysis below:

	Note	31 December 2011 N'000	1 January 2011 N'000	31 December 2011 N'000	1 January 2011 N'000
Investment in preference share (Global haulage)	C(iv)	-	150,000	-	50,000
Investment in empire aviation	C(v)	-	119,954	-	119,954
Investment in maples autos	C(v)	14,320	14,320	-	-
Investment in consolidated bureau de change	C(v)	30,000	30,000	-	-
Investment in massive television	C(v)	4,630	1,930	-	-
Investment in enterprise logistics	C(vi)	-	10,424		10,424
		48,950	326,628	-	180,378

C(iv) The Group (and the Company) held 21% redeemable preference shares (2005 - 2008) of N150,000,000 in Global Haulage Limited which it designated as available-for-sale at transition on 1 January 2011. The balance was assessed to be impaired as it was expected to have been redeemed since 2008 and and there was no objective evidence of its recoverability at transition. As a result, an impairment of N150,000,000 (Company: N50,000,000) was made for available-for-sale financial asset.

C(v) The Group's investment of N119,954,000 (Company: N119,954,0000) in empire aviation, N14,320,000 in maples autos,30,000,000 investment in consolidated bureau d change, N1,930,000 investment in massive television were assessed to be impaired because no observable data was provided as to the existence of these investments and no income has been received on the investments over the years.

On 31 December 2011, there were reversals of impairment loss as part of the impairment losses made at transition had already been made under NGAAP as such, there was a reduction in the impairment loss on 31 December 2011.

C(vi) The Group (and the Company) had an investment in project to the tune of N10,424,000 which was discontinued ,recoverability of the investment was therefore considered doubtful.As such, an impairment loss was made on this investment.

D **Loans and receivables**
At transition, the Group (and the Company) reclassified its other loans and receivables and loans and advances to loans and receivables. Also loan to cornerstone construction of N165,244,000 was reclassified from long term investment but this loan was impaired at transition because the company has been unable to repay the amount. See details below :

	Note	N'000	N'000	N'000	N'000
NGAAP		-	-	-	-
Reclassification from other loans and receivables	v	4,228,869	1,160,000	3,406,792	1,488,438
Reclassification from loans and advances	iv	151,176	107,567	-	-
Reclassification from long term investments	iii	-	165,244	-	165,244
Impairment loss	AA	(6,025)	(165,244)	-	(165,244)
IFRS		4,374,020	1,267,567	3,406,792	1,488,438

iv **Loans and advances**
The major effect of transition to IFRS on loans and advances was the reclassification of the loans and advances to loans and receivables.

	Note	N'000	N'000	N'000	N'000
NGAAP		151,176	107,567	-	-
Reclassification to loans and receivables	D	(151,176)	(107,567)	-	-
IFRS		-	-	-	-

v **Other loans and receivables**
At transition, the Group (and the Company) reclassified its other loans and receivables to loans and receivables this was done for betterpresentation. See analysis below:

	Note	N'000	N'000	N'000	N'000
NGAAP		4,228,869	1,160,000	3,406,792	1,488,438
Reclassification to loans and receivables	D	(4,228,869)	(1,160,000)	(3,406,792)	(1,488,438)
IFRS		-	-	-	-

E **Pledged assets**
Under NGAAP, Mutual Benefits Assurance Plc purchased quoted shares of N400million with a Margin facility from Guaranty Trust Bank Plc. There is an on-going litigation on this investment arising from the additional investment cover requested for by the Bank due to the fall in the value of the shares purchased which was rejected by the Company. The Group also has quoted shares of N27,427,000 held in lien in its financial statements . Under NGAAP, these assets were treated as long term investments but at transition, the Group (and the Company) reclassified these balances to pledged assets. See analysis below

	Note	N'000	N'000	N'000	N'000
NGAAP		-	-	-	-
Reclassification from long term investments	iii	427,427	427,427	400,000	400,000
IFRS		427,427	427,427	400,000	400,000

vi **Premium debtors**
Under NGAAP, receivables due from policy holders and insurance entities in respect of insurance contracts were reported as premium debtors. Premium debtors were carried at cost less impairment allowance determined in line with NAICOM guidelines. Under IFRS, premium debtors are presented as trade receivables. They are measured at cost less impairment loss determined using incurred loss model under IAS 39. At transition to IFRS, the Group (and the Company) renamed its premium debtors to trade receivables. As such premium debtors was reclassified to trade receivables. The reclassification to trade receivables are shown below:

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

I(iii)(c) The Group made an impairment loss of N2,346,000 on staff loan because there was a default in the payment of principal and interest respectively, and no evidence was provided as to how the loan will be recovered from the staff.

I(iii)(d) Impairment losses were made on staff loan, fraud account, excess interest charges and property development due to irrecoverability of these balances and the inability of the Group to provide evidence of their recoverability.

I(iv) At transition to IFRS, intercompany balances which were not eliminated on consolidation under NGAAP were eliminated.

viii **Investment in finance lease**
Under NGAAP, the Company investment in finance leases were termed investment in finance lease and shown as such on the face of the balance sheet. However at transition, the Group (and the Company) renamed its investment in finance leases to finance lease receivables. As such, The Group (and the Company) reclassified the balance of its investment in finance lease under Nigerian GAAP to finance lease receivables at transition to IFRS on 1 January 2011. See details below:

		Group		Company	
	Note	31 December 2011 N'000	1 January 2011 N'000	31 December 2011 N'000	1 January 2011 N'000
NGAAP		1,902,715	1,941,241	278,412	214,253
Reclassification to finance lease receivables	J	(1,902,715)	(1,941,241)	(278,412)	(214,253)
IFRS		-	-	-	-

J **Finance lease receivables**
Items previously recognised under NGAAP as investment in finance lease were reclassified to finance lease receivables under IFRS. Also, impairment loss was charged on finance lease receivables that were assessed to be impaired based on impairment indicators under IFRS, such as objective evidence of inability to settle principal and interest payments as and when due by certain customers. As such, an impairment charge was made on the Group (and the Company) finance lease receivables. See analysis below:

		Group		Company	
	Note	31 December 2011 N'000	1 January 2011 N'000	31 December 2011 N'000	1 January 2011 N'000
NGAAP		-	-	-	-
Reclassification from investment in finance lease	viii	1,902,715	1,941,241	278,412	214,253
Impairment loss		(575,959)	(596,973)	(17,999)	(31,718)
IFRS		1,326,756	1,344,268	260,413	182,535

ix **Stocks and work in progress**
At transition to IFRS, the Group renamed it stocks and work in progress to inventories and work in progress. As such, the Group stocks and work in progress balance of N7,432,000 to inventories and work in progress while stock and work in progress of N1,783,331,000 at 31 December 2011 was reclassified to inventories and work in progress. See analysis below:

		Group		Company	
	Note	31 December 2011 N'000	1 January 2011 N'000	31 December 2011 N'000	1 January 2011 N'000
NGAAP		1,783,331	7,432	-	-
Reclassification to inventories and work in progress	K	(1,783,331)	(7,432)	-	-
		-	-	-	-

K **Inventories and work in progress**
Items previously recognized as stocks and work in progress was reclassified to inventories and work in progress under IFRS. As a result, N7,432,000 and N1,783,331,000 were reclassified from stocks and work in progress to inventories and work in progress on 31 December 2011. See details below:

	Note	31 December 2011 N'000	1 January 2011 N'000	31 December 2011 N'000	1 January 2011 N'000
NGAAP		-	-	-	-
Reclassification from other debtors and prepayments	vii	18,967	-	-	-
Reclassification from stocks and work in progress	ix	1,783,331	7,432	-	-
Reclassification from investment properties	x	2,870,442	2,774,507	-	-
Reversal of excess interest charge on intra-Group (and the Company) loans	K(i)	-	(210,184)	-	-
Elimination of intra-Group (and the Company) balances:					
• Intra-Group (and the Company) interest on loan against inventories	K(ii)	(1,360,777)	-	-	-
• Interest on intra-Group (and the Company) current account against inventories	K(ii)	(8,671)	-	-	-
IFRS		3,303,292	2,571,755	-	-

K(i) Under NGAAP, the Group over charged interest on intra- Group loans obtained on development of properties for disposal to the tune of N210,184,000. The resulting effect of this under NGAAP was an over-statement of inventories and other payables by this amount. At transition, this amount was reversed.

K(ii) The Group also eliminated interest on intra-Group loans of N1,360,777,000 (Company: nil) and interest on intra-Group current account of N8,671,000 (Company: nil) which were capitalised on inventories. These interest were not eliminated on consolidation under Nigerian GAAP.

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x Investment properties

Items treated as investment properties under NGAAP fail to meet the requirement of investment properties under IAS 40 as the properties were not acquired or developed for capital appreciation or rental income but for the purpose of development and disposal, therefore these balances qualify as inventory under IAS 2. As a result, the Group's investment properties of N2,774,507,000 was reclassified to inventories and work in progress at transition. On 31 December 2011,Under NGAAP, the Group had N2,961,879,000, N2,870,442,000 of this balance was reclassified to inventories as they are being developed principally for disposal while the balance of N91,437,000 *represents amount* spent on projects expected to be received. This amount has been reclassified to other receivables. See details below:

		Group		Company	
		31 December 2011	1 January 2011	31 December 2011	1 January 2011
	Note	N'000	N'000	N'000	N'000
NGAAP		2,961,879	2,774,507	-	-
Reclassification to inventories and work in progress	K	(2,870,442)	(2,774,507)	-	-
Reclassification to other receivables and prepayment	I	(91,437)	-	-	-
IFRS		-	-	-	-

L Investment in subsidiaries

At transition, the Company's investment in subsidiaries were tested for impairment using the net asset basis. The resulting effect of the review was an impairment loss of N260,177,000 on 1 January 2011, while impairment loss of N308,816,000 was made on 31 December 2011. Also, the Company recognized deposit for shares as part of its investment in subsidiaries under NGAAP. At transition, the company reclassified the deposit for shares and treated it as a line item on the face of statement of financial position. See analysis below:

		Group		Company	
	Note	31 December 2011 N'000	1 January 2011 N'000	31 December 2011 N'000	1 January 2011 N'000
NGAAP	iii	-	-	3,821,852	3,729,177
Reclassification from long term investment	L(i)	-	464,000	-	-
Derecognition of investment in subsidiary	P	-	(464,000)	-	-
Reclassification to deposit for shares		-	-	(583,000)	(583,000)
Impaiment loss		-	-	(308,816)	(260,176)
IFRS		-	-	2,930,036	2,886,001

L(I) Under NGAAP, the Group did not consolidate its investment in its subsidiary,Mutual Benefits Liberia. The investment was treated as long term investment under NGAAP.At transition to IFRS, the subsidiary was consolidated. As such, the investment was eliminated (de-recognized).

M Investment in Associate

The Group recognized its investment in associate as long term investments under Nigerian GAAP and were treated at cost. At transition, this amount was reclassified to investment in associate and accounted for in line with IAS 28. As such,relevant adjustments were made to recognize the investment in line with IAS 28. See details below:

		Group		Company	
		31 December 2011	1 January 2011	31 December 2011	1 January 2011
	Note	N'000	N'000	N'000	N'000
NGAAP		-	-	-	-
Reclassification to investment from long term investment	iii	202,713	127,713	-	-
Group's share of post-acquisition profits/(losses) of associate		11,744	(7,630)	-	-
Group's share of exchange differences on translation of foreign associate	AC	(2,407)	(2,541)		
IFRS		212,050	117,542	-	-

N Intangible assets

The Group (and the Company) classified computer software as part of property, plant and equipment under Nigerian GAAP. Under IFRS, computer software is to be recognised as an intangible asset unless it can be considered to be an integral part of Property, plant and equipment. As a result, the Group (and the Company) reclassified its computer software from property plant and equipment to intangible asset under IFRS. The effect of this reclassification was a decrease to Property, plant and equipment and an increase in intangible assets by N36.4 million at 1 January 2011 (2011: N27.7 million). While N30.1 million was transferred by the Group and N27.7 million was transferred by the Company as at 31 December 2011

Also, the Group presented goodwill on consolidation as part of intangible assets. At transition to IFRS, goodwill was reclassified and treated as a line item on the face of statement of financial position. As a result, N144,867,000 was reclassified on transition while N28,374,000 was reclassified on 31 December 2011. see below for details:

		Group		Company	
		31 December 2011	1 January 2011	1 January 2011	31 December 2011
	Note	N'000	N'000	N'000	N'000
NGAAP		53,121	145,076	-	-
Reclassification from property plant and equipment	O	30,133	36,400	36,401	27,716
Reclassification to goodwill	Q	(28,374)	(144,867)	-	-
amortization charge		(925)	-	-	-
IFRS		53,955	36,609	36,401	27,716

O Property plant and equipment

Under GAAP, the Group (and the Company) treated computer software as part of property plant and equipment. At transition, computer sofware was reclassifed from property, plant and equipment to intangible assets. As a result, 36.4 million (Company: N36.4 million) was reclassified from property plant and equipment to intangible asset at transition while 30.1 million (Company: N27.7 million) was reclassified on 31 December 2011.

The Group (and the Company) retained the cost and accumulated depreciation balances of property, plant and equipment under Nigerian GAAP at transition. However, adjustment of N10,810,000 for understatement of accumulated depreciation was made. This adjustment has been made against revenue reserves.

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For the year ended 31st December, 2012

	Note	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
NGAAP		4,126,132	4,433,332	1,470,616	1,545,756
Recognition of property plant and equipment	O(i)	132,778	118,220	-	-
Additional Provision for depreciation		(7,000)	(10,810)	-	-
Reclassification to intangible assets	P	(30,133)	(36,401)	(27,716)	(36,401)
IFRS		4,221,777	4,504,341	1,442,900	1,509,355

O(I) Under NGAAP, the Group did not consolidate its investment in its subsidiary,Mutual Benefits Liberia. But at transition, investment in the subsidiary was consolidated. As such, the Group recognized property plant and equipment in Mutual Benefits Liberia of N118,220,000 while N132,778,000 was recognized on 31 December 2011

P **Deposit for shares**
The major impact of transition to IFRS on deposit for shares is the reclassification of items that qualify as deposit for shares which were treated as part of other receivables and prepayments under NGAAP but has been reclassified for better presentation. See analysis below:

	Note	N'000	N'000	N'000	N'000
NGAAP					
Reclassification from other debtors and prepayments				400,000	-
Reclassification from investment in subsidiaries	vii		105,925		105,925
Elimination of intercompany balances	M			583,000	583,000
	P(i)	-	(105,925)		
		-	-	983,000	688,925

P(I) Intercompany balances which was eliminated relates to deposit for shares made in a subsidiary company that was not eliminated under NGAAP at consolidation but has been eliminated at transition.

Q **Goodwill**
Under NGAAP, Goodwill was treated as part of intangible assets. however, at transition, goodwill has been separated as a line item on the face of the statement of financial position. The main effect of the transition to IFRS on goodwill, is the goodwill arrived at on the consolidation of the Group's subsidiary in Mutual Benefits Liberia which was not consolidated under NGAAP. Also,under NGAAP, the Group consolidated 87.16% as the share in Mutual Benefits Microfinance Bank a sub-subsidiary of the Group. However, under IFRS it was ascertained that the Group's stake in the subsidiary is 80%, therefore appropriate adjustments was made to amend this. See details below:

	Note	N'000	N'000	N'000	N'000
NGAAP		-	-	-	-
Reclassification from intangible assets	N	28,374	144,868	-	-
Adjustment for effect of changes in shareholdings		14,568	14,568	-	-
Impaiment loss	Q(i)	-	(116,494)	-	-
Recognition of goodwill on consolidation of Mutual Benefits Liberia		181,715	181,715	-	-
Recognition of goodwill on consolidation of investment in Mutual Asset Management Limited	Q(ii)	4,120	4,120	-	-
IFRS		228,777	228,777	-	-

Q(i) Impairment loss represents impairment charge on the Group's investment in subsidiaries which was used to impair goodwill arrived at on consolidation.

Q(ii) Under NGAAP Mutual Asset Mangement Limited, a subsidiary of Mutual Benefits Assurance Plc was consolidated as a wholly owned subsidiary however, the subsidiary is 99% owned.At transition, we have adjusted the consolidation of Mutual Asset Management to reflect the Group's 99% share holding. This resulted to a goodwill of 4,120,000 which was recognized in the financial statements at transition.

xi **Insurance fund**
Under Nigerian GAAP, the Company recognised all its liabilities on insurance contract as Insurance fund and are being disclosed as such in its balance sheet. Under IFRS, these liabilities are to be termed 'Insurance contract liabilities' and therefore have been reclassified as such in line with IFRS. As such the Group (and the Company) reclassified N1,878,443,000 (Company: N1,273,723,000) from insurance fund to insurance contract liabilities at transition.

At 31 December 2011, the Group reclassified N2,016,998,000 (Company: nil) from Life insurance funds to investment contract liabilities, while N 2,536,069,000 (Company N1,931,349,000) was reclassified from insurance funds to insurance contract liabilities.

Details of the reclassifications and adjustments are as follows:

	Note	Group 31 December 2011 N'000	Group 1 January 2011 N'000	Company 31 December 2011 N'000	Company 1 January 2011 N'000
NGAAP		9,400,192	1,917,525	1,931,349	1,273,723
Reclassification to Insurance contract liabilities	R	(2,536,069)	(1,878,443)	(1,931,349)	(1,273,723)
Reclassification to investment contract liabilities	S	(2,016,998)	-	-	-
Remeasurement adjustment to retained earnings	xi(a)	(4,847,125)	(39,082)	-	-
IFRS		-	-	-	-

xi(a) The Group also raised a remeasurement adjustment of N4,847,125,000 (Company: Nil), as at 1 January 2011 and N39,082,000 as at 31 December 2011 (being the outstanding balance in Life fund account after reclassification of actuarial valued balances to insurance and investment contract liabilities) to retained earning at transition and the income statement in the comparative year as surplus arising from remeasurement

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For the year ended 31st December, 2012

R **Insurance Contract Liabilities**
Under Nigerian GAAP, the Group (and the Company) recognised its liabilities on unearned premium and outstanding claims including IBNR as insurance funds. At transition, the Group (and the Company's) insurance funds were reclassified to insurance contract liabilities. Also, the Group (and the Company's) insurance contract liabilities were valued by an actuarist to ensure the adequacy of the Group (and the Company's) liability. See details below.

		Group		Company	
	Note	31 December 2011 N'000	1 January 2011 N'000	31 December 2011 N'000	1 January 2011 N'000
NGAAP		-	-	-	-
Reclasification from insurance fund	xi	2,536,069	1,878,443	1,931,349	1,273,723
Recognition of insurance contract liabilities	R(i)	70,098	64,274	-	-
Recognition of actuarial valuation position on insurance contract liabilities - IBNR		1,079,920	328,559	472,823	328,559
Recognition of actuarial valuation position on unearned premium reserve		429,932	257,750	279,705	257,750
IFRS		4,116,019	2,529,026	2,683,877	1,860,032

R(I) Under NGAAP, the Group did not consolidate its investment in its subsidiary,Mutual Benefits Liberia. But at transition, investment in the subsidiary was consolidated. As such, the Group recognized and reclassified insurance funds in Mutual Benefits Liberia of N64,274,000 as insurance contract liabilities on 1 January 2011 while N70,098,000 was recognized and reclassified to insurance contract liabilities on 31 December 2011.

xii **Deposit administration**
Under Nigerian GAAP, deposit administration balance is disclosed as a separate line item in the balance sheet. Under IFRS, deposit administration balance is disclosed as Group component of investment contract liabilities.

At transition on 1 January 2011, the Group reclassified the balance of N4,480,755,000 (Company: Nil) it had on deposit administration to investment contract liabilities.

At 31 December 2011, the Group also reclassified the balance of N1,808,489,000 (Company: Nil) it had on deposit administration to investment contract liabilities.

Deposit Administration under NGAAP

		Group		Company	
	Note	31 December 2011 N'000	1 January 2011 N'000	31 December 2011 N'000	1 January 2011 N'000
NGAAP		1,808,489	4,480,755	-	-
Reclassification to investment contract liabilities	S	(1,808,489)	(4,480,755)	-	-
IFRS		-	-	-	-

S **Investment contract liabilities**
Under Nigerian GAAP, the Group recognised its liabilities on investment products as a separate balance in the balance sheet at 1 January 2011 while its deposit administration liabilities were carried as separate balance from individual investment policy liabilities which were included in life fund. Under IFRS, individual investment contract liabilities are actuarially determined and broken down into their components of participation of profits and without profits.

At transition, the Group reclassified N4,480,755,000 from deposit administration to investment contract liabilities and N1,808,489,000 was reclassified on 31 December 2011. Also, the Group unbundled the deposits of N3,630,326,000 received from policy holders in respect of investment policies from premium income for recognition in investment contract liabilities.

	Note	31 December 2011 N'000	1 January 2011 N'000	31 December 2011 N'000	1 January 2011 N'000
NGAAP		-	-	-	-
Reclassification from deposit administration	xii	1,808,489	4,480,755	-	-
Recognition of investment contract liabilities	S(i)	7,623	3,216	-	-
Reclassification from life fund	xi	2,016,998	-	-	-
Unbundling of investment contract deposits from premium income	AA	3,630,326	-	-	-
Remeasurements	S(ii)	(136,025)	(563,482)	-	-
IFRS		7,327,411	3,920,489	-	-

S(I) Under NGAAP, the Group did not consolidate its investment in its subsidiary,Mutual Benefits Liberia. But at transition, investment in the subsidiary was consolidated. As such, the Group recognized and reclassified deposit administration in Mutual Benefits Liberia of N3,216,000 as investment contract liabilities on 1 January 2011 while N7,623,000 was recognized and reclassified to investment contract liabilities on 31 December 2011.

S(ii) The Group also raised adjusment of N563,482,000 at 1 January 2011 and N136,025,000 on 31 December 2011 to align investment contract liabilities balance with balance per the valuation report.

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

xiii **Creditors and accruals**
The major impact of transition to IFRS is the reclassification of amount due to AMCON to borrowings, reclassification of outstanding claims to insurance contract liabilities, reclassification of information technology levy to income tax liabilities, reclassification of creditors and accruals to other payables and accruals, and the reclassification of trade creditors that relates to the Group (and the Company's) core business which were treated as and accruals. other creditors and accruals under NGAAP to trade payables and reversal of the outstanding claims recognised under NGAAP in creditors. See analysis below:

		Group		Company	
		31 December 2011	1 January 2011	31 December 2011	1 January 2011
	Note	N'000	N'000	N'000	N'000
NGAAP		1,501,345	1,885,602	1,316,380	488,649
Reclassification to trade payables:					
- Co-insurance payable	T	(56,507)	-		
- lease creditors	T	(70,045)	(39,098)		
- Trade creditors	T	(69,362)	(14,371)	-	-
Reclassification to other payables and accruals	U	(1,071,255)	(1,653,051)	(1,312,339)	(484,608)
Reclassification to borrowings	X	(130,004)	(175,041)	-	-
Reclassification to current income tax liabilities	Y	(4,041)	(4,041)	(4,041)	(4,041)
Reversal of outstanding claims recognised under NGAAP	AA	(43,508)	-	-	-
Reclassification to Deposit liabilities	V	(56,623)	-	-	-
		-	-	-	-

T **Trade payables**

Under NGAAP, creditors relating to the Group (and the Company's) core business was included under creditors and accruals. At transition to IFRS, these balances were reclassified to trade payables. See analysis below:

		Group		Company	
		31 December 2011	1 January 2011	31 December 2011	1 January 2011
	Note	N'000	N'000	N'000	N'000
NGAAP		-	-	-	-
Reclassification from creditors and accruals:					
-Co-insurance payable	xiii	56,507			-
- lease creditors	xiii	70,044	39,097	-	-
-Trade payable	xiii	69,362	14,371	-	-
IFRS		195,913	53,468	-	-

U **Other payables and accruals**
Major changes to other payables and accruals comprise the reclassification of accruals and other creditors from other creditors and accruals to other payables and accruals for better presentation under IFRS. See analysis below;

		Group		Company	
		31 December 2011	1 January 2011	31 December 2011	1 January 2011
	Note	N'000	N'000	N'000	N'000
NGAAP		-	-	-	-
Reclassification from creditors and accruals	xiii	1,071,255	1,653,051	1,312,339	484,608
Recognition of other payables and accruals	U(i)	12,404	15,104		
Commission payable	U(ii)	175,463		171,871	-
Reversal of excess interest charge on intra-Group loans	K	-	(210,184)		
Transfer from Mutual Life Assurance Limited	C(i)			-	110,185
Elimination of intercompany balances	I(iv)		(87,837)		
Elimination of intercompany deposit for shares	P(i)	-	(105,925)		
IFRS		1,259,122	1,264,209	1,484,210	594,793

U(I) Under NGAAP, the Group did not consolidate its investment in its subsidiary,Mutual Benefits Liberia. But at transition, investment in the subsidiary was consolidated. As such, the Group recognized and reclassified creditors and accruals in Mutual Benefits Liberia of N15,104,000 as other payables and accruals and other payables, while N12,404,000 was recognized and reclassified to other payables and accruals on 31 December 2011.

U(ii) Commission payable booked by the Company under NGAAP was inadequate. Therefore the Company remeasured its commission payable to ensure its adequacy. As a result, additional commission charge of N171,871,000 was recognised in the financial statements

xiv **Deposit, current and other account**
Deposit, current and other account represents deposits from customers. At transition, the Group reclassified and renamed deposit,current and other account to Deposit liabilities. See analysis below:

		Group		Company	
		31 December 2011	1 January 2011	31 December 2011	1 January 2011
	Note	N'000	N'000	N'000	N'000
NGAAP		84,261	71,608		
Reclassification to Deposit liabilities	V	(84,261)	(71,608)		
IFRS			-	-	-

V **Deposit liabilities**
At transition, the Group renamed and reclassified its deposit, current and other account to Deposit liabilities. As a result, N71,608,000 was reclassified to Deposit liabilities.

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

Group

Reconciliation of total comprehensive income

Total comprehensive income for the reporting period ended 31 December 2011 can be reconciled to the amounts reported under previous GAAP as follows:

	Notes	NGAAP composite P&L N'000	NGAAP-life Rev. Acct N'000	NGAAP- DA Rev Acct N'000	Reclassifications N'000	Remeasurement N'000	Recognition N'000	Total effect N'000	IFRS N'000
Gross premium written		5,471,238	4,602,157	-	-	-	270,298	4,872,455	10,343,693
Unbundling of investment contract deposits						(3,630,326)		(3,630,326)	(3,630,326)
Changes in unearned premium	A	(487,341)			(150,228)	(21,954)		(172,182)	(659,523)
Gross premium income	B	4,983,897	4,602,157	-	(150,228)	(3,652,280)	270,298	1,069,947	6,053,844
Reinsurance expenses		(185,756)	(40,745)	-	-	-	(8,678)	(49,423)	(235,179)
Net premium income		4,798,141	4,561,412	-	(150,228)	(3,652,280)	261,620	1,020,524	5,818,665
Investment & other income		-	159,872	1,168,733	(1,328,605)	-	-	-	-
Fees and commission income		35,853	-	-	-	-	-	-	35,853
Net underwriting income		4,833,994	4,721,284	1,168,733	(1,478,833)	(3,652,280)		1,020,524	5,854,518
Net claims incurred	C	(1,059,487)	(127,308)	-	434,388	(668,399)	(49,662)	(410,981)	(1,470,468)
			-			-	-	-	-
Commission paid	ii	(144,250)	(73,890)	(608,857)	826,997	-	-	144,250	-
Acquisition cost	E(ii)	-	-	-	(826,997)	(366,307)	(29,914)	(1,223,218)	(1,223,218)
Maintenance cost	F(i)	(116,130)	(115,648)	(27,628)	-	-	-	(143,276)	(259,406)
Total Underwriting expenses		(1,319,867)	(316,846)	(636,485)	434,388	(1,034,706)	(79,575)	(1,633,224)	(2,953,091)
Management expenses		-	(159,877)	(39,969)	199,846	-	-	-	-
Guaranteed interest		-	-	(208,999)	208,999	-	-	-	-
									-
Underwriting result/Accretion to Life Fund		2,194,260	3,927,715	(353,205)	(201,212)	(5,721,692)		(2,245,925)	2,901,427
Investment income	G(i,iii)	276,809			1,439,351	(1,233,424)		205,927	482,736
Net realised gains and losses		-							-
Net fair value gains/losses on financial assets at FVTPL	H	-			-	(89,759)		(89,759)	(89,759)
Other operating income	I(iii)	1,028,504			150,664	207,477	20,285	378,426	1,406,930
Share of associate profit/loss						19,373		19,373	19,373
Transfer from life profit and loss account	iii	75,854	-	-	(75,854)			(75,854)	-
		-	-	-				-	-
Provision for doubtful receivables and investments	iv	(1,231,375)			1,231,375			1,231,375	
Impairment loss on receivables and investments	J(iv)		-	-	(1,569,710)	361,961		(1,207,749)	(1,207,749)
Management expenses	K(i,iii)	(2,609,219)	-	-	131,363	106,312	(183,704)	53,971	(2,555,248)
Employee benefit expense	L(K)	-	-	-	(761,322)			(761,322)	(761,322)
								-	-
Result from operating activities		(265,167)	3,927,715	(353,205)	1,105,977	(6,349,752)			196,387
Finance income	M(iii)		-	-	94,994	(2,210)	(438)	92,346	92,346
Finance costs	N(iii)	(47,620)	-	-	(4,381)	2,210		(2,171)	(49,791)
Profit before taxation		(312,787)		(353,205)	1,196,590	(6,349,752)			238,942
Taxation	O	(251,358)				(40,166)	(20,230)	(60,396)	(311,754)
Profit for the period		(564,145)		(353,205)		(6,389,918)			(72,812)
Non- controlling interest		(917)				(1,200)		(1,200)	(2,117)
Other comprehensive income									
Gain(loss) on valuation of Available-for-sale		-							
Foreign currency translation reserve						14,821		14,821	14,821
Items recognised in other comprehensive income under IFRS, net of tax		-							-
		-							-
Total comprehensive income		(565,062)		(353,205)	-	(6,376,297)		13,621	(57,991)

Key impact of IFRS on the income statement as at date transition 31 December 2011

The change in accounting policies for life contracts resulted in reclassification of all balances previously recognised in the revenue account under NGAAP to the statement of profit or loss and other comprehensive income. This led to significant changes in the following income statement captions listed below:

– Gross premium income
– Profit on deposit administration
– Net claims expenses
– Underwriting expense
– Investment income
- Management expenses
– Impairment on receivables and investment

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

I Profit on deposit administration

Under NGAAP, investment contracts of savings nature were accounted for using fund accounting and classified as deposit administration fund. However, under IFRS, such contracts are accounted for on an accrual basis. As a result, balances relating to investment contracts were segregated and disclosed under the appropriate classes in the statement of profit or loss and other comprehensive income. The net IFRS impact on profit on deposit administration fund is as a result of IFRS adjustments impacting the life investments contracts is shown below:

	Note	2011 N'000	2011 N'000
NGAAP	G	283,280	-
Reclassification of investment and interest income on deposit administration to investment income	F	(1,168,733)	-
Reclassification of maintenance cost on deposit administration to maintenance cost	E	27,628	-
Reclassification of commission on deposit administration to underwriting expenses	K	608,857	-
Reclassification of management expenses on deposit administration to management expenses	G	39,969	-
Reclassification of guaranteed interest on deposit administration to investment income		208,999	-
IFRS		-	-

ii Commission paid

At transition to IFRS,the company reclassified commission paid to acquisition cost at transition to IFRS. As shown below:

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		144,250	144,250
Reclassification to acquisition cost	E	(144,250)	(144,250)
IFRS		-	-

iii Transfer from profit or loss account

Under NGAAP, the Group's life profit or loss result was transfered to the general business profit or loss account to arrive at the Group's profit or loss. At transition, profit or loss transferred from life was reclassified to various profit or loss items for proper presentation. See analysis below

	Note	Group 31 December 2011 N'000	Company 31December 2011 N'000
NGAAP			
Reclassification of investment income in Life profit and loss account to investment income		75,854	-
Reclassification of investment income on deposit administration to investment income	G	(319,745)	-
Reclassification of guranteed interest under deposit administration to investment income	See 'i' above	(1,168,733)	-
Reclassification of maintenance cost under deposit adminsitration maintenance cost	See 'i' above	208,999	-
Reclassification of management expenses under deposit administration to management expenses	See 'i' above	27,628	-
Reclassification of commission expenses under deposit adminsitration to acquisition expenses	See 'i' above	39,969	-
Reclassification of interest income to finance income	See 'i' above	608,857	-
Reclassification of fees and commission to other operating income	M	(91,373)	-
Reclassification of other income:	I	(20,251)	-
- Rental income to other operating income			
- Income on logistics to other operating income	I	(72,927)	-
- Interest received to finance income	I	(53,954)	-
- Others to other operating income	M	(3,621)	-
Reclassification of administration and other expenses to management expenses	I	(3,532)	-
Reclassification of management expenses under life profit and loss account to management expenses	K	315,914	-
Reclassification of interest expenses to finance cost	K	199,846	-
Reclassification of provision for doubtful balances to impairment losses	N	4,381	-
	J	252,688	-
		-	-

iv Provision for doubtful receivables and investments

Below is the summary of the effect of IFRS adjustment on provision for receivables and investment under NGAAP

	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP	1,231,375	1,231,375
Transfer to impairment loss on receivables and investments	(1,231,375)	(1,231,375)
IFRS	-	-

A Unearned premium

Under NGAAP unearned premium is not disclosed as a line item on the face of the profit or loss. At transition, the Group disclosed unearned premium as a line item on the face of statement of profit or loss.

The movement witnessed in this account is as a result of additional unearned premium proposed based on actuarial valuation based on the liability adequacy test and the reclassification of changes in life fund.

	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP	487,341	487,341
Recognition of actuarial valuation on unearned premium reserve (Non-life)	21,954	21,954
Reclassification of changes in life fund (long term contracts) to unearned premium	150,228	-
	659,523	509,295

B Gross Premium Income

	Note	2011 N'000	2011 N'000
NGAAP		4,983,897	4,983,897
Gross premium revenue recognized in life revenue account under NGAAP		4,602,157	-
Recognition of premium income	B(i)	270,298	-
Unbundling of investment insurance contract	B(ii)	(3,630,326)	-
Being provision for unearned premium based on actuary valuation		(172,182)	(21,954)
IFRS		6,053,844	4,961,943

B(I) Under NGAAP, the Group did not consolidate its investments in Mutual Benefits Liberia. But at transition, Mutual Benefits Liberia was consolidated. As a result, the Group recognized premium income in Mutual Benefits Liberia of N270,298,000 in the financial statements on 1 January 2011

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

B(ii) The Group unbundled deposits of N3,630,326,000 received from policy holders in respect of investment policies from premium income for recognition in investment contract liabilities.

		Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
C	**Claims expenses**			
	Claims expenses/claims incurred	(C)(i)	(2,072,028)	(1,331,471)
	Reinsurance Recoverables	D	601,560	167,172
	Net claims incurred		(1,470,468)	(1,164,299)

C(I) Under NGAAP, the Group recognizes its claims net of reinsurance recoverables. At transition, the Group recognized claims expenses gross. As such, reinsurance recoverables was disclosed separately, as analysed below:

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		1,059,487	1,059,487
Reclassification of reinsurance recoverables	D	127,720	127,720
Reclassification of claims incurred in revenue account under NGAAP		127,308	-
Being additional provision for IBNR for the year based on actuarial valuation		707,851	144,264
Recognition of premium income	C(ii)	49,662	-
IFRS		2,072,028	1,331,471

C(ii) Under NGAAP, the Group did not consolidate its investments in Mutual Benefits Liberia. But at transition, Mutual Benefits Liberia was consolidated. As a result, the Group recognized claims expenses in Mutual Benefits Liberia of N49,662,000 in the financial statements on 1 January 2011.

D **Reinsurance recoverables**

Under NGAAP the Group presents its claims expenses net of reinsurance recoverables. At transition to IFRS, claims expenses was disclosed gross while reinsurance recoverables was reclassified and shown as a line item on the statement of profit or loss and other comprehensive income.

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		-	-
Reclassification from claims expenses	C	127,720	127,720
Being recognition of reinsurance recoverables provision for the year based on actuarial valuation (Non-life)		39,452	39,452
Being reclassification of reinsurance recoverables provision for the year based on actuarial valuation(Life)		434,388	
IFRS		601,560	167,172

E **Acquisition cost**

The major impact of transition to IFRS is shown below:

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		-	-
Reclassification from commission paid	ii	144,250	144,250
Reclassification of commission previously recognised in deposit administration as underwriting expenses	i	608,857	-
Reclassification of commission previously recognised in revenue account as underwriting expenses		73,890	
Recognition of actuarial valuation on deferred acquisition expenses		194,435	158,358
Recognitiion of additional commission expenses		171,872	171,872
Recognition of Comission paid (Mutual Benefits Liberia)	E(i)	29,914	-
IFRS		1,223,218	474,480

E(I) Under NGAAP, the Group did not consolidate its investment in Mutual Benefits Liberia. But at transition, Mutual Benefits Liberia was consolidated. As a result, the Group recognized management expenses in Mutual Benefits Liberia of N29,914,000 in the financial statements on 1 January 2011.

F **Maintenance Cost**

The main changes to this account resulted from reclassification of maintenance expenses on insurance and investment contracts which was previously recognised in life revenue account under NGAAP. Guaranteed interest on deposit administration has also been reclassified to maintenance expenses. The analysis of the impact is as detailed below

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		116,130	116,130
Reclassification of maintenance cost previously recognised in revenue account as underwriting expenses		115,648	-
Reclassification of maintenance cost previously recognized in deposit administration to maintenance cost	i	27,628	-
IFRS		259,406	116,130

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

G Investment income
Below is the summary of the effect of IFRS adjustment to investment income under NGAAP

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		276,809	276,809
Reclassification of investment income previously recognised in revenue account to investment income	i	159,872	-
Reclassification of investment income previously recognized in deposit administration to investment income	i	1,168,733	-
Reclassification of guaranteed interest on deposit administration to investment income	iii	(208,999)	-
Reclassification of investment income from life profit or loss account	(G)(i)	319,745	-
Remeasurement adjustments on investment contract liabilities		136,025	-
Elimination of intra-group balances on consolidation:			
- Intra-group interest on loan against inventories	(G)(ii)	(1,360,777)	-
- Interest on intra-group current account against inventories	(G)(ii)	(8,672)	-
IFRS		482,736	276,809

G(I) Remeasurement adjustment of N136,025,000 represents adjustment raised to align the Group's investment contract liabilities to the actuarial valuation.

G(ii) The Group eliminated interest on intra-group loans of N1,360,777,000 and interest on intra-group current account of N8,672,000 which were capitalised on inventories. These interest were not eliminated on consolidation under NGAAP.

H Net fair value gain/loss on financial assets at fair value through profit or loss
Under NGAAP, some of the Group's quoted equities are measured at the lower of cost and net realisable value. The excess of cost over the net realisable value is recognised in provision for receivables and investments under the Nigerian GAAP. Under IFRS, the excess has been recognised as net fair value loss in the statement of profit or loss and other comprehensive income for assets held at fair value through profit or loss.

	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		
Fair value gain on financial assets at fair value through profit or loss	795	795
Fair value loss on financial assets at fair value through profit or loss	(90,554)	(90,554)
IFRS	(89,759)	(89,759)

I Other operating income
Adjustments were made to reclassify other income on deposit administration as stated below.

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		1,028,504	29,416
Reclassification from Life Profit or loss under NGAAP:			
-Fees and commission	iii	20,251	-
-Rental income	iii	72,927	-
-Income on logistics	iii	53,954	-
-Others	iii	3,888	-
Recognition of operating income	I(i)	20,285	-
Reversal of Impairment loss		207,121	179,588
IFRS		1,406,930	209,004

I(I) Under NGAAP, the Group did not consolidate its investment in Mutual Benefits Liberia. But at transition, Mutual Benefits Liberia was consolidated. As a result, the Group recognized operating income in Mutual Benefits Liberia of N20,285,000 in the financial statements on 1 January 2011.

J Impairment loss on receivables and investments
This comprises of impairment loss on trade receivables and impairment loss on other receivables, loans and receivables, available for sale financial assets. Entries were raised to properly recognise the impairment loss arising from the incurred loss model applied on trade receivables. Under IFRS, the fair value change on financial assets were reclassified from impairment losses to net fair value gains on financial assets at fair value through profit or loss for IFRS presentation purposes . Also, there were reversals on impairment losses which were made at transition but already made under NGAAP. See table below for adjustments

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		-	-
Reclassification from provisions for doubtful receivables and investments	iv	1,231,375	1,231,375
Reclassification of provisions for doubtful balances from life account	iii	252,688	-
Impairment loss on trade receivables		662,078	579,699
Impairment loss on loans and receivables		6,029	-
Impairment loss on available for sale financial assets		3,056	-
Impairment loss on other receivables		53,978	-
Reversal of impairment loss on available for sale financial asset	J(i)	(10,424)	(10,424)
Reversal of impairment loss on other receivables	J(i)	(28,171)	-
Reclassification of provision for diminution on quoted investment under NGAAP	J(i)	(24,607)	(24,607)
Reversal of impairment loss on available for sale financial asset	J(i)	(269,954)	(169,955)
Reversal of impairment loss on leases doubtful of recovery	J(i)	(29,769)	(13,719)
Reversal of impairment loss on investment in subsidiaries	J(i)	(724,177)	(724,177)
Reclassification of impairment loss included in management expenses		85,647	-
IFRS		1,207,749	868,192

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

Group

Reconciliation of total comprehensive income

Total comprehensive income for the reporting period ended 31 December 2011 can be reconciled to the amounts reported under previous GAAP as follows:

	Notes	NGAAP composite P&L N'000	NGAAP-life Rev. Acct N'000	NGAAP- DA Rev Acct N'000	Reclassifications N'000	Remeasurement N'000	Recognition N'000	Total effect N'000	IFRS N'000
Gross premium written		5,471,238	4,602,157	-	-	-	270,298	4,872,455	10,343,693
Unbundling of investment contract deposits						(3,630,326)		(3,630,326)	(3,630,326)
Changes in unearned premium	A	(487,341)			(150,228)	(21,954)		(172,182)	(659,523)
Gross premium income	B	4,983,897	4,602,157	-	(150,228)	(3,652,280)	270,298	1,069,947	6,053,844
Reinsurance expenses		(185,756)	(40,745)	-	-		(8,678)	(49,423)	(235,179)
Net premium income		4,798,141	4,561,412	-	(150,228)	(3,652,280)	261,620	1,020,524	5,818,665
Investment & other income			159,872	1,168,733	(1,328,605)				
Fees and commission income		35,853	-	-	-	-	-	-	35,853
Net underwriting income		4,833,994	4,721,284	1,168,733	(1,478,833)	(3,652,280)		1,020,524	5,854,518
Net claims incurred	C	(1,059,487)	(127,308)	-	434,388	(668,399)	(49,662)	(410,981)	(1,470,468)
			-						-
Commission paid	ii	(144,250)	(73,890)	(608,857)	826,997	-	-	144,250	
Acquisition cost	E(ii)	-	-	-	(826,997)	(366,307)	(29,914)	(1,223,218)	(1,223,218)
Maintenance cost	F(i)	(116,130)	(115,648)	(27,628)	-		-	(143,276)	(259,406)
Total Underwriting expenses		(1,319,867)	(316,846)	(636,485)	434,388	(1,034,706)	(79,575)	(1,633,224)	(2,953,091)
Management expenses		-	(159,877)	(39,969)	199,846	-	-	-	-
Guaranteed interest		-	-	(208,999)	208,999	-	-	-	-
Underwriting result/Accretion to Life Fund		2,194,260	3,927,715	(353,205)	(201,212)	(5,721,692)		(2,245,925)	2,901,427
Investment income	G(i,iii)	276,809			1,439,351	(1,233,424)		205,927	482,736
Net realised gains and losses		-							
Net fair value gains/losses on financial assets at FVTPL	H	-			-	(89,759)		(89,759)	(89,759)
Other operating income	I(iii)	1,028,504			150,664	207,477	20,285	378,426	1,406,930
Share of associate profit/loss						19,373		19,373	19,373
Transfer from life profit and loss account	iii	75,854	-	-	(75,854)			(75,854)	
		-	-	-				-	
Provision for doubtful receivables and investments	iv	(1,231,375)			1,231,375			1,231,375	
Impairment loss on receivables and investments	J(iv)		-	-	(1,569,710)	361,961		(1,207,749)	(1,207,749)
Management expenses	K(i,iii)	(2,609,219)	-	-	131,363	106,312	(183,704)	53,971	(2,555,248)
Employee benefit expense	L(K)	-	-	-	(761,322)			(761,322)	(761,322)
Result from operating activities		(265,167)	3,927,715	(353,205)	1,105,977	(6,349,752)			196,387
Finance income	M(iii)		-	-	94,994	(2,210)	(438)	92,346	92,346
Finance costs	N(iii)	(47,620)	-	-	(4,381)	2,210		(2,171)	(49,791)
Profit before taxation		(312,787)		(353,205)	1,196,590	(6,349,752)			238,942
Taxation	O	(251,358)				(40,166)	(20,230)	(60,396)	(311,754)
Profit for the period		(564,145)		(353,205)		(6,389,918)			(72,812)
Non- controlling interest		(917)				(1,200)		(1,200)	(2,117)
Other comprehensive income									
Gain(loss) on valuation of Available-for-sale		-							
Foreign currency translation reserve						14,821		14,821	14,821
Items recognised in other comprehensive income under IFRS, net of tax		-							
Total comprehensive income		(565,062)		(353,205)	-	(6,376,297)		13,621	(57,991)

Key impact of IFRS on the income statement as at date transition 31 December 2011

The change in accounting policies for life contracts resulted in reclassification of all balances previously recognised in the revenue account under NGAAP to the statement of profit or loss and other comprehensive income. This led to significant changes in the following income statement captions listed below:

– Gross premium income
– Profit on deposit administration
– Net claims expenses
– Underwriting expense
– Investment income
- Management expenses
– Impairment on receivables and investment

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

I Profit on deposit administration

Under NGAAP, investment contracts of savings nature were accounted for using fund accounting and classified as deposit administration fund. However, under IFRS, such contracts are accounted for on an accrual basis. As a result, balances relating to investment contracts were segregated and disclosed under the appropriate classes in the statement of profit or loss and other comprehensive income. The net IFRS impact on profit on deposit administration fund is as a result of IFRS adjustments impacting the life investments contracts is shown below:

	Note	2011 N'000	2011 N'000
NGAAP		283,280	
Reclassification of investment and interest income on deposit administration to investment income	G	(1,168,733)	-
Reclassification of maintenance cost on deposit administration to maintenance cost	F	27,628	-
Reclassification of commission on deposit administration to underwriting expenses	E	608,857	-
Reclassification of management expenses on deposit administration to management expenses	K	39,969	-
Reclassification of guaranteed interest on deposit administration to investment income	G	208,999	-
IFRS		-	

ii Commission paid

At transition to IFRS,the company reclassified commission paid to acquisition cost at transition to IFRS. As shown below:

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		144,250	144,250
Reclassification to acquisition cost	E	(144,250)	(144,250)
IFRS		-	-

iii Transfer from profit or loss account

Under NGAAP, the Group's life profit or loss result was transfered to the general business profit or loss account to arrive at the the Group's profit or loss. At transition, profit or loss transferred from life was reclassified to various profit or loss items for proper presentation. See analysis below

	Note	Group 31 December 2011 N'000	Company 31December 2011 N'000
NGAAP			
Reclassification of investment income in Life profit and loss account to investment income		75,854	-
Reclassification of investment income on deposit administration to investment income	G	(319,745)	-
Reclassification of guranteed interest under deposit administration to investment income	See 'i' above	(1,168,733)	-
Reclassification of maintenance cost under deposit adminsitration maintenance cost	See 'i' above	208,999	-
Reclassification of management expenses under deposit administration to management expenses	See 'i' above	27,628	-
Reclassification of commission expenses under deposit adminsitration to acquisition expenses	See 'i' above	39,969	-
Reclassification of interest income to finance income	See 'i' above	608,857	-
Reclassification of fees and commission to other operating income	M	(91,373)	-
Reclassification of other income:	I	(20,251)	-
- Rental income to other operating income			
- Income on logistics to other operating income	I	(72,927)	-
- Interest received to finance income	I	(53,954)	-
- Others to other operating income	M	(3,621)	-
Reclassification of administration and other expenses to management expenses	I	(3,532)	-
Reclassification of management expenses under life profit and loss account to management expenses	K	315,914	-
Reclassification of interest expenses to finance cost	K	199,846	-
Reclassification of provision for doubtful balances to impairment losses	N	4,381	-
	J	252,688	-
		-	-

iv Provision for doubtful receivables and investments

Below is the summary of the effect of IFRS adjustment on provision for receivables and investment under NGAAP

	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP	1,231,375	1,231,375
Transfer to impairment loss on receivables and investments	(1,231,375)	(1,231,375)
IFRS	-	-

A Unearned premium

Under NGAAP unearned premium is not disclosed as a line item on the face of the profit or loss. At transition, the Group disclosed unearned premium as a line item on the face of statement of profit or loss.

The movement witnessed in this account is as a result of additional unearned premium proposed based on actuarial valuation based on the liability adequacy test and the reclassification of changes in life fund.

	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP	487,341	487,341
Recognition of actuarial valuation on unearned premium reserve (Non-life)	21,954	21,954
Reclassification of changes in life fund (long term contracts) to unearned premium	150,228	-
	659,523	509,295

B Gross Premium Income

	Note	2011 N'000	2011 N'000
NGAAP		4,983,897	4,983,897
Gross premium revenue recognized in life revenue account under NGAAP		4,602,157	-
Recognition of premium income	B(i)	270,298	-
Unbundling of investment insurance contract	B(ii)	(3,630,326)	-
Being provision for unearned premium based on actuary valuation		(172,182)	(21,954)
IFRS		6,053,844	4,961,943

B(I) Under NGAAP, the Group did not consolidate its investments in Mutual Benefits Liberia. But at transition, Mutual Benefits Liberia was consolidated. As a result, the Group recognized premium income in Mutual Benefits Liberia of N270,298,000 in the financial statements on 1 January 2011

B(ii) The Group unbundled deposits of N3,630,326,000 received from policy holders in respect of investment policies from premium income for recognition in investment contract liabilities.

		Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
C	**Claims expenses**			
	Claims expenses/claims incurred	(C)(i)	(2,072,028)	(1,331,471)
	Reinsurance Recoverables	D	601,560	167,172
	Net claims incurred		(1,470,468)	(1,164,299)

C(I) Under NGAAP, the Group recognizes its claims net of reinsurance recoverables. At transition, the Group recognized claims expenses gross. As such, reinsurance recoverables was disclosed separately, as analysed below:

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		1,059,487	1,059,487
Reclassification of reinsurance recoverables	D	127,720	127,720
Reclassification of claims incurred in revenue account under NGAAP		127,308	-
Being additional provision for IBNR for the year based on actuarial valuation		707,851	144,264
Recognition of premium income	C(ii)	49,662	-
IFRS		2,072,028	1,331,471

C(ii) Under NGAAP, the Group did not consolidate its investments in Mutual Benefits Liberia. But at transition, Mutual Benefits Liberia was consolidated. As a result, the Group recognized claims expenses in Mutual Benefits Liberia of N49,662,000 in the financial statements on 1 January 2011.

D **Reinsurance recoverables**

Under NGAAP the Group presents its claims expenses net of reinsurance recoverables. At transition to IFRS, claims expenses was disclosed gross while reinsurance recoverables was reclassified and shown as a line item on the statement of profit or loss and other comprehensive income.

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		-	-
Reclassification from claims expenses	C	127,720	127,720
Being recognition of reinsurance recoverables provision for the year based on actuarial valuation (Non-life)		39,452	39,452
Being reclassification of reinsurance recoverables provision for the year based on actuarial valuation(Life)		434,388	
IFRS		601,560	167,172

E **Acquisition cost**

The major impact of transition to IFRS is shown below:

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		-	-
Reclassification from commission paid	ii	144,250	144,250
Reclassification of commission previously recognised in deposit administration as underwriting expenses	i	608,857	-
Reclassification of commission previously recognised in revenue account as underwriting expenses		73,890	
Recognition of actuarial valuation on deferred acquisition expenses		194,435	158,358
Recognitiion of additional commission expenses		171,872	171,872
Recognition of Comission paid (Mutual Benefits Liberia)	E(i)	29,914	-
IFRS		1,223,218	474,480

E(I) Under NGAAP, the Group did not consolidate its investment in Mutual Benefits Liberia. But at transition, Mutual Benefits Liberia was consolidated. As a result, the Group recognized management expenses in Mutual Benefits Liberia of N29,914,000 in the financial statements on 1 January 2011.

F ***Maintenance Cost***

The main changes to this account resulted from reclassification of maintenance expenses on insurance and investment contracts which was previously recognised in life revenue account under NGAAP. Guaranteed interest on deposit administration has also been reclassified to maintenance expenses. The analysis of the impact is as detailed below

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		116,130	116,130
Reclassification of maintenance cost previously recognised in revenue account as underwriting expenses		115,648	-
Reclassification of maintenance cost previously recognized in deposit administration to maintenance cost	i	27,628	-
IFRS		259,406	116,130

NOTES TO THE FINANCIAL STATEMENT CONT'D

For the year ended 31st December, 2012

G Investment income

Below is the summary of the effect of IFRS adjustment to investment income under NGAAP

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		276,809	276,809
Reclassification of investment income previously recognised in revenue account to investment income		159,872	-
Reclassification of investment income previously recognized in deposit administration to investment income	i	1,168,733	-
Reclassification of guaranteed interest on deposit administration to investment income	i	(208,999)	-
Reclassification of investment income from life profit or loss account	iii	319,745	-
Remeasurement adjustments on investment contract liabilities	(G)(i)	136,025	-
Elimination of intra-group balances on consolidation:			
- Intra-group interest on loan against inventories	(G)(ii)	(1,360,777)	-
- Interest on intra-group current account against inventories	(G)(ii)	(8,672)	-
IFRS		482,736	276,809

G(I) Remeasurement adjustment of N136,025,000 represents adjustment raised to align the Group's investment contract liabilities to the actuarial valuation.

G(ii) The Group eliminated interest on intra-group loans of N1,360,777,000 and interest on intra-group current account of N8,672,000 which were capitalised on inventories. These interest were not eliminated on consolidation under NGAAP.

H Net fair value gain/loss on financial assets at fair value through profit or loss

Under NGAAP, some of the Group's quoted equities are measured at the lower of cost and net realisable value. The excess of cost over the net realisable value is recognised in provision for receivables and investments under the Nigerian GAAP. Under IFRS, the excess has been recognised as net fair value loss in the statement of profit or loss and other comprehensive income for assets held at fair value through profit or loss.

	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		
Fair value gain on financial assets at fair value through profit or loss	795	795
Fair value loss on financial assets at fair value through profit or loss	(90,554)	(90,554)
IFRS	(89,759)	(89,759)

I Other operating income

Adjustments were made to reclassify other income on deposit administration as stated below.

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		1,028,504	29,416
Reclassification from Life Profit or loss under NGAAP:			
-Fees and commission	iii	20,251	-
-Rental income	iii	72,927	-
-Income on logistics	iii	53,954	-
-Others	iii	3,888	-
Recognition of operating income	I(i)	20,285	-
Reversal of Impairment loss		207,121	179,588
IFRS		1,406,930	209,004

I(I) Under NGAAP, the Group did not consolidate its investment in Mutual Benefits Liberia. But at transition, Mutual Benefits Liberia was consolidated. As a result, the Group recognized operating income in Mutual Benefits Liberia of N20,285,000 in the financial statements on 1 January 2011.

J Impairment loss on receivables and investments

This comprises of impairment loss on trade receivables and impairment loss on other receivables, loans and receivables, available for sale financial assets. Entries were raised to properly recognise the impairment loss arising from the incurred loss model applied on trade receivables. Under IFRS, the fair value change on financial assets were reclassified from impairment losses to net fair value gains on financial assets at fair value through profit or loss for IFRS presentation purposes . Also, there were reversals on impairment losses which were made at transition but already made under NGAAP. See table below for adjustments

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		-	-
Reclassification from provisions for doubtful receivables and investments	iv	1,231,375	1,231,375
Reclassification of provisions for doubtful balances from life account	iii	252,688	-
Impairment loss on trade receivables		662,078	579,699
Impairment loss on loans and receivables		6,029	-
Impairment loss on available for sale financial assets		3,056	-
Impairment loss on other receivables		53,978	-
Reversal of impairment loss on available for sale financial asset	J(i)	(10,424)	(10,424)
Reversal of impairment loss on other receivables	J(i)	(28,171)	-
Reclassification of provision for diminution on quoted investment under NGAAP	J(i)	(24,607)	(24,607)
Reversal of impairment loss on available for sale financial asset	J(i)	(269,954)	(169,955)
Reversal of impairment loss on leases doubtful of recovery	J(i)	(29,769)	(13,719)
Reversal of impairment loss on investment in subsidiaries	J(i)	(724,177)	(724,177)
Reclassification of impairment loss included in management expenses		85,647	-
IFRS		1,207,749	868,192

NOTES TO THE FINANCIAL STATEMENT CONT'D
For the year ended 31st December, 2012

J(I) Reversal of impairment losses represents impairment losses made at transition to IFRS but which have already been made under NGAAP on 31 December 2011.

(K) **Management Expenses**
This warehouses all items of operating expenses. Entries were raised to reclassify management expenses on deposit administration, life account and reversals of impairment losses made at transition to IFRS but already made under NGAAP

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		2,609,219	1,633,272
Reclassification of management expenses previously recognised in revenue account to management expenses		159,877	-
Reclassification of management previously recognized in deposit administration to management expenses	i	39,969	-
Reclassification of management expenses from life profit or loss	iii	199,846	-
Reclassification of administration and other expenses from life profit or loss	iii	315,914	-
Reclassification to employee benefit expenses	L	(761,322)	(438,195)
Recognition of management expenses	K(i)	183,704	-
Reversal of impairment loss on doubtful cash balances	K(ii)	(1,275)	(1,275)
Reversal of impairment loss on short term deposits	K(ii)	(17,135)	(17,135)
Reversal of impairment loss on other receivables	K(ii)	(40,120)	(60,070)
Provisions for depreciation on Property plant and equipment		(63)	-
Gratuity provision written back		(55,955)	(55,955)
Provision for amortization on intangible assets		925	-
Impairment loss on Intercompany balances		-	7,574
Reclassification of impairment loss included in management expenses		(85,647)	-
Other expenses		7,311	-
IFRS		2,555,248	1,068,216

K(I) Under NGAAP, the Group did not consolidate its investment in Mutual Benefits Liberia. But at transition, Mutual Benefits Liberia was consolidated. As a result, the Group recognized management expenses in Mutual Benefits Liberia of N183,704,000 in the financial statements on 1 January 2011.

K(ii) Reversal of impairment losses represents impairment losses made at transition to IFRS but which have already been made under NGAAP on 31 December 2011.

L **Employee benefits**

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		-	-
Reclassification from management expenses	K	761,322	438,195
IFRS		761,322	438,195

M **Finance income**
The major impact of transition to IFRS is the reclassification of interest income from Life profit or loss to finance income and the reversal of unearned interest income on treasury bills. See details below:

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		-	
Reclassification from life profit or loss account under NGAAP:			-
-Interest income	iii	91,373	-
-Interest received	iii	3,621	-
Reversal of unearned interest income		(438)	-
Elimination of intra group balances		(2,210)	-
		92,346	-

N **Finance Cost**

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		47,620	38,709
Reclassification of interest expense from life profit or loss account under NGAAP	iii	4,381	-
Elimination of intra group balances		(2,210)	-
NGAAP		49,791	38,709

O **Income tax expense**

	Note	Group 31 December 2011 N'000	Company 31 December 2011 N'000
NGAAP		240,682	143,998
Recognition of deferred tax expense on investment properties		38,937	-
Recognition of income tax	O(i)	20,230	-
Information technology development tax		10,676	9,170
Recognition of information technology development tax		1,229	1,229
IFRS		311,754	154,397

O(I) Under NGAAP, the Group did not consolidate its investment in Mutual Benefits Liberia. But at transition, Mutual Benefits Liberia was consolidated. As a result, the Group recognized income tax in Mutual Benefits Liberia of N20,230,000 in the financial statements on 1 January 2011.

VALUE ADDED STATEMENT - GROUP

For the year ended 31 December 2012

GROUP

	2012 N'000	%	2011 N'000	%
Net premium written				
Local	7,455,505		5,818,665	
Foreign	-		-	
Commission received,				
Investment income and other income	3,618,286		1,944,893	
Finance income	147,667		92,345	
Claims and underwriting expenses	(4,378,881)		(2,953,091)	
	6,842,577		4,902,812	
Less bought in material and services				
Local	(5,551,519)		(3,053,756)	
Foreign	-		-	
VALUE ADDED	1,291,058	100	1,849,056	100
APPLIED AS FOLLOWS:				
Employees				
Employee's benefit expense	1,079,077	84	761,322	41
Government				
Taxation and IT development levy	318,654	25	311,755	17
Providers of funds				
Finance cost	55,452	4	49,791	3
Retained in business:				
-Depreciation on property, plant & equipment	430,565	33	786,731	43
-Amortisation of intangible asset	16,571	1	12,271	1
-Transfer to reserves	(609,261)	(47)	(72,814)	(4)
	1,291,058	100	1,849,056	100

The value added represents the wealth created through the use of the Group's assets by the employees and the allocation among the employees, shareholders,providers of fund, government and retention for future creation of wealth.

VALUE ADDED STATEMENT - COMPANY

For the year ended 31 December 2012

COMPANY	2011 N'000	%	2010 N'000	%
Net premium income				
Local	4,610,421		4,776,187	
Foreign				
Commission received,				
Investment income and other income	837,285		521,666	
Claims and underwriting expenses	(1,993,410)		(1,754,910)	
Less bought in material and services				
Local	(2,934,597)		(1,913,873)	
Foreign				
VALUE ADDED	519,699	100	1,629,070	100
APPLIED AS FOLLOWS:				
Employees				
Employees & benefit expense	612,412	118	438,195	27
Government				
Taxation	251,131	48	154,397	9
Providers of funds				
finance cost	34,262	7	38,709	2
Retained in business:				
-Depreciation of property, plant & equipment	88,201	17	103,590	6
-Amortisation of intangible asset	8,985	2	8,705	1
-For future growth	(475,292)	(91)	885,474	54
	519,699	100	1,629,070	100

The value added represents the wealth created through the use of the company's assets by the employees of the company and the allocation among the employees, shareholders,providers of fund, government and retention for future creation of wealth.

FINANCIAL SUMMARY
- GROUP STATEMENT OF FINANCIAL POSITION

(All amounts in naira-thousands unless otherwise stated)	IFRS Group December 2012 N'000	Group December 2011 N'000	Group December 2010 N'000
ASSETS			
Cash and cash equivalents	1,539,730	1,585,931	967,928
Financial assets			
– Available-for-sale	823,149	795,899	727,735
– At fair value through profit or loss	194,214	170,179	176,585
– Loans and receivables	9,345,120	4,374,020	1,267,567
Pledged assets	427,427	427,427	427,427
Trade receivables	538,758	640,898	302,813
Reinsurance assets	2,286,296	607,530	133,690
Finance lease receivables	932,960	1,326,756	1,344,268
Other receivables	819,534	939,490	810,053
Investment in associates	-	212,050	117,542
Deferred acquisition cost	304,464	236,819	217,748
Inventories	4,566,628	3,303,292	2,571,755
Property, plant and equipment	5,725,163	4,221,777	4,504,341
Intangible assets	42,172	53,955	36,609
Statutory deposit	500,000	500,000	500,000
Deferred tax asset	58,495	31,136	15,408
Goodwill	190,108	228,777	228,777
TOTAL ASSETS	28,294,218	19,655,936	14,350,246
LIABILITIES			
Insurance contract liabilities	6,599,145	4,116,019	2,529,026
Investment contract liabilities:	10,677,556	7,327,411	3,920,489
Trade payables	111,626	195,913	53,468
Other payables	3,029,474	1,259,122	1,264,209
Deposit liabilities	197,688	89,017	71,608
Book overdraft	31,384	73,890	
Borrowing	2,857,618	2,926,633	3,093,496
Current income tax liabilities	476,408	381,487	239,613
Deferred income tax	484,318	181,681	79,692
TOTAL LIABILITIES	24,465,217	16,551,173	11,251,601
EQUITY			
Paid up share capital	4,000,000	4,000,000	4,000,000
Retained earnings	(3,267,366)	(2,240,411)	(1,895,436)
Contingency reserve	1,502,043	1,075,348	801,070
Revaluation reserve	1,327,593	-	-
Foreign currency translation reserves	12,791	14,821	-
SHAREHOLDERS' FUNDS	3,575,061	2,849,758	2,905,634
Total equity attributable to the owners of the parent	3,575,061	2,849,758	2,905,634
Non-controlling interest in equity	253,940	255,005	193,011
TOTAL EQUITY	3,829,001	3,104,763	3,098,645
TOTAL LIABILITIES AND EQUITY	28,294,218	19,655,936	14,350,246

FINANCIAL SUMMARY CONT'D
- STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHESIVE INCOME

	IFRS	
	December 2012 N'000	December 2011 N'000
Gross premium written	7,944,453	6,716,040
Net underwriting income	7,516,407	5,854,518
Total underwriting expense	(4,378,881)	(2,953,091)
Total underwriting profit	3,137,526	2,901,427
Investment income	576,446	482,737
Other income	2,980,938	1,406,930
Share of associate profit or loss	-	19,373
Net income	6,694,910	4,810,467
Expenses	(7,077,732)	(4,614,080)
Finance income	147,667	92,345
Finance expense	(55,452)	(49,791)
Profit before tax	(290,607)	238,941
Income tax expense	(318,654)	(311,755)
Profit after tax	(609,261)	(72,814)
Foreign currency translation reserve	(3,715)	28,931
Revaluation surplus on Property plant and equipment	1,337,350	-
Total comprehensive income for the year	724,374	(43,883)

FINANCIAL SUMMARY CONT'D
- GROUP STATEMENT OF FINANCIAL POSITION

(All amounts in naira-thousands unless otherwise stated)	Nigerian GAAP Group December 2009 N'000	Nigerian GAAP Group Dececember 2008 N'000
ASSETS		
Cash and short term funds	525,083	1,402,412
Due on insurance accounts	964,782	1,047,789
Prepayments and other debit balnces	254,898	753,074
Advances under Finance lease	1,707,146	690,635
long-term Investments	2,333,816	1,606,750
Investments in subsidiaries	2,903,981	1,876,537
Investment in project	560,000	341,701
Investment in real estate	1,221,750	592,500
Deposit with Central Bank of Nigeria	500,000	500,000
Fixed assets	1,022,550	1,116,790
TOTAL ASSETS	11,994,006	9,928,188
LIABILITIES		
Bank loan and overdraft	739,516	214,535
Creditors and accruals	473,565	365,781
Taxation	121,392	151,054
Deferred taxation	79692	15,904
Deposit administration	2,482,183	1,263,092
Insurance funds	1,323,706	868,992
Convertible Bond	2,262,397	2,654,517
TOTAL LIABILITIES	7,482,451	5,533,875
EQUITY		
Called up share capital	4,000,000	2,844,370
General reserves	-	(452,841)
Deposit for shares	(206,127)	1,382,178
Contingency reserve	693,144	596,068
Revaluation reserve	24,538	24,538
SHAREHOLDERS' FUNDS	4,511,555	4,394,313
Total equity attributable to the owners of the parent	4,511,555	4,394,313
Non-controlling interest in equity	-	-
TOTAL EQUITY	4,511,555	4,394,313
TOTAL LIABILITIES AND EQUITY	11,994,006	9,928,188

Statement of profit or Loss and Other comprehensive Income	Nigerian GAAP December 2009 N'000	Nigerian GAAP December 2008 N'000
Net premium	2,093,797	2,100,645
(Loss)/Profit before taxation	402,612	(1,480,537)
Taxation	(125,590)	(44,995)
(Loss)/profit after taxation	277,022	(1,525,532)

FINANCIAL SUMMARY CONT'D
- COMPANY STATEMENT OF FINANCIAL POSITION

(All amounts in naira-thousands unless otherwise stated)	IFRS		
	Company December 2012 N'000	Company December 2011 N'000	Company December 2010 N'000
ASSETS			
Cash and cash equivalents	741,277	385,593	436,504
Financial assets			
– Available-for-sale	-	47,833	-
– At fair value through profit or loss	71,880	85,225	174,984
– Loans and receivables	3,911,579	3,406,792	1,488,438
Pledged assets	400,000	400,000	400,000
Trade receivables	453,591	543,815	224,188
Reinsurance receivables	403,460	110,125	70,673
Finance lease receivables	336,600	260,413	182,535
Other receivables	240,272	310,211	171,731
Investment in subsidiaries	2,886,001	2,930,036	2,886,001
Deferred acquisition cost	266,338	236,497	181,352
Property, plant and equipment	2,881,080	1,442,900	1,509,355
Intangible assets	18,731	27,716	36,401
Statutory deposit	300,000	300,000	300,000
Deposit for shares	983,000	983,000	688,925
TOTAL ASSETS	13,893,809	11,470,156	8,751,087
LIABILITIES			
Insurance contract liabilities	3,089,313	2,683,877	1,860,032
Trade and other payables	2,429,110	1,484,211	594,793
Book overdraft	27,345	69,460	-
Borrowing	2,671,764	2,699,647	2,723,825
Current income tax liabilities	291,762	244,931	222,440
Deferred income tax	400,180	116,966	64,407
TOTAL LIABILITIES	8,909,474	7,299,092	5,465,497
EQUITY			
Paid up share capital	4,000,000	4,000,000	4,000,000
Retained earnings	(1,361,333)	(736,789)	(1,445,168)
Contingency reserve	1,057,105	907,853	730,758
Revaluation reserve	1,288,563	-	-
Foreign currency translation reserves	-	-	-
SHAREHOLDERS' FUNDS	4,984,335	4,171,064	3,285,590
Total equity attributable to the owners of the parent	4,984,335	4,171,064	3,285,590
Non-controlling interest in equity	-	-	-
TOTAL EQUITY	4,984,335	4,171,064	3,285,590
TOTAL LIABILITIES AND EQUITY	13,893,809	11,470,156	8,751,087

FINANCIAL SUMMARY CONT'D
- STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	IFRS	
	December 2012 N'000	December 2011 N'000
Gross premium written	4,975,074	5,471,238
Net underwriting income	4,647,662	4,812,040
Total underwriting expense	(1,993,410)	(1,754,910)
Total underwriting profit	2,654,252	3,057,130
Investment income	37,248	276,809
Other income	762,796	209,004
Net income	3,454,296	3,542,943
Expenses	(3,644,195)	(2,464,363)
Finance expense	(34,262)	(38,709)
Profit before tax	(224,161)	1,039,871
Income tax expense	(251,131)	(154,397)
Profit after tax	(475,292)	885,474
Foreign currency translation reserve	-	-
Revaluation surplus on Property plant and equipment	1,288,563	
Total comprehensive income for the year	813,271	885,474

FINANCIAL SUMMARY CONT'D
- COMPANY STATEMENT OF FINANCIAL POSITION

(All amounts in naira-thousands unless otherwise stated)	Nigerian GAAP Company December 2009 N'000	Company December 2008 N'000
ASSETS		
Cash and short term funds	346,066	1,122,905
Due on insurance accounts	597,237	498,800
Prepayments and other debit balnces	242,853	637,891
Advances under Finance lease	1,062,086	558,835
long-term Investments	1,241,343	1,252,925
Investments in subsidiaries	3,729,178	2,611,714
Investment in project	360,000	221,701
Deposit with Central Bank of Nigeria	300,000	300,000
Fixed assets	922,242	1,038,209
TOTAL ASSETS	8,801,005	8,242,980
LIABILITIES		
Bank loan and overdraft	739,516	214,535
Creditors and accruals	412,000	338,935
Taxation	121,011	151,054
Deferred taxation	64,407	15,904
Insurance funds	884,134	603,633
Convertible Bond	2,262,397	2,654,517
TOTAL LIABILITIES	4,483,465	3,978,578
EQUITY		
Called up share capital	4,000,000	2,844,370
General reserves	-	1,382,178
Deposit for shares	(336,727)	(536,759)
Contingency reserve	629,729	550,075
Revaluation reserve	24,538	24,538
SHAREHOLDERS' FUNDS	4,317,540	4,264,402
Total equity attributable to the owners of the parent	4,317,540	4,264,402
Non-controlling interest in equity	-	-
TOTAL EQUITY	4,317,540	4,264,402
TOTAL LIABILITIES AND EQUITY	8,801,005	8,242,980

Statement of profit or Loss and Other comprehensive Income

	Nigerian GAAP December 2010 N'000	December 2009 N'000
Net premium	2,093,797	2,100,645
(Loss)/Profit before taxation	322,455	(1,509,526)
Taxation	(109,924)	(44,995)
(Loss)/profit after taxation	212,531	(1,554,521)

SHARE CAPITAL HISTORY

	AUTHORISED (N)		ISSUED & FULLY PAID-UP (N)		
DATE	INCREASE	CUMULATIVE	INCREASE	CUMULATIVE	CONSIDERATION
1995	-	5,000,000	-	5,000,000	CASH
1995	15,000,000	20,000,000	15,000,000	20,000,000	CASH
1996	10,000,000	30,000,000	10,000,000	30,000,000	CASH
1999	40,000,000	70,000,000	40,000,000	70,000,000	CASH
2001	150,000,000	220,000,000	-	70,000,000	CASH
2002	280,000,000	500,000,000	150,000,000	220,000,000	CASH (IPO)
2003	-	500,000,000	73,483,333	293,483,333	BONUS(1:3)
2004	-	500,000,000	206,516,667	500,000,000	CASH (RIGHTS)
2006	2,500,000,000	3,000,000,000	450,000,000	950,000,000	BONUS(9:10)
2007	2,000,000,000	5,000,000,000	2,394,370,000	2,844,370,000	CASH(PUBLIC OFFER)
2009	-	5,000,000,000	1,155,639,000	4,000,000,000	CASH (Capitalisation of deposit for shares)

ADMISSION FORM

Please tear here

ADMISSION FORM

Mutual Benefits Assurance Plc. RC 269837

The 17th ANNUAL GENERAL MEETING of **Mutual Benefits Assurance Plc** will be held at **Agip Recital Hall, Muson Centre , Onikan, Lagos** on **Thursday, 30th of January, 2014 at 11:00 a.m.**

Name of Shareholder*

IF YOU ARE UNABLE TO ATTEND THE MEETING

A member (shareholder) who is unable to attend an Annual General meeting is allowed by law to vote by proxy and the above Proxy Form has been prepared to enable you to exercise your right to vote in case you can not personally attend the meeting.

A. This admission form must be produced by his proxy in order to obtain entrance to the Annual General Meeting.

B. Shareholder or their proxies are requested to sign the admission form before attending the meeting.

Name of Person attending:

Signature of Person attending:

NOTES

MANDATE FOR DIVIDEND PAYMENT TO BANKS (e-dividend)
MANDATE FORM

Get Your Dividend the Instant You Need It with e-DIVIDEND PAYMENT

MERISTEM REGISTRARS LIMITED RC No: 489092

213, Herbert Macaulay Way,
Adekunle -Yaba,
P.O. Box 51585,
Falomo-Ikoyi, Lagos.
Phone: 01-8920492, 8920492
Fax: 01-2702361
e-Mail: info@meristemregistrars.com
Website: www.meristemregistrars.com

To:
The Registrar,
Meristem Registrars Limited,
213, Herbert Macaulay Way,
Adekunle -Yaba,
Lagos.

I/We hereby request that from now on, all my/our dividend warrant(s)due to me/us from my/our holding(s) in all the companies ticked at the right hand column be paid to my/our Bank named below.

Bank Name:____________________

Bank Address:____________________

NUBAN Account Number: ____________________

Shareholder's Full Name: ____________________
(Surname First)

Shareholder's Address:____________________

____

*E-mail:*____________________

Mobile Phone:____________________

CSCS CHN:____________________ CSCS A/C No:____________________

Stockbroker:____________________

Single Shareholder's Signature:____________________

Joint Shareholder's Signature 1)____________________

2)____________________

If company,
Authorized Signatories 1)____________________

2)____________________

Company Seal: ____________________

Authorized Signature & Stamp Of Bankers:

Sort Code:

e-DIVIDEND PAYMENT – One Stop Solution to Unclaimed Dividend – Take Advantage of It!

MANDATE FOR DIVIDEND PAYMENT TO BANKS

Get Your Dividend the Instant You Need It with e-DIVIDEND PAYMENT

MERISTEM
REGISTRARS LIMITED
RC No: 489092

213, Herbert Macaulay Way,
Adekunle -Yaba,
P.O. Box 51585,
Falomo-Ikoyi, Lagos.
Phone: 01-8920492, 8920492
Fax: 01-2702361
e-Mail: info@meristemregistrars.com
Website: www.meristemregistrars.com

To:
The Registrar,
Meristem Registrars Limited,
213, Herbert Macaulay Way,
Adekunle -Yaba,
Lagos.

I/We hereby request that from now on, all my/our dividend warrant(s) due to me/us from my/o ur holding(s) in all the companies ticked at the right hand column be paid to my/our Bank named below.

Bank Name:______________________________

Bank Address:______________________________

____

NUBAN Account Number: ________________________

(Surname First)

____

Shareholder's Address:______________________________

____

E-mail:______________________________

Mobile:______________________________

CSCS CHN ________________ CSCS A/C No____________

Stockbroker: ______________________________

Single Shareholder's Signature:______________________________

Joint Shareholder's Signature 1)________________________

2)________________________

If company, Authorized Signatories 1)________________________

2)________________________

Company Seal:______________________________

Authorized Signature & Stamp Of Bankers:______________________________

Sort Code:

Please tick as applicable

AFRINVEST EQUITY FUND	
AIRLINE SERVICE & LOGISTICS PLC	
BERGER PAINTS NIG PLC	
CAVERTON OFFSHORE LIMITED	
CHELLARAMS BOND	
CONSOLIDATED HALLMARK INSURANCE PLC	
CUSTODIAN & ALLIED INSURANCE PLC	
ENCON NIGERIA LIMITED	
eTRANZACT	
FIDSON HEALTHCARE LIMITED	
FOOD CONCEPTS & ENTERTAINMENT PLC	
FTN COCOA PROCESSORS PLC	
GEO-FLUIDS PLC	
JUBILEE LIFE SAVINGS & LOANS LTD	
MAMA CASS RESTAURANTS LIMITED	
MUTUAL BENEFITS ASSURANCE PLC	
NASCON PLC	
[illegible]	
NIGER STATE BOND	
PAINTS & COATINGS MANUFACTURERS NIG PLC	
R.T. BRISCOE NIGERIA PLC	
REGENCY ALLIANCE INSURANCE PLC	
SMART PRODUCTS NIGERIA LIMITED	
SOVEREIGN TRUST INSURANCE PLC	
TANTALIZERS PLC	
THE BGL NUBIAN FUND	
THE BGL SAPPHIRE FUND	
THOMAS WYATT PLC	
ZENITH ETHICAL FUND	
ZENITH EQUITY FUND	
ZENITH INCOME FUND	

e-DIVIDEND PAYMENT – One Stop Solution to Unclaimed Dividend – Take Advantage of It!

Mutual Benefits Assurance Plc.

PROXY FORM

ANNUAL GENERAL MEETING of **Mutual Benefits Assurance Plc.** to be held **on Thursday, 30th January 2014,** at **Agip Recital Hall, Muson Centre, Onikan, Lagos at 11.00 a.m.**

I/We.. of ....

.... being a member of MUTUAL BENEFITS ASSURANCE PLC,

hereby appoint ** Mr./Mrs..of ....

or failing him, the Chairman of the meeting...

.... as my/our proxy to vote for me/us or on my/our behalf at the Annual General Meeting of the company to be held on Thursday, 30th January, 2014 and at any adjournment thereof.

Dated this.. day of 2014

Shareholder's signature..

PROXY FORM

RESOLUTION	FOR	AGAINST
To lay before the members, the Audited Financial Statements of MUTUAL BENEFITS ASSURANCE PLC for the year ended 31st December 2012 together with the Reports of Directors, Auditors and Audit Committee thereon..		
To elect/re-elect Directors.		
To elect members of the Audit Committee.		
To ratify the appointment of BDO Professional Services as Auditors of the Company and to authorize the Directors to determine their remuneration.		
To approve the remuneration of the Directors.		
To consider and if thought fit, to pass the following as ordinary resolution: o **"That Chief Chamberlain Oyibo, who has attained the age of 70 years be re-elected as a director of the Company."** o **"That Mrs. Aret Adams, who has attained the age of 70 years be re-elected as a director of the Company."** o **"That Dr. Moses Ajaja, who has attained the age of 70 years be re-elected as a director of the Company."**		
INCREASE IN SHARE CAPITAL **"That** pursuant to Article 35 of the Articles of Association, the Authorized share capital of the Company be and is hereby increased from N5, 000,000,000 (Five Billion Naira) to N10,000,000,000 (Ten Billion naira) by the creation of 10,000,000,000 (Ten Billion) additional Ordinary shares of 50 kobo each ranking parri-passu in all respect with the existing Ordinary Shares of the Company."		
AMENDMENT OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION **"That** the existing Memorandum and Articles of Association of the Company be and is hereby amended as follows: That Clause 6 of the Memorandum of Association be altered by deleting the words "the Authorized Share Capital of the Company is N2,500,000,000 (Two Billion and Five Hundred Million Naira) divided into 5,000,000,000 (Five Billion) ordinary shares of 50 kobo each " and substituting with "the Authorized share capital of the Company is N10,000,000,000 (Ten Billion Naira) divided into 20,000,000,000 (Twenty Billion) ordinary shares of 50 kobo each.		
"That the Company Secretary be and is hereby authorized to take such steps and to do such things as may be required to give effect to the above resolutions.		

Please indicate with an "X" in the appropriate square how you wish your vote to be cast on the resolutions referred to above.

Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

IF YOU ARE UNABLE TO ATTEND THE MEETING **

A member of the company entitled to attend and vote at the Annual General meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the company. A proxy form is enclosed. Executed proxy forms should be returned to the company's offices not less than 48 hours before the time of the meeting.

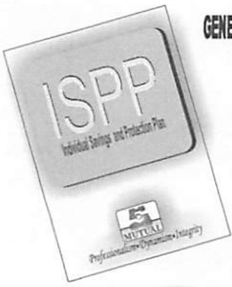
Following the normal practice, the names of two Directors of the company have been entered on the form to ensure that someone will be at the meeting to act as your proxy, but if you wish you may insert in the blank space on the form (marked) **the name of any person, whether of the company or not, who will attend the meeting and vote on your behalf instead of one of the Directors.

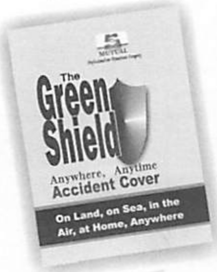
Please sign the proxy form and send it so as to reach: MUTUAL BENEFITS ASSURANCE PLC. ARET ADAMS HOUSE, 233, IKORODU ROAD, ILUPEJU, LAGOS not less than 24 hours before the time for holding the meeting. If executed by a corporation, the proxy form should be sealed with the common seal.

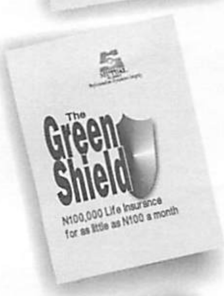
The proxy must produce the Admission Card sent with the Report and Accounts to obtain entrance to the meeting.

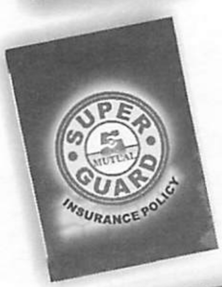
For company's use only	No of shares

NOTES









GENERAL BUSINESS PRODUCTS

Property Insurance
- Fire and Special Perils
- Burglary/ House Breaking
- Householders, House-owners Comprehensive
- Marine Cargo
- Marine Hull
- Motor
- Goods- in-Transit
- All Risks
- Engineering
- Industrial All Risks

Liability/Bond Insurance
- Money
- Professional Indemnity
- Fidelity Guarantee
- Public Liability/Product Liability
- Employers' Liability
- Director's Liability
- Bond and Suretyship
- Workmen's Compensation

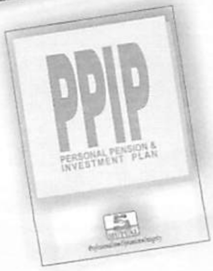
Special Risks
- Aviation &Related Risks
- Oil & Gas

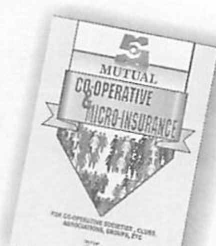
LIFE PRODUCTS

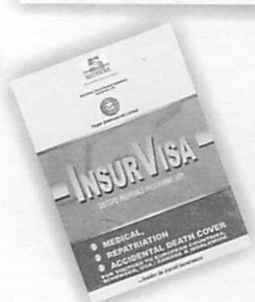
Insurances of the Person
- Personal Accident
- Group Personal Accident
- Individual Savings & Pension Plan
- Personal Pension & Investment Plan
- Mutual Education Guarantee Plan
- Keyman Assurance
- Mortgage Protection
- Group Life Assurance
- Term Assurance
- Endowment Assurance

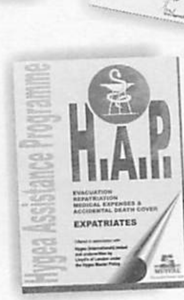
RETAIL MARKETING PRODUCTS
- Insurvisa -Travel Insurance
- Greenshield - 24 hr. Accident Cover
- Greenshield - Life
- Mutual Group Investment Protection Plan
- Micro Personal Investment Plan

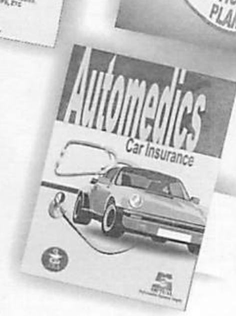
SPECIAL PRODUCTS
- Automedics Car Insurance
- Micro Insurance
- Hygea Assistance - Overseas Health Insurance for Expatriates and Nigerians. - Expatriates - Nigerians









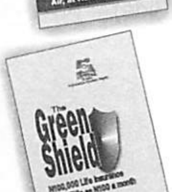


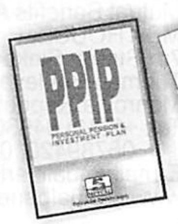
MUTUAL'S NEW PRODUCTS

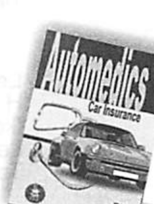
- Event Centre Insurance
- Advertising Agency Insurance
- Corporate Office Insurance
- Sales Office Insurance
- Hair Salon Insurance
- Law Firm Insurance
- Accounting Firm Insurance
- Hotel Insurance
- School Insurance
- Hospital Insurance
- Fast Food Restaurant Insurance
- Nollywood Insurance
- Church Insurance
- Mosque Insurance
- Estate Managers Insurance
- Landlord and Tenant Insurance
- Travel and Tour Agency Insurance
- Market and Shopping
- Complex Insurance
- Saleshop and Supermarket Insurance

- Laundry And Cleaning
- Services Insurance
- Microfinance Bank Insurance
- SME Comprehensive Insurance
- Mega Comprehensive
- Motor Insurance
- Motor Dealers Complimentary
- Motor Insurance
- Politician And Political
- Risk Insurance

- Juvenile Life Assurance
- Lady Life Assurance
- Senior Life Assurance
- Mortgage Endowment Assurance
- Pilgrims Welfare Insurance
- Celebrity Life Assurance







MUTUAL
Professionalism•Dynamism•Integrity

Mutual Benefits Assurance Plc.
RC 269837
Aret Adams House, 233, Ikorodu Road, Ilupeju, Lagos.
P. O. Box 70986, Victoria Island, Lagos.
Tel: +234(0)1-3429018, +234(0) 1-3429019
E-mail: info@mbaplc.com
Website: www.mbaplc.com

Mutual Benefits Life Assurance Ltd.
RC 681998
19/21, Town Planning Way Ilupeju, Lagos.
P. O. Box 3187, Mushin, Lagos.
Tel: +234 (0) 7098205351, +234 (0) 7098767080
E-mail: infombl@mutuallifeng.com
Website: www.mutuallifeng.com

Abeokuta Office:
Ikija House
1, Quarry Road,
Panseke, Abeokuta,
Ogun State.
Tel:08037138917
08073177610

Northern Regional Office:
Plot 78, Yakubu Gowon Crescent,
Asokoro, Abuja.
Tel: 08153535454,
08037644123
08067517204

Ado Ekiti Office:
MUTUAL HOUSE,
Fajuyi Road,
Ado-Ekiti.
Tel: 0705411171
08058007040

Akure Office:
74, Continental Junction,
Hospital Road.
Tel: 08035769938
08079668663

Apapa Office:
Atlantic House,
Ground Floor,
23/27, Wharf Road
Apapa Lagos.
Tel: 08058000030
08034271019

Otta Office:
Tantolorun Building,
Km1, Idi-Iroko Road,
Iyana - Ota Roundabout,
Sango Otta.
Ogun state.
Tel: 08172778940
07029092068
08023126577

Ikoyi Office:
6, Norman Williams Str.,
S/W Ikoyi, Lagos.
Tel: 01-4630807-8
08058008050
0800802863101

Ojo Office:
Christ in Me Plaza,
446, Old Ojo Road,
Lagos.
Tel: 0803481617

Ibadan Office:
Plot 47/49,
Onireke GRA,
Ibadan.
Tel: 07028445399
08058007020
07028212226

Warri Office:
80, Airport Road,
(Opp. Old Airport),
Effurun
Warri, Delta State
Tel: 080334745571
08052220201

Ikeja Office:
ASSBIFI House,
4, ASSBIFI Road,
Alausa, Ikeja.
Tel:01-7416818
08035376905

Owerri Office:
46,Wetheral Road,
Owerri
Tel: 083-801230

Lafia Office:
A.M.K Plaza,
Opp. PDP Secretariat,
Jos Road, Lafia,
Nasarawa state
Tel: 08027476514

Ikorodu Office:
Town Centre/Big Blue,
134, Lagos Road,
Beside Intercontinental Bank,
Jumofak Bus stop,
Ikorodu.
Tel: 08023768149

Jericho Office:
3rd Floor, ANCE Building,
Magazine Jericho Road,
Ibadan.
Tel: 08058010001

Port Harcourt office:
Wordway Plaza,
129, Aba Road Waterlines
Port Harcourt.
Tel: 084-771750, 231168,
461978, 08023014079
08062391261

Lekki Office:
H - 21, 22, 31, 32
Ikota Shopping Complex
Lekki, Lagos.
Tel: 08034101413
07028212262

Kano Office:
43, Ibrahim Taiwo Road,
Kano.
Tel: 08058006006

Kaduna Office:
Nm20, Constitution Road,
Kaduna.
Tel: 08054593702
07028212167
08023711643

Benin Office:
84, Akpakava Road,
Benin City,
Edo State.
Tel: 07029095818

Calabar Office:
67, Ndidem, Usang Iso Road,
(Marian Road),
Calabar.
Tel: 087-822870
08033573864
08036874825

Ilorin Office:
163, Ajase Ipo Road,
Gaa-Akanbi Junction,
Ilorin.
Tel: 08033853433
07042684451

Yenagoa Office:
14 Imgbi Road Amarata,
Near General Hospital
Yenagoa, Bayelsa State
Tel: 080327007225
08023559124
008022344364

Osogbo Office:
Aina Adeosun Building,
4th Floor,
Beside Access Bank (Left Side)
Gbongon Road, Osogbo,
Osun State
Tel: 035-207122
08058007008
08061256173

MUTUAL Liberia:
Mutual Benefits Assurance Company
MBA HOUSE,
7th Street, Sinkor,
Tubman Boulevard,
Monrovia,Republic of Liberia.
Tel: +(231) 0493089, 05443827,
06789420, 07781225
E-mail: mbaliberia@yahoo.com
www.mutualbenefitsassurance.com

MUTUAL
Professionalism • Dynamism • Integrity

Mutual Retail

1, Opebi Road,
Ikeja, Lagos
Tel: 07098504713

LAGOS STATE
Allen Avenue, Lagos
Nikky Africana Plaza
70C, Allen Avenue,
Ikeja, Lagos
Tel: 08033143978

Ogba, Lagos
29, Isheri Road,
Ogba, Lagos
Tel: 08094231477

Sura Market, Lagos
Block A6, Suite 125 & 126,
Sura Shopping Complex,
Simpson Street, Lagos Island,
Lagos
Tel:08023261689

Festac Town, Lagos
32 Road, DSTV Office 2,
Festac, Lagos
Tel: 08066706900

Ikotun Egbe, Lagos
Tayese Towers,
Egbe, Isolo Road,
Ikotun, Lagos
Tel: 08027361545

Gbagada, Lagos
38, Diya Street,
Gbagada, Lagos
Tel: 08131254944

Lekki, Lagos
Suite 3, Cherub Moor,
Km 18, Lekki-Epe Exp/way,
Lekki, Lagos
Tel: 08034593374

OGUN STATE
Abeokuta, Ogun
1st floor, Kay Plaza,
No. 18, Lalubu Street,
Oke-Ilewo, Abeokuta
Ogun State
Tel: 0803700700

KANO STATE
Kano, Kano,
No. 9, Niger
Street,Kano
Tel: 08033980858

Ijebu-Ode, Ogun
1st Floor, 100 Ibadan Road,
Near Amao Tyres,Ijebu-Ode,
Ogun State
Tel: 08101836881

Sango-Ota, Ogun
Joju Junction,Sango-Ota,
Ogun State
Tel: 08024506176

FCT (ABUJA)
Abuja, FCT
Plot 289, 2nd Floor,
MTN/Vitafoam Building,
Lagos Crescent, Garki 2,
FCT, Abuja
Tel: 08181947551

Kubwa, FCT
Suite C1, 2nd Floor,
Plot E19, GadoNasko Road,
2/1, Kubwa, Abuja
Tel: 08035986725

OYO STATE
Ring Road, Ibadan, Oyo
No. 1A, Akinyemi Street,
By GT Bank, Ring Road,
Ibadan, Oyo State
Tel: 08034430794

Ogbomosho, Oyo
LAUTECH Teaching Hospital,
Ilorin Road, Ogbomosho,
Oyo State
Tel: 08030634220

KWARA STATE
Ilorin, Kwara
Halleluiah House,
23, Offa Road,
Ilorin, Kwara State
Tel: 08027281385

22, Unity Road,
Ilorin, Kwara State
Tel: 08034430794

60/62, Olofa Way,
Offa, Kwara State
Tel: 08038320693

CROSS RIVER STATE
Calabar, Cross-River,
83, Calabar Road,
Opposite Petex Park,
Calabar-South,
Cross-River State
Tel: 08037296875

ENUGU STATE
Enugu, Enugu,
41, Zik Avenue,Uwani,
Enugu State
Tel: 08033314287

ONDO STATE
Akure, Ondo,
74, Continental Junction,
Hospital Road,
Ondo State
Tel: 08058007030

BENUE STATE
Otukpo, Benue
Victory Plaza,
No. 4, Ella Market Road,
Otukpo, Benue State
Tel: 08065394068

NIGER STATE
Minna, Niger,
No. 127, Paiko Road,
Abdulsalam Abubakar Way,
Near Tunga Market,
Tunga, Minna,
Niger State
Tel: 08184887301

OSUN STATE
Osogbo, Osun
3rd Floor,
Terminus Hotel Building,
Ajegunle Area,
Osogbo, Osun State
Tel: 08033492473

NOTES

MUTUAL

Mutual Benefits Assurance Plc.

RC 269837

Aret Adams House, 233, Ikorodu Road, Ilupeju, Lagos.
P. O. Box 70986, Victoria Island, Lagos.
Tel: 234-(0)1-342918,+234-(0)1-342019
E-mail: info@mbaplc.com
Website: www.mbaplc.com

...creating and protecting wealth