REPORT OF THE DIRECTORS
AND
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

MUTUAL

Mutual Benefits Assurance Plc.

RC 269837

NIA

A MEMBER OF THE NIGERIAN INSURERS ASSOCIATION

MUTUAL BENEFITS ASSURANCE PLC

REPORT OF THE DIRECTORS

CONTENTS

MUTUAL BENEFITS ASSURANCE PLC

CORPORATE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2018

Directors	Dr. Akin Ogunbiyi	Chairman
	Mr. Babatunde Dabiri	Vice Chairman
	Mr. Olusegun Omosehin	Managing Director, Mutual Benefits Assurance Plc.
	Mr. Adebiyi Ashiru-Mobolaji	Executive Director Operation
	Mr. Femi Asenuga	Non-Executive Director
	Mr. Adesoye Olatunji	Non-Executive Director
	Adm. Festus Porbeni (mni) CFR	Non-Executive Director
	Dr. Eze Ebube	Non-Executive Director (American)
	Prof. Patrick Utomi	Non-Executive Director
	Mr. Lamis Sheu Dikko	Non-Executive Director
	Mr. Akinboye Oyewumi	Non-Executive Director
	Ms. Kadaria Ahmed	Non-Executive Director
Registered Office	Aret Adams House 233 Ikorodu Road, Ilupeju, Lagos	
Auditors	Ernst & Young UBA House, 10th and 13th Floors 57 Marina, Lagos	
Company Secretary	Abdulai Taiwo & Co FRC/2013/ICSAN/00000004756 Goodwill House, 278 Ikorodu Road, Lagos	
Bankers	Access Bank Plc	Mutual Microfinance Bank Limited
	Fidelity Bank Plc	Ecobank Nigeria Plc
	First City Monument Bank Limited	Stanbic IBTC Bank Nigeria Plc
	First Bank of Nigeria Limited	Unity Bank Plc
	Guaranty Trust Bank Plc	Wema Bank Plc
	Keystone Bank Limited	United Bank for Africa Plc
	Sterling Bank Plc	Heritage Bank Limited
	Zenith Bank Plc	Polaris Bank
Re-insurers	African Reinsurance Corporation Aveni Reinsurance Ltd Continental Reinsurance Plc Nigerian Reinsurance Corporation	
Actuaries	Zamara Consulting Actuaries Nigeria Limited FRC/2017/NAS/00000016912	
Registrar	Meristem Registrar Limited FRC/2013/00000001987	
Estate Surveyor & Valuer	Alabi, Ojo & Makinde Consulting FRC/2012/NIESV/000000314	
	Arigbede & Co Estate Surveyors and Valuers FRC/2014/NIESV/00000004634	
RC No	269837	

MUTUAL BENEFITS ASSURANCE PLC

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2018

	GROUP			COMPANY		
in thousands of Nigerian Naira	2018	2017	%	2018	2017	%
STATEMENT OF PROFIT OR LOSS for the year 31 December 2018						
Gross premium written	15,840,697	14,037,879	13	8,018,299	7,298,974	10
Gross premium income	15,634,846	13,352,960	17	7,677,706	6,986,273	10
Net premium income	13,479,245	11,467,305	18	6,230,006	5,939,986	5
Net underwriting income	13,961,552	11,776,951	19	6,609,220	6,082,235	9
Underwriting profit	3,058,531	3,704,667	(17)	2,472,495	2,546,225	(3)
Profit before income tax	1,380,983	1,335,093	3	636,547	849,091	(25)
Profit after income tax	1,149,008	1,022,508	12	479,929	605,276	(21)
Earnings per share: Basic and diluted	14	13		-	-	
STATEMENT OF FINANCIAL POSITION	2018	2017		2018	2017	%
Total assets	59,256,886	57,691,606	3	19,962,026	18,720,412	7
Insurance contract liabilities	13,050,555	10,299,090	27	5,132,636	4,352,606	18
Investment contract liabilities	25,276,261	26,564,221	(5)	-	-	
Shareholders' fund	8,886,263	8,100,734	10	5,748,382	5,466,843	5

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2018

The Board has the pleasure of presenting their Report on the affairs of Mutual Benefits Assurance Plc ("the Company") and its subsidiaries (together "the Group") to the Shareholders along with the Group and the Company's Audited Financial Statements and the Auditors' Report for the year ended 31 December 2018.

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 and became listed on the Nigerian Stock Exchange (NSE) on 28th May 2002.

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

BUSINESS REVIEW

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

The Company has progressed into a group with five subsidiary companies namely: Mutual Benefits Life Assurance Limited, Mutual Benefits Assurance Company Liberia, Mutual Benefits Assurance Niger SA, Mutual Benefits Homes and Properties Limited and Mutual Benefits Microfinance Bank Limited.

MUTUAL Group's insurance products and services include:

GENERAL BUSINESS PRODUCTS	LIFE INSURANCE PRODUCTS
Property Insurance	Insurance of Person
Fire and Special Perils	Personal Insurance
Burglary/House Breaking	Group Personal Accident
Householder, House-owner	Individual Savings & Pension Plan
Comprehensive	Mutual Education Guarantee Plan
Marine Cargo	Keyman Assurance
Marine Hull	Mortgage Protection
Motor	Group Life Assurance
Goods-in-Transit	Term Assurance
All Risk Insurance	Endowment Assurance
Engineering	Retail Marketing Products
Industrial All Risks	Insurvisa
Liability/Bond Insurance	Greenshield-24Hr. Accident Cover
Money	Greenshield-Life
Professional Indemnity	Director's Liability
Fidelity Guarantee	Mutual Group Investment Protection Plan
Public Liability/Product Liability	Micro Personal Investment Plan

OPERATING RESULTS

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

	Group	Group		Company	Company
	2018	2017		2018	2017
	₦'000	₦'000		₦'000	₦'000
Gross Premium Written	15,840,697	14,037,879		8,018,299	7,298,974
Profit before income tax	1,380,983	1,335,093		636,547	849,091
Income tax expense	(231,975)	(312,585)		(156,618)	(243,815)
Profit after income tax	1,149,008	1,022,508		479,929	605,276

DIVIDENDS

The Board of Directors have not recommended any dividend for the year (2017: ₦160,000,000).

DIRECTORS

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

Dr. Akin Ogunbiyi	Chairman
Mr. Babatunde Dabiri	Vice Chairman
Mr. Olusegun Omosehin	Managing Director, Mutual Benefits Assurance Plc.
Mr. Adebiyi Ashiru-Mobolaji	Executive Director Operations
Mr. Femi Asenuga	Non-Executive Director
Mr. Adesoye Olatunji	Non-Executive Director
Adm. Festus Porbeni (mni) CFR	Non-Executive Director
Dr. Eze Ebube	Non-Executive Director (American)
Prof. Patrick Utomi	Non-Executive Director
Mr. Lamis Sheu Dikko	Non-Executive Director
Mr. Akinboye Oyewumi	Non-Executive Director
Ms. Kadaria Ahmed	Non-Executive Director

DIRECTORS' INTEREST IN SHARE CAPITAL

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 requirements of the listing requirements of the Nigerian Stock Exchange is noted:

	2018		2017		
DIRECTORS:	DIRECT Unit	INDIRECT Unit	DIRECT Unit	INDIRECT Unit	PERSONS REPRESENTED
Dr. Akin Ogunbiyi	124,292,614	704,550,609	124,292,614	704,545,609	Charks Investment Ltd, Core Asset Mgt Ltd & Core Trust & Inv Ltd
Dr. Eze Ebube	2,500,000	2,100,000,000	2,500,000	2,100,000,000	Charles Enterprise LLC
Prof. Patrick Utomi	34,439,974	-	36,460,000	-	
Admiral F. Porbeni (rtd)	-	-	-	-	
Mr. Babatunde Dabiri	-	-	-	-	
Mr.Olusegun Omosehin	1,000,000	-	1,000,000	-	
Mr.Adesoye Olatunji	-	933,858,376	-	933,858,376	CIL Risk & Asset Management
Mr. Lamis Sheu Dikko	-	-	-	-	
Mr. Akinboye Oyewumi	-	-	-	-	
Mr. Adebiyi Ashiru-Mobolaji	12,654	-	12,654	-	
Ms. Kadaria Ahmed	-	-	-	-	
Mr Femi Asenuga	1,093,150	-	1,093,150	-	

DIRECTORS' INTEREST IN CONTRACTS

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

ACQUISITION OF OWN SHARES

The Company did not purchase its own shares in the year 2018 (2017: Nil).

SECURITY TRADING POLICY

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

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

RETIREMENT BY ROTATION

In accordance with Article 85 of the Company's Articles of Association and Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, the directors to retire by rotation are: Dr Akin Ogunbiyi, Alhaji Lamis Dikko and Ms Kadaria Ahmed being eligible offer themselves for re-election.

CHANGES IN THE BOARD

There was no change in the Board composition since the last Annual General Meeting.

PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property and equipment is given in Note 35 to the consolidated and separate financial statements. In the Directors' opinion, the market value of the Group's property, plant and equipment is not less than the value shown in the financial statements.

DIRECTORS REMUNERATION

Remuneration	Description	Timing
Basic Salary	Part of gross salary package for Executive Directors only	Paid monthly during the financial year
	The Company pays a competitive salary which is line with the insurance industry trend and reflects the extent to which the Company's objectives have been met.	
Other Allowances	These are part of the gross salary package of the Executive Directors only	Paid periodically during the year
Director fees	Paid annually to Non-Executive Directors only	Paid during the year
Travelling allowances	Paid to Non-Executive Directors who reside outside Lagos/Nigeria	Paid during the year
Sitting allowances	Allowances paid to Non-Executive Directors only for sitting at Board and Committee meetings.	Paid after each meeting

MUTUAL BENEFITS ASSURANCE PLC

REPORT OF THE DIRECTORS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

DONATIONS AND CHARITABLE GIFTS

In identifying with the aspirations of the community and the environment within which the Company operates, a total sum of ₦13,401,820 (2017: ₦16,280,000) was given out as donations and charitable contributions during the year. Details of the donations and charitable gifts are as stated below:

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

Organisations:	2018 (₦)	2017 (₦)
Sponsorship of the Mutual Benefits' National Badminton Tournament.	7,551,820	10,000,000
College of Insurance and Financial Management's Hall of Residence	5,000,000	-
Sponsorship of the Aret Adams' Foundation Annual Lecture.	500,000	500,000
Sponsorship of indigent students at College of Insurance and Financial Management	350,000	4,780,000
Centre for Values in Leadership	-	500,000
Chartered Insurance Institute of Nigeria's investiture	-	500,000
TOTAL	13,401,820	16,280,000

BENEFICIAL OWNERSHIP

The following shareholders held 5% or more of the issued and paid up shares of the Company as at 31 December 2018:

Name of Holder	HOLDING	%
CIL RISK & ASSET	933,858,376	12%
CHARLES ENTERPRISES	2,100,000,000	26%

ACTIVE SHAREHOLDERS – SUMMARY (RANGE ANALYSIS) Position As at: 31.12.2018

Range	No. of Holders	Holders %	Holders Cum	Units	Units %	Units Cum
1 - 5,000	14,034	38.40	14,034	33,722,707	0.42	33,722,707
5,001 - 10,000	6,474	17.72	20,508	55,096,186	0.69	88,818,893
10,001 - 100,000	13,532	37.03	34,040	513,976,053	6.42	602,794,946
100,001 - 500,000	2,013	5.51	36,053	450,944,079	5.64	1,053,739,025
500,001 - 1,000,000	251	0.69	36,304	191,553,615	2.39	1,245,292,640
1,000,001 – 5,000,000	168	0.46	36,472	333,897,612	4.17	1,579,190,252
5,000,001 – 10,000,000	20	0.05	36,492	133,512,132	1.67	1,712,702,384
10,000,001–100,000,000	39	0.11	36,531	1,196,592,173	14.96	2,909,294,557
100,000,001 above	11	0.03	36,544	5,090,705,443	63.63	8,000,000,000
Grand total	36,544	100.00		8,000,000,000	100.00	

EVENT AFTER THE REPORTING DATE

On 28 January 2019 the Company concluded its Rights Issue of 4 billion ordinary shares of N0.50k each at N0.50k per share. The Company raised the sum of ₦1,586,366,754.00 through the Right Issue and this increased the paid-up capital of the Company to ₦5,586,366,754.00.

EMPLOYMENT AND HUMAN RESOURCES (HR) MATTERS

(i) Employee Involvement and Training

The Company recognises that the acquisition of knowledge is continuous, and that to foster commitment, its employees need to 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 gender analysis of the total workforce of the Company is as follows:

		Male Number	Female Number	Male %	Female %
Employees		120	65	65	35
Gender analysis of Board and Top Management is as follows:					
Board		10	1	91	9
Top Management		7	2	78	22

Gender Analysis

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

	Male Number	Female Number	Male %	Female %
Assistant General Manager	2	1	67	33
Deputy General Manager	5	1	83	17
Executive Director	1	0	100	0
Chief Executive Officer	1	0	100	0
Non-Executive Director	8	1	89	11

(ii). Employment of Physically Challenged Persons

The Company adopts a non-discriminatory policy of giving fair consideration to applications for employment including those received from physically challenged 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 Health Management Organisations (HMO).Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises. The Company also operates a contributory pension plan in line with the Pension Reform Act 2014.

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 and wages review amongst others.

AUDITORS

The Auditors, Messrs. Ernst & Young indicated their willingness to continue in office in compliance with NAICOM's Code of Corporate Governance for Insurance Companies. Messrs. Ernst & Young were appointed as Auditor of the Company in compliance with Section 357(1) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

COMPLIANCE WITH NAICOM CODE OF CORPORATE GOVERNANCE

In view of its commitment to the implementation of effective corporate governance principles in its business operations, the Company filed its Half Yearly Return with the Securities and Exchange Commission (SEC) as at 30 June and 31 December 2018, respectively, and also its periodic returns with National Insurance Commission (NAICOM) as required by regulations.

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

By order of the Board

Subomi Adebero (Mrs)
FRC/2013/ICSAN/00000004756
Abdulai, Taiwo & Co.
Company Secretaries

Abdulai, Taiwo & Co.
Company Secretaries

Date: 27 March 2019

MUTUAL BENEFITS ASSURANCE PLC

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

MUTUAL BENEFITS ASSURANCE PLC remains committed to the principles and practices that promote good Corporate Governance. We recognize that sound corporate governance practices are necessary for effective management and control of the Company. Prior to the introduction of the Code of Corporate Governance for Companies in Nigeria, we had already adopted a responsible attitude towards Corporate Governance and issues of Corporate Social Responsibility in Nigeria. The Company conducts its business with integrity and pays due regard to the legitimate interest of all stakeholders.

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

THE BOARD OF DIRECTORS

The Board of Directors has the ultimate responsibility for the overall functioning of the Company. The responsibilities of the Board include setting the Company's strategic objectives and policies, providing leadership to put them into effect, supervising the management of the business, ensuring implementation of decisions reached at the Annual General Meeting, ensuring value creation to shareholders and employees, determination of the terms of reference and procedures of all Board Committees, ensuring maintenance of ethical standard as well as compliance with the laws of Nigeria. The Board consists of eleven (11) Directors, made up of the Managing Director, Executive Director and nine (9) Non-Executive Directors, one of whom is the Chairman. The Directors are experienced stakeholders with diverse professional backgrounds in Insurance, Accounting, Banking, Commerce, Management, Diplomacy, Engineering, Government etc. The Directors are men of impeccable character and high integrity.

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

The meetings of the Board are scheduled well in advance and reports from Committees of the Board are circulated to all the Directors. The Board meets at least once quarterly and at other times as the need arises.

(a) RECORD OF DIRECTOR'S ATTENDANCE

In accordance with Section 258(2) of the Companies and Allied Matters Act CAP C20, Laws of the Federation of Nigeria, 2004, the record of Directors' attendance and meetings held during year 2018 is available for inspection at the Annual General Meeting. The Board met six (6) times during the year and the meetings of the Board were presided over by the Chairman. Written notices of the Board meetings, along with the agenda were circulated at least fourteen days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

(a) Record of Director's attendance

DIRECTORS	18.1.2018	22.2.2018	24.5.2018	27.6.2018	3.8.2018	30.10.2018	TOTAL
DR. AKIN OGUNBIYI	ü	X	ü	ü	ü	ü	5
MR BABATUNDE DABIRI	ü	ü	ü	ü	ü	ü	6
MR ADESOYE OLATUNJI	ü	ü	ü	ü	ü	ü	6
DR. EZE EBUBE	ü	X	X	ü	X	ü	3
PROF. PATRICK UTOMI	ü	ü	ü	ü	ü	ü	6
ADM. FESTUS PORBENI (mni) CFR	X	X	X	X	X	X	0
ALH LAMIS DIKKO	ü	X	X	ü	X	ü	3
MR AKINBOYE OYEWUMI	ü	ü	ü	X	X	ü	3
MS KADARIA AHMED	ü	ü	ü	ü	ü	ü	4
MR. OLUSEGUN OMOSEHIN	ü	X	ü	ü	ü	ü	5
MR ADEBIYI MORUF ASHIRU-MOBOLAJI	X	ü	X	ü	ü	ü	4

ü	Attended	X	Absent

(b). Committees
The Board also functioned though a total of four Standing Committees during the year under review.

i. Statutory Audit Committee
The Audit Committee is established in accordance with Section 359 of the Companies and Allied Matters Act (CAMA), CAP C20 Laws of the Federation of Nigeria 2004.

By virtue of Section 359 (6) of CAMA the Statutory Audit Committee ("The Committee") is to assist the Board of Directors to (i) ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practice (ii) review the scope and planning of audit requirements (iii) review the findings on management matters in conjunction with the external auditor and departmental responses thereon (iv) keep under review the effectiveness of the Company's system of accounting and internal control (v) make recommendations to the Board with regards to the appointment, removal and remuneration of the external auditors of the Company and (vi) authorise the internal auditor to carryout investigations into any activities of the company which may be of interest or concern to the Committee. The Committee is responsible for reviewing the adequacy of the internal audit plan, receive and deliberate on the report of the external auditors, review progress on recommendations made in both the internal and external audit reports, review the adequacy of internal control systems and the degree of business compliance with laid down internal policies, laws, code of business principles and other relevant regulatory frameworks.

The Committee consists of six (6) members, three (3) of whom are nominated by the Board and three (3) nominated and elected by shareholders and their tenure is renewed annually.

The Committee met three (3) times to review the adequacy of the internal audit plan, to receive and deliberate on the report of the external auditors, to review progress on recommendations made in both the internal and external audit reports, to review the adequacy of internal control systems and the degree of business compliance with laid down internal policies, laws, code of business principles and any other relevant regulatory framework. Mrs. Temi Durojaiye chaired the Committee during the year under review. The records of attendance at the meetings are as follows:

MEMBERS	22.2.18	20.6.18	29.10.18	TOTAL
MRS. TEMI DUROJAIYE	ü	ü	ü	3
MR. AKIN ODUBIYI	ü	ü	ü	3
MR. OSATO AIDEYAN	ü	ü	ü	3
MR BABATUNDE DABIRI	ü	ü	ü	3
MR. AKINBOYE OYEWUMI	ü	ü	ü	3
MR. ADESOYE OLATUNJI	X	ü	ü	2

ii Finance , Investment & Strategy Committee

The Finance, Investment and Strategy Committee ("FISC" or "the Committee") assists the Board in strategy formulation and monitoring the Group's strategy implementation process, financial performance as well as the investment management process. The Committee also assists 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.

The Committee comprises five (5) members namely: Mr. Babatunde Dabiri, Alh. Lamis Dikko, Mr. Adesoye Olatunji, Akinboye Oyewumi, Mr. Olusegun Omosehin. Mr. Babatunde Dabiri Chaired the Committee during the year under review.

The Committee met four (4) times during the period under review. The records of attendance at the meetings are as follows:

MEMBERS	7.1.2018	7.5.2018	30.7.2018	23.10.2018	TOTAL
MR.BABATUNDE DABIRI	ü	ü	ü	ü	4
ALH LAMIS DIKKO	ü	ü	ü	ü	4
MR. ADESOYE OLATUNJI	ü	ü	ü	ü	4
MR. AKINBOYE OYEWUMI	ü	ü	ü	ü	4
MR. OLUSEGUN OMOSEHIN	ü	ü	ü	ü	4

iii.Governance & Personnel Committee

The Board Governance & Personnel Committee ("BGPC" or "the Committee"), is responsible for ensuring fulfilment of the Board's governance responsibilities as well as responsible for overseeing the management of human resources to ensure that recruitment and remuneration policies and practices are designed to attract, retain and reward the calibre of Directors and staff members required to achieve the corporate objectives of the Company. The Committee is also responsible for making recommendations on the governance of the Company, remuneration and general welfare of the Senior Management and Staff of the Company.

The Governance & Personnel Committee comprises five members: Alh Lamis Dikko, Mr. Akinboye Oyewumi, Adm. Festus Porbeni (MNI) CFR, Dr Eze Ebube and Ms Kadaria Ahmed. The Committee is chaired by Alh Lamis Dikko.

The Committee met four (4) times in the period under review. The records of attendance at the meetings are as follows:

MEMBERS	21.2.2018	8.5.2018	30.7.2018	30.10.2018	TOTAL
ALH LAMIS DIKKO	ü	ü	ü	ü	4
MR AKINBOYE OYEWUMI	ü	ü	ü	ü	4
DR EZE EBUBE	ü	X	X	ü	2
ADM. FESTUS PORBENI (mni) CFR	X	X	X	X	0
MS KADARIA AHMED	ü	ü	ü	ü	4

iv. Audit & Risk Management Committee

The Audit and Risk Management Committee oversees and advise the Board on its oversight responsibilities in relation to internal control, internal audit, financial reporting, risk management and regulatory compliance. The Committee also ensures compliance with Enterprise Risk Management Policies and the Regulatory Risk Management Requirements. The Committee deliberates on and make recommendations to the Board on technical and special matters in connection with the core business of the Company as referred to it from time to time by the Board.

The Audit & Risk Management Committee comprises four (4) members: Prof Pat Utomi, Mr Babatunde Dabiri, Mr Adesoye Olatunji and Ms Kadaria Ahmed. The Committee is chaired by Prof Pat Utomi.

The Audit & Risk Management Committee met three (3) times during the year under review. The records of attendance at the meetings are as follows:

MEMBERS	22.05.2018	31.07.2018	24.10.2018	TOTAL
PROF PATRICK UTOMI	ü	ü	ü	3
Mr. BABATUNDE DABIRI	ü	ü	ü	3
Mr. ADESOYE OLATUNJI	ü	X	ü	2
MS. KADARIA AHMED	ü	X	ü	3

(c) Enterprise Risk Management

i. Introduction and Overview

Mutual Benefits Assurance Plc has a clear and functional Enterprise Risk Management (ERM) framework that helps in identifying, assessing and managing the likely impact of risks faced by the Company.

ii. Enterprise-wide Risk Management Principles

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

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

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

iii. Approach to Risk Management

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

iv. The Board

The Board sets the organisation's objectives, risk appetite and approves the strategy for managing risks. There is a Board Committee on Risk Management which ensures that various functions are geared towards minimizing the likelihood of the impacts of risks faced by the Company.

(C) Enterprise Risk Management - Continued

v. The Statutory Audit Committee

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

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

vi. The Audit & Risk Management Committee

This Committee oversees the business process. Their functions include:

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

vii. Finance, Investment & Strategy Committee

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

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

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

They are responsible for implementation of the Enterprise Risk Management policies and guidelines set by the Regulator, Government and the Board for risk mitigation. This is achieved through the business unit they supervise.

The third level is that of the independent assurance. This comprises the internal audit function that provides independent and objective assurance of the effectiveness of the Company's system of internal controls established by the first and second lines of defence in management of Enterprise Risk across the organisation.

MUTUAL BENEFITS ASSURANCE PLC

REPORT OF THE STATUTORY AUDIT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2018

To the members of Mutual Benefits Assurance Plc

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

- **We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and we acknowledge that the scope and planning of both the external and internal audits for the year ended 31 December 2018 were satisfactory and reinforce the Company's Internal Control Systems.**

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

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

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

MRS. TEMI DUROJAIYE
Chairperson, Statutory Audit Committee
FRC/2013/ICAN/00000003102

Date: 26th April 2019

Members of the Statutory Audit Committee are:

1	**Mrs. Temi Durojaiye**	**Chairperson and shareholders' representative**
2	**Mr. Akin Odubiyi**	**Shareholders' Representative**
3	**Mr. Osato Aideyan**	**Shareholders' Representative**
4	**Mr Babatunde Dabiri**	**Board's Representative**
5	**Mr. Akinboye Oyewumi**	**Board's Representative**
6	**Mr. Adesoye Olatunji**	**Board's Representative**

Secretary to the Committee

Babajide Ibitayo

MUTUAL BENEFITS ASSURANCE PLC

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

FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

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

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

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

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

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

Dr. Akin Ogunbiyi	**Olusegun Omosehin**
Chairman	**Managing Director/CEO**
FRC/2013/CIIN/00000003114	**FRC/2013/CIIN/000000003103**
Date: 17th May 2019	**Date:** 17th May 2019

EY
Building a better
working world

Ernst & Young
10th Floor
UBA House
57, Marina
P. O. Box 2442, Marina
Lagos.

Tel: +234 (01) 631 4500
Fax: +234 (01) 463 0481
Email: Services@ng.ey.com
www.ey.com

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

Report on the audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Mutual Benefits Assurance Plc ("the Company") and its subsidiaries (together "the Group") which comprise the consolidated and separate statements of financial position as at 31 December 2018, and the consolidated and separate statements of profit or loss, the consolidated and separate statements of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company as at 31 December 2018 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matters- continued

Key Audit Matters	How the matter was addressed in the audit
Impairment losses on financial assets carried at amortised costs	
The Group's investments in this class of financial assets include cash and short-term deposits, debt instruments and loans and receivables carried at amortised costs. This totaled ₦39 billion as at 31 December 2018 (2017: ₦37.4 billion) representing 61% (2017: 61%) of the Group's total assets and the associated expected credit loss (ECL) is significant to the consolidated and separate financial statements.	We reviewed the IFRS 9 ECL models and documentation prepared by the management for the computation of impairment losses on financial assets carried at amortised costs in line with the requirements of IFRS 9. We gained an understanding of how the client derived the risk parameters (i.e. PDs and LGDs) by performing a walkthrough exercise.
This was considered a Key Audit Matter as IFRS 9 is a new and complex accounting standard which requires significant judgement to determine the impairment loss reserve. The general approach to ECL was adopted. This approach involves identification of significant changes in credit risks using a multi factor model, for the purpose of determining whether financial assets will be classified as stage 1, stage 2 or stage 3.	We challenged all the assumptions considered in the estimation of recovery cash flows, the discount factor, collateral valuation and timing of realization, the forecast, and assigned probability weight to the scenarios. We reviewed the classification and staging of financial instruments to confirm they are in accordance with IFRS 9.
While twelve months ECLs are computed for financial assets in stage 1, lifetime ECLs are computed for financial assets in stages 2 and 3. Calculating ECL for these class of financials assets also involves determination of risk parameters such as probability of default (PD), loss given default (LGD) and exposure at default (EAD). The approach also involves considerable level of judgements and estimation in determining inputs for ECL calculation such as: •Determination of PD and LGD •Adjusting the PD for forward looking information •Selecting macroeconomics variables •Incorporating multiple scenarios •Considered cash flow estimation including timing and amount as well as •collateral valuation Adopting IFRS 9 for the first time also requires some judgements in taking certain key decisions which will impact the transitional disclosures as at 1 January 2018 (Refer to Note 2.3.37.2 to the summary of significant accounting policies). See Note 13 for the disclosure on *Impairment losses on financial assets carried at amortised costs.*	We re-computed the cash flows to determine the recoverable amounts and other parameters used. We performed detailed procedures on the completeness and accuracy of the information used. Lastly, we reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with the IFRS 7- Financial Instruments: Disclosures.

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

Key Audit Matters- continued

Key Audit Matters	How the matter was addressed in the audit
Adequacy of valuation of Insurance Contract Liabilities The Group has insurance contract liabilities of ₦12.9 billion, out of which included outstanding claims of ₦8.2 billion (2017: ₦5.2 billion) as at 31 December 2018 representing 16% (2017:10.4%) of the Group's total liabilities. This is an area that involves significant judgement over uncertain future outcomes and therefore we considered it a key audit matter for our audit. Consistent with the insurance industry practice, the Company engaged an independent actuary to test the adequacy of the valuation of life and non-life business as at year end. The complexity of the valuation models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models. Economic assumptions such as interest rates and future inflation rates and actuarial assumptions such as customer behaviour and uniform risk occurrence throughout the period are key inputs used to determine these liabilities. Significant judgement is applied in setting these assumptions. Insurance contract liabilities are disclosed in Note 39 to the Consolidated and Separate financial statements.	We used our in-house actuarial specialist to assist us in performing the audit procedures in the area of reviewing the Client's Independent Actuary's reports on general and life business which included among others: i. the appropriateness of assumptions used in the valuation of the insurance contracts by reference to Company and industry data and expectations. ii. the appropriateness of non-economic assumptions used in the valuation of the Insurance contracts in relation to lapse or extension assumptions by reference to company specific and industry data. Other Key audit procedures included: i. We reviewed and documented management's process for estimating insurance contracts. ii. Performed file review of specific underwriting contracts in order to maximize our understanding of the book business and validate initial loss estimates. iii. Performed subsequent year claim payments to confirm the reasonableness of initial loss estimates.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, Statement of Directors' Responsibilities in relation to the Preparation of the Financial Statements, Report of the Statutory Audit Committee, Financial Highlights, Statement of Value Added and Five-Year Financial Summary as required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Corporate Governance Report as required by Section 359(6) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004. The other information was obtained prior to the date of this report, and the Annual Report is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Directors' Responsibility for the Consolidated and Separate Financial Statements
The Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS), and the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM), and the Financial Reporting Council of Nigeria Act No. 6, 2011 and for such internal control as the Directors determines necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Auditors' Responsibilities for the Audit of the Consolidated and separate financial statements – Continued
We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In accordance with the requirements of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and Section 28(2) of the Insurance Act 2003, we confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
ii) in our opinion, proper books of account have been kept by the Company, in so far as it appears from our examination of those books;
iii) the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account;
iv) in accordance with the provisions of section 28(2) of the Insurance Act 2003, the statement of financial position, statement of profit or loss and statement of other comprehensive income gives a true and fair view of financial position and financial performance of the Company.

Contraventions
The Company incurred a penalty in respect of contravention of the requirement of certain sections of the National Insurance Commission's Operational Guideline 2015 and the Financial Reporting Council Act No. 6, 2011 during the financial year. The details of the contravention and penalty are disclosed in Note 59 of the consolidated and separate financial statements.

....
Sayo Elumaro, FCA
FRC/2012/ICAN/00000000139

For Ernst & Young
Lagos, Nigeria

Date: 17 May 2019

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0893178

MUTUAL BENEFITS ASSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Corporate information

These financial statements are the consolidated and separate financial statements of Mutual Benefits Assurance Plc (“the Company”) and its subsidiaries (hereafter referred to as ‘the Group’). The address of the registered office is: Aret Adams House, 233 Ikorodu Road, Ilupeju - Lagos.

Mutual Benefits Assurance Plc (“the Company”) (RC 269837) was Incorporated as a private limited company on 18 April 1995, granted the Certificate of Registration as an Insurer by the National Insurance Commission (NAICOM) in September 1995, commenced operations on 2 October 1995 and became a public liability company on 24 May 2001. Mutual Benefit Assurance Plc is a financial, wealth protection company in Nigeria. The Company is listed on the Nigerian Stock Exchange.

The Company invests policy holders funds and pays claims arising from insurance contract liabilities in line with the provisions of Insurance Act, CAP 17, Laws of the Federation of Nigeria 2004 and NAICOM guidelines.

The principal activities of the subsidiaries and information of the Group’s structure are disclosed in Note 33. Information on other related party relationships of the Group is provided in Note 57.

The consolidated and separate financial statements of the Company and its subsidiaries were authorised for issue by the Board of Directors on 27 March 2019.

Going Concern

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

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

2. Summary of significant accounting policies

2.1 Introduction to summary of accounting policies

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

2.2 Basis of presentation and statement of compliance with IFRS

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

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

The consolidated and separate financial statements values are presented in Nigerian Naira (₦) rounded to the nearest thousand (₦’000), unless otherwise indicated.

2.2 Basis of presentation and compliance with IFRS - Continued

The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months) is presented in the respective notes.

(a) Basis of measurement

These consolidated and separate financial statements have been prepared on the historical cost basis except for investment properties and financial assets are measured at FVPL and FVOCI.

(b) Use of estimates and judgements

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

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 2.3.37.

2.3. Significant accounting policies

Except for the effect of the changes in accounting policies as disclosed in Note 2.3.37.1, if any, the group has consistently applied the following accounting policies to all periods presented in these financial statements

2.3.1 Basis of Consolidation

The consolidated and separate financial statements comprise the financial statements of the Group and its investees that are considered subsidiaries as at 31 December 2018. Subsidiaries are investees that the Group has control over. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

2.3.1 Basis of Consolidation – Continued

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

2.3.2 Product classification

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

Investment contracts are those contracts that transfer significant financial risk, but not significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

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

2.3.3 Business combinations and goodwill

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

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

Any contingent consideration will be recognised at fair value at the acquisition date. Subsequent measurement takes place at fair value with changes in fair value recognised in profit or loss.

2.3.3 Business combinations and goodwill - Continued

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to an appropriate cash-generating unit (CGU) that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

2.3.4 Foreign currency translation

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

2.3.4.1 Transactions and balances

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.3.4.2 Group companies

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

2.3.4.2 Group companies - Continued

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

2.3.5 Investment in an associate

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control or joint control over those policies.

The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the share of the results of operations of the associate. Any change in OCI of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring its accounting policies in line with the Group's.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates. The Group determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss.

2.3.6 Segment reporting

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

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments i.e life business, real estate and microfinance. Significant geographical regions have been identified as the secondary basis of reporting, which are Nigeria, Niger and Liberia as disclosed Note 3.6.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

2.3.7 Revenue recognition

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

2.3.7.1 Gross premiums

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

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

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

2.3.7.2 Annuity premium and claims

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

2.3.7.3 Reinsurance premiums

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

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

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

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

Reinsurance commission income

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

2.3.7.4 Fees and commission income

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

2.3.7.5 Investment income

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

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

2.3.7.6 Rendering of services and sales of goods

Revenue from sales of goods arising from property business engaged in by the Group. The revenue recognition is contingent on when control is transferred to buyer.

2.3.7.7 Finance income

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

2.3.8 Benefits, claims and expenses recognition

2.3.8.1 Gross benefits and claims

Gross benefits and claims for life insurance contracts and for investment contracts with DPF include the cost of all claims arising during the year, including: internal and external claims handling costs that are directly related to the processing and settlement of claims. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

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

2.3.8.2 Reinsurance claims

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

2.3.8.3 Underwriting expenses

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

2.3.8.4 General administrative expenses

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

2.3.8 Benefits, claims and expenses recognition - Continued

2.3.8.5 Finance costs

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

2.3.9 Cash and short-term deposits

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

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

2.3.10 Financial Instruments

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

2.3.10 Financial assets (Policy applicable from 1 January 2018)

2.3.10.1 Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 2.3.10.2.1.1 and 2.3.10.2.1.2

Financial instruments are initially recognised on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at FVPL, transaction costs are added to this amount.

2.3.10.2 Measurement categories

From 1 January 2018, the Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Amortised cost, as explained in Note 2.3.10.2.1
- FVOCI, as explained in Notes 2.3.10.2.2 and 2.3.10.2.3
- FVPL, as explained in Note 2.3.10.2.5

2.3.10.2.1 Financial assets at amortised cost

The Company only measures Short-term deposits with banks, Loans and advances, and other Debt instruments at amortised cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows
- The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below.

2.3.10.2.1.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- **How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel**

- **The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed**

- **How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)**

- **The expected frequency, value and timing of asset sales are also important aspects of the Company's assessment.**

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.3.10.2.1.2 The SPPI test

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

2.3.10.2.2 Equity instruments measured at fair value through other comprehensive income

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

These instruments largely comprise unquoted equity investments that had previously been classified as available-for-sale under IAS 39.

2.3.10.2.3 Debt instruments measured at fair value through other comprehensive income

The Company applies the new category under IFRS 9 for debt instruments measured at FVOCI when both of the following conditions are met:

- **The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets**
- **The contractual terms of the financial asset meet the SPPI test**

These instruments largely comprise debt instruments that had previously been classified as available-for-sale under IAS 39. Debt instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

2.3.10.2.4 Financial assets held for trading

The Company classifies financial assets as held for trading when they have been purchased primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which their evidence of a recent pattern of short-term profit is taking.

Included in this classification are equities that have been acquired principally for the purpose of selling in the near term.

2.3.10.2.5 Financial assets measured at fair value through profit or loss

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition, or are mandatorily required to be measured at fair value under IFRS 9. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

2.3.10.3 Subsequent measurement

2.3.10.3.1 Financial assets at amortised cost

After initial measurement, these instruments are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognised in the statement of profit or loss when the investments are impaired.

2.3.10.3.2 Equity instruments measured at fair value through other comprehensive income

FVOCI equity instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognized in profit or loss as investment income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

2.3.10.3.3 Debt instruments at fair value through other comprehensive income

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost as explained in Note 2.3.10.7 The ECL calculation for Debt instruments at FVOCI is explained in Note 2.3.10.6.2. Where the Company holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

2.3.10.3.4 Financial assets held for trading

Held-for-trading assets are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in profit or loss as net fair value gains/losses on assets at FVPL. Dividend income is recorded in investment income when the right to payment has been established.

2.3.10.3.5 Financial assets at fair value through profit or loss

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate, as explained in Note 2.3.10.8 Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other investment income when the right to the payment has been established.

2.3.10.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

2.3.10.5 Derecognition

2.3.10.5.1 Derecognition other than for substantial modification

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

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

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

2.3.10.5.2 Derecognition due to substantial modification of terms and conditions

The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as a derecognition gain or loss. In the case of debt instruments at amortised cost, the newly recognised loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors:

- Change in currency of the debt instrument
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss.

2.3.10.6 Impairment of financial assets

As described in Note 2.3.37.1.3, the adoption of IFRS 9 has fundamentally changed the Company's impairment method by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. From 1 January 2018, the Company has been recording the allowance for ECL for all loans and other debt instruments not held at fair value through profit or loss (FVPL). Equity instruments are not subject to impairment under IFRS 9.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Impairment losses on financial instruments Note 13.

ECLs are recognised in two levels. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a LTECL).

The Company's debt instruments comprise solely of loans, quoted bonds and treasury bills that are graded in the top investment category by the risk rating agencies and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis when they are first recognised. Where the credit risk of any bond or bill deteriorates, the Company will sell the bond or bill and purchase bonds or bills meeting the required investment grade.

The Company considers a financial asset to be in default (credit impaired) when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.3.10.6.1 The calculation of ECLs

The Company calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the entity expects to receive.

When estimating the ECLs the Company considers three scenarios (a base case, an upside, and a downside). When relevant, the assessment of multiple scenarios also incorporates the probability that the defaulted loans will cure.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.

- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.

- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

The Company allocates its assets subject to ELC calculations into one of these categories, determined as follows:

- Stage 1 (12mECL): The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate EIR. This calculation is made for each of the three scenarios, as explained above.

- Stage 2 (LTECL): When an instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR.

- Stage 3/Impairment (LTECL): For debt instruments considered credit-impaired, the Company recognises the lifetime expected credit losses for these instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%.

2.3.10.6.2 Debt instruments measured at fair value through other comprehensive income

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to profit or loss. The accumulated gain recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

2.3.10.6.3 Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:
- GDP growth
- Unemployment rates
- Foreign currency rates
- Price inflation rates

2.3.10.6.4 Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these financial statements

Recognition of interest income

2.3.10.7 The effective interest rate method

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost. Similar to interest bearing financial assets previously classified as available-for-sale or held to maturity under IAS 39, interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset as well as fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the debt instrument.

If expectations of fixed rate financial asset's cash flows are revised for reasons other than credit risk, and the changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the balance sheet with a corresponding increase or decrease in interest income.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

2.3.10.8 Interest and similar income

Interest income comprises amounts calculated using both the effective interest method and other methods. These are disclosed separately in Notes 8 and 9 (Profit on investment contracts and Investment income, respectively).

In its Interest income calculated using the effective interest method the Company only includes interest on financial instruments at amortised cost, FVPL option or FVOCI.

Other interest income includes interest on all financial assets mandatorily required to be measured at FVPL, using the contractual interest rate.

2.3.10.8 Interest and similar income - continued

The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

2.3.10.9 Financial assets (policy applicable prior to 1 January 2018)

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

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at FVPL where the Group's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. The AFS category is used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortised cost.

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

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

2.3.10.9.2 Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- **Fair value through profit or loss**
- **Held to maturity (HTM) investments**
- **Loans and receivables**
- **AFS financial assets**

i. Fair value through profit or loss
Financial assets at FVPL include financial assets held for trading and those designated upon initial recognition as at FVPL. Investments typically bought with the intention to sell in the near future are classified as held for trading. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. For investments to be designated as at FVPL, the following criteria must be met:

► The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; Or,
► The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Subsequent to initial recognition, they are remeasured at fair value. Changes in fair value are recorded in 'Fair value gains and losses'. Interest is accrued and presented in 'Investment income', using the effective interest rate (EIR). Dividend income is recorded in 'investment income' when the right to the payment has been established.

Held to maturity financial assets

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

ii. Loans and receivables

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

iii. Available –for–sale financial assets

AFS financial assets include equity and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVPL. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

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

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

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

2.3.10.9.3 Derecognition of financial assets

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

Ø The rights to receive cash flows from the asset have expired
Or

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

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

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

2.3.10.9.4 Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i. Financial assets carried at amortised cost

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

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

2.3.10.9.4 Impairment of financial assets- Continued

i. Financial assets carried at amortised cost - continued

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of profit or loss. Interest income (recorded as investment income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

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

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

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost. The determination of what is 'significant' is 20% and 'prolonged' is six months.

2.3.10.2 Financial liabilities

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

All financial liabilities are recognized initially at fair value. The Group's financial liabilities include trade payables, other accrual and payables.

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

i. Payables and other payables
Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method. If the due date of the liability is less than one year discounting is omitted.

i. Interest bearing loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the statement of profit or loss.

2.3.10.2 Financial liabilities - continued

2.3.10.10.3 Derecognition of financial liabilities

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

2.3.11 Deposit liabilities

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

Interest paid on the deposits is expensed as finance cost in profit or loss' during the period in which the Group has the obligation to pay the interest. Deposits are derecognised when repaid to customers on demand or used to offset amount(s) due from the customer as agreed in the contract.

2.3.12 Fair value measurement

The Group measures financial instruments and non-financial assets such as investment properties at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 3.5.

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

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

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

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

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

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

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

2.3.12 Fair value measurement - continued

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

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted Available-for-sale (AFS) financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as investment properties and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the valuation committee analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the valuation committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

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

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

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

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

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

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

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

2.3.12 Fair value measurement - Continued

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

2.3.13 Impairment of non-financial assets

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

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

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

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

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

The following criteria are also applied in assessing impairment of goodwill:

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. The Group performs its annual impairment test of goodwill as at 31 December.

The recoverable amount of the banking CGU have been determined based on a value in use calculation. The calculation requires the Group to make an estimate of the expected future cash flows from each of the CGUs and discount these amounts using a suitable rate which reflects the risk of those cash flows in order to calculate the present value of those cash flows.

Previously recorded impairment losses for goodwill are not reversed in future periods.

2.3.13 Impairment of non-financial assets – Continued

Intangible assets

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

2.3.14 Pledged assets

Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from financial assets (held-for-trading, held to maturity or available for sale) to pledged assets, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms.

Initial recognition of pledged assets is at fair value, whilst subsequent measurement is based on the classification and measurement of the financial asset in accordance with IAS 39.

2.3.15 Trade receivables

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

An allowance for impairment is made when there is objective evidence such as the probability of solvency or significant financial difficulties of the debtors that the Group will not be able to collect the amount due under the original terms of the invoice. Impaired debts are derecognized when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previous recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognized in the profit or loss.

2.3.16 Reinsurance

2.3.16.1 Reinsurance ceded to reinsurance counterparties

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

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

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

2.3.16.2 Prepaid reinsurance

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

2.3.17 Other receivables and prepayment

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

2.3.18 Deferred expenses

Deferred acquisition costs (DAC)

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

Subsequent to initial recognition, DAC for general insurance are amortized over the period in which the related revenues are earned. The DAC asset for life insurance is amortised over the expected life of the contracts as a constant percentage of expected premiums. The deferred acquisition costs for reinsurers are amortised in the same manner as the underlying asset amortisation and is recorded in the statement of profit or loss.

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

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

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

2.3.19 Inventories and work in progress

The Group recognises property as inventory under the following circumstances:

Ø property purchased for the specific purpose of resale;

Ø property constructed for the specific purpose of resale (work in progress under the scope of IAS 18, ''Revenue'); and

Ø property transferred from investment property to inventories. This is permitted when the Group commences the property's development with a view to sale.

They are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where appropriate, labour and production overheads that have been incurred in bringing the inventories and work in progress to their present location and condition.

Cost is determined using weighted average cost. Net realisable value represents the estimated selling price less estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2.3.20 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that asset is not explicitly specified in an arrangement.

2.3.20 Leases - continued

***Group* as a lessee**
Leases that do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases.

Operating lease payments are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term.

Contingent rental payable is recognised as an expense in the period in which they are incurred. All other leases are considered finance leases.

Group as a lessor
Leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases.

Rental income is recognised as revenue in the statement of profit or loss on a straight line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating leaseare added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. All other leases are considered finance leases.

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

2.3.21 Asset held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:
Represents a separate major line of business or geographical area of operations
Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations
Or
Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

2.3.22 Investment properties

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

Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year of retirement or disposal.

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

2.3.23 Investments in subsidiaries

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

2.3.24 Intangible assets

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

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

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

2.3.24 Intangible assets – continued

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

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognized.

2.3.25 Property, plant and equipment

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

Building is measured at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed at least once in every 5 years or when a major improvement is carried out to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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

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

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

Leasehold building	over the remainder of the life of the lease
Building	2%
Leasehold improvements	20%
Plant and machinery	20%
Motor vehicles	25%
Furniture and fittings and equipment	20%

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively, if appropriate.

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognised in the profit or loss as an expense.

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

2.3.26 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 cost in the statement of financial position being 10% of the statutory minimum capital requirement of ₦3 billion for General insurance business and of ₦2 billion for life business. Interest income on the deposit is recognised in the statement of profit or loss in the period the interest is earned.

2.3.27 Deposit for shares

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

2.3.28 Insurance contracts

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

2.3.28.1 General insurance contracts

These contracts are accident and casualty and property insurance contracts. Accident and casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

(i) Reserves for unearned premium

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

(ii) Reserves for outstanding claims

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

***2.3.28* Insurance contracts – Continued**

***2.3.28.2 Life* business**

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

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

2.3.28.3 Annuity contracts

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

(i). Life fund

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

Liability adequacy test

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

2.3.29 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 or loss account in the year it is earned while interest due to depositors is recognized as an expense. The net result of the deposit administration revenue account is transferred to the statement of profit or loss of the group.

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

Actuarial differences arising on valuation of the liabilities at the reporting date is recognised in the

statement of profit or loss.

2.3.30 Deferred revenue

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

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

2.3.31 Taxes

2.3.31.1 Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.Tax/back duty assessments are recognized when assessed and agreed to by the Group with the Tax authorities, or when appealed, upon receipt of the results of the appeal.

2.3.31.2 Deferred tax

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

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

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

Ø In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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

2.3.31 Taxes

2.3.31.2 Deferred tax - Continued

Ø In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.3.32 Provisions

General

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

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

Onerous contracts

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

2.3.33 Trade payable

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

recognition, they are measured at amortised cost using the EIR method.

2.3.34 Equity

2.3.34.1 Share capital

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

2.3.34.2 Treasury shares

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

2.3.34.3 Foreign currency translation reserve

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

2.3.34.4 Contingency reserve

(i). ***Non-life business***
In compliance with Section 21 (2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premium, or 20% of the net profit. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

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

2.3.34.5 Revaluation reserve

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

The revaluation surplus in respect of an item of property, plant and equipment is transferred to retained earnings when the asset is derecognised. This involves transferring the whole of the surplus when the asset is retired or disposed. The amount of the surplus transfered is the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the

asset's original cost. Transfers from revaluation reserve to retained earnings are not made through profit or loss.

2.3.34 Equity

2.3.34.6 Fair value reserve - continued

Fair value reserve represents increases or decreases in fair value of equity instruments measured at FVOCI reported directly in other comprehensive income. Gains and losses on these equity instruments are never recycled to profit or loss. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognized.

2.3.35 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period excluding treasury shares held by the Company.

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

2.3.36 Retirement obligations and Employee benefits

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

2.3.36.1 Defined contribution pension scheme

The Group operates a defined contributory pension scheme for eligible employees. Company contributes 10% of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2014. 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.

2.3.36.2 Short-term benefits

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

2.3.37 Changes in accounting policy and disclosures

2.3.37.1 New and amended standards and interpretations

In these financial statements, the Group has applied IFRS 9 and IFRS 7, effective for annual periods beginning on or after 1 January 2018, for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.3.37.1.1 IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018.

The Company has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognized directly in retained earnings as of 1 January 2018 and are disclosed in Note 2.3.37.2

The nature of the changes in accounting policies can be summarised as follows:

2.3.37.1.2 Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories for financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortised cost) have been replaced by:

- Financial assets at fair value through profit or loss including equity instruments and derivatives
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition;
- Debt instruments at amortised cost

The accounting for financial liabilities remain largely the same as it was under IAS 39.

The Company's classification of its financial assets is explained in Note 2.3.10. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 2.3.37.2

2.3.37.1.3 Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets held at FVOCI or amortised cost by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Company to record an allowance for ECLs for all debt instruments not held at FVPL.

For debt instruments, the ECL is based on the portion of lifetime ECLs (LTECL) that would result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination or purchase of the assets, the allowance is based on the full lifetime ECL.

2.3.37 Changes in accounting policy and disclosures

2.3.37.1 New and amended standards and interpretations

2.3.37.1.3 Changes to the impairment calculation - continued

The Company's debt instruments at FVOCI and amortised cost comprise solely of loans, quoted bonds and treasury bills that are graded in the top investment category by the risk rating agencies and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure such instruments on a 12-month ECL (12mECL) basis when they are first recognised. The Company does, however, consider that there has been a significant increase in credit risk for a previously assessed low credit risk investment when any contractual payments on these instruments are more than 30 days past due. Where the credit risk of any bond or bill deteriorates, the Company will sell the bond or bill and purchase bonds or bills meeting the required investment grade.

The Company considers an instrument to be in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full.

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances related to the Company's debt instruments. The increase in allowance was adjusted to Retained earnings.

Details of the Company's impairment methodology are disclosed in Note 2.3.10.6. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 2.3.37.2.

2.3.37.1.4 Changes in disclosure – IFRS 7

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was also amended. The Company applied the amended disclosure requirements, together with IFRS 9, for the year beginning 1 January 2018. Changes include transition disclosures as shown in Note 2.3.37.2. Detailed qualitative and quantitative information about the ECL calculations such as the assumptions and inputs used are set out in Note 2.3.10.6.3.

Reconciliations from opening to closing ECL allowances are presented in Note 2.3.37.2.

2.3.37.2 Transition disclosures – IFRS 9

The following section sets out the impact of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs.

(a) A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is, as follow

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.3.37.2 Transition disclosures – IFRS 9 - Continued

The following set out the impact of adopting IFRS 9 on the statement of financial position and retained earnings including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses (ECLs).
A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of January 1, 2018 is as follows:

			GROUP						
in thousands of Nigerian Naira			IAS 39 Measurement		Reclassification	Re-measurement		IFRS 9	
Financial Assets:	Sub Note	Ref	Category	**Amount**	Amount	ECL	Fair Valuation	Amount	Category
Cash on hand			**AC**	**5,317**	**-**	**-**	**-**	**5,317**	**AC**
Cash & short-term deposits in banks		**1**	**AC**	**8,340,321**	**47,746**	**(50,107)**	**-**	**8,337,960**	**AC**
AFS investment securities		**2**	**AFS**	**849,524**	**(849,524)**	**-**	**-**	**-**	
Equity instruments at fair value through OCI		**2.2**		**-**	**849,524**	**172,355**	**(344,835)**	**677,044**	**FVOCI**
Financial assets at fair value through profit or loss		**3.2**	**FVPL**	**110,952**	**849,756**	**-**	**(4,318)**	**956,390**	**FVPL**
Financial assets held for trading			**FVPL**	**-**	**110,952**	**-**	**-**	**110,952**	**FVPL (mandatory)**
Loans & receivables		**4**	**AC**	**12,245,702**	**-**	**(199,048)**	**-**	**12,046,654**	**AC**
Financial assets held to maturity		**3**	**AC**	**16,840,317**	**(16,840,317)**	**-**	**-**	**-**	
Debt instruments at amortised cost		**3.3**		**-**	**15,788,109**	**(5,303)**	**-**	**15,782,806**	**AC**
Financial assets held for trading pledged as collateral			**FVPL**	**168,064**	**-**	**-**	**-**	**168,064**	
Trade receivables			**AC**	**629,280**	**-**	**-**	**-**	**629,280**	**AC**
Reinsurance assets			**AC**	**2,455,731**	**-**	**-**	**-**	**2,455,731**	**AC**
Other receivables & prepayments		**6**	**AC**	**993,182**	**43,754**	**(43,754)**	**-**	**993,182**	**AC**
Finance Lease receivables		**5**	**AC**	**145,055**	**-**	**(16,862)**	**-**	**128,193**	**AC**
Deferred acquisition costs			**AC**	**485,283**	**-**	**-**	**-**	**485,283**	**AC**
Statutory deposits			**AC**	**500,000**	**-**	**-**	**-**	**500,000**	**AC**
Inventories				**907,822**	**-**	**-**	**-**	**907,822**	
Assets held for sale				**-**	**-**	**-**	**-**	**-**	
Investment properties				**8,566,000**	**-**	**-**	**-**	**8,566,000**	
Intangible assets				**43,994**	**-**	**-**	**-**	**43,994**	
Property, plant and equipment				**3,922,931**	**-**	**-**	**-**	**3,922,931**	
Investments in subsidiaries				**-**	**-**	**-**	**-**	**-**	
Deposit for investment in equity				**480,588**	**-**	**-**	**-**	**480,588**	
Goodwill				**1,543**	**-**	**-**	**-**	**1,543**	
				57,691,606	**-**	**(142,719)**	**(349,153)**	**57,199,734**	

MUTUAL BENEFITS ASSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.3.37.2 Transition disclosures – IFRS 9 - Continued

			GROUP						
in thousands of Nigerian Naira			IAS 39 Measurement		Reclassification	Re-measurement		IFRS 9	
Financial liabilities:	Sub Note	Ref	Category	**Amount**	Amount	ECL	Fair Valuation	Amount	Category
Insurance contract liabilities				**10,299,090**	**-**	**-**	**-**	**10,299,090**	
Investment contract liabilities				**26,564,221**	**-**	**-**	**-**	**26,564,221**	
Trade payables				**2,858,296**	**-**	**-**	**-**	**2,858,296**	
Other liabilities				**1,161,224**	**-**	**-**	**-**	**1,161,224**	
Deposit liabilities				**259,268**	**-**	**-**	**-**	**259,268**	
Current income tax payable				**687,173**	**-**	**-**	**-**	**687,173**	
Borrowings				**6,509,170**	**-**	**-**	**-**	**6,509,170**	
Deferred tax liabilities		**7.1**		**1,063,084**	**-**	**(42,630)**	**(1,481)**	**1,018,973**	
				49,401,526	**-**	**(42,630)**	**(1,481)**	**49,357,415**	
Equity									
Share capital				**4,000,000**	**-**	**-**	**-**	**4,000,000**	
Treasury shares				**(250)**	**-**	**-**	**-**	**(250)**	
Foreign currency translation reserve				**911,064**		**-**	**-**	**911,064**	
Contingency reserve				**2,801,764**	**-**	**-**	**-**	**2,801,764**	
Fair value reserves		**8.1**		**-**	**-**	**-**	**(344,835)**	**(344,835)**	
Revaluation reserve				**1,467,403**	**-**	**-**	**-**	**1,467,403**	
Retained earnings		**8.2**		**(1,079,247)**	**-**	**(99,469)**	**(3,456)**	**(1,182,172)**	
Total shareholders' fund				**8,100,734**	**-**	**(99,469)**	**(348,292)**	**7,652,973**	
Total equity attributable to the:									
Owners of the parent				**8,100,734**		**(99,469)**	**(348,292)**	**7,652,973**	
Non-controlling interests in equity				**189,346**				**189,346**	
Total equity				**8,290,080**	**-**	**(99,469)**	**(348,292)**	**7,842,319**	
Total liabilities and equity				**57,691,606**	**-**	**(142,098)**	**(349,773)**	**57,199,734**	

MUTUAL BENEFITS ASSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.3.37.2 Transition disclosures – IFRS 9 - Continued

			COMPANY							
in thousands of Nigerian Naira			IAS 39 Measurement		Reclassification	Re-measurement		IFRS 9	
Financial Assets:	Sub Note	Ref	Category	**Amount**	Amount	ECL	Fair Valuation	Amount	Category
Cash on hand			**AC**	**5,317**		**-**	**-**	**5,317**	**AC**
Cash & short-term deposits in banks		**1**	**AC**	**3,243,960**	**91,500**	**(13,925)**	**-**	**3,321,535**	**AC**
AFS investment securities		**2**	**AFS**	**21,553**	**(21,553)**	**-**	**-**	**-**	
Equity instruments at fair value through OCI		**2.2**		**-**	**21,553**	**172,355**	**(152,060)**	**41,848**	**FVOCI**
Financial assets at fair value through profit or loss		**3.2**	**FVPL**	**110,952**	**248,995**	**-**	**620**	**360,567**	**FVPL**
Financial assets held for trading			**FVPL**	**-**	**110,952**	**-**	**-**	**110,952**	**FVPL (mandatory)**
Loans & receivables		**4**	**AC**	**633,143**	**-**	**(7,140)**	**-**	**626,003**	**AC**
Financial assets held to maturity		**3**	**AC**	**4,457,954**	**(4,457,954)**	**-**	**-**	**-**	
Debt instruments at amortised cost		**3.3**		**-**	**4,006,507**	**(1,335)**	**-**	**4,005,172**	**AC**
Assets pledged as collateral			**FVPL**	**168,064**	**-**	**-**	**-**	**168,064**	
Trade receivables			**AC**	**278,159**	**-**	**-**	**-**	**278,159**	**AC**
Reinsurance assets			**AC**	**1,086,826**	**-**	**-**	**-**	**1,086,826**	**AC**
Other receivables & prepayments		**6**	**AC**	**560,682**	**-**	**-**	**-**	**560,682**	**AC**
Finance Lease receivables		**5**	**AC**	**134,044**	**-**	**(5,851)**	**-**	**128,193**	**AC**
Deferred acquisition costs			**AC**	**312,182**	**-**	**-**	**-**	**312,182**	**AC**
Statutory deposits			**AC**	**300,000**	**-**	**-**	**-**	**300,000**	**AC**
Investment properties				**56,000**	**-**	**-**	**-**	**56,000**	
Intangible assets				**15,387**	**-**	**-**	**-**	**15,387**	
Property, plant and equipment				**2,925,601**	**-**	**-**	**-**	**2,925,601**	
Investments in subsidiaries				**4,000,000**	**-**	**-**	**-**	**4,000,000**	
Deposit for investment in equity				**410,588**	**-**	**-**	**-**	**410,588**	
Goodwill				**-**	**-**	**-**	**-**	**-**	
				18,720,412	**-**	**144,104**	**(151,440)**	**18,713,076**	

MUTUAL BENEFITS ASSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.3.37.2 Transition disclosures – IFRS 9 - Continued

			COMPANY						
in thousands of Nigerian Naira			IAS 39 Measurement		Reclassification	Re-measurement		IFRS 9	
Financial liabilities:	Sub Note	Ref	Category	**Amount**	Amount	ECL	Fair Valuation	Amount	Category
Insurance contract liabilities				**4,352,606**	**-**	**-**	**-**	**4,352,606**	
Investment contract liabilities				**-**	**-**	**-**	**-**	**-**	
Trade payables				**1,028,272**	**-**	**-**	**-**	**1,028,272**	
Other liabilities				**235,695**	**-**	**-**	**-**	**235,695**	
Deposit liabilities				**-**	**-**	**-**	**-**	**-**	
Current income tax payable				**422,005**	**-**	**-**	**-**	**422,005**	
Borrowings				**6,509,170**	**-**	**-**	**-**	**6,509,170**	
Deferred tax liabilities		**7.1**		**705,821**	**-**	**43,417**	**-**	**749,238**	
				13,253,569	**-**	**43,417**	**-**	**13,296,986**	
Equity									
Share capital				**4,000,000**	**-**	**-**	**-**	**4,000,000**	
Treasury shares				**(250)**	**-**	**-**	**-**	**(250)**	
Foreign currency translation reserve				**-**		**-**	**-**	**-**	
Contingency reserve				**2,398,485**	**-**	**-**	**-**	**2,398,485**	
Fair value reserves		**8.1**		**-**	**-**	**-**	**(152,060)**	**(152,060)**	
Revaluation reserve				**1,339,395**		**-**	**-**	**1,339,395**	
Retained earnings		**8.2**		**(2,270,787)**	**-**	**101,306**	**-**	**(2,169,481)**	
Total shareholders' fund				**5,466,843**	**-**	**101,306**	**(152,060)**	**5,416,090**	
Total equity attributable to the:									
Owners of the parent				**5,466,843**		**101,306**	**(152,060)**	**5,416,090**	
Non-controlling interests in equity				**-**				**-**	
Total equity				**5,466,843**	**-**	**101,306**	**(152,060)**	**5,416,090**	
Total liabilities and equity				**18,720,412**	**-**	**144,723**	**(152,060)**	**18,713,076**	

2.3.37.2 Transition disclosures – IFRS 9 - Continued

Ref:

1 Cash & short-term deposits in banks:

Reclassification from Cash & short-term deposits of investment placements that no longer meet the definition of short-term deposits with a maturity of three months or less that are subject to an insignificant risk of changes in value. At transition to IFRS 9 on 1 January 2018, the Group reclassified investment of less than 90 days with United Capital Limited (N91,500,000: Group N91,500,000) from Financial Assets held to maturity to Cash and cash equivalents. Also, at transition to IFRS 9 on 1 January 2018, short term deposits of ₦43,754,000 in BGL Securities Limited and Flourish Investments and Trust Limited were reclassified to other receivables and prepayments by the Group (Company: NIL).

Under IAS 39, the Group recognised cash and short term deposits at amortised cost using the incurred loss model for impairment, however on transition to IFRS 9 at 1 January 2018, these were remeasured using the expected credit loss model resulting in an Impaiment loss of N50,107,000 (Company : N13,925,000).

		GROUP	COMPANY
in thousands of Nigerian Naira			
As 1 January 2018 (under IAS 39)		8,340,321	3,243,960
Reclassification from financial assets held to maturity	3.1	91,500	91,500
Reclassification to Other receivables and prepayments	6	(43,754)	-
Expected credit loss impact of IFRS 9		(50,107)	(13,925)
Opening balance under IFRS 9 (Jan 1, 2018)		8,337,960	3,321,535

MUTUAL BENEFITS ASSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.3.37.2 Transition disclosures – IFRS 9 - Continued

2 Available for sale financial assets:

Under IAS 39, the Group classified unlisted equity instruments which are not held for trading as available-for-sale financial assets. At the date of transition to IFRS on 1 January 2018, the Group has elected to apply the FVOCI option. Accordingly, the assets will remain accounted for at FVOCI with no subsequent recycling of realised gains or losses permitted. These investments are still presented in the statement of financial position as Financial Assets and classified as "equity instruments measured at FVOCI in the notes. Therefore, the Group reclassified its unquoted equities amounting to N849,524,000 (Company: N21,553,000) from Available for sale financial instruments measured at cost to Equity Instruments at Fair Value through OCI on transition to IFRS 9 as shown in 2.1 below;

2.1	Available for sale financial assets		GROUP	COMPANY
	in thousands of Nigerian Naira			
	As 1 January 2018 (under IAS 39)		849,524	21,553
	Reclassification to Equity instruments at fair value through OCI	2.2	(849,524)	(21,553)
	Opening balance under IFRS 9 (Jan 1, 2018)		-	-

2.2 Equity instruments at Fair value through OCI

At transition, the Group remeasured its unquoted equities at Fair value through OCI, Impairment provision of N172,355,000 (Company :N172,355,000) was reversed and the Group recognised fair value loss of N344,835,000(Company:N152,060,000). The fair value was determined using market-based valuation and discounted cash flow(DCF) techniques for these positions.

Equity instruments at fair value through OCI		GROUP	COMPANY
in thousands of Nigerian Naira			
As 1 January 2018 (under IAS 39)		-	-
Reclassification from Available for sale financial assets	2.1	849,524	21,553
Reversal of allowance for impairment under IAS 39		172,355	172,355
Fair value impact of the reclassification of unquoted equity from AFS to FVOCI		(344,835)	(152,060)
Opening balance under IFRS 9 (Jan 1, 2018)		1,021,879	193,908

2.3.37.2 Transition disclosures – IFRS 9 – Continued

3 Held to Maturity financial assets:

Under IAS 39, the Group classified its debt instruments such as treasury bills and bonds as held to maturity financial assets.
Under IFRS 9, the Group has re-classified part of these debts instruments as debt instruments measured at amortised cost as these assets were assessed to fall within a business model whose objectives is to hold assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;
The other part of these debt instruments has been re-classified as measured at FVTPL as these assets were assessed to fall within a business model whose objective is achieved neither by collecting contractual cash flows nor selling the financial assets.

The Group classified its Treasury bills with maturities over 90days totaling N15,788,109,000 (Company: N4,006,507,000) and Investments in Bonds of N960,708,000 (company: 359,947,000) as Held to maturity financial assets under IAS 39. On transition to IFRS 9, the Treasury bills were reclassified as Debt instruments at amortised cost and Investment in Bonds as Financial assets at fair value through Profit or loss.

3.1	Held to Maturity financial assets		GROUP	COMPANY
	in thousands of Nigerian Naira			
	As 1 January 2018 (under IAS 39)		16,840,317	4,457,954
	Reclassification to cash and cash equivalents	1	(91,500)	(91,500)
	Reclassification to debt instruments at amortised costs	3.3	(15,788,109)	(4,006,507)
	Reclassification to financial assets at FVTPL	3.2	(960,708)	(359,947)
	Opening balance under IFRS 9 (Jan 1, 2018)		-	-

2.3.37.2 Transition disclosures – IFRS 9 – Continued

3.2 Financial Assets at Fair value through profit or loss

On transition to IFRS 9, the Group's investments in Bonds were remeasured at fair value through profit or loss using the quoted market rates and the Group recognised a fair value loss of N4,318,000 (Company: N620,000(Gain)). Also, the Company's quoted equities previously termed as financial assets at fair value through profit or loss are now presented as financial assets held for trading, measurement basis remaining the same as under IAS 39.

		GROUP	COMPANY
in thousands of Nigerian Naira			
As 1 January 2018 (under IAS 39)		110,952	110,952
Quoted equities represented as financial assets held for trading		(110,952)	(110,952)
Reclassification from financial assets held to maturity	3.1	960,708	359,947
Fair value impact of the reclassification of HTM financial assets to FVTPL		(4,318)	620
Opening balance under IFRS 9 (Jan 1, 2018)		956,390	360,567

3.3 Debt instruments at amortised costs:

On transition to IFRS 9, the debt instruments at amortised cost were assessed for impairment using the General approach under the expected credit loss model and an impairment loss of N5,303,000 (Company: N1,335,000) was recognized.

		GROUP	COMPANY
in thousands of Nigerian Naira			
As 1 January 2018 (under IAS 39)		-	-
Reclassification from HTM financial assets	3.1	15,788,109	4,006,507
Re-measurement impact of the reclassification of HTM financial assets to Debt instruments at amortised costs		(5,303)	(1,335)
Opening balance under IFRS 9 (Jan 1, 2018)		15,782,806	4,005,172

2.3.37.2 Transition disclosures – IFRS 9 – Continued

4 Loans and receivables:

Under IAS 39, the Group measured its Loans and receivables at amortised cost, these financial instruments are still measured at amortised costs under IFRS 9. The Group's loans and receivables were assessed for impairment using the general approach under the expected loss model, and an impairment loss of N199,048,000(Company: N7,140,000) was recognised on transition.

4.1	Loans and receivables	GROUP	COMPANY
	in thousands of Nigerian Naira		
	As 1 January 2018 (under IAS 39)	12,245,702	633,143
	Expected credit loss on loans and receivables	(199,048)	(7,140)
	Opening balance under IFRS 9 (Jan 1, 2018)	12,046,654	626,003

5 Finance lease receivables:

Under IAS 39, the Group measured its finance lease receivables at amortised cost, these financial instruments are still measured at amortised costs under IFRS 9. The Group's finance lease receivables were assessed for impairment using the general approach under the expected loss model, and an impairment loss of N16,862,000(Company: N5,851,000) was recognised on transition.

5.1	Finance lease receivables	GROUP	COMPANY
	in thousands of Nigerian Naira		
	As 1 January 2018 (under IAS 39)	145,055	134,044
	Expected credit loss on finance lease receivables	(16,862)	(5,851)
	Opening balance under IFRS 9 (Jan 1, 2018)	128,193	128,193

2.3.37.2 Transition disclosures – IFRS 9 – Continued

6 Other receivables and prepayments:

At transition to IFRS 9 on 1 January 2018, short term deposits of ₦43,754,000 in BGL Securities Limited and Flourish Investments and Trust Limited were reclassified from cash and cash equivalents to other receivables and prepayments. The Group's other receivables and prepayments were also assessed for impairment using the simplified approach under the expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provisions for trade and other receivables. An impairment loss of N43,754,000 (Company: NIL) was recognised on transition.

		GROUP	COMPANY
in thousands of Nigerian Naira			
As 1 January 2018 (under IAS 39)		993,183	560,682
Reclassification from cash and cash equivalents	1	43,754	-
Expected credit loss on finance lease receivables		(43,754)	-
Opening balance under IFRS 9 (Jan 1, 2018)		993,183	560,682

7 Financial liabilities:

The accounting for financial liabilities remain largely the same as it was under IAS 39.

7.1	Deferred tax liabilities		
	in thousands of Nigerian Naira	GROUP	COMPANY
	As 1 January 2018 (under IAS 39)	(1,063,084)	(705,821)
	Deferred tax impact of re-measurement under IFRS 9 on retained earnings	44,111	(43,417)
	Opening balance under IFRS 9 (Jan 1, 2018)	(1,018,973)	(749,238)

2.3.37.2 Transition disclosures – IFRS 9 – Continued

8 Equity:

8.1 Fair value reserves

At transition to IFRS 9, the Group classified its unlisted equity instruments which are not held for trading as "equity instruments measured at FVOCI in the notes. Re-measurement impact of the reclassification of unquoted equity from AFS to FVOCI is as shown below:

				GROUP	COMPANY
in thousands of Nigerian Naira				Reserves and Retained Earnings - (DR)/CR	Reserves and Retained Earnings - (DR)/CR
Fair value reserve					
Closing balance under IAS 39 (Dec 31, 2017)				-	-
Re-measurement impact of the reclassification of unquoted equity from AFS to FVOCI				344,835	152,060
Opening balance under IFRS 9 (Jan 1, 2018)				344,835	152,060

2.3.37.2 Transition disclosures – IFRS 9 – Continued

8.2 Retained earnings

Re-measurement impact of IFRS 9 on retained earnings is as shown below:

8.2	**Retained earnings**		
	Re-measurement impact of IFRS 9 on retained earnings is as shown below:		
		GROUP	**COMPANY**
	Retained earnings		
	Closing balance under IAS 39 (31 Dec 2017)	1,079,247	2,270,787
	Re-measurement impact of reclassifying financial assets held at amortized cost to FVPL	4,318	(620)
	Re-measurement impact of the reclassification of unquoted equity from AFS to FVOCI	(172,355)	(172,355)
	Recognition of IFRS 9 ECLs	315,074	28,251
	Deferred tax in relation to the above	(44,111)	43,416
	Opening balance under IFRS 9 (1 Jan 2018)	1,182,174	2,169,480
	Total change in equity due to adopting IFRS 9	447,762	50,752

9 Reconciliation of the aggregate opening Impairment provisions under IAS 39 to the ECL allowances under IFRS 9

	GROUP			COMPANY		
in thousands of Nigerian Naira	Impairment provision under IAS 39 at Dec 31,	Re-measurement	ECLs under IFRS 9 at Jan 1, 2018	Impairment provision under IAS 39 at Dec 31,	Re-measurement	ECLs under IFRS 9 at Jan 1, 2018
Impairment allowance for bank deposits, loans, receivables and HTM per IAS 39/financial assets at amortised cost under IFRS 9						
Cash & short term deposits	-	50,107	50,107	-	13,925	13,925
Loans and receivables	119,425	199,048	318,473	-	7,140	7,140
Debt instruments at amortised cost	-	5,303	5,303	-	1,335	1,335
Other receivables & prepayments	86,748	43,754	130,502	80,358	-	80,358
Finance lease receivables	198,134	16,862	214,995	119,304	5,851	125,154
	404,307	315,074	719,381	199,662	28,251	227,913

2.3.38 Significant accounting judgements, estimates and assumptions

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

Other disclosures relating to the Group's exposure to risks and uncertainties includes:
1. Capital management Note 3.2
2. Financial risk management and policies Note 3.1.2

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:
Operating lease commitments – Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

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

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

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

Non-life insurance contract liabilities
Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims. Therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

2.3.38 Significant accounting judgments, estimates and assumptions - Continued

Non-life insurance contract liabilities - continued

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder method.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios.

Non-life insurance contract liabilities

Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Life insurance contract liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured using the net premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case, a margin for risk and adverse deviation is generally included. A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and premium deficiency, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Group. Adjustments to the liabilities at each reporting date are recorded in the statement of profit or loss in 'Gross change in contract liabilities'. Profits originated from margins for adverse deviations on run-off contracts are recognised in the statement of profit or loss over the life of the contract, whereas losses are fully recognised in the statement of profit or loss during the first year of run-off. The liability is derecognised when the contract expires, is discharged or cancelled.

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

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

2.3.38 Significant accounting judgments, estimates and assumptions - Continued

Fair value investment property

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

Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

The Group's internal credit grading model, which assigns PDs to the individual grades

- **The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment**
- **The segmentation of financial assets when their ECL is assessed on a collective basis**
- **Development of ECL models, including the various formulas and the choice of inputs**
- **Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs**
- **Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models**

Fair value of financial instruments using valuation techniques

The Directors use their judgment in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the company uses valuation techniques to measure such instruments. These techniques use "market observable inputs" where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the company estimates the non-market observable inputs used in its valuation models.

Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates although some assumptions are not supported by observable market prices or rates.

2.3.39 Standards issued but not yet effective

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

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

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

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

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

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

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

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

2.3.39 Standards issued but not yet effective

IFRS 17 Insurance Contracts

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

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

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

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

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2022, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

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

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

• Whether an entity considers uncertain tax treatments separately
• The assumptions an entity makes about the examination of tax treatments by taxation authorities

2.3.39 Standards issued but not yet effective

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment – continued

- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group does not expect the application of this interpretation to affect its financial statements as from its effective date since the Company does not operate in a complex multinational tax environment.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the financial statements of the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Company will apply these amendments when they become effective.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

2.3.39 Standards issued but not yet effective

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement - continued

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.
The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will not apply to the Company as it does not have any employee benefit that include future plan amendments, curtailments, or settlements.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Company does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its financial statements.

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will not have impact on the Group's financial statements, since they don't have interest in joint operation.

IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

2.3.39 Standards issued but not yet effective - continued

IFRS 11 Joint Arrangements - continued

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its financial statements.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group does not have borrowing costs, the Group does not expect any effect on its financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS

For the year ended 31 December 2018		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2018	2017	2018	2017
Gross premium written	4.1	15,840,697	14,037,879	8,018,299	7,298,974
Gross premium income	4.1	15,634,846	13,352,960	7,677,706	6,986,273
Premiums ceded to reinsurers	4.2	(2,155,601)	(1,885,655)	(1,447,700)	(1,046,287)
Net premium income	4.3	13,479,245	11,467,305	6,230,006	5,939,986
Fees and commission income	5	482,307	309,646	379,214	142,249
Net underwriting income		13,961,552	11,776,951	6,609,220	6,082,235
Net benefits and claims	6	6,976,613	5,154,205	2,297,776	1,914,071
Change in life fund		455,428	(4,270)	-	-
Change in annuity reserve		21,990	(22,252)	-	-
Underwriting expenses	7	3,448,990	2,944,601	1,838,949	1,621,939
Net underwriting expenses		10,903,021	8,072,284	4,136,725	3,536,010
Underwriting profit		3,058,531	3,704,667	2,472,495	2,546,225
Profit on investment contracts	8	1,548,910	891,899	-	-
Investment income	9	2,186,282	1,597,262	1,078,816	896,167
Net fair value (loss)/gain on assets at FVTPL	10	(157,584)	38,341	(126,056)	123,731
Other income	11	321,134	477,649	204,846	38,312
Impairment charge no longer required	12	-	2,011	-	-
Impairment (charge)/write-back on financial assets	13	(102,880)	(169,137)	6,765	-
Employee benefit expenses	14	(1,842,628)	(1,939,809)	(814,160)	(846,284)
Management expenses	15	(3,861,923)	(3,451,213)	(2,135,639)	(1,931,345)
Net foreign exchange (loss)/gain	16	(50,520)	22,285	(50,520)	22,285
Result of operating activities		1,099,322	1,173,955	636,547	849,091
Finance costs	17	(46,199)	(39,432)	-	-
Finance income	18	327,860	200,570	-	-
Profit before income tax		1,380,983	1,335,093	636,547	849,091
Income tax expense	19	(231,975)	(312,585)	(156,618)	(243,815)
Profit after income tax		1,149,008	1,022,508	479,929	605,276
Profit attributable to:					
Owners of the parent		1,128,128	1,036,481	479,929	605,276
Non-controlling interests		20,880	(13,973)	-	-
		1,149,008	1,022,508	479,929	605,276
Earnings per share:					
Basic and diluted (kobo)	21	14	13		

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

MUTUAL BENEFITS ASSURANCE PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2018	2017	2018	2017
Profit for the year		1,149,008	1,022,508	479,929	605,276
Other comprehensive income (net of tax):					
Items that may be reclassified to the profit or loss account in subsequent periods:					
Foreign currency translation gain (net of tax)		218,277	49,966	-	-
		218,277	49,966	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)					
Net revaluation gains on Equity Instrument at FVOCI		53,974	-	12,363	-
Revaluation gain on land and building (net of tax)		55,504	189,971	-	50,832
		109,478	189,971	12,363	50,832
Total other comprehensive income for the year, net of tax		327,755	239,937	12,363	50,832
Total comprehensive income for the year, net of tax		1,476,763	1,262,445	492,292	656,108
Total comprehensive income attributable to:					
Owners of the parent		1,442,351	1,219,883	492,292	656,108
Non-controlling interests	54	34,412	42,562	-	-
		1,476,763	1,262,445	492,292	656,108

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

MUTUAL BENEFITS ASSURANCE PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2018	2017	2018	2017
ASSETS					
Cash and cash equivalents	22	5,483,347	8,345,638	2,452,961	3,249,277
Financial assets					
Available-for-sale investment securities	23.1	-	849,524	-	21,553
Equity instruments at fair value through OCI	23.2	731,018	-	54,211	-
Financial assets fair value through profit or loss	23.3	3,239,416	110,952	2,752,187	110,952
Loans and receivables	23.4	11,877,818	12,245,702	325,076	633,143
Held-to-maturity	23.5	-	16,840,317	-	4,457,954
Debt Instruments at amortised cost	23.6	19,346,552	-	4,461,246	-
Financial assets held for trading pledged as collateral	24	142,100	168,064	142,100	168,064
Trade receivables	25	912,116	629,280	386,040	278,159
Reinsurance assets	26	3,574,723	2,455,731	1,507,512	1,086,826
Other receivables and prepayments	27	1,343,309	993,182	348,255	560,682
Deferred acquisition costs	28	457,248	485,283	352,860	312,182
Finance lease receivables	29	116,154	145,055	116,154	134,044
Inventories	30	518,236	907,822	-	-
Assets held for sale	31	5,550,000	-	-	-
Investment properties	32	1,476,000	8,566,000	56,000	56,000
Intangible assets	34	49,550	43,994	10,924	15,387
Property, plant and equipment	35	3,930,518	3,922,931	2,689,262	2,925,601
Investments in subsidiaries	33	-	-	4,000,000	4,000,000
Statutory deposit	36	500,000	500,000	300,000	300,000
Deposit for investment in equity	37	7,238	480,588	7,238	410,588
Goodwill	38	1,543	1,543	-	-
Total assets		59,256,886	57,691,606	19,962,026	18,720,412
LIABILITIES					
Insurance contract liabilities	39	13,050,555	10,299,090	5,132,636	4,352,606
Investment contract liabilities	40	25,276,261	26,564,221	-	-
Trade payables	41	1,768,573	2,858,296	855,443	1,028,272
Other liabilities	42	955,719	1,161,224	286,387	235,695
Deposit liabilities	43	512,153	259,268	-	-
Current income tax liabilities	45	793,528	687,173	479,914	422,005
Borrowings	44	6,671,845	6,509,170	6,671,845	6,509,170
Deferred tax liabilities	46	1,118,231	1,063,084	787,419	705,821
Total liabilities		50,146,865	49,401,526	14,213,644	13,253,569
EQUITY					
Share capital	47.2	4,000,000	4,000,000	4,000,000	4,000,000
Treasury shares	48	(250)	(250)	(250)	(250)
Foreign currency translation reserve	49	1,116,284	911,064	-	-
Contingency reserve	50	2,960,268	2,801,764	2,494,470	2,398,485
Fair value reserve	51	(288,560)	-	(139,697)	-
Revaluation reserve	52	1,520,131	1,467,403	1,339,395	1,339,395
Accumulated losses	53	(421,610)	(1,079,247)	(1,945,536)	(2,270,787)
Total shareholders' fund		8,886,263	8,100,734	5,748,382	5,466,843

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

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION - Continued

As at 31 December 2018 *in thousands of Nigerian Naira*	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Total equity attributable to the:					
Owners of the parent		8,886,263	8,100,734	5,748,382	5,466,843
Non-controlling interests in equity	54	223,758	189,346		-
Total equity		9,110,021	8,290,080	5,748,382	5,466,843
Total liabilities and equity		59,256,886	57,691,606	19,962,026	18,720,412
		-	-	-	-

The consolidated and separate financial statements and accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 27 March 2019 and were signed on its behalf by:

Dr. Akin Ogunbiyi
FRC/2013/CIIN/00000003114
Chairman

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

Mr. Abayomi Ogunwo
FRC/2015/ICAN/00000011225
Chief Finance Officer

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group

For the year 31 December 2017 *in thousands of Nigerian Naira*	Note	Share capital	Treasury shares	Foreign currency translation reserve	Contingency reserve	Fair value reserve	Revaluation reserve	Accumulated losses	Total	Non - controlling interests	Total equity
		Attributable to equityholders of the Company									
As at 1 January 2017		4,000,000	(250)	906,502	2,533,160	-	1,288,563	(1,838,814)	6,889,161	123,607	7,012,768
Total comprehensive income for the year:											
Profit for the year		-	-	-	-	-	-	1,036,481	1,036,481	(13,973)	1,022,508
Other comprehensive income		-	-	4,562	-	-	178,840	-	183,402	56,535	239,937
Total comprehensive income for the year, net of tax		-	-	4,562	-	-	178,840	1,036,481	1,219,883	42,562	1,262,445
Transactions with owners of equity											
Additions during the year	54	-	-	-	-	-	-	-	-	14,867	14,867
Changes in equity		-	-	-	-	-	-	(8,310)	(8,310)	8,310	-
Transfer to contingency reserve	50	-	-	-	268,604	-	-	(268,604)	-	-	-
Total transactions with owners of equity		-	-	-	268,604	-	-	(276,914)	(8,310)	23,177	14,867
As at 31 December 2018		4,000,000	(250)	911,064	2,801,764	-	1,467,403	(1,079,247)	8,100,734	189,346	8,290,080
As at 1 January 2018		4,000,000	(250)	911,064	2,801,764	-	1,467,403	(1,079,247)	8,100,734	189,346	8,290,080
Impact of adopting IFRS 9	2.3.37.2	-	-	-	-	(344,835)	-	(102,927)	(447,762)	-	(447,762)
Restated opening balance under IFRS		4,000,000	(250)	911,064	2,801,764	(344,835)	1,467,403	(1,182,174)	7,652,972	189,346	7,842,318
Total comprehensive income for the year:											
Profit for the year		-	-	-	-	-	-	1,128,128	1,128,128	20,880	1,149,008
Other comprehensive income		-	-	205,220	-	56,275	52,728	-	314,223	13,532	327,755
Total comprehensive income for the year, net of tax		-	-	205,220		56,275	52,728	1,128,128	1,442,351	34,412	1,476,763
Transactions with owners of equity											
Dividend paid		-	-	-	-	-	-	(209,060)	(209,060)	-	(209,060)
Transfer to contingency reserve	50	-	-	-	158,504	-	-	(158,504)	-	-	-
Total transactions with owners of equity		-	-	-	158,504	-	-	(367,564)	(209,060)	-	(209,060)
As at 31 December 2018		4,000,000	(250)	1,116,284	2,960,268	(288,560)	1,520,131	(421,610)	8,886,263	223,758	9,110,021

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

MUTUAL BENEFITS ASSURANCE PLC

SEPARATE STATEMENT OF CHANGES IN EQUITY

Company

For the year 31 December 2017 *in thousands of Nigerian Naira*	*Note*	Share capital	Treasury shares	Contingency reserve	Fair value reserve	Revaluation reserve	Accumulated losses	Total
As at 1 January 2017		4,000,000	(250)	2,179,515	-	1,288,563	(2,657,093)	4,810,735
Total comprehensive income for the year:								
Profit for the year		-	-	-	-	-	605,276	605,276
Other comprehensive income		-	-	-	-	50,832	-	50,832
Total comprehensive income for the year, net of tax		-	-	-	-	50,832	605,276	656,108
Transactions with owners of equity								
Transfer to contingency reserve		-	-	218,970	-	-	(218,970)	-
Total transactions with owners of equity		-	-	218,970	-	-	(218,970)	-
As at 31 December 2017		4,000,000	(250)	2,398,485	-	1,339,395	(2,270,787)	5,466,843
As at 1 January 2018		4,000,000	(250)	2,398,485	-	1,339,395	(2,270,787)	5,466,843
Impact of adopting IFRS 9	2.3.37.2	-	-	-	(152,060)	-	101,307	(50,752)
Restated opening balance under IFRS		4,000,000	(250)	2,398,485	(152,060)	1,339,395	(2,169,480)	5,416,091
Total comprehensive income for the year:								
Profit for the year		-	-	-	-	-	479,929	479,929
Other comprehensive income		-	-		12,363	-		12,363
Total comprehensive income for the year, net of tax		-	-	-	12,363	-	479,929	492,292
Transactions with owners of equity								
Dividend paid		-	-	-	-	-	(160,000)	(160,000)
Transfer to contingency reserve		-	-	95,985	-	-	(95,985)	-
Total transactions with owners of equity		-	-	95,985	-	-	(255,985)	(160,000)
As at 31 December 2018		4,000,000	(250)	2,494,470	(139,697)	1,339,395	(1,945,536)	5,748,382

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

As at 31 December 2018		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2018	2017	2018	2017
Cash flows from operating activities					
Cash received from insurance contract policy holders		15,268,487	13,710,457	7,621,044	7,054,915
Cash received from investment contract policy holders		12,054,121	11,945,338	-	-
Cash withdrawal by investment contract policy holders	40	(15,577,726)	(13,419,003)	-	-
Additions to deposit for premium	41.1	748,332	747,760	242,710	409,729
Commission received		541,354	262,001	432,917	172,423
Reinsurance paid		(2,180,459)	(1,410,546)	(1,502,595)	(1,108,287)
Claims paid	6	(8,277,607)	(4,870,058)	(3,010,695)	(2,038,841)
Claims recovered from reinsurers	6	2,674,640	2,270,525	835,577	837,996
Commission paid		(2,739,360)	(2,299,574)	(1,057,566)	(1,042,574)
Payments to employees	14	(1,842,628)	(1,939,809)	(814,160)	(846,284)
Investment income	9	2,186,282	1,597,262	1,078,816	896,167
Other cash received		493,596	391,485	49,448	38,312
Cash paid to brokers, suppliers and other providers of services		(5,105,640)	(4,529,326)	(2,585,275)	(3,227,659)
Income tax paid	45	(138,408)	(235,386)	(60,528)	(85,425)
Net cash flows (used in)/from operating activities	55	(1,895,016)	2,221,126	1,229,692	1,060,472
Investing activities:					
Purchase of intangible assets	34	(3,974)	(21,796)	(3,974)	(13,725)
Purchase of property, plants and equipments	35	(521,838)	(366,979)	(202,367)	(151,758)
Proceeds from sale of properties, plant and equipment		1,245	8,903	258	1,895
Receipts on finance lease recievables	29.1	22,392	227,959	22,392	28,721
Receipts on loans and advances		2,250,000	2,050,001	-	-
Purchase of held-to-maturity financial assets		-	(16,252,540)	-	(3,565,863)
Redemption of held-to-maturity financial assets		-	9,401,338	-	1,831,196
Purchase of financial instruments at fair value through profit or loss	23.3.2	(3,127,851)	-	(2,606,547)	-
Proceed from sale of financial instruments at fair value through profit or loss	23.3.2	961,328	-	360,567	-
Purchase of debt instruments at amortised cost	23.6.1	(26,682,638)	-	(4,229,378)	-
Redemption of debt instruments at amortised cost	23.6.1	24,133,116	-	4,186,035	-
Proceeds from sale of investment properties	32	1,533,000	75,000	-	-
Additions to deposit for shares		-	(20,000)	-	(20,000)
Refunds from deposit for shares	37	473,350	-	403,350	-
Net cash flows used in investing activities		(961,870)	(4,898,114)	(2,069,664)	(1,889,533)
Financing activities					
Dividend paid		(209,060)	-	(160,000)	-
Increase in non-controlling interest	54	-	14,867	-	-
Net cash flows (used in)/from financing activities		(209,060)	14,867	(160,000)	-
Net decrease in cash and cash equivalents		(3,065,946)	(2,662,121)	(999,971)	(829,061)
Effects of exchange rate changes on cash and cash equivalents		112,155	273,385	112,155	273,385
Reclassification to cash and cash equivalents on 1 January		91,500	-	91,500	-
Cash and cash equivalents as at 1 January		8,345,638	10,734,374	3,249,277	3,804,953
Cash and cash equivalents as at 31 December	22	5,483,347	8,345,638	2,452,961	3,249,277
Operational cash flows from interest and dividends					
Interest received		327,860	200,570	-	-
Interest paid		(46,199)	(39,432)	-	-
Dividend received		244	202	244	202

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

3.1 ***Management of Insurance and financial risks***

3.1.1 ***Insurance risks management***

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

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

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

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

(a) ***Life insurance contracts***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	GROUP			COMPANY		
	31 Dec-2018			31 Dec-2018		
in thousands of Nigerian Naira	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Whole life and term assurance	7,052,671	1,635,300	5,417,371	-	-	-
Credit Life Assurance Scheme	21,176	-	21,176	-	-	-
Total	7,073,847	1,635,300	5,438,547	-	-	-

	31 Dec-2017			31 Dec-2018		
in thousands of Nigerian Naira	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Whole life and term assurance	5,392,973	1,070,169	4,322,804	-	-	-
Credit Life Assurance Scheme	21,662	-	21,662	-	-	-
Total	5,414,635	1,070,169	4,344,466	-	-	-

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

	GROUP			COMPANY		
	31 Dec-2018			31 Dec-2018		
in thousands of Nigerian Naira	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Nigeria	6,707,243	1,635,300	5,071,943			
Liberia	366,604	-	366,604	-	-	-
Total	7,073,847	1,635,300	5,438,547	-	-	-

	31 Dec-2017			31 Dec-2018		
in thousands of Nigerian Naira	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Nigeria	5,156,574	1,070,169	4,086,405			
Liberia	258,061	-	258,061	-	-	-
Total	5,414,635	1,070,169	4,344,466	-	-	-

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

Key assumptions

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

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

► **Mortality and morbidity rates**

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

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

► **Longevity**

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

► **Lapse and surrender rates**

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

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

► **Discount rate**

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

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

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

Sensitivities

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

Life insurance contracts

31 Dec-2018		GROUP				COMPANY			
in thousands of Nigerian Naira	Change in assumptions	Increase/ (decrease) on gross liabilities	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity	Increase/ (decrease) on gross liabilities	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
Mortality/morbidity rate	+10%	30,381	30,381	30,381	21,267	-	-	-	-
Longevity	+10%	(3,861)	(3,861)	(3,861)	(2,702)	-	-	-	-
Lapse and surrenders rate	+10%	(9,794)	(9,794)	(9,794)	(6,856)	-	-	-	-
Discount rate	+1%	(35,804)	(35,804)	(35,804)	(25,063)	-	-	-	-
Mortality/morbidity rate	-10%	(26,237)	(26,237)	(26,237)	(18,366)	-	-	-	-
Longevity	-10%	4,012	4,012	4,012	2,808	-	-	-	-
Lapse and surrenders rate	-10%	10,416	10,416	10,416	7,291	-	-	-	-
Discount rate	-1%	40,844	40,844	40,844	28,591	-	-	-	-

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

(b) *Non–life insurance contracts*

The Group principally issues the following types of general insurance contracts: motor, general accident, Bond, Marine, Fire, Aviation and Oil and Gas. Risks under non–life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

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

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure material events.

The table below sets out the concentration of non–life insurance contract liabilities by type of contract:

31 Dec-2018	GROUP			COMPANY		
in thousands of Nigerian Naira	Gross liabilities	Reinsurance of liabilities	Net liabilities	Gross liabilities	Reinsurance of liabilities	Net liabilities
Motor	2,095,720	671,391	1,424,329	1,412,169	239,479	1,275,436
Fire	775,765	421,380	354,385	775,765	421,380	535,174
General Accident	1,675,609	605,906	1,069,703	1,675,609	605,906	1,329,661
Marine	609,168	230,803	378,365	609,168	230,803	477,389
Aviation & Oil and Gas	659,926	9,944	649,982	659,926	9,944	654,318
	5,816,188	1,939,424	3,876,764	5,132,637	1,507,512	4,271,978

31 Dec-2017	GROUP			COMPANY		
in thousands of Nigerian Naira	Gross liabilities	Reinsurance of liabilities	Net liabilities	Gross liabilities	Reinsurance of liabilities	Net liabilities
Motor	1,867,929	320,376	1,546,642	1,389,265	51,515	1,336,839
Fire	529,626	174,017	355,609	476,441	144,143	332,298
General Accident	1,292,951	787,840	505,111	1,292,951	787,840	505,111
Marine	476,098	82,746	393,352	476,098	82,746	393,352
Aviation & Oil and Gas	723,485	20,582	702,903	723,485	20,582	702,903
	4,890,089	1,385,561	3,503,617	4,358,240	1,086,826	3,270,503

-

(b) *Non–life insurance contracts - Continued*

Key assumptions

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one–off occurrence; changes in market factors such as public attitude to claiming: economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Change in assumptions and sensitivity analysis

Sensitivity analyses 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.

A sensitivity analysis was done to determine how the IBNR reserve amount would change if we were to consider the 75th percentile as opposed to our best estimate figures included in reserve reviews as at 31 December 2018. The 75th percentile is a generally accepted level of prudency.

Results based on the Normal Distribution
We use the Normal distribution 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 we equated the 0.5th percentile of the distributions to be equal to 0 thereby assuming that the IBNR reserve % cannot be negative.

Through the use of the mean and the 0.5th percentile we were able to calculate the implied standard deviations for each class.

Change in assumptions and sensitivity analysis
The results based on fitting a Normal distribution to the best estimate IBNR reserves as at 31 December *2017 are as follows:*

Class of Business	*Best estimate*		*75th percentile using Normal distribution*	
in thousands of Nigerian Naira	*Gross IBNR*	*Net IBNR*	*Gross IBNR*	*Net IBNR*
Fire	118,471	82,930	149,493	104,645
General Accident	191,812	153,450	242,039	193,631
Marine & Aviation	142,842	99,989	180,246	126,172
Motor	130,320	123,804	164,445	156,223
Oil & Gas	199,067	199,067	222,517	222,517
Total	782,512	659,240	958,740	803,188

Overall there is a 22.5% increase from the best estimate calculated and that at the 75th percentile.

The 75th percentile is generally regarded as a prudent level for IBNR reserves. More importantly, the difference between the best estimate and the 75th percentile provides management with an indication of the variability inherent in the IBNR reserves.

Based on the assumption that reserves follow a Normal distribution, there is only a 25% chance that the gross IBNR reserves required by Mutual Benefits will exceed ₦959 million as at 31 December 2018.

(b) *Non–life insurance contracts - Continued*

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

Basic Chain Ladder method (BCL)

Development factors were calculated using the last 3, 4, 5, 6 and 7 years of data by accident year or quarter. Ultimate development factors are calculated for each of the permutations and the most appropriate pattern is selected.

Ultimate development factors are applied to the paid data per accident year or quarter and an 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. 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 large losses that had been reported but not paid, and therefore would not have influenced the development patterns, the total case reserve were excluded from the calculation of the IBNR.

i.e. IBNR = Ultimate claim amount (excl. extreme large losses) minus paid claims to date 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. thatclaims recorded 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

For two (2) of the classes namely Energy and Aviation, there were very limited data. A BCL method was therefore inappropriate. Expected experience to date was considered as well as the average assumed Ultimate Loss ratio in carrying out the calculation.

Average delay durations were calculated from the data provided. In the absence of any data, various options were provided.

The IBNR is then calculated as: Expected % of claims to still arise in future based on average delay X average ultimate loss ratio assumed X earned premium for the current year

(b) ***Non–life insurance contracts - Continued***

Assumptions underlying the Loss Ratio Method

It was assumed that the average delay in reporting 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 reporting. If the delay period in reporting is expected to have increased from previous years, the results shown in the report will be understated. Additionally, an estimate of the average ultimate loss ratio will need to be assumed. Loss ratios provided were used to obtain the average loss ratio as well as
experience that has been seen to date in previous accident years. Although a reasonability check was not conducted on the loss ratios by comparing the loss ratios to industry figures, if the loss ratios average is not indicative of future experience, the IBNR calculated could be under/over estimated.

Unearned premium provision was calculated using a time – apportionment basis, in particular, the 365ths method. The same approach was taken for deferred acquisition cost. Combined ratio for financial year 31 December 2017 was calculated per class of business, taking into account the additional movement in claims reserves as at 31 December 2017 as a result of the IBNR figures calculated during the reserving exercise. This combined ratio was then applied to the UPR per class of business to determine the expected future underwriting experience for the unexpired risk period, and to ascertain whether the UPR held as at 31 December 2016 was deemed sufficient. The Additional Unexpired Risk Reserve (AURR) is limited to a minimum of 0, i.e. there is no allowance for reduction in the UPR due to expected future profits arising from premiums written which will be earned in future.

in thousands of Nigerian Naira			DEVELOPMENT YEARS				
Fire	0	1	2	3	4	5	6
Accident Year							
2012	-	102,043	130,776	144,630	144,797	145,020	145,020
2013	65,907	129,803	154,957	161,546	161,780	162,341	
2014	113,696	223,324	232,513	236,086	237,419		
2015	80,266	153,252	156,871	158,264			
2016	55,790	198,793	217,144				
2017	84,886	294,979					
2018	76,000						
Total	476,545	1,102,194	892,261	700,526	543,996	307,361	145,020

in thousands of Nigerian Naira			DEVELOPMENT YEARS				
General accident	0	1	2	3	4	5	6
Accident Year							
2012	-	110,695	149,335	157,475	167,234	176,644	178,696
2013	100,709	232,932	276,502	298,189	323,764	325,342	
2014	143,805	247,812	274,905	284,866	289,223		
2015	123,635	243,841	263,705	284,778			
2016	99,258	225,092	260,852				
2017	147,474	313,971					
2018	260,491						
Total	875,372	1,374,343	1,225,299	1,025,308	780,221	501,986	178,696

(b) *Non–life insurance contracts - Continued*

Development claim tables

in thousands of Nigerian Naira	DEVELOPMENT YEARS						
Marine and Aviation	**0**	**1**	**2**	**3**	**4**	**5**	**6**
Accident Year							
2012	-	42,875	42,875	47,443	47,443	47,443	47,443
2013	16,618	30,488	32,750	32,887	32,887	32,887	
2014	37,397	114,189	118,499	118,499	120,201		
2015	66,774	167,852	169,546	176,629			
2016	68,699	111,224	134,525				
2017	87,343	206,990					
2018	123,683						
Total	**400,514**	**673,618**	**498,195**	**375,458**	**200,531**	**80,330**	**47,443**

in thousands of Nigerian Naira	DEVELOPMENT YEARS						
Motor	**0**	**1**	**2**	**3**	**4**	**5**	**6**
Accident Year							
2012	78	166,258	175,766	177,804	178,493	178,493	178,493
2013	469,160	715,356	729,823	731,234	731,234	742,165	
2014	557,713	747,192	761,284	761,558	761,558		
2015	473,318	698,490	709,093	709,346			
2016	563,864	741,647	745,413				
2017	630,155	913,705					
2018	757,673						
Total	**3,451,961**	**3,982,648**	**3,121,379**	**2,379,943**	**1,671,285**	**920,658**	**178,493**

in thousands of Nigerian Naira	DEVELOPMENT YEARS						
Oil & Gas	**0**	**1**	**2**	**3**	**4**	**5**	**6**
Accident Year							
2012	-	28,401	53,577	63,815	68,398	68,398	73,102
2013	73,620	85,390	97,481	97,481	97,481	102,449	
2014	25	35,571	35,571	36,190	36,249		
2015	-	1,948	1,948	36,728			
2016	14	1,713	9,095				
2017	27,566	78,299					
2018	1,106						
Total	**102,331**	**231,321**	**197,672**	**234,215**	**202,128**	**170,847**	**73,102**

3.1.2 *Financial risks management*

Introduction and overview

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

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

(a) *Credit risk*

Credit risk is the risk that one party to a financial instrument or reinsurance contract will cause a financial loss for the other party by failing to discharge an obligation.

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

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:
The Company’s credit risk policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company’s risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Credit risk relating to financial instruments is monitored by the investments team of the Company. It is their responsibility to review and manage credit risk, including environmental risk for all of counterparties. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for industry concentrations, and by monitoring exposures in relation to such limits. It is the Company’s policy to invest in high quality financial instruments with a low risk of default. If there is a significant increase in credit risk, the policy dictates that the instrument should be sold and amounts recovered reinvested in high quality instruments.

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

The credit risk in respect of customer balances incurred on non–payment of premiums or contributions (trade receivables) will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. The contractual credit agreement is strictly in line with the regulator’s “No Premium, No Cover” policy. Stringent measures have been placed by the regulator to guide against credit default. Credit risk exposure operates from the level of brokered transactions with little emphasis placed on direct business. The Company’s credit risk exposure to brokered business is very low as the Company requires brokers to provide credit note which is due 30 days from receipt before incepting insurance cover on behalf of their clients. In addition, commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of default.

The nature of the Company’s exposure to credit risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

3.1.2 Financial risks management

(i) *The Company's internal rating process*

The Group's investment team prepares internal ratings for instruments held in which its counterparties are rated using internal grades (investment grade, non-investment grade (satisfactory), non-investment grade (unsatisfactory), past due but not impaired, and individually impaired). The ratings are determined incorporating both qualitative and quantitative information that builds on information from risk rating agencies, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour. These information sources are first used to determine whether an instrument has had a significant increase in credit risk. The Group's internal credit rating grades:

Internal rating grade	Internal rating description	Agusto & Co. rating (when applicable)	Basis for ECL Provision	Basis for Interest Income Calculation
1-2	Investment grade	Aaa	12 month ECL	Gross carrying amount
3	Investment grade	Aa	12 month ECL	Gross carrying amount
4	Investment grade	A	12 month ECL	Gross carrying amount
5	Non-investment grade (satisfactory)	Bbb	Lifetime ECL	Gross carrying amount
6-7	Non-investment grade (unsatisfactory	Bb	Lifetime ECL	Amortized cost
8-9	Non-investment grade (unsatisfactory	B	Lifetime ECL	Amortized cost
10	Past due but not impaired	C	Lifetime ECL	Amortized cost
11-12	Individually impaired	D	Lifetime ECL, credit impaired	None

(ii) *Maximum exposure to credit risk*

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

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

in thousands of Nigerian Naira	*Group*		*Company*	
	31-Dec-18	*31-Dec-17*	*31-Dec-18*	*31-Dec-17*
Cash and cash equivalents	5,466,859	8,335,080	2,443,569	3,243,960
Loans and receivables	11,877,818	12,245,702	325,076	633,143
Held-to-maturity	-	16,840,317	-	4,457,954
Debt instruments at amortised cost	19,346,552	-	4,461,246	-
Financial assets at FVPL	3,239,416	110,952	2,752,187	110,952
Trade receivables	912,116	629,280	386,040	278,159
Reinsurance assets	2,590,585	1,875,018	646,783	564,810
Finance lease receivables	116,154	145,055	116,154	134,044
Other receivables	802,777	159,490	162,130	262,507
Statutory deposit	500,000	500,000	300,000	300,000
Deposit for investment in equity shares	7,238	480,588	7,238	410,588
	44,859,515	41,321,482	11,600,423	10,396,117

(ii) *Industry concentration analysis*

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

in thousands of Nigerian Naira

31 December 2018	*Group*					*Company*				
	Financial services	Real estate	*Oil & Gas sector*	*Other*	*Total*	*Financial services*	Real estate	*Oil & Gas sector*	*Other*	*Total*
Cash and cash equivalents	5,466,859	-	-	-	5,466,859	2,443,569	-	-	-	2,443,569
Loans and advances	-	-	10,148,345	1,729,473	11,877,818	-	-	-	325,076	325,076
Debt instruments at amortised cost	19,346,552	-	-	-	19,346,552	4,461,246	-	-	-	4,461,246
Financial assets at FVPL	3,239,416	-	-	-	3,239,416	2,752,187	-	-	-	2,752,187
Trade receivables	912,116	-	-	-	912,116	386,040	-	-	-	386,040
Reinsurance assets	2,590,585	-	-	-	2,590,585	646,783	-	-	-	646,783
Other receivables	-	-	-	802,777	802,777	-	-	-	162,130	162,130
Finance lease receivables	-	-	-	116,154	116,154	-	-	-	116,154	116,154
Statutory deposit	500,000	-	-	-	500,000	300,000	-	-	-	300,000
Deposit for shares	-	-	7,238	-	7,238	-	-	7,238	-	7,238
	32,055,528	-	10,155,583	2,648,404	44,859,515	10,989,825	-	7,238	603,360	11,600,423

in thousands of Nigerian Naira

31 December 2017	*Group*					*Company*				
	Financial services	Real estate	*Oil & Gas sector*	*Other*	*Total*	*Financial services*	Real estate	*Oil & Gas sector*	*Other*	*Total*
Cash and cash equivalents	8,335,080	-	-	-	8,335,080	3,243,960	-	-	-	3,243,960
Loans and advances	2,083,124	-	10,162,578	-	12,245,702	(448,953)	1,082,096	-	-	633,143
Held-to-maturity	16,840,317	-	-	-	16,840,317	4,457,954	-	-	-	4,457,954
Trade receivables	629,280	-	-	-	629,280	278,159	-	-	-	278,159
Reinsurance assets	1,875,018	-	-	-	1,875,018	564,810	-	-	-	564,810
Other receivables	35,159	-	-	124,331	159,490	42,888	-	-	219,619	262,507
Finance lease receivables	-	-	-	145,055	145,055	-	-	-	134,044	134,044
Statutory deposit	500,000	-	-	-	500,000	300,000	-	-	-	300,000
Deposit for shares	-	-	480,588	-	480,588	-	-	410,588	-	410,588
	30,297,978	-	10,643,166	269,386	41,210,530	8,438,818	1,082,096	410,588	353,663	10,285,165

(iii) ***Credit exposure by credit rating***

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit ratings of counterparties.

in thousands of Nigerian Naira

31 December 2018	*Group*					*Company*				
	Investment grade	*Non investment grade satisfactory*	*Non investment grade un-satisfactory*	*Individually impaired*	*Total*	*Investment grade*	*Non investment grade satisfactory*	*Non investment grade un-satisfactory*	*Individually impaired*	*Total*
Cash and cash equivalents	5,466,859	-	-	-	5,466,859	2,443,569	-	-	-	2,443,569
Loans and advances	11,491,420	175,029	59,234	152,135	11,877,818	325,076	-	-	-	325,076
Debt instruments at amortised cost	19,346,552	-	-	-	19,346,552	4,461,246	-	-	-	4,461,246
Financial assets at FVPL	3,239,416	-	-	-	3,239,416	2,752,187	-	-	-	2,752,187
Trade receivables	912,116	-	-	-	912,116	386,040	-	-	-	386,040
Reinsurance assets	2,590,585	-	-	-	2,590,585	646,783	-	-	-	646,783
Other receivables	550,328	-	200,177	52,272	802,777	162,130	-	-	-	162,130
Finance lease receivables	116,154	-	-	-	116,154	116,154	-	-	-	116,154
Statutory deposit	500,000	-	-	-	500,000	300,000	-	-	-	300,000
Deposit for shares	7,238	-	-	-	7,238	7,238	-	-	-	7,238
	44,220,668	175,029	259,411	204,407	44,859,515	11,600,423	-	-	-	11,600,423

in thousands of Nigerian Naira

31 December 2017	*Group*					*Company*				
	Investment grade	*Non investment grade satisfactory*	*Non investment grade un-satisfactory*	*Past due but not impaired*	*Total*	*Investment grade*	*Non investment grade satisfactory*	*Non investment grade un-satisfactory*	*Past due but not impaired*	*Total*
Cash and cash equivalents	8,335,080	-	-	-	8,335,080	3,243,960	-	-	-	3,243,960
Loans and advances	12,245,702	-	-	-	12,245,702	633,143	-	-	-	633,143
Held-to-maturity	16,840,317	-	-	-	16,840,317	4,457,954	-	-	-	4,457,954
Trade receivables	629,280	-	-	-	629,280	278,159	-	-	-	278,159
Reinsurance assets	1,795,967	-	-	79,051	1,875,018	551,904	-	-	12,906	564,810
Other receivables	159,490	-	-	-	159,490	262,507	-	-	-	262,507
Finance lease receivables	145,055	-	-	-	145,055	134,044	-	-	-	134,044
Statutory deposit	500,000	-	-	-	500,000	300,000	-	-	-	300,000
Deposit for shares	480,588	-	-	-	480,588	410,588	-	-	-	410,588
	41,131,479	-	-	79,051	41,210,530	10,272,259	-	-	12,906	10,285,165

(iii) *Credit exposure by credit rating*

Age analysis of financial assets past due but not impaired

in thousands of Nigerian Naira

31 December 2017	*Group*				*Company*			
	< 30 days	*31 to 60 days*	*61 to 90 days*	*Total past–due but not impaired*	*< 30 days*	*31 to 60 days*	*61 to 90 days*	*Total past–due but not impaired*
Loans and receivables	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-
Reinsurance assets	12,906	66,145	-	79,051	12,906	-	-	12,906
	12,906	66,145	-	79,051	12,906	-	-	12,906

(iv) *Credit collateral*

The Group holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

	Percentage of exposure that is subject to collateral				
	Group		Company		Principal type of collateral held
Financial assets	2018	2017	2018	2017	
Loans to oil & gas sector	100%	100%	100%	100%	Oil & gas assets.
Loans to construction sector	100%	100%	100%	100%	Real estate properties, inventory.
Loans to policyholders	100%	100%	100%	100%	Cash deposits.
Staff loans	100%	100%	100%	100%	Real estate properties, vehicles, securities.
Finance lease	100%	100%	100%	100%	Underlying assets.

The loan-to-value (LTV) ratio of the financial assets above is not more than 70%. LTV is calculated as the ratio of the gross amount of the loan to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is based on the collateral value at origination updated based on changes in house price indices. For credit-impaired loans the value of collateral is based on the most recent appraisals.

(v) *Impairment assessment (policy applicable from 1 January 2018)*

A summary of the assumptions underpinning the Group's expected credit loss (ECL) model is as stated in Note 2.12.1.6.

(v) (a) *Significant increase in credit risk, default and cure*

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

The Group considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Group also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

• Internal rating of the counterparty indicating default or near-default
• The counterparty having past due liabilities to public creditors or employees
• The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection
• Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

The Group considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognizes a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

There has been no significant increase in credit risk or default for financial assets during the year.

(v) (b) *Expected credit loss*

The Group assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

(vi) Impairment losses on financial investments subject to impairment assessment

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 3.1.2 (a) (i).

3.1.2 *Financial risks management*

(b) *Liquidity risk*

(vi) (a) Cash & short-term deposits in banks

Group

in thousands of Nigerian Naira	31 Dec-2018				1-Jan-18			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	5,338,626	-	-	5,338,626	8,108,585	-	-	8,108,585
Non-investment grade (satisfactory)	-	166,779	-	166,779	-	279,482	-	279,482
Total Gross Amount	5,338,626	166,779	-	5,505,405	8,108,585	279,482	-	8,388,067
ECL	(19,863)	(2,195)	-	(22,058)	(46,026)	(4,081)	-	(50,107)
Total Net Amount	5,318,763	164,584	-	5,483,347	8,062,559	275,401	-	8,337,960

(vi) (a) Cash & short-term deposits in banks

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	8,108,585	279,482	-	8,388,067
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(741,593)	(112,703)	-	(854,296)
Accrued interest capitalised	(2,028,366)	-	-	(2,028,366)
	(2,769,959)	(112,703)	-	(2,882,662)
At 31 December 2018	5,338,626	166,779	-	5,505,405

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	46,026	4,081	-	50,107
New assets originated or purchased	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	(26,163)	(1,886)	-	(28,049)
Unwind of discounts	-	-	-	-
Foreign exchange adjustments	-	-	-	-
	(26,163)	(1,886)	-	(28,049)
At 31 December 2018	19,863	2,195	-	22,058

(vi) (a) Cash & short-term deposits in banks

Company

in thousands of Nigerian Naira	31-Dec-18				1-Jan-18			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	2,294,805	-	-	2,294,805	3,059,678	-	-	3,059,678
Non-investment grade (satisfactory)	-	166,779	-	166,779	-	275,782	-	275,782
Total Gross Amount	2,294,805	166,779	-	2,461,584	3,059,678	275,782	-	3,335,460
ECL	(6,428)	(2,195)		(8,623)	(9,844)	(4,081)		(13,925)
Total Net Amount	2,288,377	164,584	-	2,452,961	3,049,834	271,701	-	3,321,535

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	3,059,678	275,782	-	3,335,460
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(764,873)	(109,003)	-	(873,876)
Accrued interest capitalised	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
				-
At 31 December 2018	2,294,805	166,779	-	2,461,584

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	9,844	4,081	-	13,925
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred	(3,416)	(1,886)	-	(5,302)
Unwind of discounts	-	-	-	-
Changes to contractual cash flows due to modific	-	-	-	-
Changes to models and inputs used for ECL calcu	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
	(3,416)	(1,886)	-	(5,302)
At 31 December 2018	6,428	2,195	-	8,623

(vi) (b) **Loans and advances**

Group

in thousands of Nigerian Naira	31 Dec-2018				1-Jan-18			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	11,906,668	-	-	11,906,668	12,024,598	-	-	12,024,598
Non-investment grade (satisfactory)	59,411	115,616	-	175,027	70,100	100,165.00	-	170,265
Non-investment grade (unsatisfactory)	-	59,235	-	59,235	-	68,106.00	-	68,106
Past due but not impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	152,135	152,135	-	-	102,158	102,158
Total Gross Amount	11,966,079	174,851	152,135	12,293,065	12,094,698	168,271	102,158	12,365,127
ECL	(222,649)	(58,584)	(134,014)	(415,247)	(168,141)	(56,374)	(93,958)	(318,473)
Total Net Amount	11,743,430	116,267	18,121	11,877,818	11,926,557	111,897	8,200	12,046,654

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	12,094,698	168,271	102,158	12,365,127
New assets originated or purchased	929,131	6,580	49,977	985,688
Assets derecognised or repaid (excluding write offs)	(1,055,750)	-	-	(1,055,750)
Accrued interest capitalised	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	(2,000)	-	-	(2,000)
Foreign exchange adjustments	-	-	-	-
	(128,619)	6,580	49,977	(72,062)
At 31 December 2018	11,966,079	174,851	152,135	12,293,065

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	168,141	56,374	93,958	318,473
Transfers to Stage 1	54,508	2,210	40,056	96,774
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
				-
At 31 December 2018	222,649	58,584	134,014	415,247

(vi) (b) **Loans and advances**

Company

in thousands of Nigerian Naira	31 Dec-2018				1-Jan-18			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	328,957	-	-	328,957	633,143	-	-	633,143
Total Gross Amount	328,957	-	-	328,957	633,143	-	-	633,143
ECL	(3,881)	-	-	(3,881)	(7,140)	-	-	(7,140)
Total Net Amount	325,076	-	-	325,076	626,003	-	-	626,003

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	633,143	-	-	633,143
New assets originated or purchased	48,000	-	-	48,000
Assets derecognised or repaid (excluding write offs)	(352,186)	-	-	(352,186)
Foreign exchange adjustments	-	-	-	-
	(304,186)	-	-	(304,186)
At 31 December 2018	328,957	-	-	328,957

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	7,140	-	-	7,140
New assets originated or purchased	695	-	-	695
Assets derecognised or repaid (excluding write offs)	(3,954)	-	-	(3,954)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
	(3,259)	-	-	(3,259)
At 31 December 2018	3,881	-	-	3,881

(vi) (c) **Debt instruments at amortised cost**

Group

in thousands of Nigerian Naira	31 Dec-2018				1-Jan-18			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	19,352,837	-	-	19,352,837	15,788,109	-	-	15,788,109
Non-investment grade (satisfactory)	-	-	-	-	-	-	-	-

For the year ended 31 December 2018								
Non-investment grade (unsatisfactory)	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	-	-	-	-	-	-
Total Gross Amount	19,352,837	-	-	19,352,837	15,788,109	-	-	15,788,109
ECL	(6,285)	-	-	(6,285)	(5,303)	-	-	(5,303)
Total Net Amount	19,346,552	-	-	19,346,552	15,782,806	-	-	15,782,806

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	15,788,109	-	-	15,788,109
New assets originated or purchased	19,352,837	-	-	19,352,837
Assets derecognised or matured (excluding write offs)	(15,788,109)	-	-	(15,788,109)
				-
At 31 December 2018	19,352,837	-	-	19,352,837

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	5,303	-	-	5,303
New assets originated or purchased	6,285	-	-	6,285
Assets derecognised or matured (excluding write offs)	(5,303)	-	-	(5,303)
	982	-	-	982
At 31 December 2018	6,285	-	-	6,285

(vi) (c) Debt instruments at amortised cost

Company

in thousands of Nigerian Naira	31 Dec-2018				1-Jan-18			
Investment grade	4,462,696	-	-	4,462,696	4,006,507	-	-	4,006,507
Non-investment grade (satisfactory)	-	-	-	-	-	-	-	-
Non-investment grade (unsatisfactory)	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	-	-	-	-	-	-
Total Gross Amount	4,462,696	-	-	4,462,696	4,006,507	-	-	4,006,507
ECL	(1,450)	-	-	(1,450)	(1,335)	-	-	(1,335)
Total Net Amount	4,461,246	-	-	4,461,246	4,005,172	-	-	4,005,172

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	4,006,507	-	-	4,006,507
New assets originated or purchased	4,462,696	-	-	4,462,696
Assets derecognised or matured (excluding write offs)	(4,006,507)	-	-	(4,006,507)
Accrued interest capitalised	-	-	-	-
	456,189	-	-	456,189
At 31 December 2018	4,462,696	-	-	4,462,696

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	1,335	-	-	1,335
New assets originated or purchased	1,450	-	-	1,450
Assets derecognised or matured (excluding write offs)	(1,335)	-	-	(1,335)
Foreign exchange adjustments	-	-	-	-
	115	-	-	115
At 31 December 2018	1,450	-	-	1,450

(vi) (d) **Finance Lease receivables**

Group

in thousands of Nigerian Naira	31 Dec-2018				1-Jan-18			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	124,952	-	-	124,952	128,209	-	-	128,209
Non-investment grade (satisfactory)	-	-	-	-	-	-	-	-
Non-investment grade (unsatisfactory)	-	-	-	-	-	5,819	-	5,819
Past due but not impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	195,110	195,110	-	-	209,160	209,160
Total Gross Amount	124,952	-	195,110	320,062	128,209	5,819	209,160	343,188
ECL	(8,798)	-	(195,110)	(203,908)	(2,198)	(3,637)	(209,160)	(214,995)
Total Net Amount	116,154	-	-	116,154	126,011	2,182	-	128,193

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	128,209	5,819	209,160	343,188
New assets originated or purchased	-	-	-	-
Assets derecognised or matured (excluding write offs)	(3,255)	(2,182)	(6,676)	(12,113)
Transfers to Stage 3	-	(3,637)	3,637	-
Amounts written off	-	-	(11,011)	(11,011)
Foreign exchange adjustments	-	-	-	-
	(3,255)	(5,819)	(14,050)	(23,124)
At 31 December 2018	124,953	-	195,110	320,063

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	2,198	3,637	209,160	214,995
New assets originated or purchased	-	-	-	-
Assets derecognised or matured (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	(6,676)	(6,676)
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	(3,637)	3,637	-
Changes to models and inputs used for ECL calculations	6,600	-	-	6,600
Recoveries	-	-	-	-
Amounts written off	-	-	(11,011)	(11,011)
Foreign exchange adjustments	-	-	-	-
	6,600	(3,637)	(14,050)	(11,087)
At 31 December 2018	3,320	4,759	210,282	203,908

(vi) (d) Finance Lease receivables

Company

in thousands of Nigerian Naira	31 Dec-2018				1-Jan-18			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	124,952	-	-	124,952	128,209	-	-	128,209
Non-investment grade (unsatisfactory)	-	-	-	-	-	5,819	-	5,819
Past due but not impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	116,280	116,280	-	-	119,319	119,319
Total Gross Amount	124,952	-	116,280	241,232	128,209	5,819	119,319	253,347
ECL	(8,798)	-	(116,280)	(125,078)	(2,198)	(3,637)	(119,319)	(125,154)
Total Net Amount	116,154	-	-	116,154	126,011	2,182	-	128,193

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	128,209	5,819	119,319	253,347
New assets originated or purchased	-	-	-	-
Assets derecognised or matured (excluding write offs)	(3,257)	(2,182)	(6,676)	(12,115)
Transfers to Stage 3	-	(3,637)	3,637	-
Foreign exchange adjustments	-	-	-	-
	(3,257)	(5,819)	(3,039)	(12,115)
At 31 December 2018	124,952	-	116,280	241,232

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	2,198	3,637	119,319	125,154
New assets originated or purchased	-	-	(6,676)	(6,676)
Assets derecognised or matured (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	(3,637)	3,637	-
Transfers to Stage 3	-	-	-	-
Changes to models and inputs used for ECL calculations	6,600	-	-	6,600
	6,600	(3,637)	(3,039)	(76)
At 31 December 2018	3,368	4,807	120,489	125,078

(b) Liquidity risk

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

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

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

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

(b) Liquidity risk - Continued

Group

31 December 2018 *in thousands of Nigerian Naira*	Carrying amount	1-6 months	6-12 months	1-5 years	Above 5 years	No maturity date	Gross total
Cash and cash equivalents	5,483,347	5,553,710	-	-	-	-	5,553,710
Loans and advances	11,877,818	120,745	13,098,747	751,929	-	-	13,971,421
Financial assets held for trading	-	-	-	-	-	-	-
Financial assets held for trading pledged as collateral	142,100	-	-	142,100	-	-	142,100
Financial assets fair value through profit or loss	3,239,416	1,249,243	150,524	2,775,196	-	-	4,174,963
Debt Instruments at amortised cost	19,346,552	5,566,410	15,495,300	-	-	-	21,061,710
Trade receivables	912,116	912,116	-	-	-	-	912,116
Reinsurance assets	3,158,979	2,590,585	-	-	-	568,394	3,158,979
Other receivables	939,263	939,263	-	-	-	-	939,263
Finance lease receivables	116,154	17,420	129,681	-	-	-	147,101
Total financial assets	45,215,745	16,949,493	28,874,252	3,669,225	-	568,394	50,061,364
Investment contract liabilities	25,276,261	6,664,936	6,664,936	13,259,978	510,415	-	27,100,264
Insurance contract liabilities	8,623,824	6,762,731	-	-	-	1,861,093	8,623,824
Trade payables	701,632	701,632	-	-	-	-	701,632
Other liabilities	835,833	835,833	-	-	-	-	835,833
Deposit liabilities	512,153	550,564	-	-	-	-	550,564
Borrowings	6,671,845	-	-	4,182,740	2,489,105	-	6,671,845
Total financial liabilities	42,621,548	15,515,696	6,664,936	17,442,718	2,999,519	1,861,093	44,483,963
Total liquidity gap	2,594,197	1,433,796	22,209,317	(13,773,493)	(2,999,519)	(1,292,699)	5,577,401

(b) **Liquidity risk - Continued**

Company

31 December 2018 *in thousands of Nigerian Naira*	Carrying amount	1-6 months	6-12 months	1-5 years	Above 5 years	No maturity date	Gross total
Cash and cash equivalents	2,452,961	2,484,438	-	-	-	-	2,484,438
Loans and advances	325,076	86,995	86,995	184,429	-	-	358,419
Financial assets held for trading	-	-	-	-	-	-	-
Financial assets held for trading pledged as collateral	142,100			142,100			142,100
Financial assets fair value through profit or loss	2,752,187	723,167	150,524	2,775,196			3,648,887
Debt Instruments at amortised cost	4,461,246	2,416,410	2,420,300	-	-	-	4,836,710
Trade receivables	386,040	386,040	-	-	-	-	386,040
Reinsurance assets	1,142,340	646,783	-	-	-	495,557	1,142,340
Other receivables	258,726	258,726	-	-	-	-	258,726
Finance lease receivables	116,154	17,420	129,681	-	-	-	147,101
Total financial assets	12,036,830	7,019,979	2,787,500	3,101,725	-	495,557	13,404,761
Insurance contract liabilities	2,365,795	1,583,283	-	-	-	782,512	2,365,795
Trade payables	372,028	372,028	-	-	-	-	372,028
Other liabilities	195,451	195,451	-	-	-	-	195,451
Borrowings	6,671,845	-	-	4,182,740	2,489,105	-	6,671,845
Total financial liabilities	9,605,119	2,150,762	-	4,182,740	2,489,105	782,512	9,605,119
Total liquidity gap	2,431,711	4,869,217	2,787,500	(1,081,015)	(2,489,105)	(286,955)	3,799,642

(b) **Liquidity risk - Continued**

Group 31 December 2017 *in thousands of Nigerian Naira*	Carrying amount	1-6 months	6-12 months	1-5 years	Above 5 years	No maturity date	Gross total
Cash and cash equivalents	8,345,638	8,629,530	-	-	-	-	8,629,530
Loans and advances	12,245,702	1,240,955	1,991,269	12,378,745	1,077,969	-	16,688,938
Fair value through profit or loss	-	-	-	-	-	-	-
Held-to-maturity financial assets	16,840,317	3,826,085	13,781,486	1,118,182	-	-	18,725,754
Trade receivables	629,280	629,280	-	-	-	-	629,280
Reinsurance assets	2,090,435	1,875,018	-	-	-	215,417	2,090,435
Other receivables	334,370	334,370	-	-	-	-	334,370
Finance lease receivables	145,055	50,136	38,079	101,187	17,662	-	207,064
Total financial assets	40,630,797	16,585,375	15,810,833	13,598,114	1,095,631	215,417	47,305,371
Investment contract liabilities	26,564,221	7,001,183	7,001,183	13,941,714	536,165	-	28,480,246
Insurance contract liabilities	6,078,210	4,839,994	-	-	-	1,238,216	6,078,210
Trade payables	1,721,930	1,721,930	-	-	-	-	1,721,930
Other liabilities	544,501	544,501	-	-	-	-	544,501
Deposit liabilities	259,268	268,087	-	-	-	-	268,087
Borrowings	6,509,170	-	-	4,072,200	2,436,970	-	6,509,170
Total financial liabilities	41,677,300	14,375,696	7,001,183	18,013,914	2,973,135	1,238,216	43,602,144
Total liquidity gap	(1,046,503)	2,209,679	8,809,650	(4,415,799)	(1,877,505)	(1,022,799)	3,703,226

The need to match the medium to long term tenure of the Group's investment contract liabilities necessitated the high investment in the landed (investment) properties of ₦8.5 billion. Included in the investment properties are assets worth ₦6 billion that may be liquidated in the short to medium term to meet the financial obligations of the Group.

(b) **Liquidity risk - Continued**

Company

31 December 2017 *in thousands of Nigerian Naira*	Carrying amount	1-6 months	6-12 months	1-5 years	Above 5 years	No maturity date	Gross total
Cash and cash equivalents	3,249,277	4,170,144	-	-	-	-	4,170,144
Loans and advances	633,143	130,264	130,695	389,595	225,628	-	876,183
Fair value through profit or loss	-	-	-	-	-	-	-
Held-to-maturity financial assets	4,457,954	652,726	3,830,736	391,120	-	-	4,874,582
Trade receivables	278,159	278,159	-	-	-	-	278,159
Reinsurance assets	743,587	564,810	-	-	-	178,777	743,587
Other receivables	316,435	316,435	-	-	-	-	316,435
Finance lease receivables	134,044	30,000	90,000	600,000	119,944	-	839,944
Total financial assets	9,812,599	6,142,538	4,051,432	1,380,715	345,572	178,777	12,099,034
Insurance contract liabilities	1,926,358	1,352,081	-	-	-	574,277	1,926,358
Trade payables	396,498	396,498	-	-	-	-	396,498
Other liabilities	142,130	142,130	-	-	-	-	142,130
Borrowings	6,509,170	-	-	4,072,200	2,436,970	-	6,509,170
Total financial liabilities	8,974,156	1,890,709	-	4,072,200	2,436,970	574,277	8,974,156
Total liquidity gap	838,443	4,251,829	4,051,432	(2,691,485)	(2,091,398)	(395,500)	3,124,878

The need to match the medium to long term tenure of the Company's investment contract liabilities necessitated the high investment in the landed (investment) properties of ₦8.5 billion. Included in the investment properties are assets worth ₦6 billion that may be liquidated in the short to medium term to meet the financial obligations of the Company.

(c) Market risk

i Currency risk

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

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

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

Mutual Benefits Assurance Plc is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency. The Group exposure to foreign currency risk through its investment in short term placements, foreign domiciliary bank balance and foreign borrowing.

Group	*31 December 2018*			*31 December 2017*		
in thousands of Nigerian Naira	*USD*	*EURO*	*Yen*	*USD*	*EURO*	*Yen*
Cash and cash equivalents	855,971	5,556	-	1,749,342	3,991	-
Borrowings	-	-	6,270,975	-	-	6,108,300
Outstanding claims	367,405	-	-	325,388	-	-

Company	*31 December 2018*			*31 December 2017*		
in thousands of Nigerian Naira	*USD*	*EURO*	*Yen*	*USD*	*EURO*	*Yen*
Cash and cash equivalents	855,971	5,556	-	1,607,337	3,991	
Borrowings	-	-	6,270,975	-	-	6,108,300
Outstanding claims	367,405	-	-	325,388	-	-

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

in thousands of Nigerian Naira		GROUP				COMPANY			
		31 DECEMBER 2018		31 DECEMBER 2017		31 DECEMBER 2018		31 DECEMBER 2017	
	Change in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
USD	+10%	287,559	201,291	142,395	99,677	85,597	59,918	128,195	89,736
EURO	+10%	556	389	399	279	556	389	399	279
YEN	+10%	(807,416)	(565,192)	(610,830)	(427,581)	(616,758)	(431,730)	(610,830)	(427,581)
USD	-10%	(287,559)	(201,291)	(142,395)	(99,677)	(85,597)	(59,918)	(128,195)	(89,736)
EURO	-10%	(556)	(389)	(399)	(279)	(556)	(389)	(399)	(279)
YEN	-10%	807,416	565,192	610,830	427,581	(616,758)	(431,730)	610,830	427,581

(c) Market risk - Continued

ii *Interest-rate risk*

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

Fixed interest rate instruments expose the Group to fair value interest risk. Group does no expose to cash flow interest risk.

The Group has no significant concentration of interest rate risk.

3.2 Capital Management

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

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

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

Capital management objectives, policies and approach

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

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

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

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

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

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

3.2 Capital Management

Company

in thousands of Nigerian Naira	2018	2017
Available capital resources as at 31 December		
Total shareholders' funds per financial statements	5,748,382	5,466,843
Regulatory adjustments	(708,681)	(150,290)
Available capital resources	5,039,701	5,316,553
Minumum capital based required by regulator	3,000,000	3,000,000
Excess in solvency margin	2,039,701	2,316,553

The Solvency Margin for the parent as at 31 December 2018 is as follows:

in thousands of Nigerian Naira	2018	2017	
Admissible assets			
Cash and cash equivalents	2,452,961	3,045,348	
Available-for-sale investment securities	-	21,553	
Equity instruments at fair value through OCI	54,211	-	
Financial assets fair value through profit or loss	2,752,187	110,952	
Loans and receivables	325,076	633,143	
Held-to-maturity financial assets	-	4,366,454	-
Debt Instruments at amortised cost	4,461,246	-	
Financial assets held for trading pledged as collateral	142,100	168,064	
Trade receivables	386,040	278,159	
Reinsurance assets	1,507,512	1,086,826	
Deferred acquisition cost	352,860	312,182	
Finance lease receivables	116,154	134,044	
Investment properties	-	56,000	
Investment properties & Land/Building	1,000,000	-	
Investment in subsidiaries	4,000,000	4,000,000	
Deposit for shares	-	410,588	
Property, plant and equipment	-	2,925,601	
Property, plant and equipment (less Land & Building)	604,655	-	
Intangible assets	10,924	15,387	
Statutory deposit	300,000	300,000	
Total	18,465,926	17,864,301	
Admissible liabilities			
Insurance contract liabilities	5,132,636	4,352,606	
Borrowings	6,671,845	6,509,170	
Trade payables	855,443	1,028,272	
Other liabilities	286,387	235,695	
Current income tax liabilities	479,914	422,005	
Total	13,426,225	12,547,748	
Solvency margin	5,039,701	5,316,553	

3.3 Asset and Liability Management

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

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

The Company's ALM is integrated with the management of the financial risks associated with the Company's other classes of financial assets and liabilities not directly associated with insurance and investment liabilities (in particular, borrowings and investments in foreign operations). The notes below explain how financial risks are managed using the categories utilized in the Company's ALM framework.

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

3.3 Asset and Liability Management - Continued

The table below hypothecates the total assets of the Company into assets that represents insurance funds and shareholders' funds:

in thousands of Nigerian Naira	DEC 2018 Carrying amount	DEC 2018 Insurance contract	DEC 2018 Shareholders fund	DEC 2017 Carrying amount	DEC 2017 Insurance contract	DEC 2017 Shareholders fund
ASSETS						
Cash and cash equivalents	2,452,961	2,035,958	417,003	3,249,277	2,832,856	416,421
Available-for-sale investment securities	-	-	-	21,553	-	21,553
Equity instruments at fair value through OCI	54,211	-	54,211			
Financial assets fair value through profit or loss	2,752,187	76,189	2,675,998	110,952	110,952	-
Loans and receivables	325,076	-	325,076	633,143	-	633,143
Held-to-maturity financial assets	-	-	-	4,457,954	2,759,756	1,698,198
Debt Instruments at amortised cost	4,461,246	3,792,059	669,187			
Financial assets held for trading pledged as collateral	142,100	-	142,100	168,064	-	168,064
Trade receivables	386,040	386,040	-	278,159	278,159	-
Reinsurance assets	1,507,512	1,507,512	-	1,086,826	1,086,826	-
Other receivables and prepayments	348,255	-	348,255	560,682	-	560,682
Deferred acquisition cost	352,860	-	352,860	312,182	-	312,182
Finance lease receivables	116,154	116,154	-	134,044	134,044	-
Investment property	56,000	-	56,000	56,000	-	56,000
Investment in subsidiaries	4,000,000	-	4,000,000	4,000,000	-	4,000,000
Intangible assets	10,924	-	10,924	15,387	-	15,387
Property, plants and equipment	2,689,262	-	2,689,262	2,925,601	-	2,925,601
Statutory deposit	300,000	-	300,000	300,000	-	300,000
Deposit for shares	7,238	-	7,238	410,588	-	410,588
Total assets	19,962,026	7,913,912	12,048,114	18,720,412	7,202,593	11,517,819
Liabilities						
Insurance contract liabilities	5,132,636	5,132,636	-	4,352,606	4,352,606	-
Trade payables	855,443	855,443	-	1,028,272	1,028,272	-
Other liabilities	286,387	-	286,387	235,695	-	235,695
Borrowings	6,671,845	-	6,671,845	6,509,170	-	6,509,170
Current income tax liabilities	479,914	-	479,914	422,005	-	422,005
Deferred tax liability	787,419	-	787,419	705,821	-	705,821
Total liabilities	14,213,644	5,988,079	8,225,565	13,253,569	5,380,878	7,872,691
GAP	5,748,382	1,925,833	3,822,549	5,466,843	1,821,715	3,645,128

3.4 Measurement of financial assets and liabilities

Accounting classification measurement basis and fair value

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

31 December 2018 *in thousands of Nigerian Naira*	Note	Group Carrying amount		Group Fair value	Company Carrying amount		Company Fair value
Loans and advances	23.4	11,877,818		11,877,818	325,076		325,076
Debt Instruments at amortised cost	23.6	19,346,552		19,172,017	4,461,246		4,445,598
Finance lease receivables	29	116,154		116,154	116,154		116,154
		31,340,524	-	31,165,989	4,902,476	-	4,886,828

31 December 2017 *in thousands of Nigerian Naira*	Note	Group Carrying amount		Group Fair value	Company Carrying amount		Company Fair value
Loans and advances	23.4	12,245,702	-	12,245,702	633,143	-	633,143
Held-to-maturity		16,840,317	-	16,840,317	4,457,954	-	4,457,954
Finance lease receivables	29	145,055	-	145,055	134,044	-	134,044
		29,231,074	-	29,231,074	5,225,141	-	5,225,141

3.5 Fair value hierarchy

The Group's accounting policy on fair value measurements is discussed under note 2.3.12.

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

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

Valuation models

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

3.5 Fair value hierarchy - Continued

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Nigerian Stock Exchange equity investments classified as trading securities or available for sale. If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. The group measure its available-sale instrument at costs.

Financial instruments in level 2

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

Financial instruments in level 3

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

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

Financial instruments measured at fair value

The following table analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 December 2018	Group				Company			
in thousands of Nigerian Naira	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets held for trading	-	-	-	-	-	-	-	-
Financial assets held for trading pledged as collateral	142,100	-	-	142,100	142,100	-	-	142,100
Equity instruments at fair value through OCI	-	-	731,018	731,018	-	-	54,211	54,211
Financial assets at FVPL	-	3,239,416	-	3,239,416	2,752,187	-	-	2,752,187
	142,100	3,239,416	731,018	4,112,534	2,894,287	-	54,211	2,948,498
31 December 2017								
Financial assets held for trading	-	-	-	-	-	-	-	-
Financial assets held for trading pledged as collateral	168,064	-	-	168,064	168,064	-	-	168,064
Available-for-sale investment securities	-	-	849,524	849,524	-	-	21,553	21,553
	168,064	-	849,524	1,017,588	168,064	-	21,553	189,617

Reconciliation of Level 3 item (equity instruments at FVOCI)

	GROUP		COMPANY	
in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
At 1 January (under IAS 39)	-	-	-	-
IFRS 9 reclassification from AFS on 1 January	1,021,879	-	193,908	-
IFRS 9 remeasurement on 1 January	(344,835)	-	(152,060)	-
Unrealised gains/(losses) in OCI	53,974	-	12,363	-
	731,018	-	54,211	-

MUTUAL BENEFITS ASSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - Continued

For the year ended 31 December 2018

Financial instruments not measured at fair value

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

31 December 2018	Group				Company			
in thousands of Nigerian Naira	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Loans and advances	-	-	11,877,818	11,877,818	-	-	325,076	325,076
Debt Instruments at amortised cost	19,172,017	-			4,445,598	-		4,445,598
Finance lease receivables	-	-	116,154	116,154	-	-	116,154	116,154
	19,172,017	-	11,993,972	11,993,972	4,445,598	-	441,230	4,886,828
31 December 2017								
Loans and advances	-	-	12,245,702	12,245,702	-	-	633,143	633,143
Held-to-maturity	-	16,840,317	-	16,840,317		4,457,954		4,457,954
Finance lease receivables	-	-	145,055	145,055	-	-	134,044	134,044
	-	16,840,317	12,390,757	29,231,074	-	4,457,954	767,187	5,225,141

3.5 Fair value hierarchy - Continued

Fair value of financial assets and liabilities

Below are the methodologies and assumptions used to determine fair values for those financial instruments in the financial statements:

Assets and liabilities for which fair value approximates carrying value

The management assessed that cash and cash equivalents, trade receivables, reinsurance receivable, other receivables, trade payables, other liabilities and deposit liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Loans and advances and finance lease receivables

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

Non financial asset measured at fair value

Investment property is a recurring fair value measurement valued using the market approach method of valuation. The valuation of the properties is based on the price for which comparable land and properties are being exchanged and/or are being marketed for sale. Therefore, the market-approach Method of Valuation was used. See Note 31 for the details of the description of valuation techniques used and key inputs to valuation on investment properties.

		Group				Company			
in thousands of Nigerian Naira		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investment property - Assets held for sale	31 Dec 2018	-	-	5,550,000	5,550,000			-	-
Investment property	31 Dec 2018	-	-	1,476,000	1,476,000			56,000	56,000
Building	31 Dec 2018	-	-	332,923	332,923			-	-
Investment property	31 Dec 2017	-	-	8,566,000	8,566,000	-	-	56,000	56,000
Building	31 Dec 2017	-	-	1,450,000	1,450,000	-	-	1,450,000	1,450,000
Land	31 Dec 2017	-	-	339,282	339,282	-	-	-	-

During the reporting year ended 31 December 2018, there were no transfers between level 1 and level 2 and in and out of level 3.

3.6 Segment information

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

i Assurance business:This segment covers the protection of customers' assets (Particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers accident. All contracts in this segment are short term in nature.Revenue in this segment is derived primarily from insurance premium, investment income, net realised gains on financial assets , and net fair value gains on financial assets at fair value through profit or loss and covers the protection of the Group's customers against the risk of premature death, disability, critical illness and other accidents. Revenue from this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets and net fair value gains on financial assets held for trading.

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

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

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2018 is as follows:

	Assurance business				Real estate	Microfinance		
Group	**Mutual Plc**	**Mutual Ltd**	**Mutual**	**Mutual**	**Mutual**	**Mutual**	**Elimination**	**Total**
in thousands of Nigerian Naira	**Nigeria**	**Nigeria**	**Niger**	**Liberia**	**Homes**	**Microfinance**	**adjustment**	
Cash and cash equivalents	2,452,961	1,926,187	800,532	253,256	1,514	51,897	(3,000)	5,483,347
Available-for-sale investment securities	-	-	-	-	-	-	-	-
Equity instruments at fair value through OCI	54,211	604,740	-	111,500	-	-	(39,433)	731,018
Financial assets fair value through profit or loss	2,752,187	487,230	-	-	-	-	(1)	3,239,416
Financial assets held for trading	-	-	-	-	-	-	-	-
Loans and receivables	325,076	10,378,981	-	889,558	-	603,629	(319,426)	11,877,818
Held-to-maturity	-	-	-	-	-	-	-	-
Debt Instruments at amortised cost	4,461,246	14,885,306	-	-	-	-	-	19,346,552
Assets pledged as collateral	-	-	-	-	-	-	-	-
Financial assets held for trading pledged as collateral	142,100	-	-	-	-	-	-	142,100
Trade receivables	386,040	248,097	255,548	22,432	-	-	-	912,116
Reinsurance assets	1,507,512	1,635,300	431,911	-	-	-	-	3,574,723
Other receivables and prepayments	348,255	672,714	1,050,233	151,077	58,455	40,236	(977,662)	1,343,309
Deferred acquisition costs	352,860	104,388	-	-	-	-	-	457,248
Finance lease receivables	116,154	-	-	-	-	-	1	116,154
Inventories	-	-	-	-	518,236	-	-	518,236
Assets held for sale	-	5,550,000	-	-	-	-	-	5,550,000
Investment properties	56,000	1,420,000	-	-	-	-	-	1,476,000
Intangible assets	10,924	787	34,766	-	-	3,073	-	49,550
Property, plant and equipment	2,689,262	218,059	570,981	418,333	0	33,883	-	3,930,518
Investments in subsidiaries	4,000,000	896,981	-	-	-	-	(4,896,981)	-
Investment in associates	-	-	-	-	-	-	-	-
Statutory deposit	300,000	200,000	-	-	-	-	-	500,000
Deposit for investment in equity	7,238	-	-	-	-	-	-	7,238
Deferred tax assets	-	26,869	-	-	-	-	(26,869)	-
Goodwill	-	-	-	-	-	-	1,543	1,543
Total assets	**19,962,026**	**39,255,639**	**3,143,972**	**1,846,156**	**578,205**	**732,717**	**(6,261,828)**	**59,256,886**

3.6 Segment information - Continued

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments as at 31 December 2018 is as follows:

	Assurance business				Real estate	Microfinance		
Group *in thousands of Nigerian Naira*	Mutual Plc Nigeria	Mutual Ltd Nigeria	Mutual Niger	Mutual Liberia	Mutual Homes	Mutual Microfinance	Elimination adjustment	Total
LIABILITIES								
Insurance contract liabilities	5,132,636	6,707,243	837,250	209,049	-	-	164,377	13,050,555
Investment contract liabilities	-	25,261,335	-	14,927	-	-	-	25,276,261
Trade payables	855,443	691,521	219,674	1,936	-	-	-	1,768,573
Other liabilities	286,387	384,272	67,434	100,258	152,464	61,423	(96,519)	955,719
Deposit liabilities	-	-	-	-	-	512,153	1	512,153
Borrowings	6,671,845	-	-	-	319,427	-	(319,427)	6,671,845
Current income tax liabilities	479,914	248,167	-	-	47,953	17,493	-	793,528
Deferred tax liabilities	787,419	-	-	-	61,085	5,643	264,085	1,118,231
Total liabilities	14,213,644	33,292,538	1,124,357	326,170	580,930	596,712	12,517	50,146,865
EQUITY								
Share capital	4,000,000	250,000	1,367,210	488,421	20,000	264,867	(2,390,498)	4,000,000
Treasury shares	(250)	-	-	-	-	-	-	(250)
Share premium	-	3,750,000	-	-	-	-	(3,750,000)	-
Foreign currency translation reserve	-	-	377,335	901,093	-	-	(162,144)	1,116,284
Contingency reserve	2,494,470	465,797	-	-	-	-	1	2,960,268
Fair value reserves	(139,697)	(111,732)	-	-	-	-	(37,131)	(288,560)
Revaluation reserve	1,339,395	-	139,140	74,003	-	-	(32,407)	1,520,131
Retained losses	(1,945,536)	1,609,036	72,838	(25,058)	(22,725)	(186,157)	75,992	(421,610)
Shareholders fund	5,748,382	5,963,101	1,956,522	1,438,460	(2,725)	78,710	(6,296,187)	8,886,263
Owners of the parent	5,748,382	5,963,101	1,956,522	1,438,460	(2,725)	78,710	(6,296,187)	8,886,263
Non-controlling interests in equity	-	-	63,093	81,527	-	57,296	21,842	223,758
Total equity	5,748,382	5,963,101	2,019,615	1,519,986	(2,725)	136,006	(6,274,345)	9,110,021
Total liabilities and equity	19,962,026	39,255,639	3,143,972	1,846,157	578,205	732,717	(6,261,828)	59,256,886

3.6 Segment information - Continued

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2018 is as follows:

Group *in thousands of Nigerian Naira*	Assurance business Mutual Plc Nigeria	 Mutual Ltd Nigeria	 Mutual Niger	 Mutual Liberia	Real estate Mutual Homes	Microfinance Mutual Microfinance	Elimination adjustment	Total
Gross premium written	8,018,299	5,914,190	1,363,358	544,484	-	-	366	15,840,697
Gross premium income	7,677,706	6,192,652	1,219,638	544,484	-	-	366	15,634,846
Premiums ceded to reinsurers	(1,447,700)	(537,713)	(170,187)	-	-	-	-	(2,155,601)
Net premiums income	6,230,006	5,654,939	1,049,452	544,484	-	-	366	13,479,245
Fee and commission income	379,214	96,536	6,555	-	-	-	-	482,307
Net underwriting income	6,609,220	5,751,475	1,056,007	544,484	-	-	366	13,961,552
Net benefits and claims	2,297,776	4,088,467	321,435	268,935	-	-	-	6,976,613
Increase in individual life fund	-	458,171	-	-	-	-	(2,743)	455,428
Increase in annuity reserve	-	21,990	-	-	-	-	-	21,990
Underwriting expenses	1,838,949	1,399,936	164,767	42,228	-	-	3,109	3,448,990
Net underwriting expenses	4,136,725	5,968,564	486,202	311,163	-	-	366	10,903,021
Underwriting profit	2,472,495	(217,089)	569,805	233,321	-	-	-	3,058,531
Profit on investment contracts	-	1,548,910	-	-	-	-	-	1,548,910
Investment income	1,078,816	1,161,210	29,636	51,151	-	-	(134,529)	2,186,282
Net fair value gain/(loss) on assets at FVTPL	(126,056)	(24,528)	-	-	-	-	(7,000)	(157,584)
Other income	204,846	19,778	21,051	-	6,050	69,408	-	321,134
Impairment charge no longer required	-	-	-	-	-	-	-	-
Impairment charges	6,765	(9,282)	-	-	-	(81,914)	(18,449)	(102,880)
Employees benefit expenses	(814,160)	(621,595)	(154,886)	(106,233)	(2,773)	(142,980)	-	(1,842,628)
Other management expenses & FX gain	(2,186,159)	(1,151,311)	(342,261)	(131,911)	(8,382)	(99,418)	7,000	(3,912,443)
Result of operating activities	636,547	706,093	123,346	46,328	(5,106)	(254,902)	(152,978)	1,099,322
Finance costs	-	-	-	-	-	(46,199)	-	(46,199)
Finance incomes	-	-	-	-	-	327,860	-	327,860
Profit before income tax	636,547	706,093	123,346	46,328	(5,106)	26,759	(152,978)	1,380,983
Income tax (expenses)/benefit	(156,618)	(80,917)	(47,350)	(1,706)	28,149	(3,643)	30,109	(231,975)
Profit for the year	479,929	625,176	75,996	44,622	23,043	23,116	(122,869)	1,149,008
Profit attributable to:								
Owners of the parent	479,929	625,176	75,996	44,622	23,043	23,116	(143,754)	1,128,128
Non-controlling interests	-	-	-	-	-	-	20,880	20,880
	479,929	625,176	75,996	44,622	23,043	23,116	(122,874)	1,149,008

3.6 Segment information - Continued

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

	Assurance business				Real estate	Microfinance		
Group	Mutual Plc	Mutual Ltd	Mutual	Mutual	Mutual	Mutual	Elimination	Total
in thousands of Nigerian Naira	Nigeria	Nigeria	Niger	Liberia	Homes	Microfinance	adjustment	
Cash and cash equivalents	3,249,277	4,151,584	833,814	187,844	3,774	132,772	(213,428)	8,345,638
Available-for-sale investment securities	21,553	726,472	-	111,500	-	-	(10,000)	849,524
Fair value through profit or loss	110,952	-	-	-	-	-	-	110,952
Loans and receivables	633,143	10,854,661	-	805,883	-	591,442	(639,427)	12,245,702
Held to maturity	4,457,954	12,382,363	-	-	-	-	-	16,840,317
Assets pledged as collateral	168,064	-	-	-	-	-	-	168,064
Trade receivables	278,159	-	208,046	143,075	-	-	-	629,280
Reinsurance assets	1,086,826	1,070,169	298,735	-	-	-	1	2,455,731
Other receivables	560,682	439,538	17,145	123,055	59,079	19,161	(225,478)	993,182
Deferred acquisition cost	312,182	173,101	-	-	-	-	-	485,283
Finance lease receivables	134,044	11,011	-	-	-	-	-	145,055
Inventories	-	-	-	-	907,822	-	-	907,822
Investment properties	56,000	8,510,000	-	-	-	-	-	8,566,000
Investment in subsidiaries	4,000,000	896,981	-	-	-	-	(4,896,981)	-
Investment in associates	-	-	-	-	-	-	-	-
Intangible assets	15,387	1,751	20,940	-	-	5,916	(1)	43,994
Property, plants and equipment	2,925,601	364,573	398,215	207,937	118	26,488	2	3,922,931
Statutory deposit	300,000	200,000	-	-	-	-	-	500,000
Deposit for investment in equity	410,588	70,000	-	-	-	-	-	480,588
Goodwill	-	-	-	-	-	-	1,543	1,543
Total assets	18,720,412	39,852,204	1,776,895	1,579,294	970,793	775,779	(5,983,769)	57,691,606

3.6 Segment information - Continued

Group *in thousands of Nigerian Naira*	Assurance business				Real estate	Microfinance		
	Mutual Plc Nigeria	Mutual Ltd Nigeria	Mutual Niger	Mutual Liberia	Mutual Homes	Mutual Microfinance	Elimination adjustment	Total
LIABILITIES								
Insurance contract liabilities	4,352,606	5,156,574	526,342	263,568	-	-	-	10,299,090
Investment contract liabilities	-	26,551,455	-	12,767	-	-	(1)	26,564,221
Trade payables	1,028,272	1,661,962	149,634	18,427	-	-	1	2,858,296
Other liabilities	235,695	643,659	112,947	91,723	219,946	99,863	(242,609)	1,161,224
Deposit liabilities	-	-	-	-	-	472,695	(213,427)	259,268
Book overdraft	-	-	-	-	-	-	-	-
Borrowings	6,509,170	-	-	-	639,427	-	(639,427)	6,509,170
Related party loan	-	-	-	-	-	-	-	-
Current income tax liabilities	422,005	201,538	-	1,235	45,560	16,837	(1)	687,173
Deferred tax liabilities	705,821	31,069	-	-	91,628	5,005	229,561	1,063,084
Total liabilities	13,253,569	34,246,257	788,924	387,719	996,561	594,399	(865,903)	49,401,526
EQUITY								
Share capital	4,000,000	250,000	330,000	488,421	20,000	250,000	(1,338,421)	4,000,000
Treasury shares	(250)	-	-	-	-	-	-	(250)
Share premium	-	3,750,000	-	-	-	-	(3,750,000)	-
Foreign currency transalation reserve	-	-	275,298	691,306	-	-	(55,540)	911,064
Contingency reserve	2,398,485	403,280	-	-	-	-	(1)	2,801,764
Revaluation reserve	1,339,395	-	139,140	-	-	-	(11,132)	1,467,403
Accumulated losses	(2,270,787)	1,202,667	186,520	(67,120)	(45,768)	(113,674)	28,915	(1,079,247)
Shareholders fund	5,466,843	5,605,947	930,957	1,112,607	(25,768)	136,326	(5,126,179)	8,100,734
Owners of the parent	5,466,843	5,605,947	930,957	1,112,607	(25,768)	136,326	(5,126,179)	8,100,734
Non-controlling interests in equity	-	-	57,014	78,968	-	45,054	8,310	189,346
Total equity	5,466,843	5,605,947	987,971	1,191,575	(25,768)	181,380	(5,117,869)	8,290,080
Total liabilities and equity	18,720,412	39,852,204	1,776,895	1,579,294	970,793	775,779	(5,983,772)	57,691,606

3.6 Segment information - Continued

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

	Assurance business				Real estate	Microfinance		
Group	Mutual Plc	Mutual Ltd	Mutual	Mutual	Mutual	Mutual	Elimination	Total
in thousands of Nigerian Naira	Nigeria	Nigeria	Niger	Liberia	Homes	Microfinance	adjustment	
Gross premium written	7,298,974	4,963,517	1,104,126	671,262	-	-	-	14,037,879
Gross premiums income	6,986,273	4,637,470	1,057,955	671,262	-	-	-	13,352,960
Premiums ceded to reinsurers	(1,046,287)	(761,363)	(78,004)	-	-	-	-	(1,885,655)
Net premium income	5,939,986	3,876,107	979,951	671,262	-	-	-	11,467,305
Fee and commission income	142,249	166,109	1,287	-	-	-	(1)	309,646
Net underwriting income	6,082,235	4,042,216	981,238	671,262	-	-	(1)	11,776,951
Net benefits and claims	1,914,071	2,592,489	346,707	300,938	-	-	-	5,154,205
Increase in individual life fund	-	(4,270)	-	-	-	-	-	(4,270)
Increase in annuity reserve	-	(22,252)	-	-	-	-	-	(22,252)
Underwriting expenses	1,621,939	1,136,011	134,488	52,163	-	-	(1)	2,944,601
Net underwriting expenses	3,536,010	3,701,978	481,196	353,101	-	-	(1)	8,072,284
Underwriting profit	2,546,225	340,238	500,042	318,162	-	-	-	3,704,667
Profit on investment contracts	-	955,472	-	-	-	-	(63,573)	891,899
Investment income	896,167	646,222	27,998	26,877	-	-	-	1,597,262
Net fair value gain on assets at FVTPL	123,731	(85,390)	-	-	-	-	-	38,341
Other income	38,312	303,148	33,332	-	46,189	56,667	-	477,649
Impairment charge no longer required	-	2,011	-	-	-	-	-	2,011
Impairment charges	-	(78,830)	-	-	-	(90,307)	-	(169,137)
Employees benefit expenses	(846,284)	(747,233)	(98,181)	(113,592)	(3,300)	(131,219)	-	(1,939,809)
Other management expenses & FX Loss	(1,909,060)	(988,831)	(259,031)	(226,522)	(2,923)	(106,134)	63,574	(3,428,928)
Result of operating activities	849,091	346,807	204,160	4,925	39,966	(270,993)	1	1,173,955
Finance costs	-	-	-	-	-	(27,681)	(11,751)	(39,432)
Finance incomes	-	-	-	-	-	154,985	45,585	200,570
Profit before income tax	849,091	346,807	204,160	4,925	39,966	(143,688)	33,835	1,335,093
Income tax (expenses)/benefit	(243,815)	(31,950)	(63,447)	(1,233)	(3,662)	358	31,164	(312,585)
Profit for the year	605,276	314,857	140,713	3,692	36,304	(143,330)	64,999	1,022,508
Profit attributable to:								
Owners of the parent	605,276	314,857	129,456	3,507	36,304	(117,916)	64,996	1,036,481
Non-controlling interests	-	-	11,257	185	-	(25,415)	-	(13,973)
Profit/(loss) after tax	605,276	314,857	140,713	3,692	36,304	(143,330)	64,996	1,022,508

4 Gross premium income

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2018	2017	2018	2017
4.1 Gross premium written					
Non-life		9,789,781	8,840,857	8,018,299	7,298,974
Life (Group life and individual life)		6,050,916	5,197,022	-	-
		15,840,697	14,037,879	8,018,299	7,298,974
Changes in unearned premium					
Non-life		(484,313)	(358,873)	(340,593)	(312,701)
Life (Group life and individual life)		278,462	(326,046)	-	-
		(205,851)	(684,919)	(340,593)	(312,701)
Gross premium income		15,634,846	13,352,960	7,677,706	6,986,273
4.2 Premiums ceded to reinsurers					
Outward premium - Non life		1,639,821	1,252,418	1,469,632	1,174,413
Outward premium - life		537,713	761,363	-	-
Changes in prepaid re-insurance		(21,933)	(128,126)	(21,932)	(128,126)
		2,155,601	1,885,655	1,447,700	1,046,287
4.3 Net premium income		13,479,245	11,467,305	6,230,006	5,939,986
5 Fees and commission income					
Commission received from reinsurance		481,512	94,919	378,419	142,249
Commission received from co-insurance		795	214,727	795	-
		482,307	309,646	379,214	142,249
6 Net benefits and claims					
Claims paid		8,277,607	4,870,058	3,010,695	2,038,841
Change in outstanding claims		1,726,622	1,864,309	439,438	217,274
Claims recoveries		(2,674,640)	(2,270,525)	(835,577)	(837,996)
Change in outstanding claims - Reinsurers		(352,976)	690,363	(316,780)	495,952
		6,976,613	5,154,205	2,297,776	1,914,071
7 Underwriting expenses					
Amortisation of deferred acquisition costs	28.1	1,685,424	1,622,654	1,025,380	1,104,691
Maintenance costs	7.1	1,763,566	1,321,947	813,569	517,248
		3,448,990	2,944,601	1,838,949	1,621,939

7.1 Maintenance costs

in thousands of Nigerian Naira	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Agency expenses on vehicle insurance business		182,184	54,781	182,185	54,781
Tracking expenses on insured vehicles		132,738	156,492	132,738	156,492
Agency expenses on travel insurance business		143,968	153,035	143,968	153,035
Administrative charges-Group Life		23,414	5,858	-	-
Agency allowance		167,700	155,738	32,087	25,480
Agency training		5,910	6,319	-	-
Transport & Travelling-Corporate		48,571	62,648	-	-
Superintending and surveyors fees		217,530	91,200	217,530	91,200
Actuary valuation report fee		4,900	3,700	2,100	2,100
Stamp duty expenses		6,362	2,336	-	-
Training and Forum for marketers		303,453	194,153	-	-
Agency unit manager allowance		188,968	194,183	-	-
Value added tax		60,701	71,508	-	-
Underwriting medical expenses		2,174	2,758	-	-
Marketing expenses		274,993	167,238	102,961	34,160
		1,763,566	1,321,947	813,569	517,248

8 Profit on investment contracts

	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Interest income	3,606,857	3,280,959	-	-
Rental income on Alpha Court	192,280	80,011		
Investment related expenses	(90,907)	(63,573)		
Surrender fee	536,508	514,648	-	-
Guaranteed interest	(1,803,613)	(2,041,115)	-	-
Acquisition cost on investment policies	(892,215)	(879,031)	-	-
	1,548,910	891,899	-	-

9 Investment income

	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Interest income on loans and advances	19,583	34,203	13,171	23,404
Dividend income	244	202	244	202
Interest income on fixed term deposits	654,282	518,968	307,623	311,696
Interest income on statutory deposit	76,830	75,422	46,098	45,253
Interest income on lease	10,277	31,795	10,277	14,800
Interest from current accounts with banks	3,930	5,229	109	719
Interest income from treasury bills	1,410,846	910,829	691,005	479,478
Rental income	10,290	20,614	10,289	20,615
	2,186,282	1,597,262	1,078,816	896,167

10 Net fair value (loss)/gain on assets at FVTPL

in thousands of Nigerian Naira	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Fair value (loss)/gain on quoted securities	23.3.3	(34,763)	46,855	(34,763)	46,855
Fair value (loss)/gain on financial assets held for trading pledged as collateral	24	(25,964)	76,876	(25,964)	76,876
Fair value (loss)/gain on Quoted Bonds	23.3.2	(89,857)	-	(65,329)	-
Fair value loss on assets held for sale	31	(7,000)	-	-	-
Fair value loss in investment property	32	-	(85,390)	-	-
		(157,584)	38,341	(126,056)	123,731

11 Other income

	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Profit on sale of property, plant and equipment		1,245	8,000	258	1,895
Net income from sale of properties		5,063	39,958	-	-
		66,608	47,473	-	-
Micro finance fees and commission income					
Default charges		-	5,371	-	-
Commissions on turnover		2,800	3,822	-	-
Others		451	20,796	-	-
Insurance claim received		-	254	-	254
Release of expired deposit premiums	41.1	155,398	286,734	155,398	-
Sundry income		49,190	36,165	49,190	36,163
Net foreign exchange gain		40,379	29,076	-	-
		321,134	477,649	204,846	38,312

12 Impairment charge no longer required

	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Other receivables	27.7	-	2,011	-	-
		-	2,011	-	-

13 Impairment charge/(write back) on financial assets

Group		Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3	GROUP 2018	GROUP 2017
	Note	Individual	Collective	Individual	Collective	Individual	Collective	(Impairment charges-IFRS 9)	(Impairment charges -IAS39)
Cash & cash equivalents	22.3.2	(26,163)	-	(1,886)	-	-	-	(28,049)	
Loans & receivables	23.4.8	54,508	-	2,210	-	40,056	-	96,774	90,307
Debt instruments at amortised cost	23.6.8	982	-	-	-	-	-	982	-
Other receivables & prepayments	27.7	-	7,100	-	24,020	2,129	-	33,250	-
Finance lease receivables	29.3.2	6,600	-	(3,637)	-	(3,039)	-	(76)	78,830
		35,927	7,100	(3,313)	24,020	39,146	-	102,880	169,137

Company		Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3	COMPANY 2018	COMPANY 2017
		Individual	Collective	Individual	Collective	Individual	Collective	(Impairment charges-IFRS 9)	(Impairment charges -IAS39)
Cash & cash equivalents	22.3.4	(3,416)	-	(1,886)	-	-	-	(5,302)	
Loans & receivables	23.4.10	(3,259)	-	-	-	-	-	(3,259)	-
Debt instruments at amortised cost	23.6.10	115	-	-	-	-	-	115	-
Other receivables & prepayments	27.7	-	1,757	-	-	-	-	1,757	-
Finance lease receivables	29.3.4	6,600	-	(3,637)	-	(3,039)	-	(76)	-
		40	1,757	(5,523)	-	(3,039)	-	(6,765)	-

14 Employee benefit expenses

in thousands of Nigerian Naira	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Wages and salaries		1,705,262	1,721,123	712,429	660,896
Defined contribution pension costs		137,366	218,686	101,731	185,388
		1,842,628	1,939,809	814,160	846,284

In accordance with Pension Reform Act 2014, the Group contributes 10% each of the qualifying staff's salary (Basic, transport, and housing), whilst the employees contribute 8%. The contributions are recognised as employee benefits expense as and when due.

15 Management expenses

in thousands of Nigerian Naira	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Depreciation of property, plant and equipment	35	697,789	699,713	438,706	451,418
Repairs and maintainance		488,364	431,150	125,073	123,641
Directors fee and allowances		401,135	358,577	278,483	277,074
Legal and consultancy fees		305,268	313,733	176,595	174,465
Training and recruitment		366,619	305,922	337,777	286,991
Rents and Rates		136,440	148,989	51,163	34,134
Transport and travelling		149,826	141,656	128,296	97,778
Insurance supervisory fee		152,262	117,145	53,197	40,339
Bank charges		95,501	106,244	24,947	29,005
Public relations and advertising		239,709	105,486	105,508	62,969
Medical expenses		96,921	81,506	66,519	51,382
Motor vehicle running expenses		74,793	68,994	27,070	19,508
Telecommunication expenses		76,234	64,265	26,775	20,501
Other expenses		98,191	56,224	29,236	5,701
Amortisation of intangible assets	34	12,244	54,986	8,437	31,643
Business enternainments		39,596	44,673	32,574	26,721
Utilities		56,039	39,643	50,954	33,207
Printing and stationery		70,312	38,323	13,890	14,212
Donations		62,530	36,449	13,402	16,280
Auditors' remunerations		39,754	33,547	18,900	15,000
Insurance		32,445	33,451	23,062	23,542
Security expenses		54,835	55,807	41,634	45,819
Subscriptions		39,682	22,111	14,992	11,607
Conference and seminar expenses		30,307	17,300	30,307	17,300
Newspapers and periodicals		419	882	198	665
Loss on disposal of investment properties		2,500	-	-	-
Loss on disposal of property, plant & equipment		-	440	-	-
		3,861,923	3,451,213	2,135,639	1,931,345

16 Net foreign exchange (loss)/gain

in thousands of Nigerian Naira	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Net foreign exchange gain on foreign bank balances		112,155	273,385	112,155	273,385
Net foreign exchange loss on foreign loan	44.1	(162,675)	(251,100)	(162,675)	(251,100)
		(50,520)	22,285	(50,520)	22,285

The exchange loss on foreign loan represents the impact of translation of 2,250,000,000 Japanese Yen (JPY) due to Daewoo Securities (Europe) Limited as at 31 December 2018 to the Company's functional currency (NGN) at the reporting date.To hedge against future exchange losses that may arise on conversion of foreign currency denominated loan balances, the Group has invested a proportion of its financial assets in foreign currency.

17 Finance costs

in thousands of Nigerian Naira	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Interest charge on deposits		33,661	38,225	-	-
Other charges		12,538	1,207	-	-
		46,199	39,432	-	-

18 Finance income

		GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Interest income on Micro loans		325,273	198,111	-	-
Interest income on overdraft		-	2,459	-	-
Interest income on treasury bills		2,587	-	-	-
		327,860	200,570	-	-

19 Income tax expense

19.1 Current income tax charge

		GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Company income tax		151,562	69,387	98,210	-
Education tax		14,023	15,200	13,188	11,516
Information technology tax		14,368	9,432	7,039	8,727
Minimum tax		64,811	324,697	-	269,454
Total current income tax expense		244,763	418,716	118,437	289,697

19.2 Deferred tax

		GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Relating to origination and reversal of temporary differences					
Deferred tax liability	46.2	22,135	(106,131)	40,210	(45,882)
Deferred tax asset	46.1	(34,923)	-	(2,030)	-
Total current income tax expense		(12,789)	(106,131)	38,180	(45,882)
Total income tax expenses		231,975	312,585	156,618	243,815

19.3 Reconciliation of income tax charge

in thousands of Nigerian Naira	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Profit before income tax		1,380,983	1,335,093	636,547	849,091
Tax at Nigerian's statutory income tax rate of 30% (2017: 30%)		414,295	400,528	190,964	254,727
Effect of:					
Tax exempt income		(534,581)	(713,409)	(232,409)	(478,445)
Expenses not deductible for tax purposes		259,059	259,059	177,836	177,836
Tax rate differential on fair value loss		-	17,078	-	-
Information technology tax		14,368	9,432	7,039	8,727
Education tax		14,023	15,200	13,188	11,516
Mininum tax		64,811	324,697	-	269,454
		231,975	312,585	156,618	243,815

20 Dividends proposed

in thousands of Nigerian Naira	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Proposed for approval at AGM (not recognised as a liability as equity dividends on ordinary shares at 31 December)	-	160,000	-	160,000
Proposed dividend for 2018: Nil(2017: ₦0.02)	-	160,000	-	160,000

21 Earnings per share

21.1 ***Earnings per share - Basic***

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 Company and held as treasury shares.

in thousands of Nigerian Naira	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Profit attributable to equity holders from continuing operation		1,128,128	1,036,481	479,929	605,276
Weighted average number of ordinary shares for basic earnings per share	21.2	7,999,500	7,999,500	7,999,500	7,999,500
Basic earnings per ordinary share (kobo)		14	13	6	8

21.2 ***Weighted average number of ordinary shares - basic***

	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Issued ordinary shares at 1 January	8,000,000	8,000,000	8,000,000	8,000,000
Effect of treasury shares held	(500)	(500)	(500)	(500)
As at 31 December	7,999,500	7,999,500	7,999,500	7,999,500

21.3 ***Earnings per share- Diluted***

The calculation of diluted earnings per share has been based on the profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

The Company has no potential dilutive ordinary shares during the year (2017: Nil). Hence, the weighted average number of ordinary shares for basic and dilutive is the same so also the Dilutive and Basic earnings per share.

22 Cash and cash equivalents

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Cash on hand		16,488	10,558	9,392	5,317
Cash in banks		2,073,673	1,709,604	554,381	226,019
Short-term deposits	22.1	3,415,244	6,625,476	1,897,811	3,017,941
		5,505,405	8,345,638	2,461,584	3,249,277
Expected credit loss		(22,058)	-	(8,623)	-
		5,483,347	8,345,638	2,452,961	3,249,277

22.1 *Short-term deposits*

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. All short-term deposits are subject to an average variable interest rate of 10% per annum (2017: 11%).

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

22.2 *Cash & short-term deposits in banks*

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowance . Details of the internal credit rating system are explained under Note 3.1.2

22.2.1 Group

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		Stage 1	Stage 2	Stage 3	Total
Investment grade		5,338,626			5,338,626
Non-investment grade (satisfactory)		-	166,779	-	166,779
Total Gross Amount	22.3.1	5,338,626	166,779	-	5,505,405
Expected credit loss	22.3.2	(19,863)	(2,195)		(22,058)
Total Net Amount		5,318,763	164,584	-	5,483,347

22.2.2

in thousands of Nigerian Naira		1 Jan-2018			
Internal rating grade		Stage 1	Stage 2	Stage 3	Total
Investment grade		8,108,585	-	-	8,108,585
Non-investment grade (satisfactory)		-	279,482	-	279,482
Total Gross Amount		8,108,585	279,482	-	8,388,067
Expected credit loss		(46,026)	(4,081)	-	(50,107)
Total Net Amount		8,062,559	275,401	-	8,337,960

22.2.3 Company

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		Stage 1	Stage 2	Stage 3	Total
Investment grade		2,294,805	-	-	2,294,805
Non-investment grade (satisfactory)		-	166,779	-	166,779
Total Gross Amount	22.3.3	2,294,805	166,779	-	2,461,584
Expected credit loss	22.3.4	(6,428)	(2,195)	-	(8,623)
Total Net Amount		2,288,377	164,584	-	2,452,961

22 Cash and cash equivalents - continued

22.2.4

in thousands of Nigerian Naira		1 Jan-2018			
Internal rating grade		**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment grade		3,059,678	-	-	3,059,678
Non-investment grade (satisfactory)		-	275,782	-	275,782
Total Gross Amount		3,059,678	275,782	-	3,335,460
Expected credit loss		(9,844)	(4,081)	-	(13,925)
Total Net Amount		3,049,834	271,701	-	3,321,535

22.3 An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

22.3.1 Group

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 1 January 2018		8,108,585	279,482	-	8,388,067
New assets originated or purchased		-	-	-	-
Assets derecognised or repaid (excluding write offs)		(741,593)	(112,703)	-	(854,296)
Accrued interest capitalised		(2,028,366)	-	-	(2,028,366)
		(2,769,959)	(112,703)	-	(2,882,662)
At 31 December 2018	22.2.1	5,338,626	166,779	-	5,505,405

22.3.2

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL allowance as at 1 January 2018		46,026	4,081		50,107
Impact on year end ECL of exposures transferred between stages during the year		(26,163)	(1,886)	-	(28,049)
	13	(26,163)	(1,886)	-	(28,049)
At 31 December 2018	22.2.1	19,863	2,195	-	22,058

22.3.3 Company

		31 Dec-2018			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 1 January 2018		3,059,678	275,782	-	3,335,460
New assets originated or purchased		-	-	-	-
Assets derecognised or repaid (excluding write offs)		(764,873)	(109,003)	-	(873,876)
		(764,873)	(109,003)	-	(873,876)
At 31 December 2018	22.2.3	2,294,805	166,779	-	2,461,584

22 Cash and cash equivalents - continued

22.3.4

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018		9,844	4,081	-	13,925
Impact on year end ECL of exposures transferred between stages during the year		(3,416)	(1,886)	-	(5,302)
	13	(3,416)	(1,886)	-	(5,302)
At 31 December 2018	22.2.3	6,428	2,195	-	8,623

23 Financial assets

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

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Available-for-sale investment securities	23.1	-	849,524	-	21,553
Equity instruments at fair value through OCI	23.2	731,018	-	54,211	-
Fair value through profit or loss	23.3	3,239,416	110,952	2,752,187	110,952
Loans and receivables	23.4	11,877,818	12,245,702	325,076	633,143
Held-to-maturity	23.5	-	16,840,317	-	4,457,954
Debt Instruments at amortised cost	23.6	19,346,552	-	4,461,246	-
		35,194,804	30,046,495	7,592,720	5,223,602
Current		17,844,636	20,243,769	2,959,330	5,057,563
Non-current		17,350,168	12,139,620	4,633,390	166,039
		35,194,804	30,046,495	7,592,720	5,223,602

23.1 Available-for-sale investment securities

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Unquoted investments	23.1.1	-	1,021,879	-	193,908
Allowance for impairment	23.1.3	-	(172,355)	-	(172,355)
		-	849,524	-	21,553

Under IAS 39, the Group classified unlisted equity instruments which are not held for trading as available-for-sale financial assets. At the date of transition to IFRS on 1 January 2018, the Group has elected to apply the FVOCI option. Accordingly, the assets will remain accounted for at FVOCI with no subsequent recycling of realised gains or losses permitted. These investments are still presented in the statement of financial position as Financial Assets and classified as "equity instruments measured at FVOCI in the Notes 23.2.

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
23.1.1 *Analysis of investments in unlisted entities*					
Empire Aviation Limited		-	122,355	-	122,355
Global Haulage Limited		-	50,000	-	50,000
Mutual Model Transport Limited (MMTL)		-	1,000	-	1,000
ICHL Limited		-	316,471	-	-
Motor Way Assets Limited		-	330,000	-	-
Avanage Nigeria Limited		-	70,000	-	-
Leasing Company of Liberia		-	61,100	-	-
WAICA Reinsurance Corporation Plc		-	20,553	-	20,553
Other investments		-	50,400	-	-
		-	1,021,879	-	193,908
23.1.2 *Movement in unlisted entities*					
At 1 January (under IAS 39)		1,021,879	1,021,729	193,908	193,908
Reclassification to Equity instrument at fair value through OCI (under IFRS 9)		(1,021,879)	-	(193,908)	-
Foreign exchange translation reserve		-	150	-	-
At 31 December		-	1,021,879	-	193,908
23.1.3 *Analysis of impaired unlisted investments*					
Empire Aviation Limited		-	122,355	-	122,355
Global Haulage Limited		-	50,000	-	50,000
		-	172,355	-	172,355
23.1.4 *The movement in impairment*					
At 1 January		172,355	172,355	172,355	172,355
Reversal of impairment loss		(172,355)	-	(172,355)	-
At 31 December		-	172,355	-	172,355

23.2 Equity Instruments at fair value through OCI

Group

in thousands of Nigerian Naira	Balance reclassified from available for sale as at 1 January 2018	Fair value reinstatement under IFRS 9 as at 1 January 2018	Restated balance under IFRS 9 as at 1 January 2018	Additions during the year	Disposals during the year	Fair value reinstatement under IFRS 9 as at 31 December 2018	Balance as at 31 December 2018
Empire Aviation Limited	122,355	(122,355)	-	-	-	-	-
Global Haulage Limited	50,000	(50,000)	-	-	-	-	-
Mutual Model Transport Limited (MMTL)	1,000	(1,000)	-	-	-	-	-
ICHL Limited	316,471	(116,942)	199,529	-	-	88,010	287,539
Leasing Company of Liberia	61,100	4,400	65,500	-	-	6,566	72,066
Motorways Asset Management Limited	330,000	(199,927)	130,073	-	-	31,217	161,290
Avanage	70,000	170,094	240,094	-	-	(84,182)	155,912
WAICA Reinsurance Corporation Plc	20,553	21,295	41,848	-	-	12,363	54,211
Other Investments	50,400	(50,400)	-	-	-	-	-
	1,021,879	(344,835)	677,044	-	-	53,974	731,018

Company

in thousands of Nigerian Naira	Balance reclassified from available for sale as at 1 January 2018	Fair value reinstatement under IFRS 9 as at 1 January 2018	Restated balance under IFRS 9 as at 1 January 2018	Additions during the year	Disposals during the year	Fair value reinstatement under IFRS 9 as at 31 December 2018	Balance as at 31 December 2018
Empire Aviation Limited	122,355	(122,355)	-	-	-	-	-
Global Haulage Limited	50,000	(50,000)	-	-	-	-	-
Mutual Model Transport Limited (MMTL)	1,000	(1,000)	-	-	-	-	-
WAICA Reinsurance Corporation Plc	20,553	21,295	41,848	-	-	12,363	54,211
	193,908	(152,060)	41,848	-	-	12,363	54,211

The Group has designated its unlisted equity investments previously classified as available-for-sale as equity investments at FVOCI on the basis that these are not held for trading. In 2018, the Group received dividends of ₦2.8 Million (2017 : NIL) from Avanage Nigeria Limited which was recorded in the statement of profit or loss as Investment income.

Valuation Techniques

When the fair values of items recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as credit risks (both own and counterparty), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of items in the statement of financial position and the level where the items are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same item (without modification or repackaging) when available. To assess the significance of a particular input to the entire measurement, the Group performs sensitivity analysis or stress testing techniques.

Unlisted equity investments

The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group uses market-based valuation techniques and/or adjusted net assets discounted cash flow (DCF) technique for these positions. The Group classifies the fair value of these investments as Level 3 (see Note 3.5)

23.3 Financial assets fair value through profit or loss

in thousands of Nigerian Naira		GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Quoted Bonds	23.3.1	3,163,227	-	2,675,998	-
Ouoted Securities	23.3.3	76,189	110,952	76,189	110,952
		3,239,416	110,952	2,752,187	110,952

23.3.1 Quoted Bonds

in thousands of Nigerian Naira	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
LASG BOND NOV 2020	1,028,452	-	516,695	-
DIAMOND EURO BOND 2019	556,137	-	556,137	-
FGN BOND 2021	1,086,142	-	1,086,142	-
FIBN EURO BOND 2021	81,678	-	81,678	-
LASG BOND 2023	500,676	-	500,676	-
	3,253,085		2,741,328	
Fair value adjustment	(89,857)		(65,329)	
	3,163,227	-	2,675,998	-
Current	556,137	-	556,137	-
Non-current	2,607,090	-	2,119,861	-
	3,163,227	-	2,675,998	-

23.3.2 *The movement in Financial assets at FVPL*

	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance reclassified from Financial Assets held to maturity as at 1 January 2018	960,708	-	359,947	-
Remeasurement under IFRS 9 as at 1 January 2018	(4,318)		620	
Adjusted opening balance under IFRS 9	956,390	-	360,567	-
Additions during the year	3,127,851	-	2,606,547	-
Accrued interest income	152,070	-	145,730	-
Amortization of bond premium	(21,898)	-	(10,949)	-
Redemption at maturity or disposal	(961,328)	-	(360,567)	-
Fair value adjustments through profit or loss	(89,857)	-	(65,329)	-
At 31 December	3,163,227	-	2,675,998	-

For all listed bonds with tenor over 365 days from origination. These instruments were assessed to fall within a business model where objective is achieved neither by collecting contractual cash flows nor selling the financial assets. These instruments are still presented in the statement of financial position as Financial Assets and classified as financial assets at FVPL in the notes.

23.3.3 Quoted Securities

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Quoted shares		76,189	110,952	76,189	110,952
Movement in listed entities					
At 1 January		110,952	64,097	110,952	64,097
Fair value (loss)/gain	10	(34,763)	46,855	(34,763)	46,855
At 31 December		76,189	110,952	76,189	110,952

23.3.3.1 *Analysis of investments in listed entities*

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Africa Prudential Registrars Plc		333	363	333	363
Access Bank of Nigeria Plc		612	941	612	941
Cadbury Plc		1,381	5,730	1,381	5,730
Costain West Africa Plc		-	100	-	100
Diamond Bank Plc		2,703	1,860	2,703	1,860
Ecobank Transnational Inc		241	5,960	241	5,960
First Bank Holdings Plc		16,616	18,392	16,616	18,392
First City Monument Bank Plc		261	7,605	261	7,605
Guaranty Trust Bank Plc		7,971	9,428	7,971	9,428
Sterling Bank Plc		14,341	13,552	14,341	13,552
United Bank for Africa Plc		21,842	29,218	21,842	29,218
UBA Capital Plc		970	1,214	970	1,214
Unity Bank Plc		57	309	57	309
Universal Insurance Company Plc		1,000	2,500	1,000	2,500
Wema Bank Plc		63	52	63	52
Lafarge WAPCO Plc		2,027	7,309	2,027	7,309
West African Provincial Insurance Plc		9	9	9	9
Zenith International Bank Plc		5,762	6,410	5,762	6,410
		76,189	110,952	76,189	110,952

23.4 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:

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Term loans	23.4.1	12,063,046	11,594,873	198,306	329,696
Overdrafts		-	370,304		
Staff loans		230,019	399,950	130,651	303,447
Gross loans and advances		12,293,065	12,365,127	328,957	633,143
Expected credit losses/impairment	23.4.2	(415,247)	(119,425)	(3,881)	-
		11,877,818	12,245,702	325,076	633,143
Current		11,735,134	3,436,986	290,867	633,143
Non-current		142,684	8,808,716	34,209	-
		11,877,818	12,245,702	325,076	633,143

23.4.1 Term loans

The Company granted loans to staff, related companies and third parties for income generation, the break down of loans and receivables granted are as stated below:

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Prime Exploration and Production Limited		10,148,345	10,162,578	-	-
Mutual Homes and Properties Limited		-	-	-	-
Staff mortgage loan		198,306	329,696	198,306	205,000
Others		1,716,395	1,102,599	-	124,696
Gross loans and advances		12,063,046	11,594,873	198,306	329,696

23.4 Loans and receivables - continued

23.4.2 Impairment on loans and advances

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance as at 1 January (under IAS 39)		119,425	29,118	-	-
Remeasurement under IFRS 9		199,048	-	7,140	-
Adjusted balance as at 1 January		318,473	29,118	7,140	-
Expected credit loss charge/(reversal)		96,774	90,307	(3,259)	-
Gross loans and advances		415,247	119,425	3,881	-

23.4.3 Loans and receivables

The tables below show the credit quaility and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 3.1.2 (a) (i).

23.4.3 Group

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		Stage 1	Stage 2	Stage 3	Total
Investment grade		11,906,668	-	-	11,906,668
Non-investment grade (satisfactory)		59,411	115,616	-	175,027
Non-investment grade (unsatisfactory)		-	59,235	-	59,235
Past due but not impaired		-	-	-	-
Individually impaired		-	-	152,135	152,135
Total Gross Amount	23.4.7	11,966,079	174,851	152,135	12,293,065
Expected credit loss	23.4.8	(222,649)	(58,584)	(134,014)	(415,247)
Total Net Amount		11,743,430	116,267	18,121	11,877,818

23.4.4

in thousands of Nigerian Naira	1 Jan-2018			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total
Investment grade	12,024,598	-	-	12,024,598
Non-investment grade (satisfactory)	70,100	100,165	-	170,265
Non-investment grade (unsatisfactory)	-	68,106	-	68,106
Past due but not impaired	-	-	-	-
Individually impaired	-	-	102,158	102,158
Total Gross Amount	12,094,698	168,271	102,158	12,365,127
Expected credit loss	(168,141)	(56,374)	(93,958)	(318,473)
Total Net Amount	11,926,557	111,897	8,200	12,046,654

23.4.5 Company

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		Stage 1	Stage 2	Stage 3	Total
Investment grade		328,957			328,957
Total Gross Amount	23.4.9	328,957	-	-	328,957
Expected credit loss	23.4.10	(3,881)	-	-	(3,881)
Total Net Amount		325,076	-	-	325,076

23.4 Loans and receivables - continued

23.4.6

in thousands of Nigerian Naira		1 Jan-2018			
Internal rating grade		**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment grade		633,143			633,143
Total Gross Amount		633,143	-	-	633,143
Expected credit loss		(7,140)	-		(7,140)
Total Net Amount		626,003	-	-	626,003

23.4.7 An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

Group

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 1 January 2018		12,094,698	168,271	102,158	12,365,127
New assets originated or purchased		929,131	6,580	49,977	985,688
Assets derecognised or repaid (excluding write offs)		(1,055,750)	-	-	(1,055,750)
Amounts written off		(2,000)	-	-	(2,000)
		(128,619)	6,580	49,977	(72,062)
At 31 December 2018	23.4.3	11,966,079	174,851	152,135	12,293,065

23.4.8

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL allowance as at 1 January 2018		168,141	56,374	93,958	318,473
Transfers to Stage 1		54,508	2,210	40,056	96,774
	13	54,508	2,210	40,056	96,774
At 31 December 2018	23.4.3	222,649	58,584	134,014	(415,247)

23.4.9 Company

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 1 January 2018		633,143	-	-	633,143
New assets originated or purchased		48,000			48,000
Assets derecognised or repaid (excluding write offs)		(352,186)			(352,186)
		(304,186)	-	-	(304,186)
At 31 December 2018	23.4.5	328,957	-	-	328,957

23.4.10

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL allowance as at 1 January 2018		7,140	-	-	7,140
New assets originated or purchased		695	-	-	695
Assets derecognised or repaid (excluding write offs)		(3,954)	-	-	(3,954)
	13	(3,259)	-	-	(3,259)
At 31 December 2018	23.4.5	3,881	-	-	3,881

23.4 Loans and receivables - continued

23.4.11 Loans concentration

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

	GROUP		COMPANY	
in thousands of Nigerian Naira	Individuals	Loans to corporate	Individuals	Loans to corporate
31 December 2018				
Gross	654,072	11,638,993	243,957	85,000
Expected credit loss	(31,174)	(384,073)	(3,192)	(689)
Net Balance	622,898	11,254,920	240,765	84,311
31 December 2017				
Gross	730,298	11,634,829	428,143	205,000
Allowance for impairment	-	(119,425)	-	-
Net Balance	730,298	11,515,404	428,143	205,000

23.5 Held-to-maturity

		GROUP		COMPANY	
in thousands of Nigerian Naira		31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Short term deposits		-	91,500	-	91,500
Treasury bills		-	15,788,109		4,006,507
State bonds		-	960,708	-	359,947
At 31 December	23.5.1	-	16,840,317	-	4,457,954
Current		-	15,879,609	-	4,098,007
Non-current		-	960,708	-	359,947
		-	16,840,317	-	4,457,954

23.5.1 *Treasury bills and bonds*

NIGTB 04 Jan 2018	-	191,089	-	191,089
NIGTB 01 Feb 2018	-	1,004,737	-	363,843
NIGTB 12 April 2018	-	1,000,000	-	-
NIGTB 19 April 2018	-	1,145,000	-	-
NIGTB 31 May 2018	-	382,000	-	-
NIGTB 5 July 2018	-	28,000	-	-
NIGTB 12 July 2018	-	8,934,073	-	2,759,756
NIGTB 6 Sept 2018	-	3,103,209	-	691,818
DMBK EUR 2019	-	204,586	-	204,586
United Capital	-	91,500	-	91,500
KOGI BOND 2020	-	470,383	-	-
KOGI BOND 2022	-	285,739	-	155,361
	-	16,840,317	-	4,457,954

Under IAS 39, the Group classified its debt instruments such as Treasury Bills and bonds with tenure of more than 90 days from origination as Held-to-maturity. Under IFRS 9, the Group has classified their financial instruments as follows:

(a) Debt Instruments at amortised cost:

For treasury bills and bonds with tenor between 91days and 365 days from origination. These instruments were assessed to fall within a business model whose objective is to hold to collect contractual cash flows and the contractual terms of the assets give rise on specified date to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. These instruments are still presented in the statement of financial position as Debt instruments measured at amortised cost in the notes.

(b) Financial assets at fair value through profit or loss (FVPL):

For all listed bonds with tenor over 365 days from origination. These instruments were assessed to fall within a business model where objective is achieved neither by collecting contractual cash flows nor selling the financial assets. These instruments are still presented in the statement of financial position as Financial Assets and classified as financial assets at FVPL in the notes.

23.5.2 The movement in held-to-maturity financial assets

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
At 1 January (under IAS 39)		16,840,317	8,214,636	4,457,954	2,030,905
Reclassification to cash and cash equivalents on 1 January (under IFRS 9)		(91,500)	-	(91,500)	-
Reclassification to debt instruments at amortised costs on 1 January (under IFRS 9)		(15,788,109)	-	(4,006,507)	-
Reclassification to financial assets at FVPL on 1 January (under IFRS 9)		(960,708)	-	(359,947)	-
Additions during the year		-	16,252,540	-	3,565,863
Accrued interest income		-	1,774,479	-	692,382
Redemption at maturity		-	(9,401,338)	-	(1,831,196)
Balance at 31 December		-	16,840,317	-	4,457,954

23.6 Debt Instruments at amortised costs

Treasury bills and bonds		GROUP		COMPANY	
in thousands of Nigerian Naira		31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
NIGTB 21 Feb 2019		123,874	-	123,874	-
NIGTB 07 Mar 2019		267,680	-	267,680	-
NIGTB 14 Mar 2019		203,895	-	203,895	-
NIGTB 21 Mar 2019		14,643	-	14,643	-
NIGTB 28 Mar 2019		30,967	-	30,967	-
NIGTB 04 April 2019		1,695,065	-	1,695,065	-
NIGTB 08 April 2019		13,248	-	13,248	-
NIGTB 24 Oct 2019		287,264	-	287,264	-
NIGTB 14 Nov 2019		1,826,060	-	1,826,060	-
NTB - 20/6/2019		2,838,370	-	-	-
NTD -21/2/2019		147,649	-	-	-
NTB 18/07/2019		5,904,608	-	-	-
NTB 18/07/2019		1,031,091	-	-	-
NTB-03/10/2019		1,374,526	-	-	-
NTB 14/12/2019		3,593,897	-	-	-
	23.6.1	19,352,837	-	4,462,696	-
Expected credit loss (ECL)		(6,285)	-	(1,450)	-
		19,346,552	-	4,461,246	-
Current		19,346,552	-	4,461,246	-
Non-current		-	-	-	-
		19,346,552	-	4,461,246	-

23.6.1 The movement in debt instruments at amortised costs

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance reclassified from Financial Assets held to maturity as at 1 January 2018		15,788,109	-	4,006,507	-
Additions during the year		26,682,638	-	4,229,378	-
Accrued interest income		1,015,206	-	412,846	-
Redemption at maturity		(24,133,116)	-	(4,186,035)	-
Balance as at 31 December		19,352,837	-	4,462,696	-

23.6.2 ***Debt Instruments at amortised cost***

The tables below show the credit quaility and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are expained under Note 2.3.37.2 .

23.6.3 Group

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		19,352,837	-	-	19,352,837
Total Gross Amount	23.6.7	19,352,837	-	-	19,352,837
Expected credit loss	23.6.8	(6,285)	-	-	(6,285)
Total Net Amount		19,346,552	-	-	19,346,552

23.6.4

in thousands of Nigerian Naira		1 Jan-2018			
Internal rating grade		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		15,788,109	-	-	15,788,109
Total Gross Amount		15,788,109	-	-	15,788,109
Expected credit loss		(5,303)	-	-	(5,303)
Total Net Amount (Note 2.3.37.2)	2.3.37.2	15,782,806	-	-	15,782,806

23.6.5 Company

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		4,462,696	-	-	4,462,696
Total Gross Amount	23.6.9	4,462,696	-	-	4,462,696
Expected credit loss	23.6.10	(1,450)	-	-	(1,450)
Total Net Amount		4,462,696	-	-	4,461,246

23.6.6

in thousands of Nigerian Naira		1 Jan-2018			
Internal rating grade		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		4,006,507	-	-	4,006,507
Total Gross Amount		4,006,507	-	-	4,006,507
Expected credit loss		(1,335)	-		(1,335)
Total Net Amount (Note 2.3.37.2)	2.3.37.2	4,005,172	-	-	4,005,172

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

23.6.7 Group

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Gross carrying amount as at 1 January 2018		15,788,109	-	-	15,788,109
New assets originated or purchased		19,352,837	-	-	19,352,837
Assets derecognised or repaid (excluding write offs)		(15,788,109)	-	-	(15,788,109)
		3,564,728	-	-	3,564,728
At 31 December 2018	23.6.3	19,352,837	-	-	19,352,837

23.6.8

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
ECL allowance as at 1 January 2018		5,303	-	-	5,303
New assets originated or purchased		6,285	-	-	6,285
Assets derecognised or repaid (excluding write offs)		(5,303)	-	-	(5,303)
	13	982	-	-	982
At 31 December 2018	23.6.3	6,285	-	-	6,285

23.6.9 Company

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Gross carrying amount as at 1 January 2018		4,006,507	-	-	4,006,507
New assets originated or purchased		4,462,696	-	-	4,462,696
Assets derecognised or repaid (excluding write offs)		(4,006,507)	-	-	(4,006,507)
		456,189	-	-	456,189
At 31 December 2018	23.6.5	4,462,696	-	-	4,462,696

23.6.10

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
ECL allowance as at 1 January 2018		1,335	-	-	1,335
New assets originated or purchased		1,450	-	-	1,450
Assets derecognised or repaid (excluding write offs)		(1,335)	-	-	(1,335)
	13	115	-	-	115
At 31 December 2018	23.6.5	1,450	-	-	1,450

24 Financial assets held for trading pledged as collateral

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Listed equity instrument balance at 1		168,064	91,188	168,064	91,188
Fair value (loss)/gain	10	(25,964)	76,876	(25,964)	76,876
Balance at 31 December		142,100	168,064	142,100	168,064

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 fair value as at year end.

Mutual Benefits Assurance Plc purchased quoted shares of ₦400 million with a Margin facility from Guaranty Trust Bank Plc (see Note 43).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, fair value gain/(loss) has been recognized in the consolidated and separate financial statements.

The movement in the carrying amount is the fair value change in respect of the marker price as at year end.

25 Trade receivables

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Trade receivables	25.1	912,116	629,280	386,040	278,159
Current		912,116	629,280	386,040	278,159
Non-current		-	-	-	-
		912,116	629,280	386,040	278,159

Trade receivables are not interest bearing and are generally on terms of 30 to 90 days

25.1 *The age analysis of gross insurance receivables as at the end of the year are as follows:*				
0 – 90 days	912,116	629,280	386,040	278,159
91 – 180 days	-	-	-	-
Above 180 days	-	-	-	-
	912,116	629,280	386,040	278,159

26 Reinsurance assets

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Reinsurance share of outstanding claims	26.1	568,394	215,417	495,557	178,777
Reinsurance receivable		1,002,279	786,600	570,368	487,865
Co-assurance claims receivable		1,588,306	1,088,418	76,415	76,945
Prepaid reinsurance	26.2	415,744	365,296	365,172	343,239
		3,574,723	2,455,731	1,507,512	1,086,826
Current		3,574,723	2,455,731	1,507,512	1,086,826
Non-current		-	-	-	-
		3,574,723	2,455,731	1,507,512	1,086,826

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

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

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
At 1 January		215,417	905,780	178,777	674,729
Changes in reinsurance share of outstanding claims	6	352,976	(690,363)	316,780	(495,952)
At 31 December		568,394	215,417	495,557	178,777

26.2 *The movement in prepaid reinsurance*

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2017	31 Dec-2017	31 Dec-2017	31 Dec-2017
At 1 January		365,296	690,965	343,239	215,113
Additions during the year		2,206,049	1,559,986	1,469,633	1,174,413
Recognised in profit or loss	4.2	(2,155,601)	(1,885,655)	(1,447,700)	(1,046,287)
At 31 December		415,744	365,296	365,172	343,239

27 Other receivables and prepayments

Prepayments		105,494	235,526	35,339	164,827
WHT recoverable		103,357	67,402	18,606	9,672
Advance commission		18,294	5,969	-	-
ATM Receivables		957	957	-	-
Other bank debtors		4,814	10,648	-	-
Telephone		-	20	-	-
Other bank balances	27.1	63,601	63,601	63,601	63,601
Investment receivables	27.2	16,757	16,757	16,757	16,757
Due from related companies		-	-	69,310	155,508
Share issue expenses		132,180	132,180	132,180	132,180
Directors current account		35,338	36,399	35,338	28,748
VAT input recoverable on investment property		180,250	198,750	-	-
Trade receivables of non-insurance subsidiaries		-	50,254	-	-
Other receivables	27.3	846,018	261,467	59,239	69,747
		1,507,060	1,079,930	430,370	641,040
Expected credit losses	27.5	(163,751)	(86,748)	(82,115)	(80,358)
		1,343,309	993,182	348,255	560,682
Current		1,343,309	993,182	348,255	560,682
Non-current		-	-	-	-
		1,343,309	993,182	348,255	560,682

27 Other receivables and prepayments - Continued

27.1 *Other bank balances*

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance held in Polaris Bank Jericho		2,533	2,533	2,533	2,533
Balance held in Guaranty Trust Bank Plc		61,067	61,067	61,067	61,067
Balance held in Unity Bank Plc		1	1	1	1
		63,601	63,601	63,601	63,601

27.2 *Investment receivables*

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Placement with Profound Securities		16,757	16,757	16,757	16,757
		16,757	16,757	16,757	16,757

27.3 *Other receivables*

Stock of cheque		-	2,156	-	-
Excess interest charges		6,390	6,390	-	-
Receivables from property buyers		170,336	-	-	-
Property development debtors		98,736	21,922	-	-
Other trade receivables		287,670	-	-	-
Mutual Trust fund Liberia		-	90,496	-	-
Rent receivables		137,954	13,389	5,050	13,389
Investment placement with Flourish Securities Investments and Trust Limited		7,129	-	-	-
Investment placement with BGL Seceurities Limited		38,753	-	-	-
Sundry receivables	27.4	99,051	127,114	54,190	56,358
		846,019	261,467	59,240	69,747
Gross other recievables and prepayments		926,377	341,825	139,598	150,105

27.4 Sundry receivables represents amount due from various third parties

27.5 *Allowance for impairment charges on other receivables*

Other bank balances	63,601	63,601	63,601	63,601
Investment receivable	16,757	16,757	16,757	16,757
Excess interest charges	6,390	6,390	-	-
Other receivables	77,003	-	1,757	-
	163,751	86,748	82,115	80,358

27 Other receivables and prepayments - Continued

27.6 Set out below is the information about the credit exposure on the Group's other receivables items using a provision matrix. The loss allowance provision as at 31 December, 2018 has also incorporated forward looking information.

		GROUP		COMPANY	
in thousands of Nigerian Naira	Expected ratio	Carrying amount at default	Expected credit loss	Carrying amount at default	Expected credit loss
Current	1%	593,570	7,100	59,240	1,757
More than 30 days past due	4%				-
More than 60 days past due	7%				-
More than 90 days past due	12%	200,177	24,020	-	-
Specific impairment provision on excess interest charges	100%	6,390	6,390	-	-
Specific impairment provision on Investment placement with Flourish Securities Investments and Trust Limited	100%	7,129	7,129	-	-
Specific impairment provision on Investment placement with BGL Securities Limited	100%	38,753	38,753	-	-
Specific impairment provision on Other bank balances	100%	63,601	63,601	63,601	63,601
Specific impairment provision on Investment recievables	100%	16,757	16,757	16,757	16,757
Total		926,377	163,751	139,598	82,115

27.7 The movement in expected credit loss on other receivables

(a) Group

				31 Dec-2018	31-Dec-17
in thousands of Nigerian Naira		Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total Impairment provision under IFRS 9	Total Impairment provision under IAS 39
Balance at 1 January (IAS 39)		-	86,748	86,748	90,932
Remeasurement under IFRS 9		-	43,753	43,753	-
Adjusted balance as at 1 January		-	130,501	130,501	90,932
New assets originated or purchased	13	7,100	26,149	33,250	-
Assets derecognised		-	-	-	-
Amount written off		-	-	-	(2,173)
Recoveries	12	-	-	-	(2,011)
Foreign exchange & other adjustments		-	-	-	-
Balance at 31 December		7,100	156,650	163,751	86,748

27 Other receivables and prepayments - Continued

27.7 The movement in expected credit loss on other receivables

(b) Company

in thousands of Nigerian Naira		Lifetime ECL not credit impaired	Lifetime ECL credit impaired	31 Dec-2018 Impairment provision under IFRS 9	31-Dec-17 Impairment provision under IAS 39
Balance at 1 January (IAS 39)		-	80,358	80,358	80,358
Remeasurement under IFRS 9		-	-	-	-
Adjusted balance as at 1 January		-	80,358	80,358	80,358
New assets originated or purchased	13	1,757	-	1,757	-
Amount written off		-	-	-	-
Recoveries		-	-	-	-
Balance at 31 December		1,757	80,358	82,115	80,358

28 Deferred acquisition costs

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Deferred acquisition cost - Fire		51,930	41,570	51,930	41,570
Deferred acquisition cost - Gen Accident		133,632	72,416	133,632	72,416
Deferred acquisition cost - Motor		96,796	86,275	96,796	86,275
Deferred acquisition cost - Marine		67,843	49,067	67,843	49,067
Deferred acquisition cost - Bond		-	3,205	-	3,205
Deferred acquisition cost - Oil & Gas & aviation		2,659	18,754	2,659	18,754
Life Business		104,388	213,997	-	-
		457,248	485,283	352,860	312,182

28.1 The movement in deferred acquisition costs is as follows:

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance, beginning of the year		485,283	340,338	312,182	235,053
Additions during the year		1,657,389	1,767,599	1,066,058	1,181,820
Amortisation in the year	7	(1,685,424)	(1,622,654)	(1,025,380)	(1,104,691)
Balance, end of year		457,248	485,283	352,860	312,182
Current		457,248	485,283	352,860	312,182
Non-current		-	-	-	-
		457,248	485,283	352,860	312,182

29 Finance lease receivables

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Gross amount		338,879	399,240	260,049	289,634
Unearned interest		(18,817)	(56,052)	(18,817)	(36,287)
Net investment in finance lease	29.1	320,062	343,188	241,232	253,347
Less:					
Expected credit loss		(203,908)	(198,133)	(125,078)	(119,303)
		116,154	145,055	116,154	134,044
Current		116,154	145,055	116,154	134,044
Non-current		-	-	-	-
		116,154	145,055	116,154	134,044

The Group grants finance leases to clients for purchase of motor vehicles and motor cycles.

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance as 1 January (under IAS 39)		198,133	119,303	119,303	119,303
Remeasurement under IFRS 9		16,862	-	5,851	-
Adjusted balance 1 January		214,995	119,303	125,154	119,303
Addition during the year		-	78,830	-	-
Recovery during the year		(11,088)	-	(76)	-
		203,907	198,133	125,078	119,303

29.1 *Movement in finance lease*

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance at the beginning of the year		343,188	539,352	253,347	267,268
Additions		-	-	-	-
Interest on finance leases		10,277	31,795	10,277	14,800
Payments		(22,392)	(227,959)	(22,392)	(28,721)
Amounts written off		(11,011)	-	-	-
		320,062	343,188	241,232	253,347

29.2 *Finance lease receivables*

29.2.1 Group

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		Stage 1	Stage 2	Stage 3	Total
Investment grade		124,952	-	-	124,952
Individually impaired		-	-	195,110	195,110
Total Gross Amount	29.3.1	124,952	-	195,110	320,062
Expected Credit Loss	29.3.2	(8,798)		(195,110)	(203,908)
Total Net Amount		116,154	-	-	116,154

29 Finance lease receivables - continued

29.2.2

in thousands of Nigerian Naira	Note	1 Jan-2018			
Internal rating grade		Stage 1	Stage 2	Stage 3	Total
Investment grade		128,209	-	-	128,209
Non-investment grade (unsatisfactory)		-	5,819	-	5,819
Individually impaired		-	-	209,160	209,160
Total Gross Amount		128,209	5,819	209,160	343,188
Expected Credit Loss		(2,198)	(3,637)	(209,160)	(214,995)
Total Net Amount		126,011	2,182	-	128,193

29.2.3 Company

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		Stage 1	Stage 2	Stage 3	Total
Investment grade		124,952	-	-	124,952
Non-investment grade (satisfactory)		-	-	-	-
Non-investment grade (unsatisfactory)		-	-	-	-
Past due but not impaired		-	-	-	-
Individually impaired		-	-	116,280	116,280
Total Gross Amount	29.3.3	124,952	-	116,280	241,232
Expected Credit Loss	29.3.4	(8,798)	-	(116,280)	(125,078)
Total Net Amount		116,154	-	-	116,154

29.2.4

in thousands of Nigerian Naira	1 Jan-2018			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total
Investment grade	128,209	-	-	128,209
Non-investment grade (satisfactory)	-	-	-	-
Non-investment grade (unsatisfactory)	-	5,819	-	5,819
Past due but not impaired	-	-	-	-
Individually impaired	-	-	119,319	119,319
Total Gross Amount	128,209	5,819	119,319	253,347
Expected Credit Loss	(2,198)	(3,637)	(119,319)	(125,154)
Total Net Amount	126,011	2,182	-	128,193

29.3 An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

29.3.1 Group

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018		128,209	5,819	209,160	343,188
New assets originated or purchased		-	-	-	-
Assets derecognised or repaid (excluding write offs)		(3,255)	(2,182)	(6,676)	(12,113)
Transfers to Stage 3		-	(3,637)	3,637	-
Amounts written off		-	-	(11,011)	(11,011)
		(3,255)	(5,819)	(14,050)	(23,124)
At 31 December 2018	29.2.1	124,953	-	195,110	320,063

29 Finance lease receivables - continued

29.3.2

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018		2,198	3,637	209,160	214,995
Transfers to Stage 1		-	-	(6,676)	(6,676)
Transfers to Stage 3		-	(3,637)	3,637	-
Changes to models and inputs used for ECL calculations		6,600	-	-	6,600
Amounts written off		-	-	(11,011)	(11,011)
		6,600	(3,637)	(3,039)	(76)
At 31 December 2018	29.2.2	(8,798)	-	(195,110)	203,908

29.3.3 Company

in thousands of Nigerian Naira	31 Dec-2018			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	128,209	5,819	119,319	253,347
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(3,256)	(2,182)	(6,676)	(12,114)
Transfers to Stage 3	-	(3,637)	3,637	-
At 31 December 2018	124,953	-	116,280	241,233

29.3.4

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018		2,198	3,637	119,319	125,154
Assets derecognised or repaid (excluding write offs)		-	-	(6,676)	(6,676)
Transfers to Stage 1		-	-	-	-
Transfers to Stage 2		-	-	-	-
Transfers to Stage 3		-	(3,637)	3,637	-
Changes to models and inputs used for ECL calculations	13	6,600	-	-	6,600
		6,600	(3,637)	(3,039)	(76)
At 31 December 2018		8,798	-	116,280	125,078

30 Inventories

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Construction in progress		518,236	906,502	-	-
Building raw materials		-	1,320	-	-
		518,236	907,822	-	-
				-	-
Current		518,236	907,822	-	-
Non-current		-	-	-	-
		518,236	907,822	-	-

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.

31 Assets held for sale

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Transferred from Investment Properties	32	5,557,000	-	-	-
Fair value loss on assets held for sale	10	(7,000)	-	-	-
		5,550,000	-	-	-

On 23 May 2018, the Board of Directors and Shareholders of Mutual Benefits Life Assurance Limited approved the plan of the Company to sell some of the Investment properties of the Company which were originally acquired for capital appreciation and for generation of rental income. There are several interested parties and the sale is expected to be completed before the end of December 2019.

At 31 December 2018, the properties approved for sale were classified as assets held for sale. Land classified as held for sale during the reporting period was measured at its fair value at the time of the reclassification, resulting in the recognition of a fair value loss of ₦7,000,000 in the statement of profit or loss. The fair value of the land was determined using the open market value approach.

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Details of Assets held for sale are as shown below:					
Mutual Tulip Estate	i	500,000	-	-	-
Property at Ikeja Alausa	ii	300,000	-	-	-
Property at Sango/Idiroko - Mogga	iii	80,000	-	-	-
Property at Sango/Idiroko - Caxtonjo	iv	50,000	-	-	-
Property at Akure Plots (5,320 Square Meters)	v	200,000	-	-	-
Property at Ado Ekiti Land	vi	720,000	-	-	-
Mutual Alpha Court duplex, Costain, Lagos	vii	3,700,000			
Balance at the end of the year		5,550,000	-	-	-

Movement in Assets held for sale is shown below:

	Bal as at 1.1.2018	Reclassified from Investment Properties	Disposal	Fair value gain/(loss)	Bal as at 31.12.2018
Mutual Tulip Estate	-	462,000	-	38,000	500,000
Property at Ikeja Alausa	-	300,000	-	-	300,000
Property at Sango/Idiroko - Mogga	-	80,000	-	-	80,000
Property at Sango/Idiroko - Caxtonjo	-	50,000	-	-	50,000
Property at Akure Plots (5,320 Square Meters)	-	200,000	-	-	200,000
Property at Ado Ekiti Land	-	700,000	-	20,000	720,000
Mutual Alpha Court duplex, Costain, Lagos	-	3,765,000	-	(65,000)	3,700,000
Balance at the end of the year	-	5,557,000	-	(7,000)	5,550,000

31 Assets held for sale - Continued

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

i *Mutual Tulip Estate*

Landed property of 11.40 Hectares with industrial development potential lying, situates and being at Isheri Oke Village, off Lagos/Ibadan Expressway, Ifo Local Government Area, Ogun State in Nigeria was purchased at a cost of ₦747million. Forty percent or 4.56 hectares of this land was sold as part of the disposal of investment properties in 2018. The remaining portion (6.84 hectares) was revalued to ₦500 million by Messrs Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2018. The subsisting title to the subject is vested in the Company through a Deed of Assignment.

ii *Property at Ikeja Alausa*

Landed property of 1,515.601 square metres of land located at Alausa central business district Lagos state in Nigeria was purchased at a cost of ₦177million. The landed property was revalued to ₦300 million by Messrs Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2018. The subsisting title to the subject is vested in Deed of Assignment in favour of the Company.

iii *Property at Sango/Idiroko - Mogga*

Landed property of 4040 square metres of land located at Sango/Idiroko road, opposite Mogga Petroleum, Onibukun village, Ota Atan, Ogun state in Nigeria was purchased at a cost of ₦90million. The landed property was valued to ₦80 million by Messrs Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2018. The subsisting title to the subject is vested in the Deed of Assignment in favour of Mutual Benefits Life Assurance Limited. In view of its highly probable sale within the next twelve months, the property was reclassified as Assets held for sale and measured at the Lower of cost and fair value less costs to sell, resulting in recognition of a value of N77,600,000 as at 31 December 2018.

iv *Property at Sango/Idiroko - Caxtonjo*

Landed property of 3665.6 square metres of land located at Sango/Idiroko road, opposite Caxtonjo Oil Onibukun village, Ota Atan, Ogun state in Nigeria was purchased at a cost of ₦60million. The landed property was valued to N50 million by Messrs Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2018. The subsisting title to the subject is vested in the Deed of Assignment in favour of Mutual Benefits Life Assurance Limited.

v *Property at Akure Ondo State*

Landed property of 5,302 square meters of land located at Akure, Ondo State, Nigeria was transferred to the Company from Mutual Homes and Properties Limited at a fair value of ₦350million. The valuation was done by Messrs Arigbede & Co. Estate Surveyors and Valuers. The subsisting title to the subject is vested in the Deed of Assignment between Mutual Benefits Home and Properties Limited and Mutual Benefits Life Assurance Limited. The property was valued at ₦200million by Messrs Arigbede & Co. Estate Surveyors and Valuers as at 31 December 2018.

vi *Property at Ado Ekiti Land*

Landed property consisting of 27,658 Hectares of land located at Ado-Ekiti, Ekiti State Nigeria was transferred to the Company from Mutual Homes and Properties Limited at a fair value of ₦700million. The property was valued at ₦720million by Messrs Arigbede & Co. Estate Surveyors and Valuers as at 31 December 2018. The subsisting title to the subject a deed of assignment in favour of the Company.

vii *Mutual Alpha Court duplex, Costain, Lagos*

This represents 48 unsold units of the 60 units Terrace Triplex housing scheme located at Costain Iporin, Lagos. The property was constructed by Mutual Benefits Homes and Properties Limited and was transferred to the Mutual Benefits Life Assurance Limited in 2014 as part settlement of loan. As at 31 December 2018, 48 units were revalued at ₦3.7 billion by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers. The subsisting title is vested in Deed of Assignment between Mutual Benefits Homes and Properties Limited and Mutual Benefits Life Assurance Limited.

32 Investment properties

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
At the beginning of the year		8,566,000	8,726,390	56,000	56,000
Reclassified to Assets held for sale	31	(5,557,000)	-	-	-
Disposal		(1,533,000)	(75,000)	-	-
Fair value loss	10	-	(85,390)	-	-
		1,476,000	8,566,000	56,000	56,000

The items of investment properties are as shown below:

	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Mutual Tulip Estate		-	770,000	-	-
Property at Ikeja GRA- Sasegbon		-	650,000	-	-
Property at Ikeja Alausa		-	300,000	-	-
Property at Ikota	i	56,000	56,000	56,000	56,000
Property at Sango/Idiroko - Mogga		-	80,000	-	-
Property at Sango/Idiroko - Caxtonjo		-	50,000	-	-
Property at Onireke,Ibadan	ii	550,000	550,000	-	-
Mutual Alpha Court duplex, Costain, Lagos	iii	-	4,140,000	-	-
Property at Asokoro, Abuja	iv	700,000	700,000	-	-
Property at Akure Plots (5,500 Square Meters)		-	200,000	-	-
Property at Paradise Estate, Anthony Estate		-	200,000	-	-
Property at Ado Ekiti Land		-	700,000	-	-
Property at Oyingbo, Lagos	v	170,000	170,000	-	-
		1,476,000	8,566,000	56,000	56,000

Movement in Investment properties is shown below:

	Bal as at 1/1/2018	Reclassified to Assets held for sale	Disposal	Fair value gain/loss	Bal as at 12/31/2018
Mutual Tulip Estate	770,000	(462,000)	(308,000)	-	-
Property at Ikeja GRA- Sasegbon	650,000	-	(650,000)	-	-
Property at Ikeja Alausa	300,000	(300,000)	-	-	-
Property at Ikota	56,000	-	-	-	56,000
Property at Sango/Idiroko - Mogga	80,000	(80,000)	-	-	-
Property at Sango/Idiroko - Caxtonjo	50,000	(50,000)	-		-
Property at Onireke,Ibadan	550,000	-	-	-	550,000
Mutual Alpha Court duplex, Costain, Lagos	4,140,000	(3,765,000)	(375,000)	-	-
Property at Asokoro, Abuja	700,000	-		-	700,000
Property at Akure Plots (5,320 Square Meters)	200,000	(200,000)	-	-	-
Property at Paradise Estate, Anthony Estate	200,000	-	(200,000)	-	-
Property at Ado Ekiti Land	700,000	(700,000)	-	-	-
Property at Oyingbo, Lagos	170,000	-	-	-	170,000
Balance at the end of the year	8,566,000	(5,557,000)	(1,533,000)	-	1,476,000

32 Investment properties - Continued

Investment properties are stated at fair value, which has been determined based on valuations performed by Messr Alabi, Ojo & Makinde Consulting (FRC/2015/NIESV/00000010800) and Messr Arigbede & Co Estate Surveyors and Valuers (FRC/2014/00000004634), accredited independent valuers As at 31 December 2018. The valuers are specialists in valuing these types of investment properties. The determination of fair value of the investment property was supported by market evidence. The modalities and process of valuation utilized extensive analysis of market data and other sectors specific pecularities corroborated with available data derived from previous experiences.

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

The Group enters into operating lease arrangements for all of its investment properties. The rental income arising during the year amounted to ₦202,569,000 (2017: ₦100,626,000) which is included in investment income. Direct operating expenses arising in respect of such properties during the year are included in within operating and administrative expenses.

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

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Rental income derived from investment properties		202,570	100,626	10,289	20,615
Fair value loss on investment properties		-	(85,390)		
Investment properties related expenses		(90,907)	(24,453)	-	-
Profit arising from investment properties carried at fair value		111,663	(9,217)	10,289	20,615

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

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

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

32 Investment properties - Continued

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

i ***Property at Ikota***

The property is situated at Olori Bolaji Akinloye Street, Ikota Villa Estate, Off Lekki-Epe express way, Lagos State. The property has a registered title and there is an executed Deed of Assignment in favour of the Company. The property is 5-bedroom detached house. It measures a gross floor area of approximately 148.84 square meters. It is a building on two floors. The ground foor is provided with a sitting room, kitchen, store, a guest bedroom en-suite with toilet and bathroom. It was revalued by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers As at 31 December 2018. Perfection of title is on-going.

ii ***Property at Onireke,Ibadan***

The property occupy 6808.179 square meters of land located at kudeti Avenue, Commercial Reservation Onireke, Ibadan, Oyo State in Nigeria was transferred from Mutual Benefits Assurance Plc to Mutual Benefits Life Assurance Limited in 2014. The property was transferred at a cost of ₦543,791,845 and revalued to ₦550 million by Messrs Alabi, Ojo and Makinde Consulting as at 31 December 2018. The subsisting title to the subject is a certificate of Occupancy in favour of the Company.

iii ***Mutual Alpha Court duplex, Costain, Lagos***

This represents 48 unsold units of the 60 units Terrace Triplex housing scheme located at Costain Iporin, Lagos. The property was constructed by Mutual Benefits Homes and Properties Limited and was transferred to the Mutual Benefits Life Assurance Limited in 2014 as part settlement of loan. As at 31 December 2018, 48 units were revalued at ₦3.675 billion by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers. The subsisting title is vested in Deed of Assignment between Mutual Benefits Homes and Properties Limited and Mutual Benefits Life Assurance Limited.

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

This is a six bedroom detached house (207.12 square meters) on a rectagular shaped site covering and approximately land area of 800 square meters, situated at 78 Yahubu Gowon Crescent, Asokoro, Abuja, The property was purchased at a cost of ₦666.25million. The property was valued at ₦700million by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2018. The subsisting title to the subject land is a deed of assignment in favour of the Company.

iv ***Property at Oyingbo, Lagos***

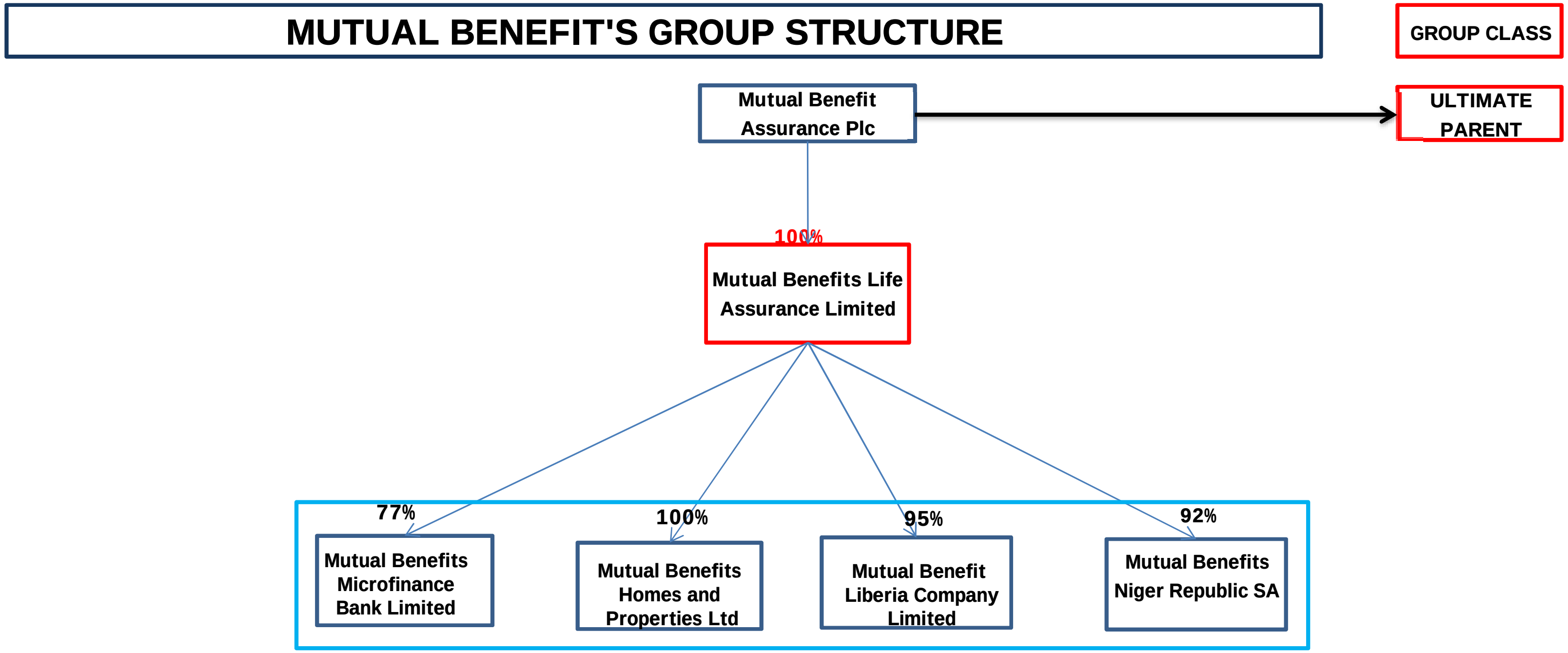
Property of 461 square meters of land located at Apapa Road, Ebute-Metta, Lagos State, Nigeria was transferred at a value of ₦180million. The title is held in perpetuity and Deed of Assignment in favour of the Company is ongoing. The property was valued at N170million by Messr Alabi, Ojo and Makinde Consulting, Estate Surveyors and Valuers as at 31 December 2018. The subsisting title to the subject is vested in the Land Certificate and registered at the Land Registry Office in Lagos State.

33 Investments in subsidiaries

The Company's investment in Mutual Benefits Life Assurance Limited is as stated below:

		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017
Opening and ending balance		4,000,000	4,000,000
		4,000,000	4,000,000

33 Investments in subsidiaries



	Company name	Nature of business	Country of origin	Relationship	% of equity controlled	NCI	Status	Year of control
1	Mutual Benefits Life Assurance	Insurance	Nigeria	Direct - Subsidiary	100%	-	Set up	Dec 2007
2	Mutual Benefits Microfinance Bank Ltd	Banking	Nigeria	Indirect - Subsidiary	77%	23%	Acquired	Jan 2009
3	Mutual Benefits Homes and Properties Ltd	Property development	Nigeria	Indirect - Subsidiary	100%	-	Set up	Jan 2008
4	Mutual Benefits Liberia	Insurance	Liberia	Indirect - Subsidiary	95%	5%	Set up	Jan 2008
5	Mutual Benefits Niger Republic	Insurance	Niger Republic	Indirect - Subsidiary	92%	8%	Set up	Jan 2014

33 Investments in subsidiaries

Mutual Benefits Life Assurance Limited

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

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

Mutual Benefits Homes and Properties Ltd

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

Mutual Benefits Liberia

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

Mutual Benefits Niger Republic

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

34 Intangible assets: Software

		GROUP		COMPANY	
in thousands of Nigerian Naira	Note	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Cost:					
Balance at the beginning of the year		326,840	293,042	177,237	163,512
Additions		3,974	21,796	3,974	13,725
Foreign exchange difference		25,994	12,002	-	-
		356,807	326,840	181,211	177,237
Amortization:					
Balance at the beginning of the year		282,846	219,511	161,850	130,207
Amortisation charge	15	12,244	54,986	8,437	31,643
Foreign exchange difference		12,168	8,348	-	-
		307,258	282,846	170,287	161,850
Carrying amount at the end of the year		49,550	43,994	10,924	15,387

35 Property, plant and equipments (Group)

in thousands of Nigerian Naira	Note	Leasehold properties	Land	Land & Building	Leasehold Improvement	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Trading booth	Organisa - tional cost	Total
Cost/revaluation:											
1 January 2017		154,126	118,900	2,243,070	1,550,670	324,558	1,055,318	1,488,726	3,799	114,751	6,899,792
Additions		-	63,668	-	57,341	1,162	142,576	102,232	-	-	366,979
Disposal		-		-	-	(65,887)	(32,912)	(7,136)	-	-	(105,935)
Revaluation adjustment	52	-	139,139	72,617	-	-	-	-	-	-	211,756
Foreign exchange difference		-	17,575	-	466	31	289	9,358	-	-	27,719
1 January 2018		154,126	339,282	2,315,687	1,608,477	259,864	1,165,271	1,593,180	3,799	114,751	7,554,437
Additions		-	28,568	162,846	725	35,805	239,452	54,442	-	-	521,838
Disposal		-	-	-	-	-	(4,950)	(1,627)	-	-	(6,577)
Revaluation adjustment	52	-	-	74,003	-	-	-	-	-	-	74,003
Foreign exchange difference		-	2,248	112,389	-	23,173	1,779	18,958	-	-	158,548
31 December 2018		154,126	370,098	2,664,926	1,609,202	318,843	1,401,552	1,664,953	3,799	114,751	8,302,250
1 January 2017		154,126	-	176,416	758,896	277,015	593,809	950,809	3,799	114,751	2,875,495
Charge for the year		-	-	46,439	220,989	16,380	194,035	221,870	-	-	699,713
Disposal		-	-	-	-	(65,866)	(32,912)	(5,813)	-	-	(104,591)
Foreign exchange difference		-	-	-	79	26	240	6,418	-	-	6,763
1 January 2018		154,126	-	222,855	979,964	227,555	755,172	1,173,284	3,799	114,751	3,631,506
		-	-	-	-	-	-	-	-	-	
Charge for the year		-	-	47,892	209,951	14,654	206,680	218,612	-	-	697,789
Disposal		-	-	-	-	-	(4,950)	(1,627)	-	-	(6,577)
Foreign exchange difference		-	2,179	-	10,815	20,484	3,064	12,471	-	-	49,013
31 December 2018		154,126	2,179	270,747	1,200,730	262,693	959,967	1,402,740	3,799	114,751	4,371,732
Carrying amounts at:											
31 December 2018		-	367,919	2,394,179	408,472	56,150	441,585	262,214	-	-	3,930,518
31 December 2017		-	339,282	2,092,832	628,513	32,310	410,098	419,896	-	-	3,922,931

No leased assets are included in the above property, plant and equipment and the Group had no capital commitments As at 31 December 2018. The capital work-in progress is a control account for the acquisition of property, plant and equipment for which advance payments have been made but assets yet to be completed, delivered and put to use. None of the assets have been pledged as collateral.

35 Property, plant and equipment (Company)

in thousands of Nigerian Naira	Leasehold properties	Buildings	Leasehold Improvements	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Total
Cost/revaluation:							
1 January 2017	154,126	2,321,970	517,628	71,564	691,318	992,880	4,749,486
Additions	-	-	40,996	-	89,932	20,830	151,758
Disposal	-	-	-	(1,137)	(23,512)	(3,843)	(28,492)
Revaluation adjustment (Note 52)	-	72,617	-	-	-	-	72,617
31 December 2017	154,126	2,394,587	558,624	70,427	757,738	1,009,867	4,945,369
Additions	-	-	725	1,805	188,873	10,964	202,367
Disposal	-	-	-	-	(4,950)	(1,627)	(6,577)
31 December 2018	154,126	2,394,587	559,349	72,232	941,661	1,019,204	5,141,159
Accumulated depreciation:							
1 January 2017	154,126	215,649	212,108	55,603	348,949	610,407	1,596,842
Charge for the year	-	46,439	110,744	4,537	142,084	147,614	451,418
Disposal	-	-	-	(1,137)	(23,512)	(3,843)	(28,492)
1 January 2018	154,126	262,088	322,852	59,003	467,521	754,178	2,019,768
Charge for the year	-	47,892	87,014	4,641	153,207	145,952	438,706
Disposal	-	-	-	-	(4,950)	(1,627)	(6,577)
31 December 2018	154,126	309,980	409,866	63,644	615,778	898,503	2,451,897
Carrying amounts at:							
31 December 2018	-	2,084,607	149,483	8,588	325,883	120,701	2,689,262
31 December 2017	-	2,132,499	235,772	11,424	290,217	255,689	2,925,601

No leased assets are included in the above property, plant and equipment and the company had no capital commitments As at 31 December 2018. None of the assets have been pledged as collateral.

35 Property, plant and equipments (Company)

i The Company's land and building at Aret Adams House were professionally valued on 19 January 2018 by Alabi, Ojo & Makinde Estate Surveyors and Valuers (FRC/2015/NIESV/00000010800). The valuation which was based on open market value between a willing buyer and a willing seller produced a surplus amount of ₦72,617,000 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 2017 was ₦1,450,000,000.

The cost to date at the date of the initial revaluation in 2012 was ₦130,161,000. 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.

ii If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	GROUP		COMPANY	
in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Cost	312,729	312,729	130,161	130,161
Accumulated depreciation	(15,619)	(13,016)	(15,619)	(13,016)
	297,110	299,713	114,542	117,145

36 Statutory deposit

This represents amounts deposited with the Central Bank of Nigeria (CBN) pursuant to Section 10(3) of the Insurance Act, 2003. This amount is not available for the day-to-day use in the working capital of the Company and so it is excluded from the cash and cash equivalents. Interest earned at annual average rate of 12% per annum (2017: 11.04%) on statutory deposits are included in investment income (Note 9).

The deposit has been tested for adequacy as at 31 December 2018 and found to be adequate.

	GROUP		COMPANY	
in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Statutory deposit	500,000	500,000	300,000	300,000
	500,000	500,000	300,000	300,000

37 Deposit for investment in equity

		GROUP		COMPANY	
in thousands of Nigerian Naira		31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Deposit in shares by Mutual Exploration and Production Limited as at 1 January 2018		480,588	480,588	410,588	410,588
Refund of deposit for shares during the year	37.1	(473,350)	-	(403,350)	-
		7,238	480,588	7,238	410,588

37.1 This represents the refund of amount deposited for shares in Mutual Exploration and Production Limited.

38 Goodwill

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

		GROUP	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017
Mutual Microfinance Bank Limited		1,543	1,543
		1,543	1,543

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

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

38 Goodwill - Continued

Impairment test on goodwill

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

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

Impairment assessment has been performed for the year, and no losses on goodwill was recognized as the recoverable amount of the CGU As at 31 December 2018 was greater than its carrying amount and is thus not impaired.
The recoverable amount of ₦264 million (2017: ₦296 million) was determined using a value-in-use computation.

Assumptions Approach used to determining value-in-use
– Discount rate: the discount rates have been calculated based on the Group's weighted average cost of capital and risks specific to the CGU being tested. Pre-tax rates of 23% was determined as at 31 December 2018.
– Long term growth rates: This is the weighted average growth rate used to extrapolate cash flows beyond the budget period and it is based on the estimated growth rate for Nigeria.

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

	2018	2017
Carrying amount of the CGU (in thousands of Nigerian Naira)	136,006	181,379
Discount rate	23%	23%
Period covered by management projections	5 years	5 years
Long-term growth rate	2.0%	2.0%

Sensitivity analysis
Sensitivity analysis performed around the base case assumptions has indicated that for the CGU, the following changes in

	Change required to trigger impairment	Change required to trigger impairment
Forecast free cash flow	48% reduction	39% reduction
Discount rate	72% higher	50% higher
Long-term growth rate	6920% lower	2480% lower

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

39 Insurance contract liabilities

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Outstanding claims	39.1	8,623,824	6,078,210	2,365,795	1,926,358
Unearned premiums	39.2	4,426,731	4,220,880	2,766,841	2,426,248
		13,050,555	10,299,090	5,132,636	4,352,606
Current		13,050,555	10,299,090	5,132,636	4,352,606
Non-current		-	-	-	-
		13,050,555	10,299,090	5,132,636	4,352,606

The Group engaged Zamara Consulting Actuaries Nigeria Limited (FRC/2017/NAS/00000016912) to perform an Insurance liability valuation as at 31 December 2018 for its Insurance and Investment contract businesses.

39.1 Outstanding claims

in thousands of Nigerian Naira		GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Non-Life business	39.1.1	3,049,347	2,394,078	2,365,795	1,926,358
Life business	39.1.2	5,574,477	3,684,132	-	-
		8,623,824	6,078,210	2,365,795	1,926,358

39.1.1 Non-Life business:

	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Non-Life outstanding claims				
Claims reported by policyholders	2,266,835	1,819,801	1,583,283	1,352,081
Claims incurred but not reported (IBNR)	782,512	574,277	782,512	574,277
	3,049,347	2,394,078	2,365,795	1,926,358
Movement in Non-life outstanding claims				
At 1 January	2,394,078	1,828,770	1,926,358	1,709,083
Claims incurred in the current year	3,665,964	2,604,149	3,450,132	2,256,116
Claims paid during the year	(3,010,695)	(2,038,841)	(3,010,695)	(2,038,841)
	3,049,347	2,394,078	2,365,795	1,926,358
Analyis of Non-life outstanding claims per class of insurance				
Motor	1,123,807	792,752	440,256	325,032
Marine	195,237	146,897	195,237	146,897
Fire	495,330	245,146	495,330	245,146
General accident	866,128	715,888	866,128	715,888
Oil & Gas and Aviation	368,845	493,395	368,845	493,395
	3,049,347	2,394,078	2,365,795	1,926,358
The aging analysis of Non-life outstanding claims				
0 - 90	2,266,835	1,819,801	1,583,283	1,352,081
91 - 180	-	-	-	-
181 - 270	-	-	-	-
271 - 360	-	-	-	-
361 and above	-	-	-	-
No aging - IBNR	782,512	574,277	782,512	574,277
	3,049,347	2,394,078	2,365,795	1,926,358
No. of claimants for each age range of Non-life outstanding claims	6,354	1,760	4,304	1,123

The ageing of the outstanding claims is measured from the date of the issuance of discharge vouchers to the reporting dates.

39 Insurance contract liabilities - Continued

39.1.2 Life business:

			GROUP		COMPANY	
	in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
	Life outstanding claims					
	Outstanding claims		4,495,896	3,020,193	-	-
	Claims incurred but not reported (IBNR)		1,078,581	663,939	-	-
			5,574,477	3,684,132	-	-
	Analyis of life outstanding claims per class of insurance					
	Group life	i	4,620,016	3,207,089	-	-
	Individual life	ii	535,353	79,925	-	-
	Annuity	iii	419,108	397,118	-	-
			5,574,477	3,684,132	-	-
i	***Movement in group life outstanding claims***					
	At 1 January		3,207,089	1,533,575	-	-
	Claims incurred in the current year		6,159,393	3,992,120	-	-
	Claims paid during the year		(4,746,466)	(2,318,606)	-	-
			4,620,016	3,207,089	-	-
ii	***Movement in individual life outstanding claims***					
	At 1 January		79,925	84,195	-	-
	Premiums written in the year		1,733,446	1,289,494	-	-
	Premiums earned during the year		(1,733,446)	(1,289,494)	-	-
	Claims incurred in the current year		88,848	59,591		
	Claims paid during the year		(88,848)	(59,591)		
	Changes in actuarial valuation		455,428	(4,270)		
	At 31 December		535,353	79,925	-	-
iii	***Movement in annuity***					
	At 1 January		397,118	419,371	-	-
	Claims incurred in the current year		45,704	45,691		
	Claims paid during the year		(45,704)	(45,692)	-	-
	Changes in actuarial valuation		21,990	(22,252)	-	-
			419,108	397,118	-	-
	The aging analysis of life outstanding claims					
	0 - 90		4,076,788	2,623,075	-	-
	91 - 180		-	-	-	-
	181 - 270		-	-	-	-
	271 - 360		-	-	-	-
	361 and above		-	-	-	-
	No aging - Annuity		419,108	397,118	-	-
	No aging - IBNR		1,078,581	663,939	-	-
			5,574,477	3,684,132	-	-

The ageing of the outstanding claims is measured from the date of the issuance of discharge vouchers to the reporting dates.

39.2 Unearned premiums

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Non-Life business	ii	2,766,841	2,490,377	2,766,841	2,426,248
Life business	iv	1,659,890	1,730,503	-	-
		4,426,731	4,220,880	2,766,841	2,426,248

i *The movement in unearned premium*

	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
At 1 January		4,220,880	3,535,961	2,426,248	2,113,547
Premiums written in the year	4.1	15,840,697	14,037,879	8,018,299	7,298,974
Premiums earned during the year	4.1	(15,634,846)	(13,352,960)	(7,677,706)	(6,986,273)
At 31 December		4,426,731	4,220,880	2,766,841	2,426,248

ii *The movement in non-life unearned premium*

	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
At 1 January	2,490,377	6,733,563	2,426,248	2,113,547
Premiums written in the year	9,789,781	8,840,857	8,018,299	7,298,974
Premiums earned during the year	(9,513,317)	(13,084,043)	(7,677,706)	(6,986,273)
	2,766,841	2,490,377	2,766,841	2,426,248

iii *Analysis of Non-life unearned premium*

	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Motor	971,913	1,058,598	971,913	1,058,598
Marine	413,931	335,403	413,931	335,403
Fire	280,435	231,295	280,435	231,295
Aviation, oil and gas	291,081	223,890	291,081	223,890
General accidents	809,481	641,191	809,481	577,062
	2,766,841	2,490,377	2,766,841	2,426,248

iv *Analysis of life unearned premium*

	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Group Life	1,499,370	1,730,503	-	-
	1,659,890	1,730,503	-	-

The movement in life unearned premium

	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
At 1 January	1,730,503	(3,005,266)	-	-
Premiums written in the year	6,050,916	5,197,022	-	-
Premiums earned during the year	(6,121,529)	(461,253)	-	-
	1,659,890	1,730,503	-	-

40 Investment contract liabilities

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Group deposit administration		278,431	261,650	-	-
Individual deposit administration		24,997,830	26,302,571	-	-
		25,276,261	26,564,221	-	-
Current		9,597,137	11,061,718	-	-
Non-current		15,679,124	15,502,503	-	-
		25,276,261	26,564,221	-	-
The movement in deposit administration funds					
Balance at the beginning of the year		26,564,221	25,956,771	-	-
Deposits received during the year		12,486,153	11,985,338	-	-
Guaranteed interest		1,803,613	2,041,115	-	-
Withdrawals during the year		(15,577,726)	(13,419,003)	-	-
Balance at the end of the year		25,276,261	26,564,221	-	-

41 Trade payables

	Notes	Group 31 Dec-2018	Group 31 Dec-2017	Company 31 Dec-2018	Company 31 Dec-2017
Reinsurance payables		290,833	265,243	82,390	115,352
Co-Insurance payables		29,065	885,197	-	-
Deferred commission		142,268	83,221	130,993	77,290
Commission payable		381,734	571,490	289,638	281,146
Deposits for premium	41.1	924,673	1,053,145	352,422	554,484
		1,768,573	2,858,296	855,443	1,028,272
Current		1,768,573	2,858,296	855,443	1,028,272
Non-current		-	-	-	-
		1,768,573	2,858,296	855,443	1,028,272

41.1 The movement in deposit for premium during the year is as follows:

	Group 31 Dec-2018	Group 31 Dec-2017	Company 31 Dec-2018	Company 31 Dec-2017
Balance at the beginning of the year	1,053,145	792,877	554,484	213,649
Addition during the year	748,332	747,760	242,710	409,729
Reclassified to premium income	(289,374)	(160,758)	(289,374)	(68,894)
Reclassified as investment contract liabilities	(432,032)	(40,000)	-	-
Reclassified as other income (Note 11)	(155,398)	(286,734)	(155,398)	-
Balance at the end of the year	924,673	1,053,145	352,422	554,484

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

42 Other liabilities

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Accruals		161,604	165,360	76,640	49,971
Rent received in advance		30,689	30,663	1,739	4,424
Dividend Payable		89,197	89,141	89,197	89,141
PAYE		4,224	3,954	502	502
VAT payable		294,081	401,280	198	-
WHT payable		19,799	28,711	2,422	1,435
Staff pension		15,696	6,976	7,678	-
Salary control account		26,384	34,962	-	-
Deferred income		52	52	52	52
Amount due to Directors		1,851	4,019	-	-
National Housing Fund		1,992	2,466	1,988	2,036
Cooperative		-	3,131	-	-
Provision for NAICOM levy		144,710	116,627	54,710	39,627
Deposit for facility management		41,346	43,268	-	-
Professional fee		71,469	5,000	-	5,000
Medical fees payable		-	9,284	-	9,284
Other Creditors		52,308	166,004	51,261	34,223
Land deduction		-	9	-	-
Deposit for properties by customers		317	50,317	-	-
		955,719	1,161,224	286,387	235,695
Current		955,719	1,161,224	286,387	235,695
Non-current		-	-	-	-
		955,719	1,161,224	286,387	235,695

43 Deposit liabilities

Current	237,188	129,649	-	-
Time	268,919	-	-	-
Savings	6,046	129,619	-	-
	512,153	259,268	-	-
Current	512,153	259,268	-	-
Non-current	-	-	-	-
	512,153	259,268	-	-

44 Borrowings

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
GTBank margin facility	44.2	400,870	400,870	400,870	400,870
Loan from Daewoo Securities Limited	44.3	6,270,975	6,108,300	6,270,975	6,108,300
		6,671,845	6,509,170	6,671,845	6,509,170
Current		-	-	-	-
Non-current		6,671,845	6,509,170	6,671,845	6,509,170
		6,671,845	6,509,170	6,671,845	6,509,170
44.1 *The movement in borrowings during the year is as follows:*					
Balance, beginning of the year		6,509,170	6,258,070	6,509,170	6,258,070
Impact of foreign exchange rate changes	16	162,675	251,100	162,675	251,100
Balance at the end of the year		6,671,845	6,509,170	6,671,845	6,509,170

44.2 *GTBank margin facility*

The Company obtained a margin loan facility of ₦600 million from Guaranty Trust Bank Plc to finance working capital requirements for Margin trading at 16% per annum on the 19 June 2007 out of which ₦450 million was utilised. The facility was secured by lien on shares financed and an upfront 50% margin contribution (representing a 150% cover). The Bank was to dispose of the warehoused shares to liquidate the facility whenever the cover falls to 130%. Repayment of the facility was to be from proceeds of sale of shares financed.

There is however an on-going litigation on this facility arising from the rejection by the Company of the additional investment cover requested for by the Bank due to the fall in the value of the shares purchased against which the facility was initially secured. In the ensuing litigation, judgement was given in favour of the Company in the sum of N120,148,773.70 at the Lagos High Court. The bank has appealed the judgement to the Court of Appeal.

The directors, having sought the advice of professional counsel, are of the opinion that no significant liability other than the amount already recognised will crystalise from this litigation.

44.3 Loan from Daewoo Securities Limited

in thousands of Nigerian Naira	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance at 1 January	6,108,300	5,857,200	6,108,300	5,857,200
Impact of foreign exchange rate changes	162,675	251,100	162,675	251,100
	6,270,975	6,108,300	6,270,975	6,108,300

The Company issued two zero coupon, long term Japanese Yen (JPY) denominated Eurobonds with options in the aggregate sum of 2,500,000,000 JPY. Daewoo Securities (Europe) Limited acted as the bondholder, financial advisor and paying agent to the issues.

The first tranche in the sum of 1,750,000,000 Japanese Yen (JPY) was due for redemption in year 2020 while the second tranche in the sum of 750,000,000 Japanese Yen (JPY) was due in year 2027. The Bonds were issued with the options to subscribe for the ordinary shares of the Company.

Subsequently, in 2009, Daewoo Securities (Europe) Limited called for the early repayment of the bonds contrary to the fundamentals of the arrangement. The parties resorted to litigation to resolve their disputes. The sum of ₦421,455,030 (equivalent to JPY250,000,000) has so far been redeemed on the Bonds.

In the suit instituted by the investors to the Bonds at the High Court in London, all the claims on the Bonds against the Company were withdrawn. The Company being the victorious party is presently pursuing a claim for the cost of the litigation against the investors in the Bonds.

In the opinion of our professional advisers, there is no prospect of any future claim arising from the Bonds against the Company.

45 Current income tax liabilities

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance at 1 January (under IAS 39)		687,173	503,843	422,005	217,733
Impact of IFRS 9		-	-	-	-
Adjusted balance at 1 January		687,173	503,843	422,005	217,733
Current income tax charge					
Company income tax		151,562	69,387	98,210	-
Education tax		14,023	15,200	13,188	11,516
Information technology tax		14,368	9,432	7,039	8,727
Minimum tax		64,811	324,697	-	269,454
	19.1	244,763	418,716	118,437	289,697
Payments during the year		(138,408)	(235,386)	(60,528)	(85,425)
Balance at the end of the year		793,528	687,173	479,914	422,005

46 Deferred tax liabilities

	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Deferred income tax asset/(liability)	46.1	79,034	-	(41,388)	-
Deferred tax liabilities	46.2	(1,197,265)	(1,063,084)	(746,031)	(705,821)
		(1,118,231)	(1,063,084)	(787,419)	(705,821)

46.1 *Movement in Deferred tax assets*

	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance at the beginning of the year		-	-	-	-
Tax impact on transition		44,111	-	(43,417)	-
Adjusted balance		44,111	-	(43,417)	-
Credit in profit or loss for the year	19.2	34,923	-	2,030	
Balance at the end of the year		79,034	-	(41,388)	-

Deferred tax assets is attributable to the following:

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Expected credit losses on transition		79,034	-	(41,388)	-
Balance, end of year		79,034	-	(41,388)	-

46.2 *Movement in Deferred income tax liabilities*

	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance, beginning of year		1,063,084	1,147,429	705,821	729,917
Charge in profit or loss for the year	19.2	22,135	(106,131)	40,210	(45,882)
Charge in other comprehensive income		112,046	21,786	-	21,786
Balance at the end of the year		1,197,265	1,063,084	746,031	705,821

Deferred income tax liability is attributable to the following:

	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Property, plant and equipment		1,047,355	1,025,222	746,031	705,821
Foreign currency translation reserve		93,547	-	-	-
Revaluation reserves		18,501	-	-	-
Investment property		37,862	37,862	-	-
		1,197,265	1,063,084	746,031	705,821
Net Deferred tax liability		1,118,231	1,063,084	787,419	705,821

46 Deferred tax liabilities - continued

46.3 *Unrecognised deferred tax assets*

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

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Property, plant and equipment		313,060	260,655	-	-
Tax losses		4,480,160	3,291,313	-	-
Balance, end of year		4,793,219	3,551,967	-	-

47 Share capital

	GROUP		COMPANY	
in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Share capital comprises:				
47.1 *Authorized:* 20,000,000,000 (2017: 10,000,000,000) Ordinary shares of 50k each	10,000,000	10,000,000	10,000,000	10,000,000
47.2 *Issued and fully paid:* 8,000,000, 000 (2017:8,000,000,000) Ordinary shares of 50k each	4,000,000	4,000,000	4,000,000	4,000,000

There was no movement in share capital account during the year.

Subsequent to the year end, on 31 January 2019, the Company concluded its Right Issue of 4billion Ordinary shares of 50k each and 50kobo per share. At the end of the exercise, 3,172,733,508 ordinary shares valued at ₦1,586,366,754 were subscribed to and alloted, thereby increasing the issued and fully paid ordinary shares of the Company to 11,172,733,508 with par value of ₦5,586,366,754.

48 Treasury shares

Company's shares held (500,000 shares at ₦0.50 per share)	250	250	250	250

Treasury share: this represents the market value of shares of the Company held by the Company through its investment in quoted securities of the Nigerian Stock Exchange.

49 Foreign currency translation reserve

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

50 Contingency reserve

In compliance with Section 21 (1) of Insurance Act 2003, 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 for life business, the contingency 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.

	GROUP		COMPANY	
in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Balance, beginning of the year	2,801,764	2,533,160	2,398,485	2,179,515
Transfer from retained earnings	158,504	268,604	95,985	218,970
Balance, end of year	2,960,268	2,801,764	2,494,470	2,398,485
Analysis per business segment				
Non-life business	2,494,470	2,398,485	2,494,470	2,398,485
Life business	465,798	403,279	-	-
	2,960,268	2,801,764	2,494,470	2,398,485
Non-life business				
Balance, beginning of the year	2,398,485	2,179,515	2,398,485	2,179,515
Transfer from retained earnings	95,985	218,970	95,985	218,970
Balance, end of year	2,494,470	2,398,485	2,494,470	2,398,485
Life business				
Balance, beginning of the year	403,279	353,645	-	-
Transfer from retained earnings	62,519	49,634	-	-
Balance, end of year	465,798	403,279	-	-

51 Fair value reserve

On transition to IFRS 9, the Group applied the fair value through OCI approach to all its unquoted equity instruments, refer to Note 23.2 for details. The movement in the fair value reserve for the equity instruments at FVOCI as shown in the Consolidated and Separate Statements of Changes in Equity.

52 Revaluation reserve

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Balance, beginning of the year		1,467,403	1,288,563	1,339,395	1,288,563
Revaluation surplus on Land and building		74,003	211,756	-	72,617
Tax on revaluation surplus		(18,500)	(21,785)	-	(21,785)
NCI Portion of revaluation surplus		(2,775)	(11,131)	-	-
		1,520,131	1,467,403	1,339,395	1,339,395

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

53 Accumulated losses

The accumulated losses represents the loss retained in the business over the periods. See statement of changes in equity for movement in retained losses.

54 Non-controlling interests in equity

		GROUP	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017
Opening balance		189,346	123,607
Addition during the year	54.1	-	14,867
Changes in equity		-	8,310
Share from total comprehensive income		34,412	42,562
Balance as at year end		223,758	189,346

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

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

Mutual Benefits Microfinance Bank Ltd

		GROUP	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017
NCI percentage		23%	23%
Cash and cash equivalents		51,897	132,772
Loans and receivables		603,629	522,952
Other receivables		40,236	22,446
Intangible assets		3,073	5,916
Property, plants and equipment		33,883	26,488
Other liabilities		(61,423)	(101,418)
Deposit liabilities		(512,153)	(474,425)
Current income tax liabilities		(17,493)	(16,837)
Deferred tax liabilities		(5,643)	(5,005)
Net assets		136,006	112,889
Carrying amount of NCI		91,021	78,779
Income		397,269	257,237
Expenses		(370,510)	(277,786)
Profit before tax		26,759	(110,856)
Profit after tax		23,116	(110,498)
Profit allocated to NCI		5,317	(25,415)
Cash flows from operating activities		(62,371)	109,916
Cash flows from investing activities		(17,505)	(5,659)
Cash flows from financing activities		-	(2,490)
Net increase in cash and cash equivalents		(79,875)	101,767

55 Reconciliation of (loss)/profit before income tax to cash flows provided by operating activities:

in thousands of Nigerian Naira		GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Profit before income tax		1,380,983	1,335,093	636,547	849,091
Adjustments for non-cash items:					
Fair value gain/(loss) on financial assets through profit and loss	10	157,584	(38,341)	126,056	(123,731)
Amortisation of deferred acquisition costs	28.1	1,685,424	1,622,654	1,025,380	1,104,691
Net impairment reversal on trade and other receivables	12	-	(2,011)	-	-
Impairment reversal on finance lease receivables	29.1	5,775	78,830	5,775	-
Interest income on finance leases	29.1	(10,277)	(31,795)	(10,277)	(14,800)
Impairment charge/(reversal) on loan and advances	13	102,880	90,307	(6,765)	-
Amortisation of intangible assets	34	12,244	54,986	8,437	31,651
Depreciation of property and equipment	35	697,789	699,713	438,706	451,418
Gain on disposal of property and equipment	11	(1,245)	(8,000)	(258)	(1,895)
Loss on disposal of property & equipment	15	-	440	-	-
Foreign exchange gain on cash and cash equivalents	16	(112,155)	(273,385)	(112,155)	(273,385)
Foreign exchange loss foreign domiciliary borrowings	44.1	162,675	251,100	162,675	251,100
Cash flow from operating profit before changes in operating assets and liabilities		4,081,678	3,779,591	2,274,121	2,274,140
Trade receivables		(282,836)	(166,664)	(107,881)	(175,165)
Reinsurance assets		(1,118,992)	(583,992)	(420,686)	(29,133)
Other receivables and prepayment		(1,604,820)	(1,895,693)	(362,000)	(933,851)
Deferred acquisition cost		(1,657,389)	(1,767,599)	(1,066,059)	(1,181,820)
Inventories		389,586	425,042	-	-
Insurance contract liabilities - Claims		2,545,614	2,212,299	439,437	217,175
Insurance contract liabilities - Unearned premium		205,851	684,919	340,593	312,701
Trade payables		(1,089,723)	1,588,077	(172,829)	575,777
Other liabilities		(205,505)	(549,772)	50,692	(51,717)
Loans and receivables		(1,984,996)	(1,932,569)	314,832	137,790
Investment contract liabilities		(1,287,960)	607,450	-	-
Deposit liabilities		252,885	55,423	-	-
Income tax paid	45	(138,408)	(235,386)	(60,528)	(85,425)
Net cash flow (used in)/from operating activities		(1,895,016)	2,221,126	1,229,692	1,060,472

56 Supplementary statement of profit or loss information

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

	GROUP		COMPANY	
in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
₦220,001 – ₦720,000	135	106	-	7
₦720,001 – ₦1,400,000	138	184	56	62
₦1,400,001 – ₦2,050,000	67	75	34	25
₦2,050,001 – ₦2,330,000	31	38	13	24
₦2,330,001 – ₦2,840,000	18	20	7	7
₦2,840,001 – ₦3,000,000	3	9	2	5
₦3,000,001 – ₦4,500,000	52	51	33	30
₦4,500,001 – ₦5,950,000	23	15	14	12
₦5,950,001 – ₦6,800,000	11	12	10	9
₦6,800,001 – ₦7,800,000	4	10	-	-
₦7,800,001 – ₦8,600,000	8	4	2	-
₦8,600,001 – ₦11,800,000	10	13	3	8
Above ₦11,800,000	17	10	8	4
Balance, end of year	517	547	182	193

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

		GROUP		COMPANY	
	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Executive Directors		7	6	2	2
Management staff		127	128	72	71
Non management staff		390	419	110	122
		524	553	184	195

ii Directors' remuneration:

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

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Executive compensation		266,968	317,500	178,970	206,400
Directors fees		7,500	13,750	7,500	13,750
Other directors expenses		89,680	98,602	68,005	68,602
		364,148	429,852	254,475	288,752

56 Supplementary statement of profit or loss information - Continued

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

	GROUP		COMPANY	
in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Chairman	8,200	7,200	5,200	5,200
Highest paid director	108,823	100,882	45,125	45,125

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

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
N500,000- N1,000,000		8	3	0	0
Above N2,000,000		9	12	9	9
		17	15	9	9

57 Related parties

Parent

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

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

Transactions with key management personnel

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

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

	GROUP		COMPANY	
in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Key management compensation				
Salaries and other short-term benefits	331,298	317,500	243,300	206,400
Directors fees and allowance	34,286	83,328	26,236	13,750
Defined contribution pension	11,346	6,768	8,946	4,368
Other directors expenses	30,000	30,000	-	-
	406,930	437,596	278,482	224,518

57 Related parties - Continued

Transactions with key management personnel

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Loans and advances to directors					
Opening balance		22,050	76,054	-	-
Granted during the year		-	-	-	-
Repayment		(16,924)	(54,004)	-	-
Balance as at 31 December		5,126	22,050	-	-
Interest earned		3,783	6,464	-	-

Loans to key management personnel include mortgage loans and other personal loans which are given under terms that are no more favourable than those given to other staff. Mortgage loans are secured by the underlying assets. All other loans are unsecured.

No provision has been recognised in respect of loans given to key management personnel (2017:Nil).

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

Name of related party

in thousands of Nigerian Naira	Nature of relationship	Nature of relationship	COMPANY 2018	COMPANY 2017
Receivables				
Mutual Homes & Properties Ltd	Subsidiary	Subsidiary	319,427	639,427
Mutual Benefits Microfinance Bank Ltd	Subsidiary	Subsidiary	7,551	3,937
Mutual Benefits Microfinance Bank Ltd	Subsidiary	Subsidiary	111,144	209,489
Prime Exploration and Production Limited	Directors	Directors	10,148,345	10,162,578
Mutual Benefits Life Assurance Limited	Subsidiary	Subsidiary	69,310	155,508
Mutual Benefits Liberia	Subsidiary	Subsidiary	20,936	25,235

58 Contingent liabilities

Litigation and claims

The Company is presently involved in Seventeen (17) litigations as defendants with estimated claims of ₦694,034,177 (2017: ₦626,642,476). In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss at 31 December 2018.

ii *Capital commitments*

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

59 Contravention of laws and regulations

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

in Nigerian Naira	Penalty
Penalty for late submission to Securities and Exchange Commission	5,400,000

60 Event after the reporting date

On 28 January 2019 the Company concluded its Rights Issue of 4 billion ordinary shares of N0.50k each at N0.50k per share. The Company raised the sum of ₦1,586,366,754.00 through the Right Issue and this increased the paid-up capital of the Company to ₦5,586,366,754.00.

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

MUTUAL BENEFITS ASSURANCE PLC

APPENDIX 1 - SUMMARISED REVENUE ACCOUNT - (NON-LIFE))

For the year ended 31 December 2018

in thousands of Nigerian Naira	General accident	Aviation & oil and gas	Bond	Marine	Motor	Fire	Dec 2018 Total	Dec 2017
Gross premium written	2,034,920	1,593,888	45,574	895,395	2,476,227	972,295	8,018,299	7,298,974
Changes in unexpired premium	(212,334)	(67,191)	(20,085)	(78,528)	86,685	(49,140)	(340,593)	(312,701)
Gross premium earned	1,822,586	1,526,697	25,489	816,867	2,562,912	923,155	7,677,706	6,986,273
Premiums ceded to reinsurers	(427,972)	(215,939)	(9,163)	(222,985)	(64,219)	(507,423)	(1,447,700)	(1,046,287)
Net premium earned	1,394,614	1,310,758	16,327	593,882	2,498,693	415,732	6,230,006	5,939,986
Commission received	214,116	-	3,738	55,517	2,300	103,543	379,214	142,249
Total underwriting income	1,608,730	1,310,758	20,065	649,399	2,500,993	519,275	6,609,220	6,082,235
Gross claims paid	495,164	550,813	1,603	242,268	1,056,993	663,854	3,010,695	2,038,841
Change in outstanding claims	164,126	78,113	123	55,016	105,906	36,154	439,438	199,609
Gross claim incurred	659,290	628,926	1,726	297,284	1,162,899	700,008	3,450,133	2,238,450
Reinsurance recoveries	215,194	161,671	-	117,027	-	341,685	835,577	300,735
Due from re-insurers	95,992	58,815	1,682	33,040	91,374	35,877	316,780	23,644
Gross recoveries	311,186	220,486	1,682	150,067	91,374	377,562	1,152,357	324,379
Net benefits and claims	348,104	408,440	44	147,217	1,071,525	322,446	2,297,776	1,914,071
Net income	1,260,626	902,318	20,021	502,181	1,429,468	196,830	4,311,444	4,168,163
UNDERWRITING EXPENSES								
Amortised deferred acquisition costs	(422,628)	(160,565)	(4,592)	(90,200)	(249,450)	(97,945)	(1,025,380)	(1,104,691)
Other underwriting expenses	(206,471)	(161,722)	(4,624)	(90,850)	(251,248)	(98,653)	(813,569)	(517,247)
Underwriting profit	631,526	580,030	10,805	321,131	928,770	232	2,472,495	2,546,225

APPENDIX 2 (STATEMENT OF VALUE ADDED)

	GROUP				COMPANY			
in thousands of Nigerian Naira	2018		2017		2018		2017	
Gross premium written	15,840,697		14,037,879		8,018,299		7,298,974	
Net benefits and claims	(6,976,613)		(5,154,205)		(2,297,776)		(1,914,071)	
Premiums ceded to reinsurers	(2,155,601)		(1,885,655)		(1,447,700)		(1,046,287)	
Other charges and expenses	(5,994,957)		(5,361,421)		(4,184,161)		(3,462,687)	
Fees and commission income	482,307		309,646		379,214		142,249	
	1,195,833		1,946,244		467,876		1,018,178	
Investment income	2,186,282		1,597,262		1,078,816		896,167	
Value added	3,382,115	100	3,543,506	100	1,546,692	100	1,914,345	100
Applied to pay:								
Employee benefits	1,842,628	54	1,939,809	54	814,160	53	846,284	44
Government as tax	244,763	7	418,716	12	118,437	8	289,697	15
Retained in the business:								
Contingency reserve	158,504	5	268,604	8	95,985	6	218,970	11
Deferred income tax	(12,789)	-0	(106,131)	-3	38,180	2	(45,882)	-2
Profit for the year	1,128,128	33	1,036,481	29	479,929	31	605,276	31
Non-controlling interest	20,880	1	(13,973)	-0	-	0	-	0
Value added	3,382,115	100	3,543,506	100	1,546,692	100	1,914,345	100

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

MUTUAL BENEFITS ASSURANCE PLC

APPENDIX 3 - FIVE - YEAR FINANCIAL SUMMARY

Group - Statement of financial position
in thousands of Nigerian Naira

	31 Dec-2018	31 Dec-2017	31 Dec-2016	31 Dec-2015	31 Dec-2014
ASSETS					
Cash and cash equivalents	5,483,347	8,345,638	10,734,374	14,016,106	13,207,978
Financial assets:					
Available-for-sale investment securities	-	849,524	849,374	694,036	549,418
Fair value through profit or loss	3,239,416	110,952	64,097	93,463	128,201
Financial assets held for trading	-	-	-	-	-
Equity instruments at fair value through OCI	731,018	-	-	-	-
Loans and receivables	11,877,818	12,245,702	12,410,169	11,799,273	9,096,984
Held-to-maturity	-	16,840,317	8,214,636	-	-
Financial assets at amortised cost	19,346,552	-	-	-	-
Assets pledged as collateral	-	-	91,188	115,297	129,467
Financial assets held for trading pledged as collateral	142,100	168,064	-	-	-
Trade receivables	912,116	629,280	462,616	208,703	66,515
Reinsurance assets	3,574,723	2,455,731	1,871,739	1,414,600	1,562,803
Other receivables	1,343,309	993,182	888,020	1,454,498	1,386,475
Deferred acquisition costs	457,248	485,283	340,338	322,609	260,153
Finance lease receivables	116,154	145,055	420,049	1,044,864	518,455
Inventories	518,236	907,822	1,332,864	1,533,164	3,020,272
Assets held for sale	5,550,000	-	-	-	-
Investment properties	1,476,000	8,566,000	8,726,390	8,731,665	6,984,764
Investments in associates	-	-	-	6,116	-
Intangible assets	49,550	43,994	73,531	89,646	99,133
Property, plant and equipment	3,930,518	3,922,931	4,024,297	3,850,522	5,905,509
Statutory deposit	500,000	500,000	500,000	500,000	500,000
Deposit for shares	7,238	480,588	460,588	417,587	515,479
Deferred tax assets	-	-	-	-	97,097
Goodwill	1,543	1,543	1,543	1,543	17,980
Total assets	59,256,886	57,691,606	51,465,813	46,293,692	44,046,683
LIABILITIES					
Insurance contract liabilities	13,050,555	10,299,090	7,401,872	6,087,972	5,194,547
Investment contract liabilities	25,276,261	26,564,221	25,956,771	24,217,581	20,857,951
Trade payables	1,768,573	2,858,296	1,270,219	816,655	81,322
Other liabilities	955,719	1,161,224	1,710,996	1,285,889	5,569,823
Deposit liabilities	512,153	259,268	203,845	509,867	485,281
Book overdraft	-	-	-	-	6,605
Borrowings	6,671,845	6,509,170	6,258,070	4,073,095	3,619,988
Current income tax liabilities	793,528	687,173	503,843	521,385	505,961
Deferred tax liabilities	1,118,231	1,063,084	1,147,429	1,136,079	1,237,469
Total liabilities	50,146,865	49,401,526	44,453,045	38,648,523	37,558,947
EQUITY					
Share capital	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Treasury shares	(250)	(250)	(250)	(250)	(250)
Foreign currency transalation reserve	1,116,284	911,064	906,502	184,491	127,775
Contingency reserve	2,960,268	2,801,764	2,533,160	2,292,040	1,942,418
Fair value reserve	(288,560)	-	-	-	-
Revaluation reserve	1,520,131	1,467,403	1,288,563	1,288,563	1,288,563
Accumulated losses	(421,610)	(1,079,247)	(1,838,814)	(246,829)	(893,909)
Shareholders's fund	8,886,263	8,100,734	6,889,161	7,518,015	6,464,597
Owners of the parent	8,886,263	8,100,734	6,889,161	7,518,015	6,464,597
Non-controlling interests in equity	223,758	189,346	123,607	127,154	23,139
Total equity	9,110,021	8,290,080	7,012,768	7,645,169	6,487,736
Total liabilities and equity	59,256,886	57,691,606	51,465,813	46,293,692	44,046,683

APPENDIX 3 - FIVE - YEAR FINANCIAL SUMMARY

Group- Statement of profit or loss *in thousands of Nigerian Naira*	2018	2017	2016	2015	2014
Gross premium written	15,840,697	14,037,879	12,143,610	14,598,070	15,451,048
Gross premium income	15,634,846	13,352,960	11,982,537	13,801,208	15,535,631
Profit/(loss) before income tax	1,380,983	1,335,093	(1,068,666)	1,195,271	4,980,892
Income tax expense	(231,975)	(312,585)	(277,620)	(303,500)	(758,954)
Profit/(loss) after income tax	1,149,008	1,022,508	(1,346,286)	891,771	4,221,938
Transfer to contingency reserve	(158,504)	(268,604)	(241,120)	(349,622)	(505,662)
Earnings per share- Basic (kobo)	14	13	(17)	10	53
Earnings per share- Diluted (kobo)	14	13	(17)	10	53

MUTUAL BENEFITS ASSURANCE PLC

APPENDIX 3 - FIVE - YEAR FINANCIAL SUMMARY

Company - Statement of financial position *in thousands of Nigerian Naira*	31 Dec-2018	31 Dec-2017	31 Dec-2016	31 Dec-2015	31 Dec-2014
ASSETS					
Cash and cash equivalents	2,452,961	3,249,277	3,804,953	4,111,237	5,273,617
Financial assets:					
Available-for-sale investment securities	-	21,553	21,553	1,000	10,000
Equity Instruments at fair value through OCI	54,211	-	-	-	-
Financial assets at fair value through profit or loss	2,752,187	110,952	64,097	93,463	128,201
Financial assets held for trading	-	-	-	-	-
Loans and receivables	325,076	633,143	770,941	759,843	519,328
Held to maturity	-	4,457,954	2,030,905	-	-
Debt Instruments at amortised costs	4,461,246	-	-	-	-
Financial assets held for trading pledged as collateral	142,100	168,064	91,188	115,297	129,467
Trade receivables	386,040	278,159	102,994	64,769	23,443
Reinsurance assets	1,507,512	1,086,826	1,057,693	1,224,190	1,235,294
Other receivables	348,255	560,682	319,213	770,158	523,908
Deferred acquisition costs	352,860	312,182	235,053	261,798	208,844
Finance lease receivables	116,154	134,044	147,965	668,727	739,877
Investment properties	56,000	56,000	56,000	56,000	47,000
Investment in subsidiaries	4,000,000	4,000,000	4,000,000	2,000,000	2,000,000
Intangible assets	10,924	15,387	33,305	57,303	89,222
Property, plant and equipment	2,689,262	2,925,601	3,152,644	3,037,357	3,204,920
Statutory deposit	300,000	300,000	300,000	300,000	300,000
Deposit for shares	7,238	410,588	390,588	2,277,587	55,479
Total assets	**19,962,026**	**18,720,412**	**16,579,092**	**15,798,729**	**14,488,600**
LIABILITIES					
Insurance contract liabilities	5,132,636	4,352,606	3,822,730	3,971,168	3,364,254
Trade payables	855,443	1,028,272	452,495	277,749	383,215
Other liabilities	286,387	235,695	287,412	236,580	701,278
Book overdraft	-	-	-	-	6,605
Borrowings	6,671,845	6,509,170	6,258,070	4,073,095	3,562,515
Current income tax liabilities	479,914	422,005	217,733	317,932	248,738
Deferred tax liabilities	787,419	705,821	729,917	720,943	673,346
Total liabilities	**14,213,644**	**13,253,569**	**11,768,357**	**9,597,467**	**8,939,951**
EQUITY					
Share capital	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Treasury shares	(250)	(250)	(250)	(250)	(250)
Contingency reserve	2,494,470	2,398,485	2,179,515	1,981,910	1,665,665
Fair value losses	(139,697)	-	-	-	-
Revaluation reserve	1,339,395	1,339,395	1,288,563	1,288,563	1,288,563
Accumulated losses	(1,945,536)	(2,270,787)	(2,657,093)	(1,068,961)	(1,405,329)
Shareholders's fund	5,748,382	5,466,843	4,810,735	6,201,262	5,548,649
Total liabilities and equity	**19,962,026**	**18,720,412**	**16,579,092**	**15,798,729**	**14,488,600**

APPENDIX 3 - FIVE - YEAR FINANCIAL SUMMARY

Company - Statement of profit or loss *in thousands of Nigerian Naira*	2018	2017	2016	2015	2014
Gross premium written	8,018,299	7,298,974	6,586,846	10,541,503	11,354,526
Premium earned	7,677,706	6,986,273	6,660,747	10,230,490	11,347,162
Profit/(loss) before income tax	636,547	849,091	(1,248,946)	901,266	2,742,315
Income tax expense	(156,618)	(243,815)	(141,581)	(248,653)	(498,547)
Profit/(loss) after income tax	479,929	605,276	(1,390,527)	652,613	2,243,768
Transfer to contingency reserve	(95,985)	(218,970)	(197,605)	(316,245)	(448,754)
Earnings/(loss) per share- Basic (kobo)	6	8	(17)	8	28
Earnings/(loss) per share- Diluted (kobo)	6	8	(17)	8	28