

RC:681998

**MUTUAL BENEFITS LIFE ASSURANCE LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER, 2009**

**Babington**

**Ashaye & Co.**

Chartered Accountants  
Speedway House  
21, Araromi Street, off Moloney Street  
Onikan, Lagos  
P. O. Box 51689, Falomo - Ikoyi, Lagos  
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## Directors and Professional Advisers

### Directors:

Chief Chamberlain Oyibo  
Mr. Akin Opeodu  
Mr. Akin Ogunbiyi  
Mr. Godspower Agofure  
Mr. Adesoye Olatunji  
Mr. Dipo Owolabi  
Mr. Gbenga Ogunko  
Mr. David Balogun  
Dr. M.O. Ajaja  
Mrs. I.Z. Aret-Adams  
Chief Ladi Rotimi-Williams (SAN)  
Mr. Fisayo Oyedeji  
Prof. Pat Utomi  
Mr. Michael Govan  
Amb. Hans H. Hertell

( American)  
( American)

Chairman  
Vice Chairman  
Managing  
Chief Operating Officer  
Executive  
Executive  
Executive  
Executive

### Registered Office

Mutual Benefits Assurance Plc  
Aret Adams House  
233, Ikorodu Road  
Ilupeju  
Lagos.

### Major Bankers

Access Bank Plc  
First Bank Nigeria Plc  
Sterling Bank Plc

### Company Secretary

Abdulai Taiwo & Co.  
Goodwill House  
278, Ikorodu Road  
Anthony  
Lagos.

### Auditors

Babington Ashaye & Co.  
Speedway House  
21, Araromi Street  
Off Moloney Street  
Onikan  
Lagos.

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

We have audited the financial statements on pages 6 to 15 which have been prepared on the basis of the accounting policies on pages 4 and 5.

**DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004 and the Insurance Act CAP 117 LFN 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

**AUDITORS' RESPONSIBILITY**

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

**BASIS OF OPINION**

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

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

**OPINION**

In our opinion, the company has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies and Allied Matters Act CAP C20 LFN 2004 and the Insurance Act CAP 117 LFN 2004.

The financial statements give a true and fair view of the financial position of **Mutual Benefits Life Assurance Limited** as at 31 December 2009, and of its profit and cash flow for the year ended in accordance with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board.

*Babington Ashaye & Co*  
CHARTERED ACCOUNTANTS  
LAGOS, NIGERIA.

*September 1, 2010*      3



Partners:  
A. A. Babington - Ashaye  
Tunde Ajayi  
Bolale Alao (Mrs.)  
Jide Oni

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# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER, 2009

### 1 Basis of Accounting

The financial statements are prepared on the historical cost convention, adopting the fund basis of accounting and comply with all relevant statements of accounting standards issued by the Nigerian Accounting Standards Board.

### 2 Premium Income

This represents Insurance premium on both direct and indirect business.

### 3 Gross Premium

Gross Premium is recognised at the point of attachment of risk to a policy before deducting cost of reinsurance cover. All written premium relating to risk for period not falling within the accounting period is carried forward as unearned premium.

### 4 Reinsurance Cost

This represents Re-insurance Premium paid after adjusting for increase or decrease in unexpired portion.

### 5 Investments

#### A Long term

Long term investment are stated at cost or revalued amount/market value. Provision is made where there is a permanent diminution in value of the investments.

#### Investments in Subsidiaries

Investments in Subsidiaries are carried in the Company's Balance Sheet at Cost less provision for diminution. Whereby in the opinion of the Directors, there has been impairment in the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Profit and Loss account.

#### B Short term

Short term Investment are stated at lower of cost and market value.

### 6 Income on Investments

Interest income is accounted for on an accrual basis, while dividend income is accounted for on the basis of the amounts actually received during the year.

### 7 Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost of fixed assets in equal annual instalments over the estimated useful lives at the following rates:

Freehold Land & Building	2%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicles	25%
Leasehold improvements	20%
Plants and Machinery	20%

### 8 Debtors

Debtors are stated after making adequate provision for balances doubtful of recovery.

## MUTUAL BENEFITS LIFE ASSURANCE LIMITED

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES- CONT'D YEAR ENDED 31 DECEMBER,2009

#### 9 Technical Reserves

##### General Reserve Fund

For life business, general reserve is calculated and credited with an amount equal to the net liabilities on policies in force at the actuarial and an additional 25% of the net premium for the year between valuation date.

#### 10 Deposit Administration

Inflow to Deposit Administration and similar saving businesses are recognised as liabilities. Interest accruing to depositors from investment of the savings is recognised in the deposit administration revenue account in the year it is earned while interest paid and due to depositors is recognised as an expense.

#### 11 Claims Expenses

All claims paid and incurred are charged against revenue as expense when incurred. Reinsurance recoveries are recognised when the re-insurer accepts liability for the claims.

#### 12 Underwriting Expenses

Underwriting expenses for insurance contracts are recognised as expense when incurred, with the exception of acquisition costs, which are recognised on a time apportionment basis in respect of risks.

#### 13 Management Expenses

Management expenses are expenses other than claims, investment and underwriting expenses. They include salaries and wages, depreciation expenses and other non-operating expenses. They are accounted for on an accrual basis.

#### 14 Foreign Currencies

Transactions arising in foreign currencies are converted into naira at appropriate rate of exchange ruling at the time they arise. Assets and liabilities in foreign currencies are translated into naira at the exchange rates ruling at the balance sheet date. Gain and losses arising on translation are included in the profit and loss account.

#### 15 Pension Scheme

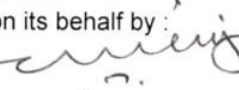
The company maintains a pension scheme for its employees in line with the Pension Reform Act.2004. Contribution to the scheme is by the company and the employees. The contribution by the employees and the company is 7.5% each of the employees' total emoluments.

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## BALANCE SHEET AS AT 31 DECEMBER, 2009

	Note	2009 N'000	2008 N'000
<b>ASSETS</b>			
Cash and short term funds	2	179,017	279,507
Due on insurance accounts	3	367,544	548,988
Prepayments and other debit balances	4	173,246	115,183
Advances under Finance lease	5	645,060	131,800
Long-term Investments	6a	1,092,473	353,825
Investment in Subsidiary	6b	1,174,803	1,384,823
Investment in Real Estate	6c	1,221,750	592,500
Investment in Joint Venture Projects	6d	200,000	120,000
Deposit with Central Bank of Nigeria		200,000	200,000
Fixed assets	7	100,308	78,581
<b>Total Assets</b>		<b>5,354,202</b>	<b>3,805,207</b>
<b>LIABILITIES</b>			
Creditors and accruals	8	222,765	26,846
Taxation	9	381	-
Deferred taxation	9	15,285	-
Deposit administration	10	2,482,183	1,263,092
Insurance funds	11	439,573	265,359
<b>TOTAL LIABILITIES</b>		<b>3,160,187</b>	<b>1,555,295</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	150,000	150,000
Share premium		1,850,000	1,850,000
General reserve	13	130,601	83,919
Contingency reserve	14	63,414	45,993
<b>Shareholders' funds</b>		<b>2,194,015</b>	<b>2,129,912</b>
		<b>5,354,202</b>	<b>3,685,207</b>

The financial statements were approved by the Board of Directors on 1 September, 2010 and signed on its behalf by :

  
 \_\_\_\_\_  
 Director  
 }  
 }  
 }  
 }  
 \_\_\_\_\_  
 Director  
 }

The accounting policies on pages 4 & 5 and the notes on pages 11 to 15 form part of these financial statements.

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## PROFIT AND LOSS ACCOUNT YEAR ENDED 31 DECEMBER, 2009

	2009 N'000	2008 N'000
Investment Income	59,327	26,736
Profit from deposit administration	47,406	20,963
<b>Net Operating Income</b>	<u>106,733</u>	<u>47,699</u>
Management expense	(26,576)	(18,710)
Profit before taxation	<u>80,157</u>	<u>28,989</u>
Taxation	(15,666)	-
Profit after taxation	<u>64,491</u>	<u>28,989</u>
Transferred to Contingency reserve	17,421	10,565
Profit transferred to general reserve	47,070	18,424
	<u>64,491</u>	<u>28,989</u>

The accounting policies on pages 4 & 5 and the notes on pages 11 to 15 form part of these financial statements.



# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## REVENUE ACCOUNT YEAR ENDED 31 DECEMBER, 2009

	Note	2009 N'000	2008 N'000
Premium	15.	654,584	305,081
Investment Income		29,664	13,368
<b>Total Income</b>		<u>684,248</u>	<u>318,449</u>
Net Claim Incurred		218,352	49,142
Commission		79,072	13,979
Management expense		212,610	149,680
<b>Total Expenses</b>		<u>510,034</u>	<u>212,801</u>
<b>Increase in Life fund</b>		<u><u>174,214</u></u>	<u><u>105,648</u></u>

The accounting policies on pages 4 & 5 and the notes on pages 11 to 15 form part of these financial statements.

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

YEAR ENDED 31 DECEMBER, 2009

## REVENUE ACCOUNT FOR DEPOSIT ADMINISTRATION

2009  
N'000

2008  
N'000

### INCOME

Interest Income

26,744

10,897

Investment income

477,538

216,356

504,282

227,253

### EXPENSES

Commission on ISPP

407,226

187,580

Guarantee Interest

23,074

-

Management expenses

26,576

18,710

Total Expenses

456,876

206,290

Profit

47,406

20,963

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## STATEMENT OF CASH FLOW YEAR ENDED 31 DECEMBER, 2009

	2009 N'000	2008 N'000
<b>Cash flow from operating activities</b>		
Premium received from policy holders	2,810,179	1,112,576
Cash paid to and on behalf of employees	(88,745)	(62,294)
Other Operating Cash Payments	(724,105)	(118,351)
Claims and commission paid	(727,724)	(379,355)
Other income	593,273	267,357
Cash generated from operations	1,862,878	819,933
Net cash provided by operating activities(Note 16)	1,862,878	819,933
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(105,491)	(77,895)
Purchase of Investments	(1,857,878)	(544,343)
Net cash used by investing activities	(1,963,368)	(622,238)
Net (Decrease)/increase in cash and cash equivalents	(100,490)	197,694
Cash and cash equivalents as at 1 January, 2009	279,507	81,813
Cash and cash equivalent as at 31 December, 2009(Note 17)	179,017	279,507

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER, 2009

### 1. Legal form

Mutual Benefits Life Assurance Limited was incorporated as a limited liability company under the Companies and Allied Matters Act CAP C20 LFN 2004 on February 2007 and was granted license as a life insurer with effect from 1 March, 2007. A wholly owned subsidiary of Mutual Benefits Assurance Plc. It has its Head Office in Lagos and Branch Offices at Abuja, Ikeja, Apapa, Akure, Ikoyi, Ado Ekiti, Oshogbo, Warri, Calabar, Abeokuta, Kano, Ibadan, Port Harcourt and Yenagoa. The company is principally involved in the provision of Life Insurance businesses.

	2009 N'000	2008 N'000
<b>2. Cash and short-term funds</b>		
Cash and bank balances	131,291	107,725
Short-term deposits	47,726	171,782
	<u>179,017</u>	<u>279,507</u>
<b>3. Due on Insurance</b>		
Due on Insurance	367,544	548,988
Less: Provision for doubtful debts	-	-
	<u>367,544</u>	<u>548,988</u>
<b>4. Prepayments and other debit balances</b>		
Prepayments	37,581	17,126
Rent receivable	27,240	-
Staff loans and advances	13,962	27,206
Policy Loan	24,052	-
Other debtors	70,411	70,851
	<u>173,246</u>	<u>115,183</u>
<b>5 Advances under finance lease</b>		
Balance at 1 January,	131,800	60,000
Additions in the year	527,200	131,800
Payments	(13,940)	(60,000)
Balance as at 31 December	<u>645,060</u>	<u>131,800</u>
<b>6. Long-term investments:</b>		
<b>6a. 1. Unquoted</b>		
Ordinary shares	992,473	-
21% Redemable preference shares (2005/2008)	100,000	353,825
	<u>1,092,473</u>	<u>353,825</u>
<b>6b Investment in Subsidiaries:</b>		
Mutual Benefits Properties Ltd	1,174,803	1,295,971
MBA Liberia	-	88,852
	<u>1,174,803</u>	<u>1,384,823</u>
<b>6c Investment in Real Estate</b>		
<b>Long Term</b>		
Investment in Owned Properties - (for rent)	722,279	-
<b>Short Term</b>		
Investment in Landed properties (held for developments)	499,471	592,500
	<u>1,221,750</u>	<u>592,500</u>
<b>6d Investment in Joint Venture Project</b>		
Short Term	<u>200,000</u>	<u>120,000</u>

The directors are of the opinion that the market value of unquoted investments at 31 December, 2009 was not below the cost.



# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER, 2009

## 7. Fixed assets

	Leasehold Land & building	Land & building	Motor Vehicles	Furniture, Fittings & Equipment	Plant and Machinery	Total
		N'000	N'000	N'000	N'000	N'000
<b>Cost:</b>						
At 1 January , 2009	-	57,698	5,810	22,955	525	86,987
Additions	62,207	-	9,096	32,244	1,943	105,491
Disposal/Reclassification	-	(57,698)	-	-	-	(57,698)
At 31 December, 2009	62,207	-	14,906	55,199	2,468	134,780
<b>Depreciation:</b>						
At 1 January , 2009	-	-	1,838	6,464	105	8,407
Charge for the year	11,240	-	3,341	10,991	494	26,065
Disposal/Reclassification	-	-	-	-	-	-
At 31 December, 2009	11,240	-	5,179	17,455	599	34,472
<b>Net book value:</b>						
At 31 December, 2009	50,967	-	9,728	37,744	1,869	100,308
At 31 December, 2008	-	57,698	3,972	16,491	420	78,581

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER, 2009

	2009 N'000	2008 N'000
<b>8. Creditors and accruals</b>		
Other payables	222,765	26,846
	<u>222,765</u>	<u>26,846</u>
<b>9. Taxation</b>		
i Per profit and loss account		
Charge for the year		
Income tax	381	-
Education tax	-	-
	<u>381</u>	<u>-</u>
Deferred taxation	15,285	-
	<u>15,666</u>	<u>-</u>
ii Per balance sheet		
At 1 January	-	-
Charge for the year	381	-
Payment in the year	-	-
	<u>381</u>	<u>-</u>
iii Deferred taxation		
At 1 January	-	-
Charge for the year	15,285	-
	<u>15,285</u>	<u>-</u>
<b>10. Deposit administration</b>		
At 1 January	1,263,092	366,791
Additions in the year	1,974,151	982,647
Withdrawals	(755,060)	(86,347)
At 31 December	<u>2,482,183</u>	<u>1,263,092</u>
<b>11. Insurance funds</b>		
<b>Life and pension</b>		
At 1 January	265,359	159,711
Transfer from revenue account	174,214	105,648
	<u>439,573</u>	<u>265,359</u>
<b>12. Share capital</b>		
	2009 N'000	2008 N'000
<b>Authorised:</b>		
4,000,000,000 ordinary shares of 50k each	<u>2,000,000</u>	<u>2,000,000</u>
	N'000	N'000
<b>Called-up and fully paid:</b>		
At 31 December	<u>150,000</u>	<u>150,000</u>

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER, 2009

	2009 N'000	2008 N'000	
<b>13. General reserve</b>			
At 1 January	83,919	65,495	
Transfer from Profit and Loss Account	47,070	18,424	
Prior year adjustment	(388)		
	<u>130,601</u>	<u>83,919</u>	
<b>14. Contingency reserve</b>			
	At 01-Jan 2009 N'000	Transfer from revenue N'000	At 31-Dec 2009 N'000
Life	<u>45,993</u>	<u>17,421</u>	<u>63,414</u>
<b>15. Premium</b>			
	2009 N'000	2008 N'000	
Life Premium	<u>2,628,736</u>	<u>1,287,728</u>	
<b>16. Reconciliation of operating profit to the cash provided by operating activities:</b>			
	2009 N'000	2008 N'000	
Depreciation	26,451	1,818	
Increase in creditors	2,226,308	1,342,500	
Increase in debtors	(389,881)	(524,386)	
	<u>1,862,878</u>	<u>819,933</u>	
<b>17. Cash &amp; Cash equivalents as at end of the year</b>			
Cash and Bank Balances	131,291	107,725	
Short-term Deposits	47,726	171,782	
	<u>179,017</u>	<u>279,507</u>	

# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## VALUE ADDED STATEMENT YEAR ENDED 31 DECEMBER, 2009

	2009 N'000	%	2008 N'000	%
Net Premium income	4,602,887		2,270,375	
Investment and other income	504,282		227,253	
	<b>5,107,170</b>		<b>2,497,628</b>	
Claims and commissions	(727,724)		(250,701)	
Other expenses and services	(4,009,880)		(2,043,540)	
<b>VALUE ADDED</b>	<b>369,566</b>	<b>100</b>	<b>203,387</b>	<b>100</b>
<b>APPLIED AS FOLLOWS:</b>				
<b>Employees</b>				
Salaries and wages	88,745	24	62,294	31
<b>Government</b>				
Taxation	381	0.10	-	-
<b>Retained in business:</b>				
- Depreciation, for maintenance of assets	26,451	7	6,456	3
- Deferred taxation	15,285	4	-	-
- Contingency reserve	17,421	5	10,565	5
- Insurance Funds	47,070	13	18,424	9
- For future growth	174,214	47	105,648	52
	<b>369,566</b>	<b>100</b>	<b>203,387</b>	<b>100</b>

The value added represents the wealth created through the use of the company's assets by the employees of the company and the allocation among the employees, shareholders, government and retention for future creation of wealth.



# MUTUAL BENEFITS LIFE ASSURANCE LIMITED

## MANAGEMENT EXPENSES

	2009 N'000	2008 N'000
Directors' emoluments	2,178	14,716
Staff salaries	88,745	62,294
Advertising and public relations	22,814	35,571
Vehicles running expenses	1,470	740
Audit fees	1,500	1,000
Bank charges	17,367	8,813
Depreciation	26,451	6,456
Donations and subscriptions	796	243
Legal & Professional fees	23,445	7,009
Electricity, Rent and rates	19,904	19,782
Entertainment	3,553	2,126
Transport and travelling	11,992	7,315
Newspapers and periodicals	194	7
Printing and stationery	14,355	9,128
Postages & courier services	2,207	7
Repairs and maintenance	8,907	2,204
Telecommunications	4,301	4,064
Toiletries & Provision	2,654	4,656
Computer Resources	3,274	970
Insurance Levy	5,431	-
Insurance	1,908	-
Pension funds	2,320	-
	<u>265,763</u>	<u>187,100</u>