



CORNERSTONE INSURANCE PLC

SUMMARY FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the summary financial information of Cornerstone Insurance Plc ("the Company") and its subsidiary companies (together "the Group") for the year ended 31 December 2019. These summary financial information are derived from the full consolidated and separate financial statements for the year ended 31 December 2019 and are not the full consolidated and separate financial statements of the Company and the Group. The full consolidated and separate financial statements, from which these summary financial information were derived, will be delivered to the Corporate Affairs Commission within the required deadline. The Company's Auditor issued an unmodified audit opinion on the full consolidated and separate financial statements for the year ended 31 December 2019 from which these summary financial information were derived.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	N'000	N'000	N'000	N'000
Assets				
Cash and cash equivalents	12,649,384	4,227,075	8,193,360	3,424,044
Financial assets	12,661,308	10,846,497	11,169,338	9,295,574
Trade receivables	60,183	136,021	58,100	134,452
Other receivables and prepayments	405,460	372,923	434,060	340,464
Reinsurance assets	4,732,524	3,236,164	4,352,839	2,930,544
Deferred acquisition costs	257,866	278,428	219,592	237,635
Investment in joint venture	554,305	6,056,550	293,116	3,310,166
Deferred tax assets	338,923	338,923	338,923	338,923
Investment in subsidiaries	-	-	2,954,748	2,954,748
Investment properties	560,000	532,000	-	-
Property and equipment	1,904,212	1,838,849	639,309	578,660
Intangible assets	29,364	48,816	29,364	46,384
Statutory deposit	1,000,000	800,000	700,000	500,000
Total assets	35,153,529	28,712,246	29,382,749	24,091,594
Liabilities				
Investment contract liabilities	3,406,701	3,416,364	3,406,701	3,416,364
Insurance contract liabilities	11,730,130	10,828,821	10,703,380	9,848,591
Trade payables	3,591,779	2,389,312	3,481,119	2,307,108
Other payables and accruals	801,176	744,983	642,407	559,543
Deferred commission income	265,073	167,049	231,961	142,617
Current tax liabilities	476,717	541,971	318,953	323,998
Deferred tax liabilities	-	208,382	-	-
Employees benefit obligations	3,577	3,306	1,553	1,282
Total liabilities	20,275,153	18,300,188	18,786,074	16,599,503
Equity				
Share capital	7,364,754	7,364,754	7,364,754	7,364,754
Share premium	1,947,166	1,947,166	1,947,166	1,947,166
Treasury shares	(48,175)	(48,175)	(48,175)	(48,175)
Accumulated profit/(loss)	1,392,250	(1,921,005)	(1,844,004)	(4,267,842)
Contingency reserve	3,545,360	2,789,880	2,942,312	2,428,926
Fair value reserves	426,306	75,220	234,622	67,262
Shareholders' funds	14,627,661	10,207,840	10,596,675	7,492,091
Non-controlling interest	250,715	204,218	-	-
Total equity	14,878,376	10,412,058	10,596,675	7,492,091
Total liabilities and equity	35,153,529	28,712,246	29,382,749	24,091,594

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	N'000	N'000	N'000	N'000
Gross premium income	13,296,136	11,353,294	12,105,513	10,288,371
Changes in life fund	53,102	(108,745)	53,102	(108,745)
Changes in life annuity fund	(405,124)	(287,550)	(405,124)	(287,550)
Reinsurance expense	(6,355,184)	(5,198,262)	(5,782,952)	(4,720,998)
Net premium income	6,588,930	5,758,737	5,970,539	5,171,078
Fees and commission income	1,143,006	760,270	1,019,282	675,723
Net underwriting income	7,731,936	6,519,007	6,989,821	5,846,801
Gross claims incurred	(5,098,082)	(4,640,237)	(4,835,899)	(4,473,067)
Insurance claims recoveries from reinsurers	2,029,214	2,204,000	1,908,280	2,031,589
Net claims expenses	(3,068,868)	(2,436,237)	(2,927,619)	(2,441,478)
Acquisition cost	(1,476,999)	(1,308,513)	(1,299,973)	(1,145,007)
Maintenance cost	(514,559)	(443,117)	(418,035)	(400,333)
Underwriting expenses	(1,991,558)	(1,751,630)	(1,718,008)	(1,545,340)
Underwriting results	2,671,510	2,331,140	2,344,194	1,859,983
Loss on deposit administration / investment contracts	(186,336)	(176,270)	(186,336)	(176,270)
Investment income	1,128,420	919,387	882,399	699,166
Fair value changes in investment property	28,000	29,000	-	-
Fair value changes in financial assets - FVPL	476,176	236,343	476,176	236,343
Net exchange gain	67,305	95,953	59,393	88,186
Net trading income/(loss)	1,267,790	(29,714)	1,120,669	(29,714)
Other operating income	481,275	119,276	423,317	81,792
Share of profit/(loss) in joint venture	1,586,483	2,945,052	871,010	1,616,891
Impairment losses on financial assets	(51,089)	(253,657)	(51,089)	(253,657)
Personnel expenses	(1,797,399)	(1,513,491)	(1,500,717)	(1,256,507)
Depreciation	(161,450)	(194,613)	(124,508)	(155,812)
Amortisation	(22,368)	(24,569)	(19,936)	(21,748)
Other operating expenses	(1,407,790)	(1,142,694)	(1,202,913)	(1,160,156)
Finance cost	(66,785)	(56,589)	(56,929)	(48,090)
Profit before income and minimum tax	4,013,742	3,284,554	3,034,730	1,480,407
Minimum tax	(54,874)	(82,102)	(48,921)	(82,102)
Profit after minimum tax	3,958,868	3,202,452	2,985,809	1,398,305
Income tax expenses	150,055	(184,880)	(48,585)	(109,567)
Profit for the year	4,108,923	3,017,572	2,937,224	1,288,738
Attributable to shareholders	4,068,735	2,968,276	2,937,224	1,288,738
Attributable to non-controlling interest	40,188	49,296	-	-
Other comprehensive income, net of tax:	4,108,923	3,017,572	2,937,224	1,288,738
<i>Items within OCI that may be reclassified to profit or loss</i>				
Fair value changes on available-for-sale securities	357,395	63,352	167,360	7,352
Total other comprehensive income, net of tax:	357,395	63,352	167,360	7,352
Total comprehensive income/(loss) for the year	4,466,318	3,080,924	3,104,584	1,296,090
Attributable to shareholders	4,419,821	3,029,769	3,104,584	1,296,090
Attributable to non-controlling interest	46,497	51,155	-	-
Basic and diluted earning per share (Kobo)	28	20	20	9

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	N'000	N'000	N'000	N'000
Cash flows from operating activities				
Insurance premium received	13,134,737	11,433,146	11,896,404	10,357,109
Premium deposits received	693,162	1,830,824	635,380	1,740,590
Deposit liabilities - contributions during the year	1,403,778	1,499,703	1,403,778	1,499,703
Deposit liabilities - withdrawals during the year	(1,599,777)	(1,340,463)	(1,599,777)	(1,340,463)
Reinsurance premium paid	(5,722,565)	(5,004,361)	(5,108,089)	(4,482,203)
Commission received	1,241,030	799,182	1,108,625	704,595
Claims paid during the year	(4,311,560)	(5,076,333)	(4,047,671)	(4,659,305)
Contribution to annuity fund	-	60,125	-	60,125
Annuity benefits paid	-	(61,899)	-	(61,899)
Reinsurance claims recovered	993,320	1,515,568	993,320	1,322,877
Commission paid	(1,451,569)	(1,328,618)	(1,276,394)	(1,172,426)
Maintenance cost paid	(514,559)	(443,117)	(418,035)	(400,333)
Recovery on subrogation	47,642	65,430	38,287	65,430
Administrative income	29,110	-	29,110	-
Other operating income	404,421	62,584	355,920	25,540
Personnel and employee expenses	(1,786,356)	(1,502,560)	(1,500,446)	(1,256,494)
Payment for statutory deposits	(200,000)	-	(200,000)	-
Other operating cash payments	(2,543,999)	(2,268,694)	(2,348,012)	(1,753,876)
Net cash used in operating activities	(183,185)	240,517	(37,600)	648,970
Tax paid	(178,455)	(125,833)	(102,551)	(100,441)
Net cash used in operating activities	(361,640)	114,684	(140,151)	548,529
Cash flows from investing activities				
Interest received	419,040	576,423	334,196	482,409
Dividend received	330,219	183,204	261,135	161,449
Purchase of property and equipment	(202,159)	(72,424)	(164,105)	(55,151)
Purchase of intangibles	(2,916)	(2,500)	(2,916)	(2,500)
Redemptions on loans to policyholders	113,680	12,383	113,680	12,383
Investment in joint venture	(598,220)	(482,366)	(332,226)	(312,916)
Proceeds from sale of property and equipment	1,596	48,218	1,370	24,346
Purchase of AFS financial assets	(2,627,590)	(342,892)	(2,627,590)	(342,892)
Addition to loans to policyholders	(103,466)	(115,476)	(103,466)	(115,476)
Purchase of HTM investments	(3,567,360)	(1,359,010)	(2,813,819)	-
Dividend received from joint venture	7,686,948	-	4,220,286	-
Proceeds from sale of financial assets	7,400,962	2,113,185	6,079,851	433,387
Net cashflows from investing activities	8,850,734	558,745	4,966,396	285,039
Financing activities				
Finance cost	(66,785)	(56,589)	(56,929)	(48,090)
Net cash from financing activities	(66,785)	(56,589)	(56,929)	(48,090)
Net increase/(decrease) in cash and cash equivalents	8,422,309	616,840	4,769,316	785,478
Cash and cash equivalents, beginning of the year	4,227,075	3,610,235	3,424,044	2,638,566
Cash and cash equivalents at end of the year	12,649,384	4,227,075	8,193,360	3,424,044

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cornerstone Insurance Plc

Report on the Summary Financial Information Opinion

The summary financial information, which comprise the consolidated and separate statement of financial position as at 31 December, 2019, the consolidated and separate statement of profit or loss and other comprehensive income and the consolidated and separate statement of cash flows are derived from the audited consolidated and separate financial statements of Cornerstone Insurance Plc for the year ended December 31, 2019.

In our opinion, the accompanying summary financial information are consistent, in all material respects, with the audited consolidated and separate financial statements, in accordance with the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Insurance Act, 2003.

Summary Financial Information.

The summary financial information do not contain all the disclosures required by the International Financial Reporting Standards, the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act, 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars. Reading the summary financial information and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 7 May 2020. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period.

Directors' Responsibility for the Summary Financial Information

The Directors are responsible for the preparation of the summary financial information in accordance with the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Insurance Act, 2003.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial information are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and Section 28(2) of the Insurance Act, 2003.

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and 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.

Compliance with the requirements of Section 1.17 of the National Insurance Commission (NAICOM) 2011 Operational Guidelines for Insurers and Reinsurers

The Company paid penalties in respect of contravention of the National Insurance Commission regulations during the year ended 31 December 2019. Details of penalties paid are disclosed in note 40 to the audited financial statements.

Signed:

Ayodele H. Othiwiwa, FCA
FRC/2012/ICAN/00000000425
For: KPMG Professional Services
Chartered Accountants
7 May 2020
Lagos, Nigeria



The full consolidated and separate financial statements which can be accessed via <https://www.cornerstone.com.ng/corporate/financials.php> were approved by the Board of Directors on 20 February 2020 and signed on its behalf by:

Mr. Segun Adebani
Chairman
FRC/2014/ICAN/00000008434

Mr. Ganiyu Musa
Group Managing Director/CEO
FRC/2013/ICAN/00000003110

Mr. Kehinde Olorundare
Chief Financial Officer
FRC/2013/ICAN/00000000731