



Pan-African commitment made local

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30, JUNE 2020**

Continental Reinsurance Plc

Consolidated Statement of Profit or Loss and other Comprehensive Income
For the period ended 30 June, 2020

GROUP						
		JUNE	JUNE	JUNE	Budget	YoY %
	Note	2020	2019	2020 Budget	Achieved	Change
		=N='000	=N='000	=N='000	%	%
Gross written Premium		26,808,864	21,036,731	26,269,055	102%	27%
Insurance premium revenue	1.1	24,288,599	19,706,370	24,743,695	98%	23%
Insurance premium ceded to retrocessionaires	1.2	(5,946,817)	(2,545,854)	(4,031,151)	148%	134%
Net insurance premium revenue		18,341,782	17,160,515	20,712,543	89%	7%
Insurance benefits						
Insurance claims and loss adjustment expenses	2.1	11,315,569	9,611,329	10,744,339	105%	18%
Insurance claims and loss adjustment expenses recoverable from retrocessionaire	2.1	(2,899,836)	(1,149,515)	(1,301,097)	223%	152%
Net insurance benefits and claims		8,415,733	8,461,815	9,443,242	89%	-1%
Underwriting expenses	2.2	7,195,846	8,240,889	8,705,277	83%	-13%
Insurance benefits and underwriting expenses		15,611,579	16,702,704	18,148,519	86%	-7%
Underwriting profit		2,730,203	457,812	2,564,024	106%	496%
Net Interest income	3	983,864	1,155,739	1,733,099	57%	-15%
Net gains on financial assets designated at fair value through profit or loss	4	(68,600)	-	-		
Other income	5	537,886	142,381	305,453	176%	278%
Foreign exchange (loss)/gain	5.1	905,592	(50,131)	5,918		
Administration expenses	6.1	(341,268)	(597,184)	(485,367)	70%	-43%
Impairment of financial assets	6.2	(347,009)	-	(368,012)	94%	
Profit before taxation		4,400,668	1,108,617	3,755,117	117%	297%
Income tax expense	8	(910,178)	(291,807)	(948,649)	96%	212%
Profit after taxation		3,490,490	816,810	2,806,468	124%	327%
Profit for the year		3,490,490	816,810	2,806,468	124%	327%
Other comprehensive income:						
Other comprehensive income/(loss) to be reclassified to P & L in subsequent periods:						
Remeasurement gains on available for sale financial assets	7	(130,511)	69,156	-		-289%
Other comprehensive income for the year, net of tax		(130,511)	69,156	-		-289%
Total Comprehensive Income for the year		3,359,978	885,966	2,806,468	120%	279%
Profit attributable to:						
Equity holders of the parent		2,802,990	760,899	2,702,112	104%	268%
Non-controlling interest		687,500	55,911	104,356	659%	1130%
		3,490,490	816,810	2,806,468	124%	327%
Total comprehensive income attributable to:						
Equity holders of the parent		2,672,479	830,055	2,702,112	99%	222%
Non-controlling interest		687,500	55,911	104,356	659%	1130%
		3,359,978	885,966	2,806,468	120%	279%
Earnings per share						
Basic (kobo)	10	34	8			
Key ratios; (to NEP)						
Retro ratio		22%	12%	15%		
Claims incurred ratio - i		46%	49%	46%		
Acquisition Costs Ratio - ii		29%	35%	31%		
Mngt.Expense ratio - iii		10%	13%	12%		
Combined Ratio (i+ii+iii)		85%	97%	88%		
Admin.Expense ratio		2%	3%	2%		
Total Expense ratio		12%	16%	14%		

Continental Reinsurance Plc

Statement of Profit or Loss and other Comprehensive Income
For the period ended 30 June, 2020

Note	COMPANY			Budget Achieved %	YoY % Change %
	JUNE 2020 =N='000	JUNE 2019 =N='000	JUNE 2020 Budget =N='000		
	14,332,067	13,319,195	15,367,995	93%	8%
Gross written Premium					
Insurance premium revenue	1.1 12,869,943	12,072,251	14,396,101	89%	7%
Insurance premium ceded to retrocessionaires	1.2 (2,761,071)	(1,124,998)	(1,686,155)	164%	145%
Net insurance premium revenue	10,108,872	10,947,253	12,709,946	80%	-8%
Insurance benefits					
Insurance claims and loss adjustment expenses	2.1 6,737,295	6,983,047	6,527,097	103%	-4%
			-		
Insurance claims and loss adjustment expenses recoverable from retrocessionaire	2.1 (1,677,129)	(1,035,862)	(697,392)	240%	62%
Net insurance benefits and claims	5,060,166	5,947,185	5,829,705	87%	-15%
Underwriting expenses	2.2 3,889,379	4,897,570	5,263,904	74%	-21%
Insurance benefits and underwriting expenses	8,949,545	10,844,755	11,093,609	81%	-17%
Underwriting profit	1,159,327	102,497	1,616,338	72%	1031%
Net Interest income	3 450,331	697,783	1,147,519	39%	-35%
			-		
Net gains on financial assets designated at fair value through profit or loss	4 (68,600)	-	-		
Other income	5 289,440	159,528	317,076	91%	81%
Foreign exchange (loss)gain	5.1 571,817	(18,522)	5,555		-3187%
Administration expenses	6.1 (306,551)	(308,223)	(271,643)	113%	-1%
Impairment of financial assets	6.2 (97,085)	-	(212,391)	46%	0%
Profit before taxation	1,998,680	633,063	2,602,454	77%	216%
Income tax expense	8 (299,802)	(158,266)	(650,613)	46%	89%
Profit after taxation	1,698,878	474,797	1,951,840	87%	258%
Profit for the year	1,698,878	474,797	1,951,840	87%	258%
Other comprehensive income:					
Other comprehensive income/(loss) to be reclassified to P & L in subsequent periods:					
Remeasurement gains on available for sale financial assets	7 (130,511)	69,156	-		-289%
Other comprehensive income for the year, net of tax	(130,511)	69,156	-		-289%
Total Comprehensive Income for the year	1,568,367	543,953	1,951,840	80%	188%
Profit attributable to:					
Equity holders of the parent	1,698,878	474,797	1,951,840	87%	258%
Non-controlling interest	-	-	-		
	1,698,878	474,797	1,951,840	87%	258%
Total comprehensive income attributable to:					
Equity holders of the parent	1,568,367	543,953	1,951,840	80%	188%
Non-controlling interest	-	-	-		
	1,568,367	543,953	1,951,840	80%	188%
Earnings per share					
Basic (kobo)	10 16	5			
Key ratios;					
Retro ratio	19%	8%	11%		
Claims incurred ratio	50%	54%	46%		
Acquisition Expense Ratio	28%	34%	31%		
Mgt. & admin. Expense ratio	13%	14%	12%		
Combined Ratio	89%	99%	87%		

Continental Reinsurance Plc
Consolidated Statement of Financial Position

As at June 30, 2020

	Note	GROUP			COMPANY		
		30 June 2020 =N='000	31 December 2019 =N='000	31 December 2020 Budget =N='000	30 June 2020 =N='000	31 December 2019 =N='000	31 December 2020 Budget =N='000
Assets							
Cash and cash equivalents	11	12,820,701	14,151,673	18,927,398	5,305,587	6,023,919	9,476,408
Financial assets							
-Financial asset designated as fair value through P&L		-	-	-	-	-	-
-Loans and other receivables	12	233,531	333,701	431,102	138,971	224,299	372,668
-Available-for-sale investments	13.1	1,309,504	1,769,669	1,164,440	1,272,341	1,732,412	1,120,986
-Held to maturity investments	13.2	12,518,732	9,998,905	19,086,793	4,593,411	3,951,711	10,561,484
Receivables arising out of reinsurance arrangements	14	19,259,572	16,619,641	13,298,091	8,220,788	7,934,560	6,919,975
Deposits retained by ceding companies		2,484,780	523,432	-	1,409,570	-	-
Retrocession assets	15	10,145,915	8,698,038	7,187,108	4,409,429	4,191,959	3,729,777
Deferred acquisition costs	16	6,141,531	5,574,856	3,789,642	2,940,089	3,148,708	2,108,630
Investment in Subsidiary	17.1	-	-	-	5,216,931	5,216,931	5,216,931
Other assets	17	1,658,168	405,853	867,191	4,537,819	2,086,214	1,510,391
Right of use asset	17b	123,114	133,220	-	10,774	10,774	-
Investment properties	18	582,000	3,123,121	2,819,003	582,000	3,123,121	2,819,003
Intangible assets	19	191,728	261,221	518,889	191,729	260,854	518,889
Property, plant and equipment	20	6,873,997	4,168,527	3,605,771	2,985,190	3,088,700	2,506,951
Statutory deposits	21	1,000,000	1,000,000	2,000,000	1,000,000	1,000,000	2,000,000
Total assets		75,343,272	66,761,859	73,695,429	42,814,631	41,994,164	48,862,095
Liabilities							
Insurance contract liabilities	22	36,016,446	30,554,283	27,161,882	17,287,988	16,592,902	15,977,211
Reinsurance creditors	23	4,816,981	3,778,222	2,354,043	710,745	750,052	807,045
Other liabilities	24	812,549	664,660	464,255	1,446,712	2,978,877	1,029,318
Lease liability	24b	144,980	150,749	-	16,831	16,831	-
Retirement benefit obligations	25	358,188	404,290	392,421	323,766	342,212	353,784
Current income tax	8	1,114,338	1,014,789	1,717,460	921,607	774,676	1,205,197
Deferred taxation	9	8,880	8,880	376,003	133,743	133,743	241,288
Total liabilities		43,272,362	36,575,874	32,466,064	20,841,391	21,589,290	19,613,842
Equity							
Share capital	26	5,186,372	5,186,372	9,156,737	5,186,372	5,186,372	9,156,737
Share premium	27	3,915,451	3,915,451	6,912,878	3,915,451	3,915,451	6,912,878
Contingency reserve	28	6,648,629	6,264,958	6,518,777	6,180,124	5,796,453	6,099,946
Retained earnings	29	8,003,343	5,584,024	8,092,053	6,413,384	5,098,176	6,740,083
Available-for-sale reserve	30i	272,926	403,437	332,584	277,912	408,423	338,608
Foreign currency translation reserve	30ii	1,999,367	1,832,347	1,194,171	-	-	-
Equity attributed to holder of parent		26,026,088	23,186,591	32,207,201	21,973,242	20,404,876	29,248,253
Non-controlling interest		6,044,822	6,999,394	9,022,164	-	-	-
Total equity		32,070,910	30,185,986	41,229,365	21,973,241	20,404,876	29,248,253
Total Liabilities and Equity		75,343,272	66,761,859	73,695,429	42,814,631	41,994,164	48,862,095

Continental Reinsurance Plc

Consolidated Statement of Changes in Equity

For the period ended 30 June, 2020

		Attributable to equity holders-Group							
Notes	Share capital	Share premium	Retained earnings	Contingency reserve	Available for sale reserve	Foreign Exchange Translation Reserve	Non-controlling interest	Total equity	
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	
	Balance at 1 January 2020	5,186,372	3,915,451	5,584,024	6,264,958	403,437	1,832,347	6,999,394	30,185,983
	Capital injection/release in the period						-	(1,642,072)	(1,642,072)
	Profit or loss for the period	-	-	2,802,990	-	-		687,500	3,490,490
	Transfer of contingency reserve	-	-	(383,671)	383,671	-			-
	Other comprehensive income								-
	Fair value of equity financial assets	7	-	-	-	(130,511)		-	(130,511)
	Foreign exchange translation reserve					167,020			167,020
	Total comprehensive income or loss			2,419,319	383,671	(130,511)	167,020	687,500	3,526,998
	Transaction with owners								
	Dividend	24.1	-	-	-	-	-	-	-
	Total Transactions with owners								
	At 30 June, 2020	5,186,372	3,915,451	8,003,343	6,648,629	272,926	1,999,367	6,044,822	32,070,910

Continental Reinsurance Plc

Statement of Changes in Equity

For the period ended 30 June, 2020

Attributable to equity holders-Company						
Notes	Share capital =N='000	Share premium =N='000	Retained earnings =N='000	Contingency reserve =N='000	Available for sale reserve =N='000	Total equity =N='000
Balance at 1 January 2020	5,186,372	3,915,451	5,098,176	5,796,453	408,423	20,404,876
Profit or loss for the period	-	-	1,698,878	-	-	1,698,878
Transfer of contingency reserve	-	-	(383,671)	383,671	-	-
Other comprehensive income	-	-	-	-	-	-
Fair value of equity financial assets	-	-	-	-	(130,511)	(130,511)
Foreign exchange translation reserve	-	-	-	-	-	-
Total comprehensive income or loss	-	-	1,315,208	383,671	(130,511)	1,568,367
Transaction with owners	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
Total Transactions with owners	-	-	-	-	-	-
At 30 June, 2020	5,186,372	3,915,451	6,413,384	6,180,124	277,912	21,973,242

Continental Reinsurance Plc
Statement of Cash flows
For the period ended 30 June, 2020

	Group		Company	
	30 June 2020 N' 000	30 June 2019 N' 000	30 June 2020 N' 000	30 June 2019 N' 000
Cash flows from operating activities				
Premium received from policy holders	20,488,446	20,047,583	12,362,340	12,756,111
Retrocession receipts in respect of claims	2,986,192	530,144	2,040,063	321,299
Acquisition costs paid	(5,421,324)	(6,038,128)	(2,853,329)	(3,700,554)
Retrocession premium paid	(5,460,097)	(3,029,027)	(2,873,735)	(1,956,986)
Employees benefit and other admin expenses paid	(2,244,893)	(2,809,848)	(1,342,601)	(1,515,144)
Other operating cash receipts/payments	(1,413,419)	223,762	(883,387)	135,613
Claims paid	(6,751,877)	(9,341,781)	(5,862,584)	(7,478,744)
Income taxes paid	(451,582)	(985,389)	(152,871)	(700,067)
Cash assets transferred to fund shortfall in portfolio transfer	-	-	(911,241)	-
Net cash flows (outflow)/inflow from operating activities	1,731,446	(1,402,685)	(477,345)	(2,138,471)
Cash flows from investing activities				
Purchase of property, plant and equipment	(46,467)	(711,200)	(10,180)	(642,905)
Purchase of intangible assets	(90)	(15,380)	(90)	(15,380)
Investment in subsidiary	-	-	-	-
Proceeds from disposal of property, plant and equipment	36,260	6,531	36,260	6,531
Purchase of investment securities	(3,172,842)	(3,454,168)	(1,483,026)	(1,487,375)
Proceeds on redemption /sales of investments	718,241	2,753,473	511,401	1,899,971
Rent Received	8,750	53,549	8,750	53,549
Interest received	855,961	1,005,493	372,176	719,628
Dividend received	76,158	23,872	76,158	23,872
Net cash generated/(used) in investing activities	(1,524,028)	(337,831)	(488,551)	557,892
Cash flows from financing activities				
Dividend expense	-	-	-	-
Refund of preference share capital	(1,806,279)	-	-	-
Net cash used in financing activities	(1,806,279)	-	-	-
Net increase in cash and cash equivalents	(1,598,861)	(1,740,515)	(965,896)	-1,580,580
Cash and cash equivalents at start of year	14,399,238	13,975,666	6,271,484	5,392,672
Effect of exchange rate changes on cash and cash equivalents	20,324	47,643	0	0
Cash and cash equivalents at end of period	12,820,701	12,282,794	5,305,587	3,812,092
Cash and cash Equivalent	2020	2019	2020	2019
Balances held with other banks:	N' 000	N' 000	N' 000	N' 000
Cash in hand	580	1,736	805	737
- Current account and cash in hand	465,364	540,503	180,451	204,894
Domiciliary account	128,047	75,869	128,047	75,869
Balances held with foreign banks:	553,604	1,160,288	553,323	1,159,904
- Placements with banks and other financial institutions	11,673,106	10,504,398	4,442,961	2,370,688
Treasury bill	0	0	0	0
Cash and Cash Equivalent at end	12,820,701	12,282,794	5,305,587	3,812,093

Continental Reinsurance Plc
Notes to the Consolidated Financial Statements

	GROUP		COMPANY	
	JUNE 2020 =N='000	JUNE 2019 =N='000	JUNE 2020 =N='000	JUNE 2019 =N='000
1 Revenue				
1.1 Insurance premium revenue				
<i>Premium revenue arising from insurance contracts issued</i>				
Life insurance contracts				
– Gross Premium	2,967,900	2,833,767	2,314,566	2,336,593
– Change in life insurance contract liabilities	(442,696)	(475,100)	(384,090)	(451,903)
- Change in ceded unexpired risk reserve	69,275	67,785	58,364	67,785
Non life insurance contracts	-	-	-	-
– Gross Premium	23,840,964	18,202,964	12,017,501	10,982,603
– Change in unearned premium reserve	(2,146,843)	(923,047)	(1,136,397)	(862,827)
<i>Total Premium revenue arising from insurance contracts issued</i>	<u>24,288,599</u>	<u>19,706,370</u>	<u>12,869,943</u>	<u>12,072,251</u>
1.2 Insurance premium ceded to retrocessionaire				
<i>Premium revenue ceded to retrocessionaire on insurance contracts issued</i>				
Life insurance contracts	376,581	379,868	289,321	231,323
Non life insurance contracts	5,570,236	2,165,986	2,471,751	893,676
<i>Total Premium revenue ceded to retrocessionaire on insurance contracts</i>	<u>5,946,817</u>	<u>2,545,854</u>	<u>2,761,071</u>	<u>1,124,998</u>
Net insurance premium revenue	<u>18,341,782</u>	<u>17,160,515</u>	<u>10,108,872</u>	<u>10,947,253</u>
2 Insurance benefits and underwriting expenses				
2.1 Insurance claims and loss adjustment expenses				
Claims paid-life	997,959	921,773	841,481	899,239
Claims paid-Non life	5,753,918	-921,773	5,021,103	6,579,505
Change in life claim reserve	(239,730)	-326,433	(348,785)	(372,646)
ceded outstanding claim reserve - Life	(55,819)	(100,692)	80,855	(87,338)
Change in Non life claims reserve	5,290,387	9,517,144	1,720,337	(191,897)
ceded outstanding claim reserve - Non Life	(431,145)	521,311	(577,697)	156,183
Total cost of policyholders' benefits	<u>11,315,569</u>	<u>9,611,329</u>	<u>6,737,295</u>	<u>6,983,047</u>
Insurance claims and loss adjustment from retrocessionaires	(2,899,836)	(1,149,515)	(1,677,129)	(1,035,862)
Net insurance benefits and claims	<u>8,415,733</u>	<u>8,461,815</u>	<u>5,060,166</u>	<u>5,947,185</u>
2.2 Underwriting expenses				
Costs incurred for the acquisition of insurance contracts	4,422,221	5,403,652	2,432,545	3,367,500
Costs incurred for the maintenance of insurance contracts	870,000	624,572	420,784	323,149
Management expenses (See Note 6.1)	1,903,625	2,212,665	1,036,050	1,206,921
Total underwriting expenses	<u>7,195,846</u>	<u>8,240,889</u>	<u>3,889,379</u>	<u>4,897,570</u>
Total insurance benefits and underwriting expenses	<u>15,611,579</u>	<u>16,702,704</u>	<u>8,949,545</u>	<u>10,844,755</u>
3 Net Interest income				
Cash and bank balances interest income	385,398	501,560	227,435	307,707
Statutory deposits interest income	74,022	44,885	74,022	44,885
Held-to-maturity and loans and receivables interest income	524,444	609,294	148,874	345,191
Net Interest income	<u>983,864</u>	<u>1,155,739</u>	<u>450,331</u>	<u>697,783</u>
4 Net fair value gains on assets at fair value through profit or loss				
Net fair value gains/ (losses) on financial assets designated at fair value through profit	-	-	-	-
Fair value gains on investment property	(68,600)	0	(68,600)	0
Total	<u>(68,600)</u>	<u>-</u>	<u>(68,600)</u>	<u>-</u>

Continental Reinsurance Plc

Notes to the Consolidated Financial Statements - Continued

	GROUP		COMPANY	
	JUNE 2020 =N='000	JUNE 2019 =N='000	JUNE 2020 =N='000	JUNE 2019 =N='000
5 Other income				
Available-for-sale				
– Dividends	76,158	23,872	76,158	23,872
– Gain on disposal of available-for-sale securities:				
Equity	4,229	0	4,229	-
Bond	155,399	0	155,399	-
Income on investment property	55,344	52,382	4,958	52,382
– Gain/(Loss) on disposal of investment properties	134,512	0	(216,620)	-
–gain/(loss) on disposal of property, plant and equipment	1,651	6,531	1,362	6,531
Other income/(losses)	110,592	59,596	263,953	76,742
	<u>537,886</u>	<u>142,381</u>	<u>289,440</u>	<u>159,528</u>
5.1 Foreign exchange gain/(loss)				
Foreign exchange (loss)/gain	905,592	-50,131	571,817	(18,522)
	<u>905,592</u>	<u>(50,131)</u>	<u>571,817</u>	<u>(18,522)</u>
Breakdown of foreign exchange				
5.1a (loss)/gain				
Investment assets	416,842	(19,224)	416,842	(19,224)
Bank balances	(4,437)	702	4,437	702
Reinsurance receivables	493,187	(31,608)	159,412	-
	<u>905,592</u>	<u>(50,131)</u>	<u>571,817</u>	<u>(18,522)</u>
6 Operating expenses				
6.1 Management and administration expenses				
Management expenses (note 2.2)	1,903,625	2,212,665	1,036,050	1,206,921
Administration expenses	341,268	597,184	306,551	308,223
	<u>2,244,893</u>	<u>2,809,848</u>	<u>1,342,601</u>	<u>1,515,144</u>
6.11 Breakdown of management expenses:				
Employee benefits expenses (a)	1,107,119	1,175,055	596,725	632,782
Business travels	51,139	70,480	26,424	49,182
Supervisory levy	140,045	141,959	140,045	141,959
Advert, publicity and client's devt.	40,110	90,326	18,156	39,646
Training, conferences and seminars	42,623	112,710	12,610	70,079
Rent and rates	40,751	38,057	17,472	12,894
Bank charges	32,280	11,470	14,746	8,932
Stationeries, Printing & telephone	29,132	29,537	10,517	17,171
Electricity, fuel and diesel	24,963	31,693	18,884	19,407
ICT expenses-Hardware & software maintenance	68,823	80,508	59,057	76,158
Other management expenses	326,641	430,870	121,416	138,713
	<u>1,903,625</u>	<u>2,212,665</u>	<u>1,036,050</u>	<u>1,206,921</u>
(a) Employee benefit expense				
Wages and salaries (local)	633,225	456,459	449,034	456,459
Wages and salaries (other regions)	434,972	685,199	108,770	142,927
Pension				
Defined Benefit Staff Gratuity Plan	-	0	-	-
Defined Contributory Plan	38,921	33,397	38,921	33,397
	<u>1,107,119</u>	<u>1,175,055</u>	<u>596,725</u>	<u>632,782</u>

Continental Reinsurance Plc

Notes to the Consolidated Financial Statements - Continued

	GROUP		COMPANY	
	JUNE 2020 =N='000	JUNE 2019 =N='000	JUNE 2020 =N='000	JUNE 2019 =N='000
6.12 Breakdown of admin expenses;				
Depreciation and amortisation	122,199	123,740	109,083	114,283
Auditor's remuneration	43,324	5,581	20,000	-
Consultancy and other professional fees	160,235	179,606	132,196	118,595
AGM expenses	-	15,058	-	15,058
Non-executive directors Expenses	58,318	82,704	41,271	62,815
Other administrative expenses	-42,809	190,493	4,000	-2,528
	<u>341,268</u>	<u>597,184</u>	<u>306,551</u>	<u>308,223</u>
6.2 Impairment of financial assets				
Reinsurance receivables	347,009	0	97,085	-
Retrocessionaire's share of receivables	-	-	-	-
	<u>347,009</u>	<u>-</u>	<u>97,085</u>	<u>-</u>
7 Net unrealised gain /(loss) on financial assets				
Unrealised gain/(loss) on financial asset - Available-for-sale				
– Equity instruments	(130,511)	69,156	(130,511)	69,156
– Debt Instruments	-	-	-	-
Total	<u>(130,511)</u>	<u>69,156</u>	<u>(130,511)</u>	<u>69,156</u>
Actuarial (loss)/gains on defined benefit plans	-	-	-	-
Income tax relating to component of other comprehensive income	-	-	-	-
Other comprehensive income for the year, net of tax	<u>(130,511)</u>	<u>69,156</u>	<u>(130,511)</u>	<u>69,156</u>
8 Taxation				
Per statement of comprehensive income:				
Income tax based on profit for the year	910,178	291,807	299,802	158,266
Education tax	-	-	-	-
	<u>910,178</u>	<u>291,807</u>	<u>299,802</u>	<u>158,266</u>
Deferred taxation (Note 9)	-	-	-	-
	<u>910,178</u>	<u>291,807</u>	<u>299,802</u>	<u>158,266</u>
Per statement of financial position:				
At 1 January	1,014,789	1,656,899	774,676	1,504,445
Based on profit for the year	910,178	630,264	299,802	171,032
Payments during the year	(810,629)	(1,272,374)	(152,871)	(900,801)
	<u>1,114,338</u>	<u>1,014,789</u>	<u>921,607</u>	<u>774,676</u>

Continental Reinsurance Plc

Notes to the Consolidated Financial Statements

9	Deferred taxation Deferred income tax (assets)/liabilities are attributable to the following items:	GROUP		COMPANY	
		30-Jun 2020 =N='000	31-Dec 2019 =N='000	30-Jun 2020 =N='000	31-Dec 2019 =N='000
	Deferred tax liabilities				
	Balance b/f	8,880	517,950	133,743	400,312
	Recognised in profit and loss				
	Property plants and equipment	-	(54,250)	-	28,883
	Unrealised FX gain	-	(598,284)	-	(436,336)
	Investment properties	-	5,012	-	5,012
	Employee benefits	-	138,453	-	135,873
	Balanced at end of period	8,880	8,880	133,743	133,743

10 Earnings per share

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary share holders by the weighted average number of ordinary shares outstanding at the reporting date.

The following reflects the income and share data used in the basic earnings per share computations:

Net profit attributable to ordinary shareholders	3,490,490	3,118,635	1,698,878	2,514,962
Weighted average number of ordinary shares in issue as at year end ('000)	10,372,744	10,372,744	10,372,744	10,372,744
Basis earnings per ordinary share (kobo)	34	30	16	24

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

11	Cash and cash equivalents	GROUP		COMPANY	
		30-Jun 2020 =N='000	31-Dec 2019 =N='000	30-Jun 2020 =N='000	31-Dec 2019 =N='000
	Cash in hand	580	786	805	196
	Balances held with local banks:				
	- Current account	465,364	409,081	180,451	174,410
	- Domiciliary account	128,047	132,226	128,047	132,226
	Balances held with foreign banks	553,604	983,299	553,323	982,907
	financial institutions	11,673,106	12,626,281	4,442,961	4,734,180
		12,820,701	14,151,673	5,305,587	6,023,919

Included in placements with banks and other financial institutions are tenored deposits of the group (N643m) with original maturity of more than three months.

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

The cash and cash equivalents position for cash flow purposes is disclosed in the statement of cash flow.

Continental Reinsurance Plc

Notes to the Consolidated Financial Statements - Continued

12	Loans and other receivables	GROUP		COMPANY	
		30-Jun	31-Dec	30-Jun	31-Dec
		2020	2019	2020	2019
		=N='000	=N='000	=N='000	=N='000
	Staff Loans and advances	233,531	272,556	138,971	163,154
	Other advances	373,991	435,136	373,991	435,136
	Impairment on other advances	(373,991)	(373,991)	(373,991)	(373,991)
	Total Loans and other receivables	233,531	333,701	138,971	224,299

13	Investment Securities	GROUP		COMPANY	
		30-Jun	31-Dec	30-Jun	31-Dec
		2020	2019	2020	2019
		=N='000	=N='000	=N='000	=N='000
	Equity	1,272,341	1,944,109	1,272,341	1,925,253
	Debt	12,555,895	9,824,465	4,593,411	3,758,870
	Total investment securities	13,828,236	11,768,574	5,865,751	5,684,123

Analysis by class

13.1	Available-for-sale:				
	Equity instruments	1,272,341	1,732,412	1,272,341	1,732,412
	Debt instruments	37,163	37,257	-	-
	Total available-for-sale	1,309,504	1,769,669	1,272,341	1,732,412
13.2	Held-to-maturity				
	Debt instruments	12,518,732	9,998,905	4,593,411	3,951,711
	Total Investment securities	13,828,236	11,768,574	5,865,751	5,684,123

Equity Instruments

Securities at Available-for-sale - Fair value

Quoted	928,205	-	928,205	-
Unquoted	344,136	1,944,109	344,136	1,925,253
Total equity instruments	1,272,341	1,944,109	1,272,341	1,925,253

These equities instruments are measured at fair value and classified as available-for-sale

Debt Instruments

	30-Jun	31-Dec	30-Jun	31-Dec
	2020	2019	2020	2019
	=N='000	=N='000	=N='000	=N='000
Securities at Available-for-sale -Fair value				
Bonds	37,163	37,257	-	-
	37,163	37,257	-	-

Securities at held-to-maturity - amortised

Listed	10,287,119	3,992,481	3,601,936	3,154,512
Unlisted	2,231,613	6,006,424	991,475	797,199
	12,518,732	9,998,905	4,593,411	3,951,711
Total debt instruments	12,555,895	10,036,162	4,593,411	3,951,711

None of these investment securities have been pledged to third party as collateral.

Continental Reinsurance Plc

Notes to the Consolidated Financial Statements - Continued

14	Reinsurance receivables	GROUP		COMPANY	
		30-Jun 2020 =N='000	31-Dec 2019 =N='000	30-Jun 2020 =N='000	31-Dec 2019 =N='000
	Due from ceding companies	15,515,760	12,396,126	6,727,830	6,023,470
	Due from ceding companies (Pipeline)	6,603,528	6,790,447	2,745,559	3,066,605
		22,119,288	19,186,573	9,473,388	9,090,075
	Impairment on reinsurance receivables(Note 15.1)	(2,859,716)	(2,566,932)	(1,252,600)	(1,155,515)
		<u>19,259,572</u>	<u>16,619,641</u>	<u>8,220,788</u>	<u>7,934,560</u>
14.1	Reconciliation of impairment on reinsurance receivables				
	At 1 January	2,566,932	2,601,756	1,155,515	1,763,145
	Write off during the year	-	(713,799)	-	(713,799)
	Charge/writeback for the year	347,009	757,557	97,085	106,169
	Recovery during the year	-	-	-	-
	Exchange difference	(54,225)	-78,582	-	-
		<u>2,859,716</u>	<u>2,566,932</u>	<u>1,252,600</u>	<u>1,155,515</u>
14.1a	Breakdown of charge for the year				
	impairment charge/release on receivables	347,009	757,557	97,085	106,169
	reversal of exchange gain on impaired reinsurance receivables	-	-	-	-
	Net charge to income statement	<u>347,009</u>	<u>757,557</u>	<u>97,085</u>	<u>106,169</u>
15	Retrocession Assets				
	Retrocessionaires' share of claims recoverable	4,961,676	5,401,793	1,072,543	1,435,477
	Retrocessionaires' share of reserve for outstanding claims	4,136,763	3,174,303	2,455,772	2,607,562
	Retro share of unearned premium reserve	405,273	-	262,467	-
	Retrocessionaires' share of life insurance contract liabilities	803,993	283,734	780,438	310,711
	Impairment of retro assets	(161,791)	(161,791)	(161,791)	(161,791)
	Total retrocession assets	<u>10,145,915</u>	<u>8,698,038</u>	<u>4,409,429</u>	<u>4,191,959</u>
15.1	Reconciliation of impairment on retro assets				
	At 1 January	161,791	161,791	161,791	161,791
	Write off during the year	-	-	-	-
	Charge for the year	0	-	0	-
	Recovery during the year	-	-	-	-
		<u>161,791</u>	<u>161,791</u>	<u>161,791</u>	<u>161,791</u>
16	Deferred acquisition costs				
	At 1 January	5,574,856	4,034,583	3,148,708	2,227,037
	Net deferral during the year	566,675	1,540,273	(208,619)	921,671
		<u>6,141,531</u>	<u>5,574,856</u>	<u>2,940,089</u>	<u>3,148,708</u>
17	Other Assets				
	Prepayments (18a)	956,507	297,949	848,423	200,008
	Intercompany balances (18b)	-	-	3,628,173	1,833,283
	Deposit for shares (Note 18 a)	11,000	11,000	11,000	11,000
	Proposed head office W.I.P	-	-	-	-
	Other (18c)	860,507	266,750	209,488	201,187
		1,828,014	575,699	4,697,084	2,245,479
	Impairment on others	(169,846)	(169,846)	(159,265)	(159,265)
		<u>1,658,168</u>	<u>405,853</u>	<u>4,537,819</u>	<u>2,086,214</u>

Continental Reinsurance Plc

Notes to the Consolidated Financial Statements - Continued

Group

20 Property, plant and equipment

	Freehold property =N='000	Motor vehicles =N='000	Furniture and fittings =N='000	Building W.I.P =N='000	Office partitioning =N='000	Computer equipment =N='000	Total =N='000
Cost/Valuation:							
At 1 January 2020	1,406,297	406,223	183,678	2,402,043	68,558	149,962	4,616,761
Additions	312,920	30,000	11,034	0	0	5,433	359,386
Disposals	-	(48,438)	(19,084)	-	(8,866)	(12,595)	(88,984)
Reclassified from investment property	2,472,521	-	-	(38,925)	-	-	2,433,595
At 30 June, 2020	4,191,737	387,784	175,629	2,363,118	59,692	142,799	7,320,759
Accumulated depreciation:							
At 1 January 2020	-	154,041	128,652	-	64,254	101,287	448,234
Charge for the year	-	37,935	5,208	-	1,664	7,808	52,616
Disposal	-	(40,345)	(4,741)	-	(148)	(8,852)	(54,086)
Reclassification	-	-	-	-	-	-	-
At 30 June, 2020	-	151,631	129,119	-	65,770	100,243	446,763
NBV At 30 June 2020	4,191,737	236,153	46,510	2,363,118	(6,078)	42,557	6,873,997
NBV At 31 December 2019	1,406,297	252,182	55,026	2,402,043	4,304	48,675	4,168,527

Company 20 Property, plant and equipment

	Freehold property =N='000	Motor vehicles =N='000	Furniture and fittings =N='000	Building W.I.P =N='000	Office partitioning =N='000	Computer equipment =N='000	Total =N='000
Cost/Valuation:							
At 1 January 2020	434,158	364,331	101,741	2,402,043	54,131	94,380	3,450,785
Additions	0	(0)	8,012	0	0	2,168	10,180
Disposals	-	(48,438)	(19,084)	-	(8,866)	(12,595)	(88,984)
Reclassification	-	-	-	(38,925)	-	-	(38,925)
At 30 June, 2020	434,158	315,892	90,670	2,363,118	45,264	83,953	3,333,056
Accumulated depreciation:							
At 1 January 2020	-	173,080	69,945	-	45,411	73,650	362,085
Charge for the year	-	31,525	3,344	-	0	5,000	39,869
Disposal	-	(40,345)	(4,741)	-	(148)	(8,852)	(54,086)
Reclassification	-	-	-	-	-	-	-
At 30 June, 2020	-	164,260	68,547	-	45,263	69,798	347,867
NBV At 30 June 2020	434,158	151,632	22,122	2,363,118	1	14,155	2,985,190
NBV At 31 December 2019	434,158	191,251	31,796	2,402,043	8,720	20,730	3,088,700

Continental Reinsurance Plc

Notes to the Consolidated Financial Statements -Continued

21 Statutory deposits	GROUP		COMPANY	
	30-Jun 2020 =N='000	31-Dec 2019 =N='000	30-Jun 2020 =N='000	31-Dec 2019 =N='000
	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with section 9(1) and section 10(3) of Insurance Act 2003. This is restricted cash as management does not have access to the balances in its day to day activities. Statutory deposits are measured at cost. Interest is paid semi annually and 2019 average was 13.05% (2018:15.44%).				
22 Insurance contract liabilities	30-Jun 2020 =N='000	31-Dec 2019 =N='000	30-Jun 2020 =N='000	31-Dec 2019 =N='000
Reserve for Unearned Premium (Note 23.1)	18,717,990	15,750,525	7,977,760	7,643,564
Reserve for Outstanding Claims (Note 23.2)	14,035,826	11,559,459	7,342,544	6,784,942
	<u>32,753,816</u>	<u>27,309,984</u>	<u>15,320,304</u>	<u>14,428,506</u>
Life (Note 23.3)	3,262,630	3,244,299	1,967,684	2,164,396
Total insurance liabilities	<u>36,016,446</u>	<u>30,554,283</u>	<u>17,287,988</u>	<u>16,592,902</u>
Total retrocessionaire's share of insurance liabilities (Note 16)	<u>(10,145,915)</u>	<u>(8,698,038)</u>	<u>(4,409,429)</u>	<u>(4,191,959)</u>
Net insurance contracts	<u>25,870,531</u>	<u>21,856,245</u>	<u>12,878,559</u>	<u>12,400,943</u>
22.1 Reserve for Unearned Premium				
At 1 January	15,750,525	13,526,225	7,643,564	6,667,387
Increase in the year	24,416,119	40,873,804	12,017,501	23,098,009
Release of unearned premium during the year	(21,448,654)	(38,649,504)	(10,677,000)	(22,121,832)
Portfolio transfer during the period	-	-	(1,006,305)	-
	<u>18,717,990</u>	<u>15,750,525</u>	<u>7,977,760</u>	<u>7,643,564</u>
22.2 Reserve for Outstanding Claims				
At 1 January	11,559,459	7,594,146	6,784,942	3,916,834
Claims incurred including IBNR	8,230,285	22,027,637	6,741,440	14,134,171
Claims paid during the year	(5,753,918)	(18,062,324)	(5,021,103)	(11,266,063)
Portfolio transfer during the period	-	-	(1,162,734)	-
	<u>14,035,826</u>	<u>11,559,459</u>	<u>7,342,544</u>	<u>6,784,942</u>
22.3 Insurance liabilities on life business				
At 1 January	3,244,299	2,136,285	2,164,396	1,493,681
Changes in life policy contracts	18,331	1,108,014	(196,712)	670,715
	<u>3,262,630</u>	<u>3,244,299</u>	<u>1,967,684</u>	<u>2,164,396</u>
23 Reinsurance creditors	30-Jun 2020 =N='000	31-Dec 2019 =N='000	30-Jun 2020 =N='000	31-Dec 2019 =N='000
Due to retrocessionaires	2,876,459	1,768,782	94,317	206,981
Due to ceding companies	1,940,521	2,009,440	616,428	543,071
	<u>4,816,981</u>	<u>3,778,222</u>	<u>710,745</u>	<u>750,052</u>
This represents the amount payable to insurance and reinsurance companies.				
24 Other liabilities				
Rent received in advance	5,250	1,458	5,250	1,458
Accrued expenses	104,766	19,085	37,711	17,711
Dividend payable (Note 25.1)	23,241	23,241	23,241	23,241
Unclaimed dividend	382,711	382,711	382,711	382,711
Information technology development levy	-	-	-	-
Others	296,581	238,165	82,958	194,674
Intercompany Balance	-	-	914,842	2,359,082
	<u>812,549</u>	<u>664,660</u>	<u>1,446,712</u>	<u>2,978,877</u>
24.1 Dividends paid and proposed				
At 1 January	23,241	23,241	23,241	23,241
Declared during the year	-	-	-	-
Paid during the year	-	-	-	-
	<u>23,241</u>	<u>23,241</u>	<u>23,241</u>	<u>23,241</u>
24b Lease liability				
At 1 January	150,749	146,787	16,831	14,809
Interest expense during the year	(5,769)	3,963	-	2,022
At end of period	<u>144,980</u>	<u>150,749</u>	<u>16,831</u>	<u>16,831</u>

Continental Reinsurance Plc

Notes to the Consolidated Financial Statements -Continued

24.2 Others;				
Staff bonus	49,996	191,102	60,197	188,216
Sundry creditors	84,947	-	-	-
PAYE and other statutory liabilities	161,639	47,063	22,760	6,458
	<u>296,581</u>	<u>238,165</u>	<u>82,958</u>	<u>194,674</u>
24.3 Intercompany balance;				
Payables to related parties on retro	-	-	595,648	1,054,411
Payables to related parties on other transactions	-	-	319,194	1,304,671
	<u>-</u>	<u>-</u>	<u>914,842</u>	<u>2,359,082</u>
25 Retirement benefit obligations				
Statement of financial position obligation for:				
	30-Jun 2020 =N='000	31-Dec 2019 =N='000	30-Jun 2020 =N='000	31-Dec 2019 =N='000
Present value of funded obligations	874,824	920,926	761,074	779,520
Fair value of plan assets	(516,636)	(516,636)	(437,308)	(437,308)
Deficit of funded plans	358,188	404,290	323,766	342,212
(liability)/assets in the balance sheet	<u>358,188</u>	<u>404,290</u>	<u>323,766</u>	<u>342,212</u>
26 Share capital				
	30-Jun 2020 =N='000	31-Dec 2019 =N='000	30-Jun 2020 =N='000	31-Dec 2019 =N='000
Authorised				
25,000,000,000 Ordinary shares of 50k each	12,500,000	12,500,000	12,500,000	12,500,000
Issued and fully paid				
10,372,744,000 Ordinary shares of 50k each	5,186,372	5,186,372	5,186,372	5,186,372
27 Share premium				
	<u>3,915,451</u>	<u>3,915,451</u>	<u>3,915,451</u>	<u>3,915,451</u>

Premiums from the issue of shares are reported in share premium.

28 Contingency reserve

The statutory contingency reserve has been computed in accordance with Section 21 (1) of the Insurance Act, Cap 117 LFN 2004. The movements on the account are as follows:

	30-Jun 2020 =N='000	31-Dec 2019 =N='000	30-Jun 2020 =N='000	31-Dec 2019 =N='000
Non - Life	6,625,484	6,215,850	6,156,978	5,747,344
Life	23,146	49,109	23,146	49,109
Total	<u>6,648,630</u>	<u>6,264,959</u>	<u>6,180,124</u>	<u>5,796,453</u>

29 Retained earnings

Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.

30 Available-for-sale reserve

- i The fair value reserve shows the effects from the fair value measurement of financial instruments of the category available-for-sale after deduction of deferred taxes. Any gains or losses are not recognised in the statement of comprehensive income until the asset has been sold or impaired.

ii Foreign currency translation reserve

Foreign currency translation reserve comprise the exchange differences arising on translation of its subsidiary. Gains or losses arising therefrom is recognised in other comprehensive income. A 2018 reclassification has been done to recognise preference shares for N 1,642,072.

31 Significant accounting policies

The statement of accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statement. There have not been any change in the policies and methods of computation adopted.