SIC

OUR PROMISES ARE SACRED

SIC INSURANCE COMPANY LIMITED

2010 Annual Report

Contents

Notice of Annual General Meeting

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Friday, 29th July 2011 at the College of Physicians and Surgeons, Accra, to transact the following business:

Agenda

1. To consider and adopt the Accounts of the Company for the year ended 31st December, 2010, together with the Report of the Directors and the Auditors thereon.

2. To declare dividend for the year ended 31st December, 2010.

3. To authorize the Directors to reappoint Deloitte & Touche as Auditors and also to fix the remuneration of the Auditors.

4. To elect/re-elect Directors.

5. To approve the Remuneration of Directors.

NOTE: <u>VOTING PROCEDURE</u>
Voting will be done by the Shareholding of Members

Dated this 22nd day of June, 2011

By Order of the Board

P.E.K. MAWUVENU
COMPANY SECRETARY

NOTE
A member of the company entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy need not be a member of the Company.

A copy of the Instrument appointing the Proxy may be deposited at the Office of the Registrar, NTHC, MARTCO House, 1st Floor, Okai Mensah Link, Off Kwame Nkrumah Avenue, Adabraka, P.O.Box KIA 9563, Accra, not later than 10:00am on Friday 22nd July 2011

A Form of Proxy is enclosed.

Corporate Information

Directors:	• Mr. Max Cobbina	Chairman
	• Mr. Benjamin Acolatse	Managing Director
	• Dr. Kwaku Osafo	Member
	• Mr. Kwasi Osei	Member
	• Dr. Vitus Anaab-Bisi	Member
	• Dr. Kofi Koduah Sarpong	Member
	• Mr. Kofi Amoah	Member
	• Mrs. Yvonne Osei Tutu	Member
	• Mr. Kingsley Awuah-Darko	Member

Secretary: • Mr. Prince Emmanuel K. Mawuvenu

Registered Office: • Nyemitei House
28/29 Ring Road East, Osu-Accra

Auditors: • Deloitte & Touche
Chartered Accountants
4 Liberation Road
P.O. Box GP 453
Accra

Registrars: • NTHC Limited
Martco House
P O Box KIA 9563
Airport, Accra

Bankers: - Local
- Ghana Commercial Bank Limited
- Merchant Bank (Ghana) Limited
- National Investment Bank Limited
- SG-SSB Bank Limited
- HFC Bank (Ghana) Limited
- Standard Chartered Bank Ghana Limited
- Barclays Bank Ghana Limited
- Ecobank Ghana Limited
- International Commercial Bank Limited
- Agricultural Development Bank

Bankers:-Foreign
- Ghana International Bank Limited
- Barclays Bank Plc

Directors' Report

The Directors have pleasure in presenting their Annual Report together with the Audited Consolidated Financial statements of the Group for the year ended 31 December, 2010.

1. Principal activities

The principal activities of the company and the subsidiary are:

i. to undertake non-life insurance business and

ii. to undertake the provision of investment advisory, asset and fund management, and financial consultancy services.

2. Results for the year

	GH¢
The balance brought forward on income surplus account at 1 January was	17,893,447
To which must be added:	
Profit for the year after charging all expenses, depreciation and taxation of	6,170,306
	24,063,753
From which is made an appropriation to statutory reserve of	(1,921,283)
	22,142,470
Dividend paid	3,525,071
Leaving a balance to be carried forward on income surplus account of	22,142,470

3. Nature of business

There was no change in the nature of the business of the group during the year.

4. Auditors

In accordance with section 134(5) of the Companies Code 1963, Act (179) the auditors, Messrs. Deloitte & Touche, continue in office as group auditors.

On behalf of the board

Chairman of the Board

Managing Director

Resolutions to be passed at the Annual General Meeting

Board Resolutions

The Board of Directors will be proposing the following resolutions, which would be put to the Annual General Meeting:

To receive 2010 Accounts

The Board shall propose the acceptance of the 2010 Accounts as the true and fair view of the state of affairs of the Company for the year ended 31st December, 2010 and of the Profit and Loss Accounts for the year then ended.

To Declare a Dividend

The Directors recommend the payment of a dividend of GH₵0.0177 per share and totaling GH₵3,478,567 for the year ended 31st December 2010.

To Authorise the Directors to fix the Remuneration of the Auditors

In accordance with Section 134(5) of the Companies Code 1963, Deloitte & Touche will continue in office as Auditors of the Company. The Board would request from members their approval to reappoint Deloitte & Touche and also to fix the remuneration of the Auditors.

To re-elect Board Members

By the provision of section 298 of the Companies Code (1963), one-third of Directors who have been longest in office must retire before the AGM. Accordingly three Directors namely, Dr. Kwaku Osafo, Dr. K.K. Sarpong and Mr. Kwasi Osei who have retired and have offered themselves for re-election.

To Approve the Remuneration of Directors

To approve GH₵700,000 as Directors remuneration for the year to 31st December 2011 in accordance with Section 194 of the Companies Code 1963, Act 179 and Regulation 67 of the Regulations of the Company.

Financial Highlights

	Group 2010 GH¢	Group 2009 GH¢	Company 2010 GH¢	Company 2009 GH¢
Gross premium	**64,042,765**	56,877,215	**64,042,765**	56,877,215
Net premium	**47,180,451**	40,900,655	**47,180,451**	40,900,655
Claims incurred	**(12,565,341)**	(12,659,793)	**(12,565,341)**	(12,659,793)
Underwriting profit	**3,514,058**	1,213,695	**5,120,209**	2,308,253
Profit before tax	**8,233,480**	7,683,879	**8,044,291**	7,487,560
Profit after tax	**6,170,306**	6,029,308	**6,028,415**	5,891,490
Shareholders' funds	**83,312,946**	62,722,500	**83,840,538**	61,888,890
Net assets	**83,312,946**	62,722,500	**83,840,538**	61,888,890
Total assets	**255,221,745**	185,374,366	**137,441,579**	117,438,935
Number of shares issued and fully paid for	**195,645,000**	195,645,000	**195,645,000**	195,645,000
Earnings per share (GH¢)	**0.0315**	0.0308	**0.0308**	0.0301
Net assets per share (GH¢)	**0.4258**	0.3206	**0.4285**	0.3163
Current assets/current liabilities	**1.4466**	1.3302	**1.1387**	1.3302
Return on shareholders funds (%)	**0.0741**	0.0961	**0.0719**	0.0952

Mr. Max Cobbina
Chairman of the Board

Profile of Directors

He holds an MBA in Management & Computer Science and a BS in Marketing from Fordham University, New York, NY. He did his Post Graduate Course in Insurance and Reinsurance at the College of Insurance, New York, NY.

In the year 1997, Mr. Cobbina was appointed the Chief Executive of Ghana Reinsurance Company. He has had close personal relations with most top Insurance and Reinsurance Executives in Africa, Asia and Europe.

He has served as a Director on the Boards of a number of reputable companies and organizations including the Ghana Stock Exchange. In 1999, he was elected President of the Ghana Insurers Association.

He was the facilitator for the USA Think Tank for Strategic Initiatives based in New York.

He has run his own business in New York under the business name of L&P Auto Sales & Collision Inc., Bronx, New York, USA from 2002 – 2009.

He is currently the Chairman of the Board of Directors of SIC Insurance Company Ltd., the leading Insurance Company in the country.

Mr. Acolatse holds a Bachelor of Arts (Hons) in Political Science from the University of Ghana and is also a Fellow of the Chartered Insurance Institute of UK, an Associate of the West African Insurance Institute and a Member of the Institute of Directors of Ghana.

In 1994, he was the first African to have won the Rutter Award, an award annually conferred on the best qualifying new Fellow of the Chartered Insurance Institute of UK.

Mr. Benjamin K. Acolatse
Managing Director

Profile of Directors

He is a well qualified and experienced insurance professional with over twenty-five years experience in almost all aspects of insurance and reinsurance, in both the public and private sectors. Within this period he has been associated with four leading companies in the insurance industry namely Enterprise Insurance Company Ltd, Vanguard Assurance Company Ltd, Mainstream Reinsurance Company Ltd. and SIC Insurance Company Ltd.

He is the Chairman of the Academic Board of the Ghana Insurance College and also serves on a number of Boards of organizations or companies including the Ghana International Bank and SIC-Life Company Ltd.

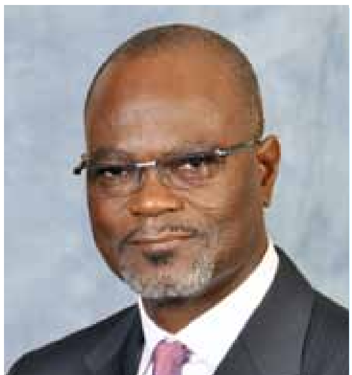

Mr. Kwasi Osei

Mr. Kwasi Osei is an Actuary. He is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. He holds an MBA in Finance and Actuarial Science from the University of Michigan Graduate School of Management. He obtained a BSc in Mathematics (cum Laude) from the University of California, Los Angeles (UCLA), USA.

He has held Senior Management positions in a number of top flight Insurance companies in the USA. These include: Trans America Assurance Company and Golden State Mutual Life Insurance Company both in Los Angeles, California and Travelers Insurance Company, Hartford, Connecticut.

Mr. Kwasi Osei is a retired Director General of the Social Security & National Insurance Trust (SSNIT). Before he joined SSNIT, Mr. Osei was the Executive Chairman and Chief Actuary of Tri-Star Financial Group, a local company. He serves on the Boards of a number of organizations.

He is a product of Opoku Ware School, Kwame Nkrumah University of Science and Technology (KNUST) and University of California, Berkeley. His professional experience covers Business Management, Business Development and Investment Services. His key employers in the USA include:


Mr. Kofi Amoah

Profile of Directors

Northrop	-	Aerospace
Electronic Data System (EDS)	-	Systems Engineering
Southeast Investment Corporation Development	-	Business
Elsafe Incorporated	-	Hospitality
Global One	-	Telecommunications
Bear, Stearns Inc.	-	Investment Services

Mr. Kofi Amoah has a lot of experience in building companies. He is the founder and CEO of Progeny Ventures Inc. Los Angeles, which has successfully partnered with Western Union Financial Services and several African Banks in the global Remittances business.

He is the founder and president of J.S. Investments Inc., Los Angeles, PPVI Ghana Ltd, and Progeny Aluminum and Design Ghana Ltd.

Mr. Kofi Amoah was a member of Ghana Investment Advisory Council, past member of the Ghana Football Association and Chairman of the Local Organising Committee (LOC) of the Ghana 2008 African Cup of Nations Tournament.
He is currently the largest individual shareholder in the SIC Insurance Company Ltd.

Dr. Kofi Kodua Sarpong

Dr. Sarpong is currently the Executive Chairman of Finatec, a financial engineering and consulting firm. Prior to this, he was the Managing Director of Tema Oil Refinery Limited. He has held numerous advisory and Non- Executive positions with companies both listed and unlisted, and is currently on the Boards of Camelot Ghana Limited, Sahel-Sahara Bank (BSIC Ghana Ltd) and Nsutaman Catholic Secondary School.

Dr. Sarpong is a member of the Institute of Chartered Accountants (Ghana). He holds a Bachelor of Science (Hons) in Business Administration, a Master of Business Administration from the University of Ghana and a Master of Accountancy (M. Acc) in International Accounting & Finance from the University of Glasgow, Scotland and a PhD in Industrial & Business Studies from the University of Warwick, England.

Dr. Sarpong is the Executive Chairman of the Kumasi Asante Kotoko Sporting Club.

Profile of Directors

Mr. Kingsley Kwame Awuah-Darko

He holds a BA Law (Hons.) from the Kwame Nkrumah University of Science & Technology and an MBA from Henley Management College, UK.

He has worked with Vanguard Assurance Co. Ltd. as Project Officer between 1992 and 1995, with City Investment Co. Ltd. as Vice President (Corporate Affairs/ Business Development) between 1995 and 1998. He served as a Director on the following Boards:

- Money Systems Int. Ltd.
- Matrix Int. Holdings
- City Investment Co. Ltd.
- Roman Ridge School.

He is currently the Chairman of the Board of Directors of SIC Financial Services Limited.

Yvonne Osei-Tutu (Mrs.)

She holds a Bachelor of Arts Degree in Economics from the University of Ghana, Legon and an MSc in Information Systems from Pace University, New York. She is also a Certified Project Management Professional (PMP).

Her professional experience covers Information Technology, Operational Management and Business Process Improvement.

She has worked with the following companies in the United States of America:

- Wachovia Bank
- Merrill Lynch
- Time Warner Cable
- Credit Suisse First Boston

She is currently the Chief Executive of Next Generation Broadcasting Ghana Ltd.

Profile of Directors

Dr. Vitus Victor Anaab-Bisi
(MD, MPH)

Dr. Vitus Victor Anaab-Bisi has over Sixteen years experience in medical practice. He holds a Doctor of Medicine (MD) degree from The Vinnitsa State Medical University in the Republic of Ukraine and also a Master of Science degree in Public Health in Developing Countries (MPH) from The London School of Hygiene and Tropical Medicine of The University of London, UK.

Dr. Anaab-Bisi has vast experience in Health Systems Management. He also has interest in Health Insurance and Clinical Governance. He has worked in various disciplines in Clinical Practice as well as Public Health, in key health institutions such as Korle- Bu Teaching Hospital, Ghana Police Hospital and Akim Oda Government District Hospital.

Dr. Anaab-Bisi is currently the Head of Health Services Department of Ghana Ports and Harbours Authority (GPHA) Tema, where he combines clinical work with health administration. He also handles issues of Occupational Health and Safety. Dr. Anaab-Bisi has interest in farming and traveling.

Dr. Kwaku Osafo

Dr. Kwaku Osafo has been a director of SIC since July 26. 2001. He is an Engineer, Economist and a Financial Analyst. He has a PhD in Applied Economics and an MA in Economics from Stanford University; an MBA in Finance from the University of Ghana Business School, an MSc in Irrigation and Water Resources Engineering from the University of California, and a BSc in Agricultural Engineering (Civil Option) from the Israeli Institute of Technology, Haifa, Israel.

Dr. Kwaku Osafo served as Economic Advisor to the 20-Member Common Market for Eastern and Southern Africa (COMESA) Lusaka, Zambia, for five years. He was a World Bank Expert for the Government of Zambia for eight years. He was a Lecturer in Agricultural Engineering at the University of Ghana.

Dr. Kwaku Osafo was also the Programme Manager for the 5th Government/European Union Micro projects in Ghana. He has served over the years in varied international capacities for projects in several countries. He is currently the Managing Director of Kwasaf Development Consultancy Ltd.

SIC
OUR PROMISES ARE SACRED

OUR PEOPLE PROMISE

RELATIONSHIP

We cherish lasting partnerships

www.sic-gh.com

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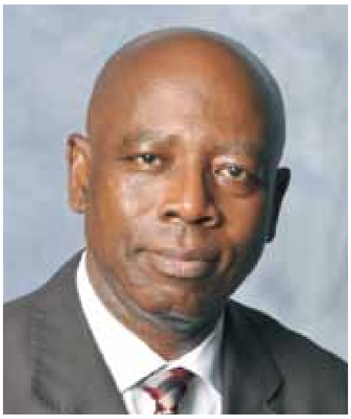
Management

Mr. Benjamin K. Acolatse
MANAGING DIRECTOR

MR. FRANKLIN ASAFO-ADJEI
(DEPUTY MANAGING DIRECTOR, FINANCIAL & ADMIN)

DORIS AWO-NKANI (MRS.)
(DEPUTY MANAGING DIRECTOR, TECHNICAL)



MR. ALFRED Y. OFORI-KURAGU
(GENERAL MANAGER, TECHNICAL)

MR. MUSAH ABDULAI
(GENERAL MANAGER, FINANCE)

Chairman's Report

Introduction

My Dear Shareholders, Ladies and Gentlemen, it gives me great pleasure to welcome you to the 4th Annual General Meeting of SIC Insurance Company Limited, and to present to you the Annual Report and Financial Statements of the Company for the year ended December 31, 2010.

Economic Environment

The Ghanaian economy was largely stable in the year 2010, in the midst of a number of occurrences. There was escalation in crude oil prices way above estimated levels and this development generated some economic shocks in the global economy. At the same time, Ghana started the production of oil in the last quarter of 2010, signifying a major turning point for economic development. It is estimated that the oil revenue will boost Ghana's economic growth rate from about 5% in 2010 to as much as 12% in 2011. During the same period, relations between Ghana and China have become stronger. Government has been able to secure loans and assistance to bridge Ghana's infrastructure gap and initiate other projects. These projects and the oil discovery present substantial opportunities in insurances which SIC is keenly pursuing.

During the period under review, the Ghana Investment Promotion Centre recorded an increase of 100.32% in Foreign Direct Investment (FDI) inflows. In 2010, the centre had GH¢1.55 billion in FDI inflows into the country, compared to GH¢771.82 million recorded for the same period in 2009.

The inflationary pressures that characterized 2009 slowed down in 2010. The average inflation rate was 14.78% in January 2010, and by the close of the year, it had dropped to 10.87% largely as a result of price easing in the food and non-alcoholic beverages group.

Available data on the money and currency market show that at the end of December 2010, the interbank US$/GH¢ exchange rate was 1.46, the GBP/GH¢ and EUR/GH¢ were 2.28 and 1.94 respectively. It needs to be mentioned that, over the one year period ended 31st December, 2010, the Ghana Cedi has appreciated by 2.0% against the Pound Sterling and 5.7% against the Euro. It however, depreciated by 3.1% against the US Dollar over the same period.

During the period under review, interest rates remained broadly stable. The benchmark 91-day Treasury bill rate stood at 12.88%, the 182 - Day bill stood at 13.37% and the One-year Fixed Rate note and Two-year Fixed Rate notes stood at 13.80% and 13.90% respectively.

Total revenue and grants for the year 2010 grew by more than 27% compared with the 24% registered for the same period in 2009 and upped as a proportion of GDP from 27.2% in 2009 to 28.8%.

Total expenditure, on the other hand, excluding externally financed capital expenditure, grew by almost 30% compared with the 2.8% decline recorded in 2009. Expenditures constituted 33.8% of GDP in 2010 compared with the 31.3% recorded in 2009.

Insurance Industry

The insurance industry remained very competitive in the year 2010 and this led to some competitors undercutting rates. One big challenge that still remains with the industry is the high level of outstanding premiums owed insurers. It is gratifying to note that the National Insurance Commission has issued credit guidelines to mitigate the situation. These include a strict cash collection of premiums below GH¢500 and for annual premiums in excess of this amount, insurers are to demand a 40% deposit, with the balance paid within 90 days, failing which the insurer should decline cover. Furthermore, insurers are required to charge interest where no deposit is received within the period of credit limited to 3-6 months.

Business Operations

The nature of business of the group remained the same in 2010. I will now proceed to outline your Company's performance for the year 2010.

Premium Income

In 2010, the Company realized an amount of GH¢64.04m as Gross Premium Earned which is a 12.6% growth compared to the performance in 2009 (GH¢56.88m). Net Premium after Reinsurances grew by 15.4% in 2010 (GH¢47,180,451) over 2009 (GH¢40,900,655).

Profit before Tax

Profit before tax for the year under review was GH¢8.04m. This shows an increase of 7.4% when compared with last year's figure of GH¢7.5m

Dividend

The Board of Directors has proposed a total dividend payment of GH¢3,478,567 representing GH¢0.0177 per share to be paid out to shareholders. This is the same amount paid last year, and it is approximately 57.44% of net profit after tax made in year 2010.

Raising of Additional Capital

Before the close of this year your company may start the development of the Sudan Road property (opposite the Ridge Hospital).

The development will be a multimillion dollar ultra modern construction project which among others, may include:

(a) Five (5) tower blocks providing the appropriate mix of offices, retail and residential apartments including penthouses.

(b) One of the tower blocks may be a hotel with an attached Convention Centre.

It is the intention of the Board and Management that this project will be unmatched in the Accra metropolis.

Dear Shareholders, in order to raise part of the funding for the project, the Company may embark on a rights issue. An Extraordinary General Meeting will be convened for the purpose in the course of the year, if the Rights issue is embarked upon.

Transfer from Capital Surplus to Stated Capital

In 2008, Shareholders approved the transfer of GH¢22.50m from the Capital Surplus Account to

Stated Capital in accordance with Section 66(c) of the Companies Code 1963, Act 179. I wish to announce that the Company has successfully effected the transfer.

Business Process Remodelling

In order to encourage and ensure relationship building between staff and clients, your Company has reengineered its internal operating approach. SIC now applies a more client focused strategy compared to the classical product segmental structure reflected previously. In the current structure, the same set of staff who prospect for business are the same set that underwrite, service the client and also deal with the client's claims, should any arise. Again, clients with different functional portfolios no longer need to move from one functional underwriter to the other.

Oil and Gas Insurance

All the General Insurance providers in the country have agreed to establish an Oil and Gas Insurance Pool that will represent the Industry's interests. Each insurer is required to contribute 5% of their respective Gross Premium Earned for 2009. Nonetheless, given the limited capacity in the local market, only around 1% of the oil and gas business is expected to be retained locally, with the majority flowing to international markets. I am proud to announce to you that your company, SIC, is the Manager of this Pool.

Establishing Subsidiary Companies within the West African Sub Region

The Company has decided to strategically expand into the West African Sub-region. In fact, your company has taken significant steps to establish a subsidiary company in Liberia. The Company is holding on to the entry until after Liberia's elections in October 2011. Sierra Leone will soon follow in this trend. Exploratory visits and talks have been made in these countries with representatives of the appropriate authorities.

Investment In Reinsurance Company

The Company has also taken steps to invest in or establish a reinsurance company. This is as a result of the high reinsurance purchases the Company makes each year. The decision is strategic as it will help to increase profitability, diversify risk and get more equity stake in profitable companies.

Corporate and Social Responsibility

Your Company, SIC, takes its corporate and social responsibility very seriously. This is the reason why the Company spent as much as GH¢127,686 in fulfilling corporate and social responsibilities. Some of the beneficiaries include the Otumfuo Osei Tutu, the Asantehene Education Foundation, The Accra Metropolitan Assembly (Elimination of Shift System in Public Schools), Ghana Heart Foundation, The Road Safety Fund, Ghana Medical Association, Sports Writers Association of Ghana, National Farmers' Day and many more. SIC will persist in contributing to satisfy the needs of such institutions that meet the set requirements of the Company.

Outlook for 2011 and Beyond

In spite of the competition in the industry, a successful implementation of the Strategic Plan of the Company will ensure a better performance of the Company in the years ahead.

Acknowledgement

I would like to thank our Members of our Board of Directors and Management Team, who continue to play critical roles in executing SIC's comprehensive growth strategy.

I would also like to express my sincere appreciation to our employees who deliver the value experience to our customers and stakeholders each day. Their dedication and hard work are an invaluable contribution to your Company' performance.

A very big thank you to our shareholders for your support throughout the years and for putting your confidence in us as your directors.

We are confident that the year 2011 will be another year of growth and a time for SIC to demonstrate its unique advantages and show its potential.

We look back with pride and satisfaction at what we have achieved in 2010 and we are excited about what lies ahead for us this year and for the long term.

Thank you.

The Chairman of the Board, Max Cobbina and the Managing Director, Benjamin K. Acolatse join staff to light a candle to inaugurate "Our Peoples' Promise" (Trust, Respect, Professioalism, Relationship and Sense of Urgency)

Managing Director's Statement

Mr. Chairman, Distinguished Shareholders, Ladies and Gentlemen, Good day. It is my honour to welcome you all to the Annual General Meeting of SIC Insurance Company Limited for the year ended 31st December, 2010. So soon another year has come, and we are grateful to the Good Lord for watching over all of us.

Business Environment

The year 2010 witnessed some level of economic recovery after one of the deepest global economic downturns in recent history. In Ghana, a period of austerity became necessary in 2010, in a bid to control fiscal deficit, stabilize the Ghana Cedi, and bring down inflation. By the end of the year, the macro-economic indicators were positive.

The Bank of Ghana's Composite Index of Economic Activity which measures the level of business activity registered an annual growth of 10.5% in 2010, compared to 3.8% in 2009, on account of strong investor activities, increased internal demand and favourable commodity prices.

Headline inflation which was about 15% at the beginning of the year 2010 dropped to 8.5% by the end of 2010 – better than the projected 9.2%. GDP growth rate rose from 4.7% in 2009 to 6.6% in 2010. The overall Balance of Payments surplus of US$1.5 billion compared favourably with the US$ 1.1 billion recorded in 2009.

At the insurance industry level, the proliferation of new insurance companies into the Ghanaian market from 2008 resulted in unhealthy competition among companies with its attendant premium under-cutting, and other very unprofessional practices across the insurance industry in Ghana.

The overall effect of the slow recovery from the global economic recession, and the very unhealthy competition among insurers locally, is the huge challenge facing insurers in the area of operational performance.

Operational Performance

Notwithstanding the economic and market challenges, the performance of your company – SIC Insurance Company - was very creditable. Gross Earned Premium grew from GH¢56.88m in 2009 to GH¢64.04m in 2010 - representing an increase of 12.6% over the 2009 performance. Indeed, this is the highest achievement within the previous 3 years (2008, 2009 and 2010).

Underwriting Profit increased from GH¢ 2,308,253.00 in 2009 to GH¢ 5,120,209.00 in 2010 –representing an increase of 121.8% over the previous year's figure. Profit Before Tax (PBT) increased from GH¢7,487,560.00 in 2009 to GH¢8,044,291.00 in 2010. This represents a 7.4% growth over the 2009 performance level.

Shareholders' Funds grew from GH¢61,888,890.00 in 2009 to GH¢83,840,538.00 in 2010 - an increase of 35.5% over 2009. In addition, total assets increased by 17% from GH¢117,438,935.00 in 2009 to GH¢ 137,441,579.00 in 2010.

From all indications, Ladies and Gentlemen, your company, SIC, did very well in 2010, considering the economic and market challenges of that year.

Mr. Chairman, Ladies and Gentlemen, it is usually said that "Failing to plan is synonymous with planning to fail" However, in the world of corporate business, planning alone is not good enough. The essential requirement for achieving greater things is good planning backed by consistent hard work.

Management keeps emphasizing that our primary objective is to excel in the provision of customer service. It is for this reason that the Board of Directors, at its meeting in Kumasi in July 2010, gave approval for a new Strategic Plan that reflects the new sense of purpose for the realization of the vision of the Board. The main thrust of the implementation of this Strategic Plan is to make the customer the central point of reference in all our business decisions.
To this end, we have linked all our Branch and

Area Offices in the nation to our Wide Area Network (WAN), in order to expand and enhance our service delivery. In addition, we are opening new Branch Offices at Adenta, Akatsi, Suame, and a Contact Office at Tema – in addition to the Area Office there. The objective is to bring our services and products closer to the doorsteps of our clients, and eventually increase our market share.

Plans are far advanced for the implementation of an e-business scheme whereby our clients can transact business with any of our offices without the need to be physically present.

Management and staff recognize the significance of quality customer service delivery in our operations and will continue to explore all appropriate channels to attain this noble objective.

Oil and Gas

Mr. Chairman, Distinguished Shareholders, Ladies and Gentlemen, as announced at last year's AGM, your company was appointed to be the Manager of the Ghana Oil and Gas Insurance Pool (GOGIP) in Ghana. The Pool represents the group of Insurance Companies that are involved in the Oil and Gas Insurance transactions in Ghana. SIC Insurance had about 30.0% of the local market share of the Oil and Gas Insurance business in 2010. As of April 2011, the GOGIP has made about US$ 2,144,318.00 as income.

Outlook for 2011

Mr. Chairman, Distinguished Shareholders, Ladies and Gentlemen, with the gradual recovery of Ghana's economy from the 2008-2009 global economic crisis, vis-à-vis the commencement of commercial production of oil in Ghana, the year 2011 promises to be a better year than 2010.
In response to this, Management has put in place strategies aimed at deriving maximum benefits from our strengths and opportunities, whilst minimizing the threats and weaknesses.

Customer Service

Improving upon our customer service delivery is a very key element among our strategies for 2011. Management is providing logistical support (e.g. stand-by generators, computers, printers, etc.) to Area, Branch and Contact Offices to enable them deliver on our promises. Apart from establishing modalities for the commencement of operations at Adenta Office, Akatsi office, Suame Office, and Tema Office, Management is in the process of ear-marking 3 towns by the end of 2011 to kick-start our 2012 market expansion drive.

In pursuit of our defined objective of improving customer service and bringing our services closer to our clients, Management has introduced an innovative concept called "SIC At Your Door Step" this year, 2011. As indicated earlier, the ultimate objective is to increase our market share.

Mr. Chairman, Distinguished Shareholders, our critical objective in this direction is to leverage on (and hopefully deepen) our relationship with major clients, existing and potential, as we march forward into the future.

IT Support

Mr. Chairman, Distinguished Shareholders, Ladies and Gentlemen. Management places high premium on the need to deploy technology to grow business. One of our key objectives for 2011 is to significantly transform the IT base of the company, so as to provide the expected IT support for our operations. This would enable the company to maintain its dominance in the Ghanaian Market.

Consequently, we are improving upon our IT platform by upgrading our main insurance software from PREMIA 9 to PREMIA 10 which would enable us to offer a much improved service to our customers. In addition, and as stated earlier, plans are far advanced for the implementation of an e-business scheme so that our clients may choose to transact business with any of our offices without physically walking through our office doors.

Creating the West African Brand

Mr. Chairman, Distinguished Shareholders, Ladies and Gentlemen, next year SIC Insurance shall be 50 years old. Half a century is a major milestone in the lives of individuals and organisations. It is the view of the Board and Management that your company has come of age and must be considering expanding operations into the West African Sub-region. Consequently, plans are far advanced to conclude the setting-up of a subsidiary in Liberia by the end of the year (2011). This would be followed closely by establishing another in Sierra Leone.

Conclusion

Mr. Chairman, Ladies and Gentlemen, It is my firm conviction that the 2010 results would not have been achieved without the support and commitment of you the Shareholders, the Board of Directors, Management, staff, our Agency Force, Brokers and, most importantly, our numerous loyal clients.

I would like to take this opportunity to thank you all for the important role you played and continue to play, in support of our honourable course. We are most grateful.

As we go forward, Management is fully aware of the challenges ahead, but very confident that with your continued support and commitment we shall realize our fullest potential in the coming years - get our clients delighted and satisfied with our services; have our staff and Agency force feeling proud to be associated with this great Company of yours; and guarantee maximum returns for you our worthy and distinguished shareholders.
Personally, I strongly believe in the saying that ''WHERE THERE IS A WILL, THERE IS A WAY''. The road may be rough and tough, but with your support, and our strong will power, we shall definitely overcome the challenges, and get to our desired destination.

Mr. Chairman, Distinguished Shareholders, Ladies and Gentlemen, I thank you all for the patience in listening to me. Till we meet again next year, I wish you all the protection of the Most High God.

The Managing Director, Benjamin K. Acolatse pays a courtesy call on the Asantehene, Otumfuo Osei Tutu II

Statement of Directors' Responsibilities

The Ghana Companies Code 1963 (Act 179) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group at the end of the financial year and of the income statement for that year.

The directors believe that in preparing the financial statements, they have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all international accounting standards which they consider to be appropriate have been followed.

The directors are responsible for ensuring that the group keeps accounting records which disclose with reasonable accuracy the financial position of the group and which enable them to ensure that the financial statements comply with the Companies Code, 1963 (Act 179) and Insurance Act 2008 (Act 724).

They are also responsible for taking such steps as are reasonable to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The above statements which should be read in conjunction with the statement of the auditors responsibilities on page 6 is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements.

Independent Auditors' Report

To the members of SIC Insurance Company Limited

We have audited the accompanying consolidated financial statements of SIC Insurance Company Limited and its subsidiary (the Group) set out on pages 7 to 44, which comprise the consolidated balance sheet as at 31 December 2009 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended together with the summary of significant accounting policies and other explanatory notes, and have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Code 1963, (Act 179). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting 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 Standards 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.

An audit involves performing procedures to obtain audit evidence about the amounts 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 audit opinion.

Opinion

In our opinion, the group 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 Code 1963, (Act 179) and the Insurance Act 2006 (Act 724). The financial statements give a true and fair view of the financial position of the group as at 31 December 2009, and of its financial performance and cash flow for the year then ended and are drawn up in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

The Ghana Companies Code, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the folowing matters. We confirm that:

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. in our opinion proper books of accounts have been kept by the group, so far as appears from our examination of those books; and

iii. the balance sheet and profit and loss ac count of the group are in agreement with the books of accounts.

In accordance with section 78(1) (a) of the Insurance Act, 2006, (Act 724), the group has kept accounting records that are sufficient to explain its transactions and financial position with respect to its insurance business and any other business that it carries on.

Deloitte & Touche

Chartered Accountants

Accra, Ghana

20th May, 2010

Statement of consolidated comprehensive income
For the year ended 31 December, 2010

	Note	Group 2010 GH¢	2009 GH¢	Company 2010 GH	2009 GH¢
Gross premium	6	**64,042,765**	56,877,215	**64,042,765**	56,877,215
Less: Reinsurances	7	**(16,862,314)**	(15,976,560)	**(16,862,314)**	(15,976,560)
Net premium		**47,180,451**	40,900,655	**47,180,451**	40,900,655
Claims incurred	8	**(12,565,341)**	(12,659,793)	**(12,565,341)**	(12,659,793)
Commissions	9	**(356,897)**	908,598	**(356,897)**	908,598
Management expenses	10	**(30,744,155)**	(27,935,765)	**(29,138,004)**	(26,841,207)
Underwriting profit		**3,514,058**	1,213,695	**5,120,209**	2,308,253
Investment income		**1,695,111**	1,960,721	**1,610,638**	1,925,687
Other income	12	**3,428,807**	5,029,828	**1,717,940**	3,773,985
Finance costs	13	**(404,496)**	(520,365)	**(404,496)**	(520,365)
Profit before tax		**8,233,480**	7,683,879	**8,044,291**	7,487,560
National stabilisation levy		**(402,215)**	(95,979)	(402,215)	(93,595)
Taxation	19(c)	**(1,660,959)**	(1,558,592)	(1,613,661)	(1,502,475)
Profit after tax transferred to Income surplus account		**6,170,306**	6,029,308	**6,028,415**	5,891,490
Basic earnings per share-GH¢	14	**0.0315**	0.0308	**0.0308**	0.0301

Statement of consolidated financial position

As at 31 December, 2010

	Note	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Stated capital		**25,000,000**	2,500,000	25,000,000	2,500,000
Capital surplus	21	**9,316,952**	31,816,952	9,316,952	31,816,952
Income surplus		**22,142,470**	17,893,447	21,629,455	17,522,323
Contingency reserve	22	**12,501,991**	10,580,708	12,501,991	10,580,708
Available-for-sale reserves	23	**13,871,900**	-548,240	15,392,140	-531,093
Contribution towards capital		**479,633**	479,633	-	-
Shareholders funds		**83,312,946**	62,722,500	83,840,538	61,888,890
Represented by:					
Property, plant and equipment	24	**19,787,444**	18,404,995	19,616,142	18,280,981
Investment properties	26	**6,013,805**	6,013,805	6,013,805	6,013,805
Intangible assets	25	**98,004**	165,619	-	118,155
Long term investment	27	**32,527,390**	18,147,386	32,452,978	18,092,513
Investment in subsidiary	28	**-**	-	1,865,492	325,713
Investment in associated companies	29	**5,073,215**	5,073,215	5,073,215	5,073,215
		63,499,858	47,805,020	65,021,632	47,904,382
Current assets					
Short term investments	30	**8,695,205**	11,205,179	8,463,296	10,608,623
Lease deposit	31	**1,862,856**	1,560,929		1,560,929
Trade & other receivables	32	**171,487,578**	113,780,718	**52,521,720**	46,419,477
Inventories		**556,994**	523,782	**556,993**	523,782
Unearned reinsurance premium		**7,375,194**	5,289,458	**7,375,194**	5,289,458
National stabilisation levy		**-**	41,730	**-**	44,114
Cash and bank balances	35	**1,744,060**	5,167,550	**1,639,888**	5,088,170
Total current assets		**191,721,887**	137,569,346	**72,419,947**	69,534,553
Current liabilities					
Unearned premium		**18,765,244**	16,452,305	**18,765,244**	16,452,305
Outstanding claims	8	**1,792,856**	3,054,836	**1,792,856**	3,054,836
Trade & other payables	33	**143,589,921**	96,477,395	**25,285,635**	29,375,694
Taxation	19(a)	**3,378,055**	3,000,285	**3,374,739**	3,004,378
National stabilisation levy		**90,693**	-	**88,309**	-
Other current financial liabilities	34	**756,875**	387,897	**756,875**	387,897
Total current liabilities		**168,373,644**	119,372,718	**50,063,658**	52,275,110
Net current assets		**23,348,243**	18,196,629	**22,356,289**	17,259,443
Other non-current financial liabilities	34	**-681,584**	-419,136	**-681,584**	-419,136
Deferred tax	19(d)	**-2,853,571**	-2,860,013	**-2,855,799**	-2,855,799
Total non-current liabilities		**-3,535,155**	-3,279,149	**-3,537,383**	-3,274,935
Net assets		**83,312,946**	62,722,500	**83,840,538**	61,888,890

....
Chairman

....
Director

Consolidated statement of changes in shareholders' funds

For the year ended 31 December, 2010

Group

	Stated capital GH¢	Income surplus account GH¢	Contingency reserves GH¢	Capital surplus GH¢	Available-for sale reserves GH¢	Total GH¢
Balance at 1 Jan. 2009	2,500,000	17,095,526	8,874,392	31,816,952	6,028,864	66,315,734
Total recognised income & exp.	-	6,029,308	-	-	-	6,029,308
Transfer (from)/to reserve	-	(1,706,316)	1,706,316	-	-	-
Net loss on available-for-sale invest.	-	-	-	-	(6,577,104)	(6,577,104)
Transfer to equity holders	-	(3,525,071)	-	-	-	(3,525,071)
Balance at 31 Dec 2009	2,500,000	17,893,447	10,580,708	31,816,952	(548,240)	62,242,867
Balance at 1 January 2010	2,500,000	17,893,447	10,580,708	31,816,952	(548,240)	62,242,867
Total recognised income & exp.	-	6,170,306	-	-	-	6,170,306
Transfer (from)/to reserve	22,500,000	(1,921,283)	1,921,283	(22,500,000)	-	-
Net gain on available-for-sale invest.	-	-	-	-	14,420,140	14,420,140
Transfer to equity holders	-	-	-	-	-	-
Balance at 31 Dec 2010	25,000,000	22,142,470	12,501,991	9,316,952	13,871,900	82,833,313

Company

	Stated capital GH¢	Income surplus account GH¢	Contingency reserves GH¢	Capital surplus GH¢	Available-for sale reserves GH¢	Total GH¢
Balance at 1 Jan. 2009 - restated	2,500,000	16,800,066	8,874,392	31,816,952	6,006,024	**65,997,434**
Total recognised income & exp.	-	5,891,490	-	-	-	**5,891,490**
Net loss on available-for-sale invest.	-	-	-	-	(6,537,117)	**(6,537,117)**
Transfer (from)/to reserve	-	(1,706,316)	1,706,316	-	-	-
Transfer to equity holders	-	(3,462,917)	-	-	-	**(3,462,917)**
Balance at 31 Dec 2009	2,500,000	17,522,323	10,580,708	31,816,952	(531,093)	**61,888,890**
Balance at 1 January 2010	2,500,000	17,522,323	10,580,708	31,816,952	(531,093)	**61,888,890**
Total recognised income & exp.	-	6,028,415	-	-	-	**6,028,415**
Transfer (from)/to reserve	22,500,000	(1,921,283)	1,921,283	(22,500,000)	-	-
Net gain on available-for-sale invest.	-	-	-	-	15,923,233	**15,923,233**
Transfer to equity holders	-	-	-	-	-	-
Balance at 31 Dec 2010	25,000,000	21,629,455	12,501,991	9,316,952	15,392,140	**83,840,538**

Statement of consolidated cash flow

For the year ended 31 December, 2010

Operating activities	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Operating profit	**8,233,480**	7,683,879	**8,044,291**	7,487,560
	8,233,480	7,683,879	**8,044,291**	7,487,560
Adjustment to reconcile profit before tax to net cash flows				
Non-cash:				
Depreciation	**1,456,459**	1,178,610	**1,390,336**	1,120,493
Amortisation of intangible assets	**149,209**	165,445	**118,155**	118,155
Available-for-sale reserve	**14,420,140**	-6,577,104	**15,923,233**	-6,537,117
Profit on disposal of property, plant & equipment	**(170,643)**	-152,734	**(170,643)**	-149,604
Interest received	**-974,355**	-686,165	**(889,882)**	-685,517
Dividend received	**(720,756)**	-1,274,556	**(720,756)**	-1,240,170
Working capital adjustments:				
Increase in provision for unearned premium	**2,312,939**	5,312,447	**2,312,939**	5,312,447
(Increase)/decrease in receivables	**(57,706,860)**	22,721,228	**(6,102,243)**	-1,894,812
Increase in inventories	**(33,212)**	(24,385)	**(33,211)**	-24,384
Increase/(decrease) in trade & other payables	**47,099,643**	(29,198,186)	**(4,090,059)**	-4,647,160
(Decrease)/increase in provision for claims	**(1,261,980)**	1,452,812	**(1,261,980)**	973,179
Increase in lease obligations	**631,426**	(113,163)	**631,426**	-113,163
Increase in lease deposits	**(301,927)**	-	**(301,927)**	-
Increase in unearned reinsurance premium	**(2,085,736)**	(1,521,014)	**(2,085,736)**	-1,521,014
Tax paid	**(1,276,747)**	(1,138,695)	**(1,243,300)**	-1,053,436
National stabilisation levy paid	**(269,792)**	(137,709)	**(269,792)**	-137,709
Net cash used in operating activities	**9,501,289**	(2,309,290)	**11,250,851**	(2,992,252)
Investing activities				
Acquisition of property, plant and equipment	**(2,838,908)**	-711,577	**(2,725,496)**	-640,229
Acquisition of intangible assets	**(81,594)**	-49,206	**-**	-
Proceeds from sale of property, plant and equipment	**170,643**	152,734	**170,643**	149,604
Acquisition of investment properties	**-**	-36,225	**-**	-36,225
Net cash used/flow from investing activities	**(2,749,859)**	(644,274)	**(2,554,853)**	(526,850)
Financing activities				
Purchase of long term investments	**(14,380,004)**	6,803,277	**(15,900,244)**	6,735,065
Dividend received	**720,756**	686,165	**720,756**	685,517
Interest received	**974,355**	1,274,556	**889,882**	1,240,170
Dividend paid	**-**	-3,525,071	**-**	-3,462,917
Net cash used in servicing of finance	**(12,684,893)**	5,238,927	**(12,749,827)**	5,197,835
Changes in cash and cash equivalents	**(5,933,463)**	2,285,363	**(5,593,609)**	1,678,732
Cash at 1 January	**16,372,729**	14,087,366	**15,696,793**	14,018,061
Cash at 31 December	**10,439,266**	16,372,729	**10,103,184**	15,696,793
Analysis of changes in cash and cash equivalents				
Cash and bank	**1,744,060**	5,167,550	**1,639,888**	5,088,170
Short term investments	**8,695,205**	11,205,179	**8,463,296**	10,608,623
	10,439,265	16,372,729	**10,103,184**	15,696,793

Notes to the consolidated financial statements
For the year ended 31 December, 2010

1. Reporting Entity
SIC Insurance Company Limited underwrite non-life insurance risks, The group also issues a diversified portfolio of investment services to provide its customers with asset management solutions for their savings and retirement needs as well as undertaking brokerage services. The group is a limited liability group incorporated and domiciled in Ghana, with its registered office at Nyemitei House 28/29 Ring Road East Osu-Accra. SIC Insurance Company Limited has a primary listing on the Ghana Stock Exchange.

2. Basis of preparation
(a) Statement of compliance
The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those Standards, as adopted by the International Accounting Standards Board and applicable legislation.

The following accounting standards, interpretations and amendments to published accounting standards that impact the operations of the group were adopted:
- IFRS 1 First time adoption of IFRS;
- IFRS 4 Insurance contracts;
- IFRS 7 Financial Instruments: Disclosures;
- IAS 1 (Revised), Presentation of financial statements (added disclosures about an entity's capital and other disclosures);
- IAS 14 Segment reporting;
- IAS 16 Property, plant and equipment;
- IAS 17 Leases;
- IAS 18 Revenue;
- IAS19 (Amendment), Employee benefits;
- IAS 21 (Amendment), The effects of changes in foreign exchange rates;
- IAS 24 (Amendment), Related party disclosures;
- IAS 32 (Amendment), Financial instruments: disclosure and presentation;
- IAS 36 Impairment of assets;
- IAS 37 Provisions, contingent liabilities and contingent assets;
- IAS 38 Intangible assets;
- IAS 39 (Amendment), Financial instruments: recognition and measurement; and
- IAS 40 Investment properties.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value. Financial assets are held at fair value through profit and loss, investment property is measured at fair value, retirement benefit obligations and other long term employee benefit are measured at net present value, financial assets and liabilities are initially recognised at fair value.

(c) Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the group:

(a) Consolidation

i). Subsidiaries:

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date on which control ceases.

The group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

ii). Associates:

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Notes to the consolidated financial statements
For the year ended 31 December, 2010 - continued

(c) Foreign currency translation

i). Functional and presentation currency:

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in cedis, which is the group's presentation currency.

ii). Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

iii). Exchange differences:

The results and financial position of the group's functional currency which is not different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

Notes to the consolidated financial statements
For the year ended 31 December, 2010 - continued

(d) Property, plant and equipment
Land and buildings comprise mainly outlets and offices occupied by the group. Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent appraisers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation surplus in shareholders' funds. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives, as follows:

Motor vehicles	20%	per annum
Office furniture	10%	“
Household furniture	20%	“
Freehold buildings	1%	“
Office equipment	25%	“
Computers	33.33%	“

Leasehold land & buildings are amortised over the life of the lease.

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

(e) Investment properties

Property held for long-term rental yields, that is not occupied by any unit, subsidiary or associate of the group is classified as investment property.

Investment property comprises freehold land and buildings. It is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods such as discounted cash flow projections or recent prices on less active markets. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Changes in fair values are recorded in the income statement.

Property located on land that is held under operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the group. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the income statement.

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

(f) Investment

The group classifies its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

i). Financial assets at fair value through income:

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified into this category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit-taking, or if so designated by management.

ii). Loans & receivables:

Loans & 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 income or available-for-sale. Loans & receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans & receivables.

iii). Held-to-maturity financial assets:

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities – other than those that meet the definition of loans and receivables – that the group's management has the positive intention and ability to hold to maturity.

iv). Available-for-sale financial assets:

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Regular way purchases and sales of investments are recognised on trade date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus, (in the case of all financial assets not carried at fair value through profit or loss), transaction costs that are directly attributable to their acquisition. Investments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the group has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans & receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as net realised gains/losses on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

(g) Impairment of assets

i). Financial assets carried at amortised cost:

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to management's attention about the following events:

(i) significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as a default or delinquency in payments;

(iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;

(iv) the disappearance of an active market for that financial asset because of financial difficulties; or

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

(v) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- Adverse changes in the payment status of issuers or debtors in the group; or

- National or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient approach, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

ii). Financial assets carried at fair value:

The group assesses at each balance sheet date whether there is objective evidence that an available-for-sale financial asset is impaired, including in the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not subsequently reversed. The impairment loss is reversed through the income statement, if in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

iii). Impairment of other non-financial assets:

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are companied at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(j) 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 shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

(k) Insurance and investment contracts - classification

The group issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Notes to the consolidated financial statements
For the year ended 31 December, 2010 - continued

(I) Insurance contracts
i). Recognition and measurement:
Insurance contracts are classified into categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

ii). Non-life insurance contracts:
These contracts are casualty, property and personal accident insurance contracts.

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).

Personal accident insurance contracts mainly compensate the policy holder for bodily injuries suffered. It can be extended to family members and employees of the insured.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third party properties damaged by the contract holders. They include direct and indirect claims settlement costs arising from events that have occurred up to the balance sheet date even if they have not yet been reported to the group. The group does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

iii). Liability adequacy test:

At each balance sheet date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. 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 and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

In determining the adequacy on unearned premium, the liability adequacy test on unexpired risk premium was determined by computing the premium unearned on each policy as at 31 December 2010. Liability adequacy test in respect of claims is determined by taking the settled amount for each claim, agreed with the claimant. The sum insured is considered the best test for non-settled claims.

iv). Reinsurance contracts held:

Contracts entered into by the group with reinsurers under which the group is compensated for losses on one or more contracts issued by the group and that meet the classification requirements for insurance contracts which are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within loans and receivables), as well as longer term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

In certain cases a reinsurance contract is entered into retrospectively to reinsure a notified claim under the group’s property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the group for the related claim, the difference is amortised over the estimated remaining settlement period.

Notes to the consolidated financial statements
For the year ended 31 December, 2010 - continued

v). Receivables and payables related to insurance contracts:
Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement.

vi). Salvage and subrogation reimbursements:
Some insurance contracts permit the group to sell (usually damaged) property acquired in settling a claim (ie, salvage). The group may also have the right to pursue third parties for payment of some or all costs (i.e., subrogation).
Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

(m) Deferred Income tax
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

(n) Employee benefits

i). Pension obligations:

The group operate various pension schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit 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.

ii). Other post-employment obligations:

The group provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The cost is expensed in the income statement when incurred.

iii). Termination benefits:

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

(o) Provisions

i). Restructuring costs and legal claims:

Provisions for restructuring costs and legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

p) Revenue recognition

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

i). Premiums:

Written premiums for non-life insurance business comprise the premiums on contracts incepting in the financial year. Written premiums are stated gross of commissions payable to intermediaries.

Unearned premiums are those proportions of the premium which relate to periods of risk after the balance sheet date. Unearned premiums are calculated on the basis of the number of days beyond the balance sheet date.

ii). Investment income:

Investment income consists primarily of dividends, interest receivable and realised gains and losses.

iii). Fee, commission and other income:

Fee, commission and other income consists primarily of reinsurance and profit commissions, asset management fees, policyholder administration fees and other contract fees.

iv). Interest income:

Interest income for financial assets that are not classified as fair value through profit or loss is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

v). Dividend income:

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

vi). Rental income:

Rental income is recognised on an accrual basis.

(q) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Assets acquired in terms of finance leases are capitalized at the lower of cost and the present value of the minimum lease payment at inception of the lease, and amortised over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the balance sheet.

(r) Dividend distribution

Dividend distribution to the group's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by shareholders.

(s) Critical accounting estimates and judgments in applying accounting policies

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments 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.

Notes to the consolidated financial statements
For the year ended 31 December, 2010 - continued

i). The ultimate liability arising from claims made under insurance contracts:
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 group will ultimately pay for such claims.

ii). Impairment of available-for-sale equity financial assets:
The group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

(t) Management of insurance and financial risk
The group issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the group manages them.

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

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

ii). Sources of uncertainty in the estimation of future claim payments:
Claims on casualty contracts are payable when the insured event occurs. The group is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and larger variables affect the amount and timing of cash flows from these contracts.

These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopt. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the balance sheet date. The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Casualty contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the balance sheet date.

In calculating the estimated cost of unpaid claims (both reported and not), the group estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims has happened. For casualty contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid the group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

iii). Financial risk:

The group is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, currency risk and credit risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risk that the group primarily faces due to the nature of its investments and liabilities is interest rate risk.

a). Interest rate risk:

Interest-rate risk is the only financial risk that has a materially different impact across the assets and liabilities categorised in the group's assets and liabilities management (ALM) framework.

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. A 5% increase or decrease is used when reporting interest rate risk internally, it represents management's assessment of the reasonably possible change in interest rates.

	31-Dec-10 Amount GH¢	Scenario 1 5% increase GH¢	Scenario 2 5% decrease GH¢
Pre-tax profit	**8,233,480**	8,645,154	7,821,806
Shareholders' equity	**83,312,946**	87,478,593	79,147,299

Assuming no management actions, a series of such rises would increase pre-tax profit for 2010 by GH¢ 384,194, while a series of such falls would decrease pre-tax profit for 2010 by GH¢384,194. Also a series of such rises would increase the shareholders' equity by GH¢3,136,125, whilst a series of such falls would decrease shareholders' equity by GH¢3,136,125.

b). **Credit risk:**

The group has exposure to credit risk, which is the risk that counterparty will be unable to pay amounts in full when due. Key areas where the group is exposed to credit risk are:

– reinsurers' share of insurance liabilities,
– amounts due from reinsurers in respect of claims already paid,
– amounts due from insurance contract holders,
– amounts due from insurance intermediaries,

The group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and business lines are approved by the Board of Directors.

The following table shows the carrying value of assets that are neither past due nor impaired, the ageing of assets that are past due but not impaired and assets that have been impaired.

	2010 GH¢	2009 GH¢
Neither past due nor impaired	**2,793,001**	16,672,572
Past due but not impaired - less than 30 days	**15,080,463**	7,167,640
Past due 31 to 60 days	**2,506,744**	2,038,912
Past due 61 to 90 days	**5,571,407**	356,126
Past due more than 90 days	**11,981,703**	7,038,150
Past due and impaired	**1,157,831**	392,830
	-	-
	39,091,149	33,666,230

c). **Liquidity risk:**

The group is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The group's approach to managing liquidity risk is to ensure that it will maintain adequate liquidity to meets its liabilities when due.

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

d). Currency risk:

The group operates locally and its exposures to foreign exchange risk arise primarily with respect to the US dollar, the Euro and the UK pound due to the reinsurance businesses undertaken with foreign based Reinsurers as well as policies undertaken in foreign currencies. The group receives claims from its reinsurers in foreign currencies and also has some investments in foreign currencies which mitigates the foreign currency exchange rate risk for these operations.

As a result, foreign exchange risk arises from recognised assets and liabilities denominated in other currencies.

	2010 USD GH¢	2009 USD GH¢	2010 GBP GH¢	2009 GBP GH¢	2010 Euro GH¢	2009 Euro GH¢
Assets	**7,564,998**	5,205,465	**40,755**	37,138	**231,867**	206,342
Liabilities	**12,933,151**	13,103,496	**85,134**	86,255	**28,270**	22,743

The following table details the group's sensitivity to a 10% increase and decrease in the cedi against the relevant foreign currencies. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity the impact of change in a single factor is shown, with other assumptions unchanged.

	31-Dec-10 Amount GH¢	Scenario 1 10% increase GH¢	Scenario 2 10% decrease GH¢
Pre-tax profit	**8,233,480**	9,056,828	7,410,132
Shareholders' equity	**83,312,946**	91,644,241	74,981,651

Assuming no management actions, a series of such rises would increase pre-tax profit for 2010 by GH¢ 768,388, while a series of such falls would decrease pre-tax profit for 2010 by GH¢768,388. Also a series of such rises would increase the shareholders' equity by GH¢6,272,250, whilst a series of such falls would decrease shareholders' equity by GH¢6,272,250.

The following significant exchange rates were applied during the year:

	2010 GH¢ Selling	**2010 GH¢ Buying**	2009 GH¢ Selling	2009 GH¢ Buying
US Dollar	1.4456	1.4320	1.4441	1.4238
GB Pound	2.4678	2.3450	2.3280	2.2949
Euro	2.0843	2.0054	2.0831	2.0543

4. The following new standards, amendments to standards and interpretations to existing standards are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these financial statements.

- IAS 1 (Revised) presentation of financial statements
- IAS 23 (Amendment) Borrowing Costs
- IAS 27 (Revised) Consolidated and separate financial statements
- IAS 28 (Amendment) Investments in associates
- IFRS 5 (Amendment) Non-current assets held-for-sale and discontinued operations (and consequential amendment to IFRS 1, First-time adoption)
- IAS 32 Financial instruments: Presentation and IFRS 7, Financial instruments: Disclosures
- IAS 36 (Amendment) Impairment of assets
- IAS 38 (Amendment) Intangible assets
- IAS 19 (Amendment) Employee benefits
- IFRIC 12 Service concession arrangements
- IFRIC 13 Customer Loyalty programmes
- IFRIC 15 Agreements for the construction of real estate
- IFRIC 16 Hedges of a net investment in a foreign operation

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

5. Segment information

Segmental information is presented in respect of the group's business segments. The primary format and business segments, is based on the group's management and internal reporting structure.

The group's results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The group does not have a geographical segment.

Class of business	Marine & Aviation GH¢	Fire GH¢	Motor GH¢	Accident GH¢	**2010 Total GH¢**	2009 Total GH¢
Gross premiums	4,097,562	15,455,484	30,378,746	14,110,973	**64,042,765**	56,877,215
Reinsurances	(909,592)	(4,118,922)	(8,468,257)	(3,365,543)	**(16,862,314)**	(15,976,560)
Net premiums	3,187,970	11,336,562	21,910,489	10,745,430	**47,180,451**	40,900,655
Premium earned	3,187,970	11,336,562	21,910,489	10,745,430	**47,180,451**	40,900,655
Commissions	(22,127)	(88,874)	(166,890)	(79,005)	**(356,897)**	908,597
	3,165,843	11,247,688	21,743,599	10,666,425	**46,823,554**	41,809,252
Claims	(687,796)	(1,727,045)	(8,412,275)	(1,738,225)	**(12,565,341)**	(12,659,793)
	2,478,047	9,520,643	13,331,324	8,928,200	**34,258,213**	29,149,459
Management expenses	(1,713,194)	(4,301,806)	(18,793,353)	(4,329,651)	**(29,138,004)**	(26,781,208)
Underwriting results transferred to Rev. A/c	764,852	5,218,837	-5,462,029	4,598,549	**5,120,209**	2,368,251
Total assets					**255,221,745**	117,394,821
Total liabilities					**171,908,799**	55,550,045
Shareholders funds					**83,312,946**	61,844,776

Unearned premium	Marine & Aviation GH¢	Fire GH¢	Motor GH¢	Accident GH¢	**2010 Total GH¢**	2009 Total GH¢
Unearned premium - b/f	1,278,358	2,154,776	8,994,168	4,025,003	**16,452,305**	11,139,859
Less: Unearned premium - c/f	(1,140,029)	(2,849,792)	(11,127,020)	(3,648,402)	**(18,765,243)**	(16,452,305)
Reinsurance c/f	909,592	4,118,922	8,468,257	3,365,543	**16,862,314**	5,289,458
Movement in unearned premium	1,047,921	3,423,906	6,335,405	3,742,144	**14,549,376**	(22,988)

The non-life insurance business is organised into four segments as shown above.

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

i) **Motor:** This business unit underwrites motor insurance by giving cover which indemnifies the insured against any accidental loss to motorbikes and vehicles. There are three types of motor insurances namely; comprehensive, third party and third party fire & theft.

ii) **Marine & Aviation:** Marine insurance provides cover on airborne cargoes, ships, fishing vessels as well as ports & harbours installations. Aviation on the other hand covers aircrafts itself, cargo and passengers.

iii) **Fire:** Fire insurance covers accidental destruction of properties including household buildings, personal effects, commercial and industrial buildings, plants & machinery, raw materials, finished goods and profits (business disruption) policies. Fire cover is usually in three parts, namely; fire, lighting, and limited explosions.

iv) **Accident:** Accident policies covers a broad range of activities including personal accidents, family personal accidents, group personal accidents, burglary, cash-in-transit, goods-in-transit, bankers indemnity, pedals cycle, products liability, contractors all-risk, travel insurance, bonds etc.

The business segments operates on a short-term insurance cycle.

6. Gross premium

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Motor	**30,378,746**	27,345,687	**30,378,746**	27,345,687
Fire	**15,455,484**	14,850,737	**15,455,484**	14,850,737
Accident	**14,110,973**	9,888,410	**14,110,973**	9,888,410
Marine and aviation	**4,097,562**	4,792,381	**4,097,562**	4,792,381
	64,042,765	56,877,215	**64,042,765**	56,877,215

7. Reinsurances

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Motor	**8,468,257**	5,583,969	**8,468,257**	5,583,969
Fire	**4,118,922**	4,638,503	**4,118,922**	4,638,503
Accident	**3,365,543**	3,842,243	**3,365,543**	3,842,243
Marine and aviation	**909,592**	1,911,845	**909,592**	1,911,845
	16,862,314	15,976,560	**16,862,314**	15,976,560

Notes to the consolidated financial statements
For the year ended 31 December, 2010 - continued

8. Claims incurred	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Payments during the year	**17,290,331**	15,433,865	**17,290,331**	15,433,865
Claims outstanding at 31/12/10	**1,792,856**	3,054,836	**1,792,856**	3,054,836
	19,083,187	18,488,701	**19,083,187**	18,488,701
Claims outstanding at 31/12/09	**(3,054,836)**	(2,081,657)	**(3,054,836)**	(2,081,657)
	16,028,351	16,407,044	**16,028,351**	16,407,044
Net recoveries	**(3,463,010)**	(3,747,251)	**(3,463,010)**	(3,747,251)
Claims net of recoveries	**12,565,341**	12,659,793	**12,565,341**	12,659,793

9. Commissions	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Receivable	**6,437,938**	6,331,318	**6,437,938**	6,331,318
Payable	**(6,794,835)**	(5,422,720)	**(6,794,835)**	(5,422,720)
Net commissions	**(356,897)**	908,598	**(356,897)**	908,598

10. Management expenses
Mangement expenses is stated after charging:

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Directors' emoluments	**445,578**	241,801	**290,488**	195,585
Staff cost	**18,841,724**	16,693,096	**18,207,371**	16,079,244
Depreciation	**1,456,460**	1,225,877	**1,390,336**	1,120,493
Software amortisation	**149,209**	169,412	**118,155**	118,155
Audit fees	**75,213**	71,265	**60,000**	60,000

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

11. Investment income

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Dividend	**720,756**	686,165	**720,756**	685,517
Interest on bank deposits	**191,847**	990,109	**191,847**	990,109
Interest on treasury bills	**244,822**	250,061	**244,822**	250,061
Other investment income	**537,686**	34,386	**453,213**	-
	1,695,111	1,960,721	**1,610,638**	1,925,687

12. Other income

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Rent	**317,695**	320,106	**317,695**	320,106
Brokerage and investment advisory fee	**1,710,372**	1,221,691	-	-
Profit on disposal of assets	**170,643**	152,734	**170,643**	149,604
Sundry income	305,436	845,886	**304,941**	838,968
Gain on exchange	817,787	2,489,411	**817,787**	2,465,307
Management fees	106,874	-	**106,874**	-
	3,428,807	5,029,828	**1,717,940**	3,773,985

13. Finance costs

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Interest on finance leases	**404,496**	520,365	**404,496**	520,365

14. Earnings per share

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

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Profit attributable to the group's equity holders	**6,170,306**	6,029,308	**6,028,415**	5,891,490
Weighted average number of ordinary shares in issue	**195,645,000**	195,645,000	**195,645,000**	195,645,000
Basic earnings per share	**0.0315**	0.0308	**0.0308**	0.0301

15. Financial instruments classification summary

The group's financial assets are summarised below by measurement category as follows:

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Available-for-sale (Note 16)	**38,075,362**	16,967,395	**38,075,362**	16,966,795
Receivables (including insurance receivables) (Note 17)	**37,933,318**	29,309,520	**37,933,318**	29,309,520

The group does not hold financial assets in the category of Held-to-maturity as well as Fair value designated through income.

16. Available-for-sale financial assets

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Equity securities:				
Listed	**10,628,963**	12,058,652	**10,628,963**	12,058,652
Unlisted	**27,446,399**	4,908,743	**27,446,399**	4,908,143
Total available-for-sale financial assets	**38,075,362**	16,967,395	**38,075,362**	16,966,795

17. Receivables

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
i). ***Receivables arising from insurance and reinsurance contracts:***				
Due from policy holders	**29,573,409**	25,445,733	**29,573,409**	25,445,733
Due from agents, brokers and intermediaries	**8,359,909**	3,863,787	**8,359,909**	3,863,787
Total receivables including insurance receivables	**37,933,318**	29,309,520	**37,933,318**	29,309,520
Current portion	**37,933,318**	29,309,520	**37,933,318**	29,309,520

The carrying amount is a reasonable approximation of fair value.

The group's receivables are non-interest bearing assets. Management has assessed all receivables for impairment purposes, an impairment loss of GH¢1,157,831 was considered for debts which could not be verified with certainty and the viability of some of the companies are in doubt.

18. Insurance liabilities

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Claims reported and loss adjustment expenses	**1,494,046**	2,545,697	**1,494,046**	2,545,697
Claims incurred but not reported (IBNR)	**298,809**	509,139	**298,809**	509,139
Unearned premiums	**18,765,243**	16,452,304	**18,765,243**	16,452,304
Total insurance liabilities	**20,558,098**	19,507,140	**20,558,098**	19,507,140

The gross claims reported, the loss adjustment expense liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation.

19. Taxation - Group

(a) Income tax payable

	At 1-Jan GH¢	Charge for the year GH¢	Paym't during the year GH¢	At 31-Dec GH¢
Income tax				
1997-2002	(480,900)	-	-	(480,900)
2003	179,800	-	-	179,800
2004	983,800	-	-	983,800
2005	(507,745)	-	(224,857)	(732,602)
2006	(263,671)	-	(227,561)	(491,232)
2007	355,642	-	(456,474)	(100,832)
2008	1,417,494	-	-	1,417,494
2009	1,075,289	-	(61,841)	1,013,448
2010	-	1,654,517	(306,014)	1,348,503
Capital gains tax	5,076	-	-	5,076
Tax credit				
1998-1999	(200)	-	-	(200)
	2,764,585	1,654,517	(1,276,747)	3,142,355

(b) Reconstruction levy

2001	41,800	-	-	**41,800**
2002	45,000	-		**45,000**
2003	42,900	-	-	**42,900**
2004	235,100	-	-	**235,100**
2005	(170,800)	-	-	**(170,800)**
2006	41,700	-	-	**41,700**
	235,700	-	-	**235,700**
	3,000,285	1,654,517	(1,276,747)	**3,378,055**

(c) Income tax expenses	2010 GH¢	2009 GH¢
Corporate tax	**1,654,517**	1,595,286
Deferred tax	**6,442**	(36,694)
	1,660,959	1,558,592

(d) Deferred tax	2010 GH¢	2009 GH¢
Balance at 1st January	**2,860,013**	2,896,707
Accelerated capital allowance	**(6,442)**	(36,694)
Balance at 31 December	**2,853,571**	2,860,013

e) National stabilisation levy	2010 GH¢	2009 GH¢
Balance b/f	**(41,730)**	-
Charge for the year	**402,215**	95,979
Payments during the year	**(269,792)**	(137,709)
	90,693	(41,730)

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

19. Taxation - Company

(a) Income tax payable

Income tax	At 1-Jan GH¢	Charge for the year GH¢	Paym't during the year GH¢	At 31-Dec GH¢
1997-2002	(480,900)	-	-	(480,900)
2003	179,800	-	-	179,800
2004	983,800	-	-	983,800
2005	(507,745)	-	(224,857)	(732,602)
2006	(263,671)	-	(227,561)	(491,232)
2007	383,301	-	(456,474)	(73,173)
2008	1,424,825	-	-	1,424,825
2009	1,044,392	-	(61,841)	982,551
2010	-	1,613,661	(272,567)	1,341,094
Tax credit				
1998-1999	(200)	-	-	(200)
Capital gains tax	5,076	-	-	5,076
	2,768,678	1,613,661	(1,243,300)	3,139,039
(b) Reconstruction levy				
2001	41,800	-	-	41,800
2002	45,000	-	-	45,000
2003	42,900	-	-	42,900
2004	235,100	-	-	235,100
2005	(170,800)	-	-	(170,800)
2006	41,700	-	-	41,700
	-	-	-	-
	235,700	-	-	235,700
	3,004,378	1,613,661	**(1,243,300)**	3,374,739

(c) Income tax expenses

	2010 GH¢	2009 GH¢
Corporate tax	1,613,661	1,543,383
Deferred tax	-	(40,908)
	1,613,661	1,502,475

(d) Deferred tax

	2010 GH¢	2009 GH¢
Balance at 1st January	**2,855,799**	2,896,707
Accelerated capital allowance	-	(40,908)
Balance at 31 December	**2,855,799**	2,855,799

e) # Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

National stabilisation levy

Balance b/f	(44,114)	-
Charge for the year	402,215	93,595
Amount paid during the year	(269,792)	(137,709)
National stabilisation levy	**88,309**	(44,114)

20 Stated capital

(a) The number of authorised shares is 500,000,000 of no par value.

(b) The number of shares issued is 195,645,000.

(c) The number of shares fully paid is 195,645,000.

(d) Stated capital is made up as follows:

	Amount GH¢
Issued and fully paid for cash	**200**
Transfer from income surplus	**42,600**
Transfer from capital surplus	**24,957,200**
	25,000,000

(e) There are no shares in treasury and no call or installment unpaid on any share.

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

21. Capital surplus

This represents surplus arising from revaluation of certain landed properties. The landed properties were professionally valued by a consortium of Valuers namely, Koaconsult Limited and Valuation and Development Services at 31 March 2007 on the basis of their open market values.

The movement in the capital surplus account for the year is as follows:

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Balance at 1 January	**9,316,952**	9,316,952	**31,816,952**	31,816,952
Transfer to stated capital	**(22,500,000)**	-	**(22,500,000)**	-
Accum. Depreciation released on revaluation				
Balance at 31 December	**(13,183,048)**	9,316,952	**9,316,952**	31,816,952

22. Contingency reserve

	2010 GH¢	2009 GH¢
Balance at 1 January	**10,580,708**	8,874,392
Transfer from income surplus	**1,921,283**	1,706,316
Balance at 31 December	**12,501,991**	10,580,708

This represents sums set aside to cover fluctuation in securities and variations in statistical estimate in accordance with the Insurance Act, 2006 (Act 724).

23. Available-for-sale reserves

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Balance at 1 January	**(548,240)**	6,028,864	**(531,093)**	6,006,024
Fair valuation	**14,420,140**	(6,577,104)	**15,923,233**	(6,537,117)
Balance at 31 December	**13,871,900**	(548,240)	**15,392,140**	(531,093)

The available-for-sale reserve is used to record the differences resulting from the valuation of the related investments.

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

24. Property, plant and equipment - group

Cost/valuation	At 1-Jan GH¢	Additions GH¢	Disposal GH¢	Restatement GH¢	At 31-Dec GH¢
Leasehold buildings	7,825,483	394,375	-	-	**8,219,858**
Leasehold land	3,993,710	-	-	-	**3,993,710**
Freehold buildings	4,764,540	454,542	(700)	-	**5,218,382**
Freehold land	1,529,370	-	-	-	**1,529,370**
Computers	2,180,133	167,608	1,200)	-	**2,346,541**
Other machinery & equipment	4,250,042	1,780,388	(380,464)	4,803	**5,654,769**
Capital work in progress	781,300	41,995	-	-	**823,295**
	-	-	-	-	**25,324,578**
	2,838,908	(382,364)	4,803		**27,785,925**

Depreciation	At 1-Jan GH¢	Charge for year GH¢	Disposal GH¢	Restatement GH¢	At 31-Dec GH¢
Leasehold buildings	888,588	261,800	-	-	**1,150,388**
Leasehold land	547,080	219,417	(700)	-	**765,797**
Freehold buildings	148,879	30,511	-	-	**179,390**
Computers	2,026,725	134,969	(1,200)	4,803	**2,165,297**
Other machinery & equipment	3,308,311	809,762	(380,464)	-	**3,737,609**
	6,919,583	1,456,459	(382,364)	4,803	**7,998,481**

Net book value	
At 31 December 2010	**19,787,444**
At 31 December 2009	**18,404,995**

Notes to the consolidated financial statements
For the year ended 31 December, 2010 - continued

Disposal of assets

Property, plant & equip.	**2010 GH¢**	**2009 GH¢**
Cost	382,364	(222,881)
Accumulated depreciation	(382,364)	222,881
	-	-
Net book value	-	-
Proceeds from sale	170,643	152,734
Profit on disposal	**170,643**	152,734

The landed properties were professionally valued by a consortium of Valuers namely, Koaconsult Limited and Valuation and Development Services at 31 March 2007 on the basis of their open market values.

Depreciation expense of GH¢1,456,459 (2009: GH¢1,178,610) has been charged in management expenses.

24. Property, plant and equipment - company

Cost/valuation	**At 1-Jan GH¢**	**Additions GH¢**	**Disposal GH¢**	**At 31-Dec GH¢**
Leasehold buildings	7,825,483	394,375	-	**8,219,858**
Leasehold land	3,993,710	-	-	**3,993,710**
Freehold buildings	4,764,540	454,542	(700)	**5,218,382**
Freehold land	1,529,370	-		**1,529,370**
Computers	2,115,068	140,460	(1,200)	**2,254,328**
Other machinery & equipment	4,057,792	1,694,124	(367,501)	**5,384,415**
Capital work in progress	781,300	41,995	-	**823,295**
	25,067,263	2,725,496	(369,401)	**27,423,358**

Notes to the consolidated financial statements
For the year ended 31 December, 2010 - continued

Depreciation	At 1-Jan GH¢	Charge for year GH¢	Disposal GH¢	At 31-Dec GH¢
Leasehold buildings	888,588	261,800	-	**1,150,388**
Leasehold land	547,080	219,417	-	**766,497**
Freehold buildings	148,879	30,511	(700)	**178,690**
Computers	1,969,432	120,585	(1,200)	**2,088,817**
Other machinery & equipment	3,232,303	758,022	(367,501)	**3,622,824**
	6,786,282	1,390,335	(369,401)	**7,807,216**

Net book value	
At 31 December 2010	19,616,142
At 31 December 2009	18,280,981

Disposal of assets Property, plant & equipment	**2010 GH¢**	**2009 GH¢**
Cost	369,401	(218,968)
Accumulated depreciation	(369,401)	218,968
Net book value		
Proceeds from sale	170,643	149,604
Profit on disposal	170,643	149,604

The landed properties were professionally valued by a consortium of Valuers namely, Koaconsult Limited and Valuation and Development Services at 31 March 2007 on the basis of their open market values.

Depreciation expense of GH¢1,390,335 (2009: GH¢1,120,516) has been charged in management expenses.

Notes to the consolidated financial statements
For the year ended 31 December, 2010 - continued

25. Intangible assets - group

Cost/valuation	At 1 Jan GH¢	Additions GH¢	Restatement GH¢	At 31 Dec GH¢
Computer software	510,536	81,594	173	**592,303**
	510,536	81,594	173	**592,303**

Amortisation	At 1 Jan GH¢	Charge for year GH¢	Restatement GH¢	At 31 Dec GH¢
Computer software	344,917	149,209	173	**494,299**
	344,917	149,209	173	**494,299**
At 31 December 2010				**98,004**
At 31 December 2009				**165,619**

Intangible assets - company

Cost/valuation	At 1 Jan GH¢	Additions GH¢	At 31 Dec GH¢
Computer software	354,465	-	**354,465**
	354,465	-	**354,465**

Amortisation	At 1 Jan GH¢	Charge for year GH¢	At 31 Dec GH¢
Computer software	236,310	118,155	**354,465**
	236,310	118,155	**354,465**

Notes to the consolidated financial statements
For the year ended 31 December, 2010 - continued

Net book value	
At 31 December 2010	
At 31 December 2009	118,155

The orion and premia softwares have been fully amortised over three years, however management believes that the group will continue to derive economic benefits from the use of these software over the next few years, hence the decision to fair value the softwares. An additional software the USIS payroll software was acquired during the year.

26. Investment properties

Cost/valuation	At 1-Jan GH¢	Addition GH¢	**At 31-Dec GH¢**
Leasehold properties	4,871,105	-	**4,871,105**
Freehold land & buildings	1,142,700	-	**1,142,700**
	6,013,805	-	**6,013,805**

27. Long term investments

	Group 2010 GH¢	2009 GH¢	**Company 2010 GH¢**	2009 GH¢
Mortgage loans	**17,744**	20,696	**17,744**	20,696
	17,744	20,696	**17,744**	20,696
Equity shares	**31,084,320**	16,701,364	**31,009,908**	16,646,491
HFC house bonds	**1,425,326**	1,425,326	**1,425,326**	1,425,326
	32,527,390	18,147,386	**32,452,978**	**18,092,513**

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

28. Investment in subsidiary

	2010 GH¢	2009 GH¢
Balance	**1,865,492**	**325,713**
Disposal during the year		

The subsidiary company is:

	Nature of business	Number of shares	% Interest held
SIC Financial Services Limited	Investment advisory, asset & fund management	3,000	100

29. Investment in associated company

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Balance	**5,073,215**	5,073,215	**5,073,215**	5,073,215

The associated company is:

	Nature of business		Number of shares '000	% Interest held
SIC Life Company Limited	Life Assurance		**20,000,000**	20

30. Short-term investments

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Ghana Gov't treasury bills	**2,333,963**	4,116,529	**2,333,963**	4,116,529
Bank time deposits	**6,361,242**	7,088,650	**6,129,333**	6,492,094
	8,695,205	11,205,179	**8,463,296**	**10,608,623**

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

31 Lease deposit

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Horizon Finance & Leasing Company Limited	**568,942**	568,942	**568,942**	568,942
Ecobank Leasing Company Limited	**320,000**	320,000	**320,000**	320,000
Dalex Finance Leasing Company Limited	**973,914**	671,987	**973,914**	671,987
	1,862,856	1,560,929	**1,862,856**	1,560,929

The group entered into a back-to-back leasing arrangement with the above named leasing companies.

It therefore made cash deposits to the tune of the assets leased, interest income is received on the deposits made, whilst the group also bears the cost of lease interest.

32. Trade & other receivables

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Premium debtors	**37,933,318**	33,273,400	**37,933,318**	33,273,400
	37,933,318	33,273,400	**37,933,318**	33,273,400
Accrued income and prepayments	**2,677,727**	2,285,609	**2,665,724**	2,154,325
Staff debtors	**303,367**	482,612	**303,367**	482,612
Trading portfolio	**117,794,692**	67,080,431	**-**	-
SIC - Life account	**1,623,542**	1,498,269	**1,623,542**	1,498,269
Sundry debtors	**1,509,472**	570,275	**350,309**	420,749
Agents & reinsurance balance	**9,645,460**	8,590,122	**9,645,460**	8,590,122
	171,487,578	113,780,718	**52,521,720**	46,419,477

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

33. Trade & other payables

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Agents & reinsurers	15,237,173	18,602,349	15,237,173	8,602,349
Sundry creditors	10,306,887	10,794,615	9,797,293	10,773,345
Liability on managed funds	117,794,692	67,080,431	-	-
Current account with oil and gas	251,169	-	251,169	-
	143,589,921	**96,477,395**	**25,285,635**	**29,375,694**

34. Obligation under finance lease

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Ecobank Leasing Company Limited	-	50,158	-	50,158
Dalex Finance & Leasing Company Limited	**1,438,459**	756,875	**1,438,459**	756,875
	1,438,459	807,033	**1,438,459**	807,033
Analysis of obligation				
Amount due within one year	**756,875**	387,897	756,875	387,897
Amount due within two and five years	**681,584**	419,136	681,584	419,136
	1,438,459	807,033	**1,438,459**	807,033

Notes to the consolidated financial statements
For the year ended 31 December, 2010 - continued

35. Cash and cash equivalents

	Group 2010 GH¢	2009 GH¢	Company 2010 GH¢	2009 GH¢
Cash at bank and in hand	**1,744,060**	5,167,550	**1,639,888**	5,088,170
Short term deposits	**6,361,242**	6,621,457	**6,129,333**	6,492,094
Government securities	**2,333,963**	4,583,722	**2,333,963**	4,116,529
	10,439,265	16,372,729	**10,103,184**	15,696,793

36. Contingencies, capital and financial commitments

The group entered into various commitments in the normal course of insurance business that are not reflected in the accompanying financial statements. There were no outstanding amounts at the end of the year:

The group has contingent liabilities in respect of claims and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

The group, like all other insurers, is subject to litigation in the normal course of its business. The group does not believe that such litigation will have a material effect on its profit or loss and financial condition.

37. Related party transactions

A number of business transactions are entered into with related parties in the normal course of business. These include premiums, claims, facultative reinsurance business, commissions and treaty reinsurances. Additionally banking transactions are carried out with some related parties. These transactions were carried out on commercial terms and at market rates. The volumes of related party transactions, outstanding balances at the year end are as follows:

Notes to the consolidated financial statements
For the year ended 31 December, 2010 - continued

		2010 GH¢	2009 GH¢
i)	**Social Security & National Insurance Trust**		
	Premium income	**227,512**	211,282
	Claims paid	**64,267**	51,241
ii)	**Ghana Reinsurance Company Limited**		
	Premium income	**65,058**	24,273
	Claims paid	**20,805**	3,117
	Reinsurances premiums	**5,881,462**	4,761,699
	Reinsurance recoveries	**2,935,263**	2,690,623
iii)	**SIC Life Insurance Company**		
	Premium income	**104,434**	91,883
	Claims paid	**37,702**	1,954
	Shared expenses	**125,273**	-
	Rental income	**-**	13,476
iv)	**Ghana Commercial Bank Limited**		
	Premium income	**123,734**	124,432
	Claims paid	**4,362**	95,686
	Bank balance	**717,716**	522,189
v)	**Ghana Cocoa Board**		
	Premium income	**964,273**	959,872
	Claims paid	**174,072**	128,081

38. Social responsibilities

An amount of GH¢127,686 was spent on fulfilling the social responsibility of the company (2009: GH¢79,969).

Notes to the consolidated financial statements
For the year ended 31 December, 2010 - continued

Shareholders' information

40. Directors' shareholding as at 31 December 2010

Name of Director	Number of shares held	% Shares held
Dr. Kofi Amoah	1,500,000	0.767
Mr. Kwasi Osei	40,000	0.020
Mr. Benjamin Acolatse	306,000	0.003
Dr. Vitus Anaab - Bisi	3,500	0.002
Dr. Kwaku Osafo	2,000	0.001

41. List of the twenty largest shareholders as at 31 December 2010

	Name of shareholder	Shares held	% Holding
1	Government of Ghana	78,258,000	40.000
2	Social Security & National Insurance Trust	22,090,392	11.291
3	STD Nom. TVL (Pty) Ltd./Standard Bank Plc clients A/C	7,027,160	3.592
4	Ghana Reinsurance Company Limited	6,666,612	3.408
5	SIC Employee Share Ownership Plan	3,631,110	1.856
6	SIC Life Company Limited	3,333,300	1.704
7	BBGN/BBH Cust DZ Bank Int. S.A. Lux-Silk FD-African Lion FD GH	3,222,993	1.647
8	BBGN/Barclays Maur. Re. Deut Africa Opportunity Fund	3,172,000	1.621
9	SIC- FSL/SIC Provident Fund	3,146,465	1.608
10	BBGN/Barclays Maur. Re. Renaissance African Master Fund	2,821,976	1.442
11	BBGN/JP Morgan Chase Onshore 6178C	2,200,000	1.124
12	BBGN/PICTET Africa Non Tax 6257J	2,050,000	1.048
13	Ghana Commercial Bank Limited	2,000,000	1.022
14	Teachers' Fund	1,666,700	0.852
15	Dr. Kofi Amoah	1,500,000	0.767
16	STD Nom. TVL (Pty) Ltd./Standard Bank Plc clients A/C	1,094,500	0.559
17	BBGN/Barclays Maur. Re. AIG Sub-Sah. Africa Master Fund	1,000,000	0.511
18	BBGN/Barclays Maur. Re. Renaissance African Market Fund	850,000	0.434
19	Ghana Cocoa Company Limited	824,500	0.421
20	STD Nom. TVL (Pty) Ltd./Metlife Classic Fund	615,000	0.314
		147,170,708	**75.223**

Proxy Form

ANNUAL GENERAL MEETING to be held at 10:00 am on Friday 29th July, 2011 at the College of Physicians and Surgeons, Accra.
I/ ____
being a member(s) of SIC Insurance Company Limited hereby appoint

Or failing him/her the Chairman of the meeting as my/our proxy to vote for me/us and on my /our behalf at the Annual General Meeting to be held on Friday 29th July, 2011.

Signed this ____________day of ____________2011

____
Shareholder's Signature

Resolution from the Board	For	Against
1. To consider and adopt the Accounts of the Company for the year ended 31st December, 2010 together with the Report of the Directors and the Auditors thereon.		
2. To declare dividend for the year ended 31st December, 2010.		
3. To authorize the Directors to reappoint Deloitte & Touche and also to fix the remuneration of the Auditors.		
4. To elect/re-elect the following Directors:		
a. Dr. Kwaku Osafo		
b. Dr. Kofi Koduah Sarpong		
c. Mr. Kwasi Osei		
5. To approve the Remuneration of Directors.		

Please indicate with an 'X' in the appropriate box how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion

THIS PROXY FORM SHOULD NOT BE SENT TO THE REGISTRAR IF THE MEMBER WILL BE ATTENDING THE MEETING

Notes:

1. A member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by Proxy. The above Proxy Form has been prepared to enable you to exercise your vote if you cannot personally attend.

2. Provision has been made on the form for the Chairman of the meeting to act as your proxy, but if you wish, you may insert in the blank space marked the name of any person whether a member of the company or not, who will attend the meeting and vote on your behalf instead of the Chairman of the meeting.

3. If executed by a Corporation, the Proxy Form should bear its common seal or signed on its behalf by a Director of the Corporation.

4. Please sign the above Proxy form and deliver it so as to reach the registrar, NTHC, Martco House, 1st Floor, Okai Mensah Link, Off Kwame Nkrumah Avenue, Adabraka, P.O.Box KIA 9563, Airport, Accra not later than 10: 00 a.m. on Friday 22nd July 2011.

5. Since voting will be based on the shareholdings of members, the voting cards should be added to the proxy forms. The number of shares held by a member is indicated on the voting card.

SECOND FOLD HERE

Please
affix
stamp

FIRST FOLD HERE

The Secretary
SIC Insurance Company Ltd.
Nyemitel House
28/29 Ring Road East
Osu-Accra

THIRD FOLD HERE

SIC
OUR PROMISES ARE SACRED

OUR PEOPLE PROMISE

TRUST

We'll never let you down

www.sic-gh.com

No. 28/29 Nyemitei House, Ring Road East, Accra

Accra: 0302 780600-9 Fax 0302 780615 Email: sicinfo@sic-gh.com Tema: 0303 207291 Kumasi: 0322 25610 Takoradi: 03120 22315

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