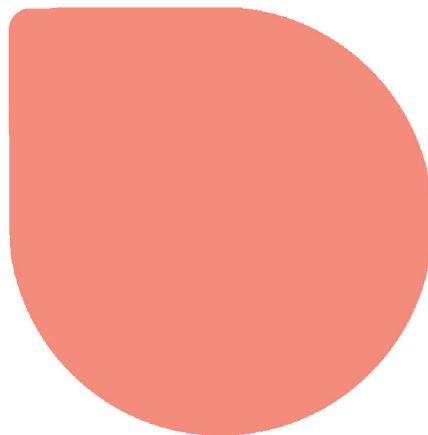
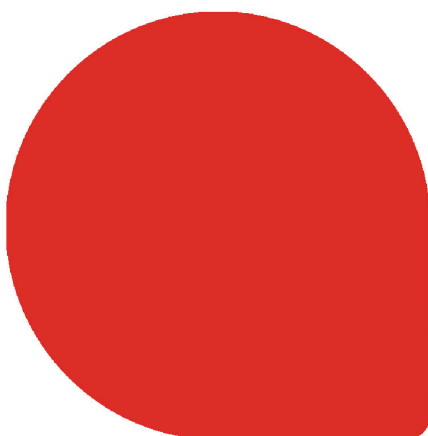


# 2015

# Annual Report

AND FINANCIAL STATEMENTS



SIC Insurance Company Limited

www.sic-gh.com

## SIC e-insurance

*you click, we deliver.*

Now you can Purchase or Renew your Motor, Travel and Domestic Fire Policies online anytime from the comfort of your home or any other location .

You can also initiate and track your claims online with SIC e-insurance.

SIC Insurance - **Panyin de Panyin**

SIC Insurance - **Our promises are sacred**

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Tema Area Office:  
+233-303-202263/206535

Kumasi Area Office:  
+233-3220-23341-2/25610

Takoradi Area Office:  
+233-3120-22315/22048

 **SIC**  
OUR PROMISES ARE SACRED  
SIC INSURANCE COMPANY LIMITED

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SIC Insurance Company Limited will be held on 4th August, 2016 at 10:00 a.m. at the College of Physicians and Surgeons, Accra to transact the following business:

## AGENDA

### ORDINARY BUSINESS

1. To receive and consider the Accounts of the Company for the year ended 31st December 2015 together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend for the year ended 31st December 2015.
3. To authorize the Directors to fix the remuneration of the Auditors.
4. To elect Directors and/or re-elect retiring Directors.
5. To approve Directors' remuneration.

Dated this 28th day of June 2016, by order of the Board.

LYDIA HLOMADOR (MRS)  
Company Secretary

## RESOLUTIONS TO BE PASSED AT THE ANNUAL GENERAL MEETING

### BOARD RESOLUTIONS

The Board of Directors will be proposing the following resolutions at the Annual General Meeting:

#### 1. To receive 2015 Accounts

The Board shall propose the acceptance of the 2015 Accounts as the true and fair view of the affairs of the Company for the year ended 31st December, 2015.

#### 2. To Declare Dividend

The Directors recommend the payment of a dividend of GHS 0.0214 per share and totaling GHS 4,178,977.20 for the year ended 31st December, 2015.

#### 3. To Authorise the Directors to fix the Remuneration of the Auditors

In accordance with Section 134(5) of the Companies Act, 1963, (Act 179), Pannell Kerr Forster (PKF) will continue in office as Auditors of the Company. The Board would request from Members their approval to fix the remuneration of the Auditors.

#### 4. To Elect Directors/Re-Elect Retiring Directors

4.1 Mr. Ivan Abubakar Avereyireh and Mr. Kwei Mensah Ashidam are hereby proposed for election as Directors in accordance with Section 181 (5b) of the Companies Act, 1963, (Act 179) and Regulations 60(a) and 61 of the Company.

4.2 By the provision of section 298 of the Companies Act, 1963 (Act 179) one-third of Directors who have been longest in office must retire at the Annual General Meeting. Accordingly three Directors namely Dr. Sydney Yayah Laryea, Mr. Justice Benjamin Okai Tetteh and Mr. Ato Pobee Ampiah are proposed for re-election.

#### 5. To Approve the Remuneration of Directors

To approve GHc700,000.00 as Directors remuneration for the year to 31st December 2016 in accordance with Section 194 of the Companies Act, 1963, (Act 179) and Regulation 67 of the Regulations of the Company.

# DIRECTORS, OFFICIALS AND REGISTERED OFFICE

Directors:		
	Mr. Mike Allen Hammah	Chairman
	Dr. Sydney Yayah Laryea	Member
	Mr. Ato Pobee Ampiah	Member
	Justice Benjamin O. Tetteh	Member
	Ms. Nancy Dakwa Ampofo	Resigned May 2015
	Mr. Fiifi Gyabra-Forson	Member
	Mr. Robert Afflah Sackey	Member
	Mr. Daniel Ofori	Member
Managing Director:		
	Mr. Kwei Mensah Ashidam	
General Manager, Finance and Adminstraion:		
	Mr. Benard Ameah	
Head Technical Operations:		
	Mr. Faris Attrickie	
Company Secretary:		
	Mrs. Lydia Hlomador	
Registered Office:		
	Nyemitei House	
	28/29 Ring Road East	
	Osu-Accra	
Auditors:		
	P.K.F	
	Chartered Accountants & Business Advisers	
	Farrar Avenue	
	Adabraka	
Registrars:		
	NTHC Limited	
	Martco House	
	P O Box KIA 9563	
	Airport, Accra	
Bankers: - Local		
	adb Bank	
	Barclays Bank Ghana Limited	
	Ecobank Ghana Limited	
	GCB Bank	
	National Investment Bank Limited	
	SG Ghana	
	UMB Bank	
Bankers: - Foreign		
	Ghana International Bank Limited	





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# BOARD OF DIRECTORS



## Mr. Mike Allen Hammah Chairman



Mr. Mike Allen Hammah was appointed the Chairman of the Board of SIC Insurance on December 18 2014. His work experience began from 1983 after his National Service at the Public Works Department in Tamale, Northern Region, Ghana. In 2000, he was appointed the Deputy Minister of Roads and Transport when he became the Member of Parliament for Effutu Constituency, a coastal community in the Central Region. He lost the seat in 2004 and regained it in the General Elections held in Ghana in 2008.

From 2004, he was appointed Principal Consultant for the Strategic Heritage Service, and Construction Cost Consultants, a position he held until February 2009, when he became the Minister of Transport, Ghana. In January 2011 he was appointed the Minister of Lands and Natural Resources until 2012.

He obtained a Bachelor of Science Degree in Building Technology as Quantity Surveyor in 1980 from the Kwame Nkrumah University of Science and Technology in Kumasi. He currently holds a Master of Business Administration Degree in Finance, obtained in 2008 from the Central University College, Accra, Ghana.

Mike also holds a Diploma in Insurance.

**Dr. Sydney Yayah Laryea**  
Non Executive Director



Dr. Laryea was appointed as a Director in June 2011. He is a fellow of the Chartered Association of certified Accountants and a member of the Institute of Chartered Accountants (Ghana).

He is a Board Member of Bank of Ghana and he chairs the Audit Committee. He is also the Board Chairman of the SIC-Financial Services Limited, Integrated Investment Limited, Tesano Commercials Limited and Goodman Impex Company Limited.

He also holds a BSc Degree in Accounting from the School of Administration, University of Ghana, an MSc Finance degree from the University of Leicester, UK and a PhD in Business Administration from the Century University, New Mexico (USA).

Sydney has over 40 years experience in accounting and business administration.

**Mr. Justice Benjamin Okai Tetteh**  
Non Executive Director

Mr. Justice Okai Tetteh was appointed as a Director in June 2011. He has worked as a Legal Officer with the Ghana Co-operative Bank Limited and also worked in various capacities since his call to the Bar with the Judicial Service of Ghana including sitting as a Circuit Court Judge, a High Court Judge and on the Regional Tribunal.

He holds an LLB Degree from the University of London and was called to the English Bar as a Barrister in Gray's Inn. He also has a Post Graduate Certificate in Education from Garnet College, London.



**Mr. Ato Pobee Ampiah**  
Non Executive Director



Mr. Ato Pobee Ampiah was appointed as a Director in June 2011. He is a Senior Member of the Ghana Institute of Engineers and a fellow of the Chartered Institute of Marketing Ghana.

He is also a two-term past President of the Ghana Employer's Association and Ghana National Chamber of Commerce. He was the former Managing Director of Ghamot Company Limited now Toyota Ghana. Until his retirement he was the M.D. of Tema Oil Refinery.

He holds a BSc. Degree in Mechanical Engineering and a Post-graduate Diploma in Industrial Management from the Kwame Nkrumah University of Science and Technology, Ghana. In addition, he holds certificates of professional studies from various Institutions in the USA, Japan and Bangkok.

### **Mr. Fiifi Gyabra-Forson** Non Executive Director

Mr. Fiifi Gyabra-Forson was appointed as a Director in July 2014. He has expertise in Strategic and Tactical Analysis, Petroleum and Commodity Trading and Sports Administration.

Mr. Gyabra-Forson has previously worked as a Business Development Strategist with R.S Amegashie and Partners and Courair Ghana Limited. He later moved into the petroleum sector taking appointment with Bunker Trade and Transportation Services Limited, Hydrocarbon Industries limited in the United Kingdom, and Modern Petroleum Limited (Ghana). He also served as Technical Consultant in Project Development and Financing with International Bi-Lateral Trade Council where he was responsible for DR Congo, Guinea, Niger and Liberia.

As a Sports enthusiast, he is a Management Member of Accra Hearts of Oak, Member of Ghana Football Association Marketing and Sponsorship Committee as well as the Manager of Hearts News.

He is currently the CEO and majority shareholder of Wodjoynts Limited, a wood joinery company. He graduated from the University of Ghana with a Bachelor of Arts Degree in Economics.



### **Mr. Daniel Ofori** Non Executive Director



Mr. Daniel Ofori was appointed as a Director in July 2014. He has over 30 years of experience in business Management. He is currently the Managing Director of the White Chapel Limited, a multipurpose retail outlet in Accra. In 1999, Mr. Ofori started a new company known as Advance Ventures Development Limited, a Real Estate Development venture.

Currently, he is the largest single shareholder in stockholding portfolios in Ghana. He has duly become an expert and a consultant in that field where he has traded for the past 14 years.

He is a Fellow of the Chartered Institute of Administration and Management of Ghana, and a life Patron of that Body.

He has extensive training from the Ghana Institute of Languages, the Ghana Stock Exchange, Ghana Export Marketing Council and the Association of Certified Entrepreneurship.

### **Mr. Robert Afflah Sackey** Non Executive Director

Mr. Robert Sackey was appointed as a Director in July 2014. He is a Barrister at Law and has been called to the Ghana Bar. Mr. Sackey is also an Associate of the Chartered Insurance Institute (ACII) UK.

He was the Insurance Manager of the Social Security And National Insurance Trust (SSNIT) a position he held for (19) Nineteen years.

He graduated from the University of Ghana with a Bachelor of Arts Degree in Sociology with Political Science.

Mr. Sackey has had extensive training in insurance through numerous conferences and seminars.





# “IMPROVED EFFICIENCY”



**Mr. Mike Allen Hammah**  
Chairman

Distinguished Shareholders, fellow Board Members, ladies and Gentlemen, I am pleased to present to you what can be best described as a sterling performance for the 2015 financial year in view of the previous year's account. Kindly permit me to express my sincere gratitude to you all for keeping faith with SIC Insurance throughout the past years.

## BOARD CHAIRMAN'S ADDRESS

The year 2015 was the concluding part of our five - year Strategic Plan, 2010 to 2015. On behalf of the Board of Directors, I am happy to report that we have reviewed the plan by assessing all the achievements and are closing the gaps that we have identified. We have subsequently put in place a new five - year Strategic Plan, 2016 to 2020 under the theme “Improved Efficiency”.

This we believe will reposition your company well to derive the full benefits of new opportunities in a highly competitive insurance environment and still continue to maintain our leadership role in the industry. By this we intend to deliver returns to our stakeholders in general and to you cherished shareholders in particular.

### WORLD MACRO-ECONOMIC OUTLOOK

The World Economic Outlook (WEO) reports in 2015 showed that global economic activity remained restrained. Growth in emerging market and developing economies—while still accounting

for over 70% of global growth—declined for the fifth consecutive year. However, a modest recovery continued in advanced economies. The IMF January 2016 WEO report projects global growth at 3.4 percent and 3.6 percent in 2016 and 2017 respectively.

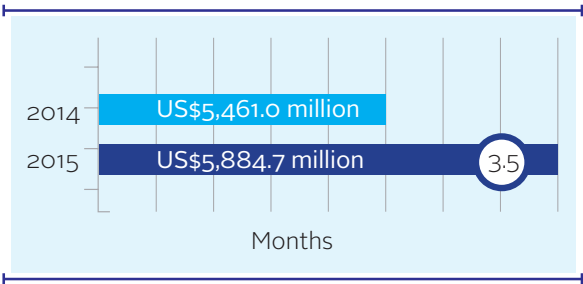
### THE GHANAIAN ECONOMIC OUTLOOK

The Ghanaian economic environment during the year ended 31st December 2015 experienced significant challenges as a depreciating base currency and high inflation resulted in slower than anticipated GDP growth and rising interest rates alongside the challenges in the power sector. These cumulatively created revenue shortfalls for individuals, businesses and Government as a whole.

The government's almost \$1billion Extended Credit Facility (ECF) with the International Monetary Fund (IMF) kick-started in 2015, and has so far been successfully managed, with

the IMF noting positive reviews on the country performance. That nonetheless, the tight fiscal policy coupled with global challenges such as falling commodity prices and a slowdown in growth in major economies like China, took its toll on local businesses, resulting in slower economic activities.

The economy grew by about 4.1% in 2015 compared with 4% growth recorded in 2014. The decline in the prices of Ghana's three main exports – Cocoa, Gold and Crude Oil resulted in 23% drop in Ghana's export revenue to US\$10,196.5 million compared with US\$13,216.8 million in 2014. The impact of this decline was moderated by a decrease in crude oil imports of US\$3,694 million in 2014 to US\$2,075 million in 2015, representing a 44% drop. Consequently, Ghana's reserves increased from US\$5,461.0 million in 2014 to US\$5,884.7 million in 2015, equivalent to 3.5 months of import cover.



Inflation at the end of December 2015 was 17.7%, higher than the 17% at end of 2014, and also higher than the year-end target of 13.7%. The year also experienced a modest exchange rate volatility compared to the previous year. The Cedi depreciated year-on-year by 18.5% against the U.S Dollar by end of the year, compared to 48% in 2014. The policy rate of the Bank of Ghana stood at 26% by year end, compared to 21% in 2014. Rate on the 91-Day Treasury bill closed the year at 23.1%, from 25.8% recorded in 2014.

However fiscal consolidation remained on track as provisional fiscal deficit was 7.0% of GDP against the target of 7.3% of GDP and 9.4% recorded in December 2014.

**BUSINESS OPERATIONS**

» **A NEW RISK CULTURE**

I am glad to announce that our Enterprise Risk Management (ERM) programme is yielding

the expected results. Risk management is now a critical responsibility of the Board. We have a distinct and consistent control environment from the Board throughout the company and there is an efficient risk management framework in place to manage our risks.

Every staff of your company has gone through a series of ERM training including your Directors and there is a common acceptance of the importance of continuous management of risk, including clear accountability for the ownership of specific risks and risk areas through the company.

Corporate governance requirements around the world are increasingly demanding that Boards of organisations should understand and address their risk cultures. Your Board shall continue to set, communicate and enforce a risk culture that consistently influences, directs and aligns with the strategy and objectives of the business and thereby support the embedding of its risk management framework in the organization's overall governance and reporting processes.

» **NEW STRATEGIC DIRECTION**

Our last strategic plan expired at the end of 2015. We immediately commenced an all-inclusive and elaborate process to review our strategic trajectory going forward. We have crafted a new plan to cover the years 2016-2020. Improved efficiency, growth in our core business, consistent delivery of value for our shareholders and profitability are the main drivers of the new strategic thrust. All of these aims at enhancing your company's ability to maintain and provide the needed leadership for the insurance industry and also maximize shareholders wealth through value addition.

» **LEGAL CASE WITH IVORY FINANCE COMPANY**

On the case of SIC Insurance versus Ivory Finance Company in respect of the issuance of a credit guarantee, we are still in court. The Supreme Court has stayed execution of the consent judgement pending the determination of the appeal on condition that SIC Insurance expedites the appeal in 3 months. The condition for the appeal has

been fulfilled; what is left is the compilation of the records of proceedings by the registry. Until the appeal is determined the consent judgement is stayed and SIC is not liable to pay any judgement debt.

## » **DIRECTORSHIP & SENIOR MANAGEMENT APPOINTMENTS**

Your Board appointed a non-executive director in the person of Mr. Ivan Avereyireh, an experienced Chartered Insurer to fill the vacancy created by the resignation of Director Nancy Dakwa Ampofo. His appointment will be tabled before you for election at this meeting. Mr. Ivan Avereyireh's appointment seeks to widen the skills and experience of the Board as we continue to pursue our stated strategic objectives. We welcome him today and look forward to his valuable support and contribution to enhancing the value of your company for all stakeholders.

Our majority shareholder, the Government of Ghana, recently confirmed the appointment of Mr. Kwei Mensah Ashidam as a Director and your Board has duly appointed him the Managing Director. Mr. Ashidam has over 32 years in the insurance business and he is one of the best brains in underwriting and re-insurances.

Mr. Bernard Ameah joined your company on 1st April, 2016 as the General Manager in charge of Finance and administration. He is a Chartered Accountant with over thirty (30) years of extensive, varied and progressive experience in Auditing, Accounting, Finance, Human Resource Management, Operations and General Management. Until his appointment, he held the position of Chief Finance Officer with Aluworks Limited, Tema Ghana.

Mr. Ameah holds an MBA and is a member of the Institute of Chartered Accountants (Ghana) and a fellow of the Botswana Institute of Chartered Accountants.

## **CORPORATE GOVERNANCE**

As has always been the case, your Board continues to provide a clear framework for Directors to execute their duties and also serve as a benchmark

in evaluating our performance in accordance with best practice. The adherence to good corporate governance principles is important to your company as it seeks to implement the values of fairness, transparency, accountability and responsibility to both shareholders and stakeholders.

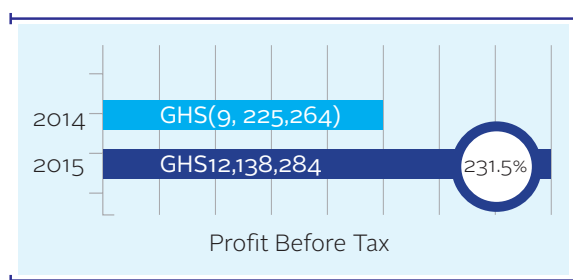
The Board is responsible for setting the strategic direction, leading and guiding the company and monitoring the activities of the Executive team. We wish to assure you that your company is speedily building a new strong corporate culture of responsibility, credibility and integrity paying particular attention to enterprise based risk management and transparency across the entire company.

## **BUSINESS RESULTS**

Gross Premiums Written grew by 25.9% in 2015 to GHS145,725,323 from GHS115,702,732 in 2014, while Net Premium Income recorded a 14.5% growth in 2015 to GHS84,288,263 from GHS73,581,917 in 2014. Though there was an overall increase of about 14.5% in net premium, the financial highlights of the Accounts revealed that there are still challenges with our core business operations. The key factors that affected profitability were noted to be Gross Premium, Reinsurance, Claims and Management expenses. Other factors recognized by the Board were: pricing, exchange rates, inflation and intense competition to mention a few.

Claims incurred showed a growth of about 22.8% from GHS32.34m in 2014 to GHS39.74m in 2015. The unfortunate June 3 2015 floods and fire incident is the major component of the 22.8% increment in claims paid over that of year 2014. Aside the cash call of US\$1m, from our Reinsurers, the flood claims were mainly funded from our operations. Without such an extraordinary event, the claim ratio would have been in the region of 12-15% in comparison to the previous year.

Profit before tax increased from a loss position of GHS9, 225,264 in 2014 to GHS12,138,284 in 2015 representing a 231.5% increase in profit. Profit after tax increased by 214.39% resulting in 8.5% increase in Shareholders' funds.



The company's total assets increased by 18.8% over the figures for year 2014. Earnings per share increased by 114% closing at GHS0.006. Net assets per share had also increased from GHS0.3814 in 2014 to GHS0.4317 in 2015, representing an increment of 8.46%. Current ratio had also increased from GHS0.9629 in 2014 to GHS1.0348 in 2015 representing a 7.46% improvement. The return on shareholders' funds saw an increase from -11% to 12% representing a positive variance of 109%.

The group account showed an underwriting loss of GHS12.1m against a loss of GHS4.67m by SIC Insurance. This came about as a result of a reversal of an unearned profit of GHS7.19m earlier declared by SIC-FSL on the sale of its property. The Board directed this reversal to comply with the necessary regulations.

## DIVIDENDS

Dear Shareholders, your company remains committed to delivering value to you our valued shareholders. This year we are proud to announce that just as we promised to be prudent in our operations to break away from the poor financial performance over the last few years, the Board

is proposing a dividend per share of GHS0.0214. This amounts to a total payout of GHS4.178,977.20. This amount is a 20% increase in the amount last paid as dividend of GHS0.0177.

## FUTURE OUTLOOK

2016 is an election year and we expect the stability of the exchange rate regime to continue throughout the rest of the year. We expect to see some policy decisions and developments at the Industry level which will continue to improve our business environment.

In the midst of all these, our stakeholders can be assured of our unrelenting resolve to continuously exceed their expectations even as we explore new and exciting opportunities to actualize our expanding ambitions.

On a final note, I would like to thank the Almighty God for another successful financial year. Also wish to thank our esteemed customers and shareholders for your continued confidence in brand "SIC Insurance".

I take this opportunity to thank our devoted staff members, who are undoubtedly the driving force behind all our achievements. Your commitment to all the initiatives, our values and to our cherished customers is a great source of encouragement to the Board.

Thank you and God bless us All.

Mike Hammah

Chairman of the Board of Directors.





# “MANAGING RISK EFFICIENTLY”

Dear Shareholders,

On behalf of Management and Staff of your company, I welcome you all to our 9th Annual General Meeting. The year 2015 presented us with mixed opportunities and challenges but with your support, we remain at the forefront of Ghana’s growing insurance industry, delivering once again some strong financial performance and returning value to you our shareholders.

## MANAGING DIRECTOR’S REPORT



Mr. Kwei Mensah Ashidam  
Managing Director

### THE INSURANCE INDUSTRY

The insurance industry was strengthened by the introduction of new capital, regulatory and compliance requirements from the National Insurance Commission (NIC). Additionally, the Insurance Commission in 2015 issued approved commission rates for insurance intermediaries for all lines of businesses. This was in accordance with section 77 of the Insurance Act, 724. Another major intervention from the NIC was the upwards review of the Motor Third Party Premiums which had remained static for over five years. Even though it was met with a huge uproar from the public and end users, it significantly led to the rise in Gross premium income for the entire industry and also improved companies’ ability to pay claims and the industry’s liquidity.

Plans are also far advanced in putting together guidelines for the settlement of Motor injury claims for the industry. The “no premium, no cover policy” which was introduced in April of 2014 travelled its first full year and the industry can attest to the positive impact it has had on cash flow and balance sheets of industry players. We are glad to report that your company has become the industry benchmark for some of the regulatory reforms introduced by the Commission. We wish to commend the NIC for all

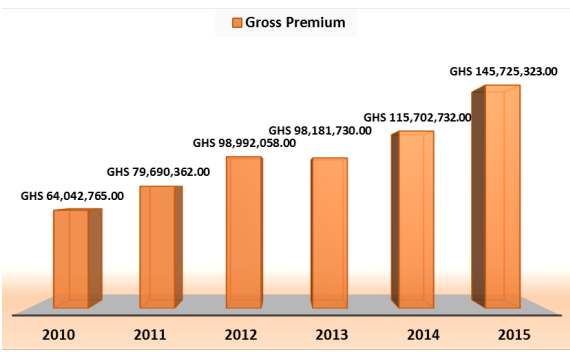
the pragmatic steps it is taking to bench mark our industry with global standards.

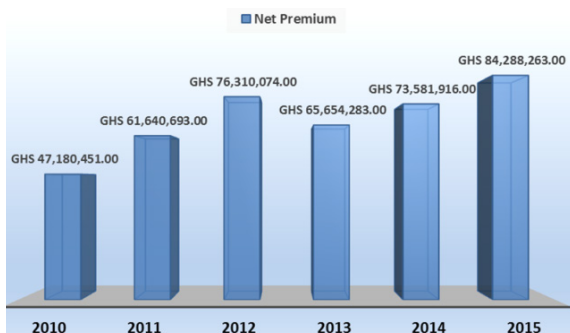
### OUR OPERATIONS AND PERFORMANCE

#### Company Results

2015 was a year of new opportunities and challenges. We challenged ourselves to modify our work culture with the aim of improving on service delivery and performance.

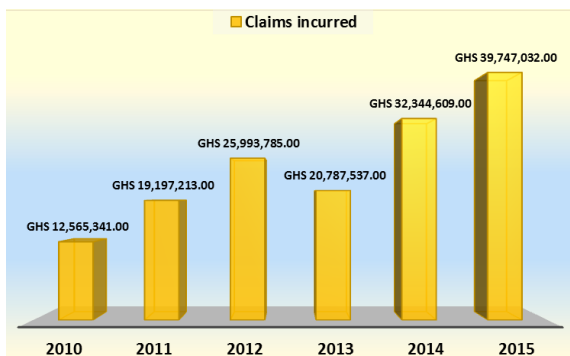
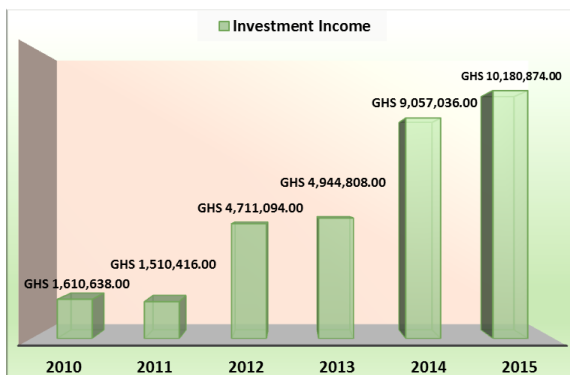
For the company, Gross Premium grew by 25.9%, from GHS115.7m in 2014 to GHS145.7m while Net Premium also posted a growth of 14.5%, from GHS73.58m in 2014 to GHS84.28m



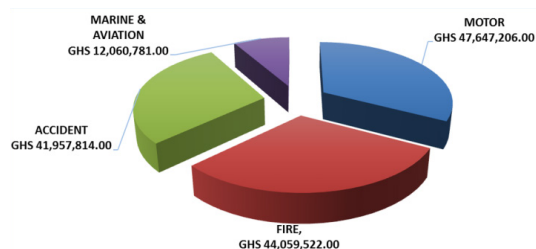


Investment income grew by 12.4% from GHS9m in the previous year to GHS10.1m in 2015. More funds were pushed to investment vehicles which yielded the highest returns at the lowest possible risk. Other income also grew by 28.9% from GHS13.39m to GHS17.28m

Claims incurred experienced a growth of about 23% from GHS32.34m in 2014 to GHS39.74m in 2015. This was partly as a result of the unfortunate June 3rd 2015 floods in Accra. We recorded Underwriting loss of GHS4.67m representing a 23% increase from previous year's position of GHS3.79m

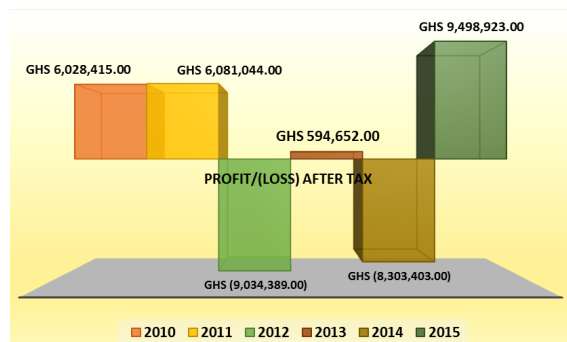


In summary, the above performance was largely driven by Motor and Fire lines which contributed 33% and 30% respectively followed by Accident, contributing 29% and 8% from Marine & Aviation lines.



Profit before tax for the company was GHS12.13m against a loss of GHS9.2m in the previous year. This represents a growth of 231%. Corporate tax and National Stabilization levy for the year was GHS2.03m against GHS0.92m in 2014.

Your company therefore recorded a Profit after Tax of GHS9.49m in 2015 against a loss of GHS8.3m in 2014.



## 2015 CORPORATE SOCIAL RESPONSIBILITY REPORT

Corporate Social Responsibility (CSR) has always been an essential part of SIC Insurance since inception as evidenced by our relentless support to worthy causes through several initiatives to contribute to the general welfare of the society. Giving back to the communities in which we operate has been our longstanding tradition to enhance our corporate image for valued creation. Our focus was on the following areas; Education, Health, Sports and Community Development.

**CSR EVENTS IN 2015**

» **Support for Joyfm June 3 2015 Disaster Fund**

SIC Insurance partnered the Multimedia Group through Joyfm to donate relief items to the June 3 2015 Disaster victims.

» **Otumfuo Educational Fund & Asogli Educational Fund**

SIC Insurance continued with its yearly donations to the Otumfuo Educational Fund and the Asogli Educational fund to support the education of needy but brilliant children in deprived areas in both the Ashanti and Volta regions.

» **2015 SWAG/SIC Nyemitei Cup**

SIC Insurance still remains the title sponsor of the SIC Nyemitei / Sports Writers Association of Ghana Cup match. We renewed our partnership with the association to organize the “Panyin de Panyin” match in Kumasi between Kumasi Asante Kotoko and Obuasi Ashanti Gold Football club. The occasion was graced by the Asantehene, Otumfuo Osei Tutu II.

**LOOKING AHEAD**

Despite the numerous challenges confronting us, management is still committed to driving the upward trend in Underwriting Profit. We shall keep our focus on the opportunities for business success and charge ourselves with delivering unequaled value to all our stakeholders; which is our utmost desire.

In the years ahead, we shall aggressively embark on an expansion drive as well as the re-engineering of our business processes, models and procedures to position us strategically to further grow our core business.

We opened our Kasoa branch a few weeks ago and have put in place plans to open three new business offices in Kumasi and Takoradi. This is part of our operational objectives of regaining lost market share and improving our operations by getting closer to our customers.

Our main focus will be on the opportunities for business success and we shall continue to

enhance our relationship with intermediaries and all partners who play significant roles in our achievements.

I wish to extend my sincere appreciation to our cherished Customers, Shareholders and all Stakeholders for the continued patronage and loyalty.

Thank you.

Kwei Mensah Ashidam

Managing Director



Asantehene Otumfuo Osei Tutu II presenting the SIC/SWAG Cup to the captain of Kumasi Ashanti Kotoko with the SIC Board Chairman, Mr. Mike Hammah looking on.



Kumasi Asante Kotoko winners of 2015 SIC/ SWAG “Panyin de Panyin match in Kumasi

## MANAGEMENT



1



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3

<sup>1</sup> Kwei Mensah Ashidam  
Managing Director

<sup>2</sup> Bernard Ameah  
General Manager, Finance & Administration

<sup>3</sup> Faris Attrickie  
Head Technical Operations



4



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6

<sup>4</sup> Lydia Hlomador (Mrs.)  
Company Secretary

<sup>5</sup> Emmanuel Simpey Mensah  
Head of Sales & Marketing

<sup>6</sup> Patience Opoku (Mrs.)  
Head of Human Resource



7



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9

<sup>7</sup> Kenneth Acolatse  
Head of Accounts

<sup>9</sup> Nana Yaw Mantey  
Head of Corporate Affairs

<sup>9</sup> Rev. George Amoako- Nimako  
Head of Estates & Mortgages



10



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12

<sup>10</sup> Frank Nimako Boateng  
Head of Risk Management

<sup>11</sup> Mark Ampadu  
Accra Area Manager

<sup>12</sup> George Annam  
Head of Information Systems



# DIRECTORS' REPORT

The directors have the pleasure in presenting their Annual Report together with the audited consolidated financial statements of the group for the year ended 31 December 2015.

## 1. Principal activities

The principal activities of the company and the subsidiary are:

SIC Insurance Company Limited

- i. to undertake non-life insurance business and  
SIC Financial services Limited
- ii. to undertake the provision of investment advisory, asset and fund management, and financial consultancy services.

## 2. Results for the year

The balance brought forward on income surplus

account at 1 January 2015 was

Transfer from Contingency Reserve

**Balance as restated**

**To which must be added:**

Profit/(Loss) for the year after charging all expenses, depreciation and taxation of

From which is made an appropriation to statutory reserve of

Non-Controlling Interest

Leaving a balance to be carried forward on income surplus account of

2015	2014
GH¢	GH¢
(1,908,946)	9,674,613
8,791,643	-
6,882,697	9,674,613
4,500,251	(8,030,652)
11,382,948	1,643,961
(4,371,760)	(3,471,082)
7,011,188	(1,827,121)
1,499,602	(81,825)
8,510,790	(1,908,946)

## 3. Nature of business

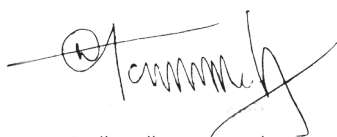
There was no change in the nature of the business of the group during the year.

## 4. Auditors

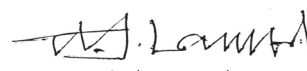
In accordance with section 134(5) of the Companies Act 1963, Act (179) the auditors,

Messrs. PKF continued as the auditors of the Company.

On behalf of the Board



Mr. Mike Allen Hammah  
Board Chairman



Dr. Sydney Yayah Laryea  
Director

# FINANCIAL HIGHLIGHTS

	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Gross premium	145,725,323	115,702,732	145,725,323	115,702,732
Net premium	84,288,263	73,581,917	84,288,263	73,581,917
Claims incurred	(39,747,032)	(32,344,609)	(39,747,032)	(32,344,609)
<b>Underwriting Loss</b>	<b>(12,125,942)</b>	<b>(3,808,785)</b>	<b>(4,678,314)</b>	<b>(3,794,213)</b>
Profit/(Loss) before tax	5,605,154	(8,858,751)	12,138,284	(9,225,264)
<b>Profit/(Loss) after tax</b>	<b>4,500,251</b>	<b>(8,030,652)</b>	<b>9,498,923</b>	<b>(8,303,403)</b>
<b>Shareholders' funds</b>	<b>83,381,132</b>	<b>82,121,996</b>	<b>80,941,625</b>	<b>74,614,625</b>
Net assets	83,381,132	82,121,996	80,941,625	74,614,625
Total assets	213,384,118	186,640,251	208,439,884	175,392,971
<b>Number of shares issued and fully paid for</b>	<b>195,645,000</b>	<b>195,645,000</b>	<b>195,645,000</b>	<b>195,645,000</b>
Earnings per share (GH¢)	0.0230	(0.0410)	0.0486	(0.0424)
Net assets per share (GH¢)	0.4262	0.4198	0.4137	0.3814
Current ratio	1.0613	1.0484	1.0348	0.9629
Return on shareholders funds	5%	-10%	12%	-11%

## STATEMENT OF DIRECTORS' RESPONSIBILITY

### SIC INSURANCE COMPANY LIMITED

#### STATEMENT OF DIRECTORS' RESPONSIBILITY

The Companies Act 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 Act, 1963 (Act 179) and Insurance Act 2006 (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 15 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



Accounts &  
business adviser

## TO THE MEMBERS OF SIC INSURANCE COMPANY LIMITED

We have audited the financial statements of SIC Insurance Company Limited, which comprise the statements and financial position at 31 December 2015, statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 1963, (Act 179) and the Insurance Act, 2006 (Act 724). 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 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 the Directors, as well as evaluating the overall presentation of the financial statements.

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

## OPINION

In our opinion, the financial statements give a true and fair view of the consolidated and separate financial position of SIC Insurance Company Limited at 31 December 2015, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Insurance Act, 2006 (Act 724).

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following 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 account have been kept and the statements of financial position and comprehensive income are in agreement with the books of account;

In accordance with section 78(1) (a) of the Insurance Act, 2006, (Act 724), the company 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.

Signed By: Frederick Bruce – Tagoe (ICAG/P/1087)

For And On Behalf Of PKF (ICAG/F/2016/039)  
Chartered Accountants

Farrar Avenue

Accra

27th May, 2016

# STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER, 2015

		Group		Company	
		2015	2014	2015	2014
	Note	GH¢	GH¢	GH¢	GH¢
Gross premium	6	145,725,323	115,702,732	145,725,323	115,702,732
Less: Reinsurances	7	(61,437,060)	(42,120,815)	(61,437,060)	(42,120,815)
<b>Net premium</b>		<b>84,288,263</b>	73,581,917	<b>84,288,263</b>	73,581,917
Claims incurred	8	(39,747,032)	(32,344,608)	(39,747,032)	(32,344,609)
Brokerage and advisory fees	9	5,231,229	5,623,824	-	-
Commissions	10	923,627	(2,442,196)	923,627	(2,442,194)
Management expenses	11	(62,822,029)	(48,227,722)	(50,143,172)	(42,589,326)
<b>Underwriting Loss</b>		<b>(12,125,942)</b>	(3,808,785)	<b>(4,678,314)</b>	(3,794,213)
Investment income	12	10,844,116	9,358,549	10,180,874	9,057,036
Other income	13	17,280,843	13,399,597	17,029,587	13,320,025
Finance costs	14	(1,276,792)	(1,159,925)	(1,276,792)	(1,159,925)
Bad debts write off		-	(6,629,218)	-	(6,629,218)
Exceptional claims	8b	(9,117,071)	(19,723,648)	(9,117,071)	(19,723,648)
Restructuring Expenses		-	(295,321)	-	(295,321)
<b>Profit/Loss before tax</b>		<b>5,605,154</b>	(8,858,751)	<b>12,138,284</b>	(9,225,264)
National stabilisation levy		(741,271)	-	(606,914)	
Taxation	20(c)	(363,632)	828,099	(2,032,447)	921,861
<b>Profit/Loss after tax transferred to Income surplus account</b>					
		<b>4,500,251</b>	(8,030,652)	<b>9,498,923</b>	(8,303,403)
<b>Amount Attributable to:</b>					
Equity holders of the parent		5,999,853	(8,112,477)	9,498,923	(8,303,403)
Non-Controlling Interest		(1,499,602)	81,825	-	-
		<b>4,500,251</b>	(8,030,652)	<b>9,498,923</b>	(8,303,403)
<b>Other Comprehensive Income</b>					
Net change in fair value of available for sale financial assets		(3,241,115)	1,129,472	(3,171,923)	1,074,378
Revaluation gain	22	-	8,471,554	-	8,471,554
<b>Total Comprehensive Income</b>		<b>1,259,136</b>	1,570,374	<b>6,327,000</b>	1,242,529
Basic earnings per share - GH¢	15	<b>0.0230</b>	(0.0410)	<b>0.0486</b>	(0.0424)



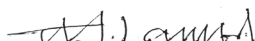
# STATEMENT OF CONSOLIDATED FINANCIAL POSITION

AS AT 31 DECEMBER, 2015

	Note	Group		Company	
		2015	2014	2015	2014
		GH¢	GH¢	GH¢	GH¢
Stated capital	21	25,000,000	25,000,000	25,000,000	25,000,000
Capital surplus	22	17,788,506	17,788,506	17,788,506	17,788,506
Income surplus		8,510,790	(1,908,946)	6,152,024	(7,766,782)
Contingency reserve	23	19,859,114	24,278,997	19,859,114	24,278,997
Available-for-sale reserves	24	10,726,316	13,967,431	12,141,981	15,313,904
Non controlling interest		1,496,406	2,996,008	-	-
<b>Shareholders funds</b>		<b>83,381,132</b>	<b>82,121,996</b>	<b>80,941,625</b>	<b>74,614,625</b>
<b>Represented by:</b>					
Property, plant and equipment	25	28,570,944	28,772,449	28,614,187	28,760,279
Intangible assets	26	120,866	363,695	91,725	304,757
Investment properties	27	6,572,000	6,572,000	6,572,000	6,572,000
Long term investment	28	32,848,468	35,814,711	32,297,052	35,468,975
Investment in subsidiary	29	-	-	1,585,715	1,585,715
Investment in associated companies	30	9,718,351	7,241,776	9,718,351	7,241,776
		<b>77,830,629</b>	<b>78,764,631</b>	<b>78,879,030</b>	<b>79,933,502</b>
<b>Current assets</b>					
Short term investments	31	34,390,520	37,661,424	30,894,094	36,577,457
Trade & other receivables	32	36,313,807	17,951,670	34,064,487	6,744,902
Inventories		1,385,005	1,104,266	1,385,005	1,104,266
Unearned reinsurance premium		38,505,075	28,741,644	38,505,075	28,741,644
Cash and bank balances	34a	24,959,082	22,416,618	24,712,193	22,291,200
<b>Total current assets</b>		<b>135,553,490</b>	<b>107,875,621</b>	<b>129,560,854</b>	<b>95,459,469</b>
<b>Current liabilities</b>					
Bank Overdraft	34b	2,340,184	3,396,350	2,340,184	3,396,350
Unearned premium	5	36,538,059	43,278,461	36,538,059	43,278,461
Outstanding claims	8	45,199,180	10,050,282	45,199,180	10,050,282
Trade & other payables	33	41,132,113	42,650,570	39,180,981	41,342,224
Taxation	20a	2,170,848	3,374,092	1,612,689	916,700
National stabilisation levy	20b	348,108	145,029	333,953	151,136
<b>Total current liabilities</b>		<b>127,728,492</b>	<b>102,894,784</b>	<b>125,205,046</b>	<b>99,135,153</b>
<b>Net current assets</b>		<b>7,824,997</b>	<b>4,980,837</b>	<b>4,355,808</b>	<b>(3,675,684)</b>
Deferred tax	20(d)	(2,274,494)	(1,623,473)	(2,293,213)	(1,643,193)
<b>Total non-current liabilities</b>		<b>(2,274,494)</b>	<b>(1,623,473)</b>	<b>(2,293,213)</b>	<b>(1,643,193)</b>
<b>Net assets</b>		<b>83,381,132</b>	<b>82,121,996</b>	<b>80,941,625</b>	<b>74,614,625</b>



Mr. Mike Allen Hammah  
Board Chairman



Dr. Sydney Yayah Laryea  
Director

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER, 2015

Group	Stated capital GH¢	Income surplus account GH¢	Contingency reserves GH¢	Capital surplus GH¢	Available for sale reserves GH¢	Non Controlling Interest GH¢	Total GH¢
Bal. at 1 Jan. 2014	25,000,000	9,674,613	20,807,915	9,316,952	12,837,959	2,914,183	80,551,622
Loss for the year	-	(8,030,652)	-	-	-	-	(8,030,652)
Transfer (from)/to reserve	-	(3,471,082)	3,471,082	-	-	-	-
Net gain on avail-for-sale invest.	-	-	-	-	1,129,472	-	1,129,472
Revaluation gain	-	-	-	8,471,554	-	-	8,471,554
Non controlling Interest	-	(81,825)	-	-	-	81,825	-
Bal. at 31 Dec 2014	25,000,000	(1,908,946)	24,278,997	17,788,506	13,967,431	2,996,008	82,121,996
Bal at 1 Jan 2015	25,000,000	(1,908,946)	24,278,997	17,788,506	13,967,431	2,996,008	82,121,996
Profit for the year	-	4,500,251	-	-	-	-	4,500,251
Transfer (from)/to reserve	-	(4,371,760)	4,371,760	-	-	-	-
Net gain on avail-for-sale invest.	-	-	-	-	(3,241,115)	-	(3,241,115)
Transfer to equity holders	-	8,791,643	(8,791,643)	-	-	-	-
Non controlling interest	-	1,499,602	-	-	-	(1,499,602)	-
Bal at 31 Dec 2015	25,000,000	8,510,790	19,859,114	17,788,506	10,726,316	1,496,406	83,381,132

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. 2014	25,000,000	4,007,703	20,807,915	9,316,952	14,239,526	73,372,096
Loss for the year	-	(8,303,403)	-	-	-	(8,303,403)
Revaluation gain	-	-	-	8,471,554	-	8,471,554
Transfer (from)/to reserve	-	(3,471,082)	3,471,082	-	-	-
Net gain on available-for-sale investment	-	-	-	-	1,074,378	1,074,378
Balance at 31 Dec 2014	25,000,000	(7,766,782)	24,278,997	17,788,506	15,313,904	74,614,625
Balance at 1 January 2015	25,000,000	(7,766,782)	24,278,997	17,788,506	15,313,904	74,614,625
Profit for the year	-	9,498,923	-	-	-	9,498,923
Transfer (from)/to reserve	-	(4,371,760)	4,371,760	-	-	-
Revaluation gain /( loss)	-	-	-	-	(3,171,923)	(3,171,923)
Transfer to equity holders	-	8,791,643	(8,791,643)	-	-	-
Balance at 31 Dec 2015	25,000,000	6,152,024	19,859,114	17,788,506	12,141,981	80,941,625

# STATEMENT OF CONSOLIDATED CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER, 2015

	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
<b>Operating activities</b>				
Operating profit/loss	5,605,154	(8,858,751)	12,138,284	(9,225,264)
	5,605,154	(8,858,751)	12,138,284	(9,225,264)
<b>Adjustment to reconcile profit before tax to net cash flows</b>				
<b>Non-cash:</b>				
Depreciation	1,022,174	907,066	954,559	822,413
Amortisation of intangible assets	242,829	302,911	213,033	272,412
Available-for-sale reserve	(3,241,115)	1,129,472	(3,171,923)	1,074,378
Profit on disposal of property, plant & equipment	(950)	(57,887)	(950)	(57,887)
Revaluation (gain)/loss on investment properties	-	(486,872)	-	(486,872)
Interest received	(7,450,301)	(6,606,538)	(6,787,059)	(6,305,025)
Dividend received	(3,393,815)	(2,752,012)	(3,393,815)	(2,752,012)
<b>Working capital adjustments:</b>				
Increase/(Decrease) in provision for unearned premium	(6,740,402)	(2,632,841)	(6,740,402)	(2,632,841)
(Increase)/decrease in receivables	(18,362,137)	26,661,612	(27,319,585)	27,476,263
Increase in inventories	(280,739)	(476,460)	(280,739)	(476,460)
Increase/(decrease) in trade & other payables	(1,518,458)	30,214,429	(2,161,241)	29,105,892
(Decrease)/increase in provision for claims	35,148,897	225,313	35,148,897	225,313
Decrease in lease obligations	-	(269,891)	-	(269,891)
Decrease in lease deposits	-	281,062	-	281,062
Increase in unearned reinsurance premium	(9,763,431)	(3,586,714)	(9,763,431)	(3,586,714)
Tax paid	(915,855)	(569,592)	(1,110,535)	(545,868)
National stabilisation levy paid	(538,192)	(99,178)	-	-
<b>Net cash used in operating activities</b>	<b>(10,186,340)</b>	<b>33,325,133</b>	<b>(12,274,906)</b>	<b>32,918,899</b>
<b>Investing activities</b>				
Acquisition of property, plant and equipment	(820,668)	(930,566)	(808,470)	(820,141)
Acquisition of intangible assets	-	(89,400)	-	-
Proceeds from sale of property, plant and equipment	950	95,841	950.00	95,841
Purchase / Redemption of long term investments	489,668	(2,846,844)	695,348	(2,906,880)
Dividend received	3,393,815	2,752,012	3,393,815	2,752,012
Interest received	7,450,301	6,606,538	6,787,059	6,305,025
<b>Net cash used/flow from investing activities</b>	<b>10,514,066</b>	<b>5,587,582</b>	<b>10,068,702</b>	<b>5,425,857</b>

## STATEMENT OF CONSOLIDATED CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER, 2015

Net cash used / flow from investing activities				
Changes in cash and cash equivalents	327,726	38,912,715	(2,206,204)	38,344,756
Cash at 1 January	56,681,692	17,768,977	55,472,307	17,127,551
Cash at 31 December	57,009,418	56,681,692	53,266,103	55,472,307

ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS				
Cash and bank	24,959,082	22,416,618	24,712,193	22,291,200
Bank Overdraft	(2,340,184)	(3,396,350)	(2,340,184)	(3,396,350)
Short term investments	34,390,520	37,661,424	30,894,094	36,577,457
	57,009,418	56,681,692	53,266,103	55,472,307



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+233-3120-22315/22048

  
OUR PROMISES ARE SACRED  
SIC INSURANCE COMPANY LIMITED



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2015

### 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 on 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;

**IAS 19** (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.

### (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 statement of comprehensive income.

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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position; and

(ii) income and expenses for each statement of comprehensive income 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).

### (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 statement of comprehensive income 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 statement of comprehensive income.

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	1.0%	"
Office equipment	20%	"
Computers	25%	"

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

The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. 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 statement of comprehensive income.

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 statement of comprehensive income. 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 statement of comprehensive income.

### **(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.

**(ii) 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 statement of comprehensive income 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 statement of comprehensive income 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 statement of financial position 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
- (vi) 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 statement of comprehensive income. 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 statement of financial position 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 statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not subsequently reversed. The impairment loss is reversed through the statement of comprehensive income, 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 compared 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 statement of financial position 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.

**(l) 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 statement of financial position 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 statement of financial position date event 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 statement of financial position 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 2013. 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.

**(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 statement of comprehensive income.

**(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 Tax**

Deferred 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 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 tax is determined using tax rates (and laws) that have been enacted or substantively enacted

by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred 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 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 statement of comprehensive income 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 statement of financial position date are discounted to present value.

#### (o) Provisions

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 statement of financial position date. Unearned premiums are calculated on the basis of the number of days beyond the statement of financial position 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.

**(v) 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 statement of comprehensive income 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 statement of financial position.

**(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.

**(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 statement of financial position 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 statement of financial position 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.

**(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-15 Amount	Scenario 1 5% increase	Scenario 2 5% decrease
	GH¢	GH¢	GH¢
Pre-tax profit	5,605,154	5,885,412	5,324,896
Shareholders' equity	83,381,132	87,550,189	79,212,075

Assuming no management actions, a series of such rises would increase pre-tax profit for 2015 by GH¢ 280,258, while a series of such falls would decrease pre-tax profit for 2015 by GH¢280,258. Also a series of such rises would increase the shareholders' equity by GH¢4,169,057 whilst a series of such falls would decrease shareholders' equity by GH¢4,169,057.

**(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,

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.

	2015	2014
	GH¢	GH¢
1 - 3 months	-	-
3 - 4 months	-	-
4 - 6 months	-	-
6 - 1yr	-	-
1yr and above	-	-
Write off	-	-
	-	-

### (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 meet its liabilities when due. Please refer to note 18 for the details of the insurance liabilities which may have an impact on the liquidity risk.

### (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.

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-15 Amount	Scenario 1 5% increase	Scenario 2 5% decrease
	GH¢	GH¢	GH¢
Pre-tax profit	5,605,154	6,165,670	5,044,639
Shareholders' equity	83,381,132	91,719,245	75,043,019

Assuming no management actions, a series of such rises would increase pre-tax profit for 2015 by GH¢560,515, while a series of such falls would decrease pre-tax profit for 2015 by GH¢560,515. Also a series of such rises would increase the shareholders' equity by GH¢8,338,113, whilst a series of such falls would decrease shareholders' equity by GH¢8,338,113.

The following significant exchange rates were applied during the year:

	2015 Selling	2015 Buying	2014 Selling	2014 Buying
	GH¢	GH¢	GH¢	GH¢
US Dollar	3.7931	3.7969	3.2013	3.1988
GB Pound	5.6127	5.6202	4.9815	4.9767
Euro	4.1306	4.1334	3.8970	3.8947

4. The following new standards, amendments to standards and interpretations to existing standards are not yet effective for the year ended 31 December 2015, and have not been applied in preparing these financial statements.

**IFRS 9** (2014) Financial Instruments. Applicable on or after 1 January 2018

**IFRS 15** Revenue from contracts with customers. Applicable for a period beginning on or after 1 January 2018

**IAS 38** Clarification of Acceptable Methods of Depreciation and Amortisation

**IFRS 9** Financial Instruments (Hedge Accounting and amendment to IFRS 9, IFRS 7 and IAS 39 (2013)

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to: Applicable to annual periods beginning on or after 1 January 2016

**IFRS 16** Leases: Applicable to annual reporting periods beginning on or after 1 January 2016

Amends IAS 16 Separate Financial Statements: Applicable to annual periods beginning on or

after 1 January 2016

Statements and IAS 28 Investments in Associates and Joint Ventures: Applicable to annual periods beginning on or after 1 January 2016

Amends IAS 1 Presentation of Financial Statements Effective for annual periods beginning on or after 1 January 2016

**IFRS 12** Disclosure of Interests in Other Entities: Applicable to annual periods beginning on or after January 2016

## 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					2015	2014
	Marine &				Total	Total
	Aviation	Fire	Motor	Accident	GH¢	GH¢
	GH¢	GH¢	GH¢	GH¢		
Gross premiums	12,060,781	44,059,522	47,647,206	41,957,814	<b>145,725,323</b>	115,702,732
Reinsurances	(8,222,830)	(37,924,761)	(878,638)	(14,410,831)	<b>(61,437,060)</b>	(42,120,815)
Net premiums	3,837,951	6,134,761	46,768,568	27,546,983	<b>84,288,263</b>	73,581,917
Premium earned	3,837,951	6,134,761	46,768,568	27,546,983	<b>84,288,263</b>	73,581,917
Commissions	149,628	196,733	437,799	139,468	<b>923,628</b>	(2,442,194)
	3,987,579	6,331,494	47,206,367	27,686,451	<b>85,211,892</b>	71,139,723
Claims	(579,622)	(4,901,205)	(19,978,418)	(14,287,786)	<b>(39,747,031)</b>	(32,344,609)
	3,407,957	1,430,289	27,227,949	13,398,665	<b>45,464,861</b>	38,795,114
Management expenses	(2,306,586)	(4,663,315)	(32,141,773)	(11,031,499)	<b>(50,143,172)</b>	(42,589,326)
Underwriting results						
transferred to Rev. A/c	1,101,371	(3,233,026)	(4,913,823)	2,367,167	<b>(4,678,312)</b>	(3,794,212)

<b>Total assets</b>					<b>213,384,118</b>	186,640,251
<b>Total liabilities</b>					<b>130,002,986</b>	104,518,257
<b>Shareholders funds</b>					<b>83,381,132</b>	82,121,996
<b>Unearned premium</b>	Marine & Aviation	Fire	Motor	Accident	<b>2015</b>	2014
	GH¢	GH¢	GH¢	GH¢	<b>Total</b>	Total
					<b>GH¢</b>	GH¢
Unearned Premium - Start	4,116,238	15,269,817	16,662,328	7,230,079	<b>43,278,462</b>	45,911,302
Unearned Rein Prem - Start	(374,204)	(19,364,030)	(2,373,674)	(6,629,736)	<b>(28,741,644)</b>	(25,154,930)
Unearned Premium - Close	(3,559,352)	(10,057,761)	(17,409,777)	(5,511,169)	<b>(36,538,059)</b>	(43,278,461)
Unearned Reins Prem- Close	218,412	22,435,104	9,123,790	6,727,769	<b>38,505,075</b>	28,741,644
<b>Movement in Unearned Premium</b>	<b>401,094</b>	<b>8,283,130</b>	<b>6,002,667</b>	<b>1,816,943</b>	<b>16,503,834</b>	<b>6,219,555</b>

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

- (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		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Motor	<b>47,647,206</b>	43,351,804	<b>47,647,206</b>	43,351,804
Fire	<b>44,059,522</b>	34,243,078	<b>44,059,522</b>	34,243,078
Accident	<b>41,957,814</b>	27,376,292	<b>41,957,814</b>	27,376,292
Marine and aviation	<b>12,060,781</b>	10,731,558	<b>12,060,781</b>	10,731,558
	<b>145,725,323</b>	115,702,732	<b>145,725,323</b>	115,702,732

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER, 2015

7. REINSURANCES	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Motor	878,638	2,284,174	878,638	2,284,174
Fire	37,924,761	25,786,116	37,924,761	25,786,116
Accident	14,410,831	5,831,548	14,410,831	5,831,548
Marine and aviation	8,222,830	8,218,977	8,222,830	8,218,977
	<b>61,437,060</b>	<b>42,120,815</b>	<b>61,437,060</b>	<b>42,120,815</b>

8A. CLAIMS INCURRED	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Payments during the year	36,007,874	36,564,607	36,007,874	36,564,607
Claims outstanding as at 31-Dec	45,199,180	10,050,282	45,199,180	10,050,282
Claims outstanding at 1-Jan	81,207,054	46,614,889	81,207,054	46,614,889
	(10,050,283)	(9,824,969)	(10,050,283)	(9,824,969)
Net recoveries	71,156,771	36,789,920	71,156,771	36,789,920
	(31,409,739)	(4,445,311)	(31,409,739)	(4,445,311)
Claims net of recoveries	<b>39,747,032</b>	<b>32,344,609</b>	<b>39,747,032</b>	<b>32,344,608</b>

8B. EXCEPTIONAL CLAIMS				
Credit bond claims	9,117,071	-	9,117,071	-
Ivory Finance Limited	-	19,303,800	-	19,303,800
Kofi Wornyo & Others	-	419,848	-	419,848
	<b>9,117,071</b>	<b>19,723,648</b>	<b>9,117,071</b>	<b>19,723,648</b>

### Credit bond claims

This represents a number of outstanding balance on credit bond claims payable as at 31 December 2015

### Ivory Finance Limited

This is in respect of credit guarantee bonds issued by SIC and its consequent legal action for a claim of GH¢1,800,303 in respect of a contentious consent judgment. SIC successfully stayed execution of the judgment subject to the payment of GH¢19,303,800 pending an action commenced to set aside the Consent Judgment. In the likely event that the action succeeds, SIC's liability would remain GH¢19,303,800

9. BROKERAGE AND ADVISORY FEES	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Asset Management	3,701,716	4,015,627	-	-
Corporate Finance	1,301,752	1,061,339	-	-
Brokerage Fees	227,761	546,858	-	-
	<b>5,231,229</b>	<b>5,623,824</b>	<b>-</b>	<b>-</b>



10. COMMISSIONS	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Receivable	16,272,647	10,790,032	16,272,647	10,790,032
Payable	(15,349,020)	(13,232,227)	(15,349,020)	(13,232,227)
Net commissions	923,627	(2,442,195)	923,627	(2,442,195)

**11. MANAGEMENT EXPENSES**

Management expenses is stated after charging:

	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Directors' emoluments	655,782	671,116	579,398	560,800
Staff cost	29,425,062	26,846,966	29,425,062	25,394,178
Depreciation	1,022,174	907,066	954,559	822,413
Software amortisation	213,033	302,911	213,033	272,412
Audit fees	168,500	125,900	106,000	75,900

**12. INVESTMENT INCOME**

	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Dividend	3,393,815	2,752,012	3,393,815	2,752,012
Interest on fixed deposits	5,963,923	6,092,162	5,963,923	5,790,649
Interest on treasury bills	615,221	251,676	615,221	251,676
Other investment income	871,157	262,699	207,915	262,699
	10,844,116	9,358,549	10,180,874	9,057,036

**13. OTHER INCOME**

	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Rent	652,716	481,537	652,716	481,537
Profit on disposal of assets	22,320	3,457,090	950	3,457,090
Sundry income	9,161,784	6,573,120	8,933,169	6,503,258
Gain on exchange	7,444,023	2,887,850	7,442,752	2,878,140
	17,280,843	13,399,597	17,029,587	13,320,025

**14. FINANCE COST**

	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Overdraft and Other Charges	1,276,792	1,159,925	1,276,792	1,159,925

**15. 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		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Profit attributable to the group's equity holders	4,500,251	(8,030,652)	9,498,923	(9,187,309)
Weighted average number of ordinary shares in issue	195,645,000	195,645,000	195,645,000	195,645,000
<b>Basic earnings per share</b>	<b>0.0230</b>	<b>(0.0410)</b>	<b>0.0486</b>	<b>(0.0470)</b>

#### 16. FINANCIAL INSTRUMENTS CLASSIFICATION SUMMARY

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

	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Available-for-sale (Note 17)	32,721,948	35,697,831	32,170,532	35,352,096
Receivables (including insurance receivables) (Note 18)	27,080,926	9,564	27,080,926	9,564

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

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS		Group		Company	
		2015	2014	2015	2014
		GH¢	GH¢	GH¢	GH¢
<b>Equity securities:</b>					
Listed		13,570,638	16,546,521	13,019,222	16,200,786
Unlisted		19,151,310	19,151,310	19,151,310	19,151,310
<b>Total available-for-sale financial assets</b>		<b>32,721,948</b>	<b>35,697,831</b>	<b>32,170,532</b>	<b>35,352,096</b>

18. RECEIVABLES		Group		Company	
		2015	2014	2015	2014
		GH¢	GH¢	GH¢	GH¢
<b>i. Receivables arising from insurance and reinsurance contracts:</b>					
Due from policy holders		-	-	-	-
Due from agents, brokers and intermediaries		27,080,926	9,564	27,080,926	9,564
<b>Total receivables including insurance receivables</b>		<b>27,080,926</b>	<b>9,564</b>	<b>27,080,926</b>	<b>9,564</b>
Current portion		27,080,926	9,564	27,080,926	9,564

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, and no impairment loss was determined

19. INSURANCE LIABILITIES

	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Claims reported and loss adjustment expenses	36,363,139	5,073,879	36,363,139	5,073,879
Claims incurred but not reported (IBNR)	6,711,307	4,976,403	6,711,307	4,976,403
Unearned premiums	36,538,059	43,278,462	36,538,059	43,278,462
<b>Total insurance liabilities</b>	<b>79,612,505</b>	<b>53,328,744</b>	<b>79,612,505</b>	<b>53,328,744</b>

20. 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				
1997-2014	3,374,092	-	-	3,374,092
2015		(287,389)	(915,855)	(1,203,244)
	3,374,092	(287,389)	(915,855)	2,170,848

(b) Reconstruction/Stabilization levy

2001-2006	145,029		-	145,029
2015		741,271	(538,192)	203,079
	145,029	741,271	(538,192)	348,108
	3,519,121	453,882	(1,454,047)	2,518,956

(c) Income tax expenses

	2015	2014
	GH¢	GH¢
Corporate tax	(287,389)	94,113
Deferred tax	651,021	(922,212)
	363,632	(828,099)

(d) Deferred tax

	2015	2014
	GH¢	GH¢
Balance at 1st January	1,623,473	2,545,685
Accelerated capital allowance	651,021	(922,212)
Balance at 31 December	2,274,494	1,623,473

20. TAXATION - COMPANY

(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				
1997-2014	916,700	-	-	916,700
2015	-	1,382,427	(686,438)	695,989
	916,700	1,382,427	(686,438)	1,612,689
	GH¢	GH¢	GH¢	GH¢

<b>(b) Reconstruction/Stabilization levy</b>				
2001-2006	151,136	-	-	<b>151,136</b>
2015	-	606,914	(424,097)	<b>182,817</b>
	151,136	606,914	(424,097)	<b>333,953</b>
	1,067,836	1,989,341	(1,110,535)	<b>1,946,642</b>

<b>(c) Income tax expenses</b>		<b>2015</b>	2014
		<b>GH¢</b>	GH¢
Corporate tax		<b>1,382,427</b>	-
Deferred tax		<b>650,020</b>	(921,861)
		<b>2,032,447</b>	(921,861)

<b>(d) Deferred tax</b>		<b>2015</b>	2014
		<b>GH¢</b>	GH¢
Balance at 1st January		<b>1,643,193</b>	2,565,054
Accelerated capital allowance		<b>650,020</b>	(921,861)
Balance at 31 December		<b>2,293,213</b>	1,643,193

## 21. 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:

	<b>2015</b>	2014
	<b>GH¢</b>	GH¢
Issued and fully paid for cash	<b>200</b>	200
Transfer from income surplus	<b>42,600</b>	42,600
Transfer from capital surplus	<b>24,957,200</b>	24,957,200
	<b>25,000,000</b>	25,000,000

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

## 22. CAPITAL SURPLUS

This represents surplus arising from revaluation of certain landed properties. The landed properties were professionally valued by a consortium of Valuer namely, Apex Valuation, Surveying and Property Consult at September 2010 and incorporated in the financial statement in 2014 on the basis of their open market values.

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

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	<b>GH¢</b>	GH¢	<b>GH¢</b>	GH¢
Balance at 1 January	<b>17,788,506</b>	9,316,952	<b>17,788,506</b>	9,316,952
Revaluation gain / loss - PPE	-	8,471,554	-	8,471,554
Balance at 31 December	<b>17,788,506</b>	17,788,506	<b>17,788,506</b>	17,788,506

**23. CONTINGENCY RESERVE**

	2015	2014
	GH¢	GH¢
Balance at 1 January	24,278,997	20,807,915
Transfer from income surplus	4,371,760	3,471,082
Transfer to income surplus	(8,791,643)	-
Balance at 31 December	19,859,114	24,278,997

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

**24. AVAILABLE-FOR-SALE RESERVES**

	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Balance at 1 January	13,967,431	12,837,959	15,313,904	14,239,526
Fair valuation	(3,241,115)	1,129,472	(3,171,923)	1,074,378
Balance at 31 December	10,726,316	13,967,431	12,141,981	15,313,904

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

**25. PROPERTY, PLANT AND EQUIPMENT - GROUP**

	At 1-Jan GH¢	Additions GH¢	Disposal GH¢	At 31-Dec GH¢
Cost/valuation				
Leasehold buildings	5,809,474	-	(6,838)	5,802,636
Leasehold land	5,190,013	-	-	5,190,013
Freehold buildings	7,725,852	-	-	7,725,852
Freehold land	9,429,000	-	-	9,429,000
Computers	1,163,518	62,360	(950)	1,224,928
Capital work in progress	2,701,440	30,062	-	2,731,502
Other machinery & equipment	5,925,898	735,085	(62,622)	6,598,361
	37,945,195	827,507	(70,410)	38,702,292
	At 1-Jan GH¢	Charge for year GH¢	Disposal GH¢	At 31-Dec GH¢
Depreciation				
Leasehold buildings	1,954,486	163,444	-	2,117,930
Leasehold land	1,209,691	102,715	-	1,312,406
Freehold buildings	424,287	76,485	-	500,772
Computers	1,109,838	44,746	(950)	1,153,634
Other machinery & equipment	4,474,444	634,784	(62,622)	5,046,606
	9,172,746	1,022,174	(63,572)	10,131,348
<b>Net book value</b>				
<b>At 31 December 2015</b>				28,570,944
At 31 December 2014				28,772,449



**Disposal of assets**

	Property, plant & equip.		Shares	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
<b>Cost</b>	950	178,444	-	3,226,135
Accumulated depreciation	(950)	(178,444)	-	(2,890,079)
Net book value	-	-	-	336,056
Proceeds from sale	950	95,842	-	3,735,259
Profit on disposal	950	95,842	-	3,399,203

Depreciation expense of **GH¢1,022,174** (2014:907,066 ) has been charged in management expenses.

**25. PROPERTY, PLANT AND EQUIPMENT - COMPANY**

	At 1-Jan	Additions	Disposal	At 31-Dec
	GH¢	GH¢	GH¢	GH¢
Cost/valuation				
Leasehold buildings	5,809,474	-	(6,838)	5,802,636
Leasehold land	5,190,013	-	-	5,190,013
Freehold buildings	7,725,784	-	-	7,725,784
Freehold land	9,429,000	-	-	9,429,000
Computers	1,031,157	61,747	(950)	1,091,953
Capital work in progress	3,173,779	30,062	-	3,203,841
Other machinery & equipment	5,025,753	723,499	-	5,749,251
	37,384,960	815,308	(7,788)	38,192,478

	At 1-Jan	Charge for year	Disposal	At 31-Dec
	GH¢	GH¢	GH¢	GH¢
<b>Depreciation</b>				
Leasehold buildings	1,954,486	163,444	-	2,117,931
Leasehold land	1,210,393	102,715	-	1,313,108
Freehold buildings	423,586	76,485	-	500,071
Computers	989,343	36,635	(950)	1,025,028
Other machinery & equipment	4,046,873	575,280	-	4,622,153
	8,624,681	954,559	(950)	9,578,291
<b>Net book value</b>				
At 31 December 2015				28,614,187
At 31 December 2014				28,760,279

**Disposal of assets**

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	Property, plant & equip.		Shares	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
<b>Cost</b>	950	245,211	-	3,226,135
Accumulated depreciation	-	(207,256)	-	(2,890,079)
Net book value	950	37,955	-	336,056
Proceeds from sale	950	95,842	-	3,735,259
Profit on disposal	-	57,887	-	3,399,203

Depreciation expense of **GH¢ 954,559** (2014: GH¢ 822,413) has been charged in management expenses.

### 26. INTANGIBLE ASSETS - GROUP

	At 1 Jan GH¢	Additions GH¢	At 31 Dec GH¢
<b>Cost/valuation</b>			
Computer software	2,106,180	-	2,106,180
	2,106,180	-	2,106,180
<b>Amortisation</b>			
	At 1 Jan GH¢	Charge for year GH¢	At 31 Dec GH¢
Computer software	1,742,485	242,829	1,985,314
	1,742,485	242,829	1,985,314
<b>Net book value</b>			
At 31 December 2015			120,866
At 31 December 2014			363,695

### Intangible assets - Company

	At 1 Jan GH¢	Additions GH¢	At 31 Dec GH¢
<b>Cost/valuation</b>			
Computer software	1,415,103	-	1,415,103
	1,415,103	-	1,415,103
<b>Amortisation</b>			
	At 1 Jan GH¢	Charge for year GH¢	At 31 Dec GH¢
Computer software	1,110,346	213,033	1,323,378
	1,110,346	213,033	1,323,378
<b>Net book value</b>			
At 31 December 2015			91,725
At 31 December 2014			304,757

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.

### 27. INVESTMENT PROPERTIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER, 2015

	At 1-Jan	Addition/ Revaluation	At 31-Dec
Cost/valuation	GH¢	GH¢	GH¢
Leasehold properties	5,429,300		5,429,300
Freehold land & buildings	1,142,700	-	1,142,700
	6,572,000	-	6,572,000

28.LONG TERM INVESTMENTS	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Equity shares	32,721,948	35,697,831	32,170,532	35,352,095
Bonds	126,520	116,880	126,520	116,880
	32,848,468	35,814,711	32,297,052	35,468,975

29. INVESTMENT IN SUBSIDIARY	2015	2014
	GH¢	GH¢
Balance as at 1st January	1,585,715	1,585,715
Adjustments during the year(revaluation)	-	-
Balance as at 31st december	1,585,715	1,585,715

The subsidiary company is:

	Nature of business	Number of shares	% Interest held
SIC Financial Services Limited	Investment advisory, asset & fund management	3,000	70

30. INVESTMENT IN ASSOCIATED COMPANY	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Balance at 1 January	7,241,776	5,073,215	7,241,776	5,073,215
Movement in investment	2,476,575	2,168,561	2,476,575	2,168,561
Balance at 31 December	9,718,351	7,241,776	9,718,351	7,241,776

The associated company is:

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

31. SHORT-TERM INVESTMENTS	Group	Company
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2015

	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Ghana Gov't treasury bills	9,966,250	3,219,246	6,469,824	3,219,246
Bank time deposits	24,424,270	34,442,178	24,424,270	33,358,211
	34,390,520	37,661,424	30,894,094	36,577,457

### 32. TRADE & OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Premium debtors	-	-	-	-
	-	-	-	-
Accrued income and prepayments	646,304	460,106	310,344	442,774
Staff debtors	3,618,771	2,503,782	3,618,771	2,503,782
Sundry debtors	4,967,806	14,978,218	3,054,446	3,788,782
Agents & reinsurance balance	27,080,926	9,564	27,080,926	9,564
	36,313,807	17,951,670	34,064,487	6,744,902

### 33. TRADE & OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Agents & brokers	7,897,172	4,067,767	7,897,172	4,067,767
Reinsurers	15,457,494	11,034,307	15,457,494	11,034,307
Sundry creditors	7,088,896	6,480,028	5,137,764	5,171,682
Exceptional Claims	9,113,163	19,723,648	9,113,163	19,723,648
Current account with oil and gas	1,575,388	1,344,820	1,575,388	1,344,820
	41,132,113	42,650,570	39,180,981	41,342,224

### 34.A. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	GH¢	GH¢	GH¢	GH¢
Cash at bank and in hand	24,959,082	22,416,618	24,712,193	22,291,200
	24,959,082	22,416,618	24,712,193	22,291,200

### 34.B. BANK OVERDRAFT

Merchant Bank	2,340,184	3,396,350	2,340,184	3,396,350
	2,340,184	3,396,350	2,340,184	3,396,350

UMB Bank

The company has an overdraft facility of GH¢5,000,000 with the bank to support the company's operational expenses requirement. Interest rate is at 28% per annum. The facility will expire twelve months after drawdown. The overdraft is not secured.

### Ghana International Bank

The company has an overdraft facility of US\$3,000,000 with the bank to augment the company's working capital and operational needs requirements. Interest rate is  $\text{libor}(3\text{months}) + 6.75\%$ . The facility will expire twelve months from the date of the offer letter. The overdraft is secured with HFC listed securities owned by the company.

## 35. 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.

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.

However, the group like all other insurers, is subject to litigation in the normal course of its business.

## 36. RELATED PARTY TRANSACTIONS

A number of business transactions are entered into with related parties in the normal course of business. These include premiums, claims, etc. 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:

	2015	2014
	GH¢	GH¢
<b>a. The following transactions were carried out with related parties;</b>		
<b>(i) Social Security &amp; National Insurance Trust</b>		
Premium income	749,364	749,364
Claims paid	92,426	92,426
<b>(ii) Ghana Reinsurance Company Limited</b>		
Premium income	30,854	30,854
Claims paid	-	-
<b>(iii) SIC Life Insurance Company</b>		
Premium income	259,248	259,248
Claims paid	86,368	86,368
Dividend received from SIC Life	557,290	557,290
<b>(iv) Ghana Commercial Bank Limited</b>		
Premium income	287,248	287,248
Claims paid	11,102	11,102
<b>(v) Ghana Cocoa Board</b>		
Premium income	998,878	998,878
Claims paid	35,679	35,679
<b>(vi) SIC FSL</b>		
Payment made by SIC on SIC FSL's behalf	251,146	273,545
Staff provident fund contribution deposited with SIC FSL	1,812,926	1,400,133
<b>(vii) Ghana Oil and Gas Insurance Pool</b>		



Payment made on behalf of GOGIP by SIC

16,265 2,233,243

**b. Year end balances arising from transactions with related party are as follows;**

**(i) Amount due from related parties**

Premium receivable from SIC Life	742,972	-
Premium receivable from SIC FSL	119,279	273,544

**(ii) Amount due to related parties**

GOGIP	1,575,388	1,344,820
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**c. The compensation of executive and management staff is shown below;**

Salaries and other benefits	1,647,800	1,086,884
Employers SSF	1,220,096	80,397
Employers PF	70,440	44,665

**d. Transactions with directors**

Directors emoluments are disclosed in note 11

**37. SOCIAL RESPONSIBILITIES**

An amount of GH¢133,196.00 was spent on fulfilling the social responsibility of the company (2014: GH¢31,230).

**38. DIRECTORS' SHAREHOLDING AS AT 31 DECEMBER 2015**

Name of Director	Number of shares held	% Shares held
Mr. Robert Afflah Sackey	4,000	0.0020
Dr. Sydney Yayah Laryea	6,700	0.0030
Mr. Daniel Ofori	7,804,815	3.9890
	<b>7,815,515</b>	<b>3.994</b>

**39.A. ANALYSIS OF SHAREHOLDING AS AT 31ST DECEMBER, 2015.**

Range of shareholding	No. of Shareholders	Shares holdings	% of Shareholders	% Holding
1 - 1000	9,046	464,885	73.16	2.24
1001 - 5000	2,367	5,944,578	19.16	3.05
5000 - 10000	462	3,776,619	3.74	1.93
10001 and others	487	185,458,918	3.94	92.78
	<b>12,362.00</b>	<b>195,645,000</b>	<b>100.00</b>	<b>100.00</b>

**39.B. LIST OF THE TWENTY LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2015**

Name of Shareholder	Shares held	% Holding
1. GOVERNMENT OF GHANA C/O MINISTRY OF FINANCE	78,258,000	40.00%
2. SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	23,090,392	11.80%
3. SCGN/BANQUE PICTET & CIE SA RE NON TAX 6275J	9,666,764	4.94%
4. SCGN/BANQUE PICTET & CIE SA, GENEVA RE PATRICK SCHEGG	9,666,764	4.94%
5. OFORI DANIEL	7,804,815	3.99%
6. SCGN/JPMC RE DUET AFRICA OPPORTUNITIES MATER FUND IC GTI:AEX26	4,214,200	2.15%
7. DEGBOTSE EMMANUEL KOBLA	3,894,765	1.99%
8. SCGN/CITIBANK LONDON OP-AFRICA FUND(NON-UCITS)	3,799,800	1.94%
9. SCGN/JP MORGAN CHASE DUET GAMLA LIV AFFRCA OPPORTUNITIES FUND IC	2,677,300	1.37%
10. SIC LIFE COMPANY LIMITED	2,501,200	1.28%
11. SCBN/CITIBANK LONDON ROBECO AFRIKA FONDS N.V.	2,292,700	1.17%
12. SCGN/JPN IRE RE CORONATION FD MGER IRE ON BEHALF OF THR AFR FRTR, A SUB-FUND OF THE CORO.UNIV FD	2,155,600	1.10%
13. TEACHERS FUND	2,066,700	1.06%
14. SIC EMPLOYEE SHARE OWNERSHIP PLAN	2,033,435	1.04%
15. GHANA COMMERCIAL BANK LTD	2,000,000	1.02%
16. GHANA REINSURANCE COMPANY LIMITED GENERAL BUSINESS	1,661,912	0.85%
17. STBN/CORONATION AFRICA FUND - NOTDAM	1,429,260	0.73%
18. SCGN/CITIBANK KUWAIT INV AUTHORITY	1,303,900	0.67%
19. STBN/CORONATION AFRICA FUND - HBDJER	1,069,500	0.55%
20. SCGN/SS LUXEMBOURG C/O SSB & TRUST COMPANY, BOSTON RE SGKB(LUX)-XJHK	1,060,000	0.54%
TOTAL	162,647,007	83.13%
	32,997,993	16.87%
OTHERS	195,645,000	100%

# PROXY FORM

	RESOLUTION FROM THE BOARD	FOR	AGAINST
ANNUAL GENERAL MEETING to be held on Thursday 4th August, 2016 at 10.00 a.m at the College of Physicians and Surgeons, Accra	1. To consider and adopt the 2015 Financial Statements of the Company for the year ended 31st December, 2015.		
I/We .....	2. To declare dividend for the year ended 31st December, 2015		
	3. To Authorise the Directors to fix the Remuneration of the Auditors		
Being a member(s) of SIC Insurance Company Limited hereby appoint	4. a. to elect or ratify the appointments of :		
	i. Mr Ivan Abubakar Avereyireh		
	ii. Mr Kwei Mensah Ashidam		
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 Thursday, 4th August, 2016.	b. To re – elect:		
	i. Dr. Sydney Yayah Laryea		
	ii. Mr Justice Benjamin Okai Tetteh		
	iii. Mr Ato Pobee Ampiah		
	5. To Approve the Remuneration of Directors		
Signed ..... day of .....2016 ..... Shareholder's Signature	Please indicate with an "X" in the appropriate box how you wish your vote to be cast on the resolution 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. KINDLY NOTE THAT VOTING WILL BE BY POLL

## Notes:

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.

1. 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 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.

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

3. 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 and not later than 10:00 a.m. on 28th July, 2016.

FIRST FOLD HERE

THE SECRETARY  
SIC INSURANCE COMPANY LTD.  
NYEMITEI HOUSE  
NO. 28/29 RING ROAD EAST  
OSU-ACCRA

SECOND FOLD HERE

Please  
affix  
stamp

THIRD FOLD HERE

# Our Business Centres

## Head Office

Nyemitei House, No. 28/29 Ring Road East  
P.O.Box 2363 Accra,  
Tel: 233-302-780600-9,  
E-Mail: Sicinfo@sic-gh.com  
Website: www.sic-gh.com

## Head Office Annex

F821/F822 13th Lane Osu Re  
P.O.Box 2363, Accra  
Tel: 0302772199, 0289- 67368181-8

## Ring Road West Office

No. 6 South Industrial Area,  
Adjacent Awudome Cemetary  
P.O.Box 2363, Accra  
Tel:233-302-228922/ 228926/228962/  
228987/, 230041-2  
Fax: 233-302-228970/224218

## Dansoman Office

Exhibition Mall, No.2 Mango Street,  
Dansoman Last Stop  
P.O.Box 2363, Accra  
Tel: 233-302-312608; 0289-543926/7  
Fax: 233-302-312883

## Accra Mall

Accra Mall Lo5  
P.O.Box 2363, Accra  
Tel: 233-302-823096-9  
Direct Line: 233-302-823100  
Fax: 233-302-823101

## Adenta Shopping Mall

CV/OF/02 Near Police Station  
Tel: 0302-962692

## Trade Fair

P.O.Box 2363, Accra  
Tel: 233-302-768845

## Accra Contact Offices - Burma Camp, Kaneshie Market

## Tema Area Office

Plot No. 70  
Community 2, Adjacent SSNIT.  
P.O.Box 95, Tema  
Tel: 233-303-202263/206535  
Area Manager: 233-303-204906  
Fax: 233-303-207292

## Inter State Road Transit (ISRT) Office

Ministry of Trade Building  
Ecobank Long Room,  
Tema Port, Community 1  
P.O.Box 2363, Accra  
Tel: 233-303-203680/203682/201865

## Koforidua Branch Office

Nana Asafo Boateng Road  
Adjacent All Nations University, near Central  
Lorry Park  
P.O.Box 501, Kororidua  
Tel: 233-3420-22682/22084/5  
Manager: 233-3420-27374  
Fax: 233-3420-22522

## Akim Oda Branch Office

Behind GCB Building  
P.O.Box 164, AkimOda  
Tel: 233-34292-2056  
Branch Manager: 233-34292-2419  
Fax: 233-34292-2107

## Ho Office

Main Accra/Ho Road  
P.O. Box 12  
Tel: 03620 – 26462/26465  
Fax: 03620 – 28364

## Hohoe Office

P.O. Box 12  
Tel: 03627 – 22095  
Fax:03627 - 20635

## Aflao Office

P.O. Box 105, Aflao  
Tel: 03625 – 30234/31443  
Fax: 03625 – 30234

## Kumasi Area Office

Otumfuo Opoku Ware II House Roman Hill  
(Near Prempeh Assembly Hall) Bompata  
P.O.Box 840, Kumasi  
Area Manager: 233-3220-25972  
Tel: 3220-23341-2/25610  
Fax: 233-3220-24123

## Obuasi Branch Office

Dove House, Near Obuasi License Office

## Kumasi Contact Offices: - Suame, Konongo, Ashanti-Mampong

## Sunyani Branch Office

1st Floor, SSNIT Building  
P.O.Box 192, Sunyani  
Tel: 233-3520-27312

Manager: 233-3520-27374

## Sunyani Contact Offices: - Berekum, Goaso, Techiman

## Bolgatanga Branch Office

1st floor GCB Building. Bolga Central,  
Atulbabisi  
P.O. Box 222, Bolgatanga  
Tel: 233-3820-22240  
Fax: 233-3820-23177

## Bolga Contact Offices - Bawku, Navrongo

## Wa Branch Office

Wa central, Cinimuni  
P.O.Box 241, Wa  
Branch Manager: 233-3920-22939  
Tel: 233-3920-22023  
Fax: 233-3920-22109

## Tamale Branch Office

2nd floor, GCB Building  
Tel: 03720-22785  
Fax: 03720-22611

## Takoradi Area Office

Kobina-Woode House  
Harbour View Road, Chapel Hill,  
P.O.Box 469, Takoradi  
Tel:233-3120-22048 22315/22315/24297

## Cape Coast Branch Office

Cape Coast /Takoradi Road  
P.O.Box 433, Cape Coast  
Tel: 233-3321-32128/3366-8  
Manager: 233-3321-32685  
Fax: 233-3321-34635

## Cape Coast Contact Offices: - Mankessim, Swedru, Assin-Fosu

## Tarkwa Branch Office

P.O.Box 194, Tarkwa  
Tel:+233 – 3123-20453



[www.sic-gh.com](http://www.sic-gh.com)

# Panyin de Panyin!

The eagle flies against the storms whilst other birds are blown away by it. It is an epitome of strength, tenacity and vision.



Likewise, for over 5 decades, SIC Insurance has provided Ghana and the Insurance Industry with unparalleled technical resource and innovative insurance solutions.

Today, we are still the nation's biggest Insurance Company that offers Motor, Aviation, Fire, Marine, Travel, Accident and many other insurance policies with expertise and excellence.

Insure with us today for customized insurance solutions that meet your specific needs.

SIC Insurance - **Panyin de Panyin**

SIC Insurance - **Our promises are sacred**



Head Office:  
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Tema Area Office:  
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Kumasi Area Office:  
+233-3220-23341-2/25610

Takoradi Area Office:  
+233-3120-22315/22048

**SIC INSURANCE COMPANY LTD.**