www.sic-gh.com

ANNUAL REPORT
& FINANCIAL STATEMENTS
2013

SIC

OUR PROMISES ARE SACRED

SIC INSURANCE COMPANY LTD.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SIC Insurance Company Limited will be held at the College of Physicians and Surgeons, Accra on Thursday, 31st July 2014 at 10:00 a.m. to transact the following business:

AGENDA

1. To receive and consider the Accounts of the Company for the year ended 31st December 2013 together with the Reports of the Directors and the Auditors thereon.
2. To authorize the Directors to fix the remuneration of the Auditors.
3. To elect Directors and/or re-elect retiring Directors.
4. To approve Directors' remuneration.

Dated this 13th day of May, 2014
By Order of the Board of Directors

Lydia Hlomador (Mrs.)
Ag. 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 2013 Accounts
The Board of Directors shall propose the acceptance of the 2013 Accounts as the true and fair view of the affairs of the Company for the year ended 31st December, 2013.

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

3. To Elect Directors/Re-Elect Retiring Directors
3.1 In accordance with Section 181 (5b) of the Companies Act, 1963 (Act 179) and Regulations 60(a) and 61 of the Company, the following are hereby proposed for election as Directors:

a. Mrs. Felicity Acquah
b. Mr. Fiifi Gyabra-Forson
c. Ms. Nancy Dakwa Ampofo
d. Mr. Robert Afflah Sackey
e. Mr. Daniel Ofori

3.2 By the provision of section 298 of the Companies Act (1963), 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 who have retired are proposed for re-election.

4. To Approve the Remuneration of Directors
To approve GH¢ 700,000.00 as Directors remuneration for the year to 31st December 2014 in accordance with Section 194 of the Companies Act 1963, Act 179 and Regulation 67 of the Regulations of the Company.

Contents

i Notice of Annual General Meeting
i Resolutions to be Passed at The Annual General Meeting
01 Corporate Information (Directors, Officials and Registered Office)
03 Profiles of Directors
05 Directors' report
06 Financial highlights
07 Chairperson's Report
10 Managing Director's Statement
12 Report of Directors
13 Independent Auditors' Report
15 Statement of Consolidated Comprehensive Income
16 Statement of Consolidated Financial Position
17 Consolidated statement of Changes in Shareholders' Funds
18 Statement of Consolidated Cash Flow
19 Selected Notes to the Consolidated Financial Statements
43 Proxy Form
45 Notes
46 Reinsurers/Reinsurance Brokers
47 Network

Directors, Officials, and Registered Office

Directors

Mrs. Felicity Acquah	Appointed - Nov.2013	Chairperson
Mrs. Doris Awo Nkani	Appointed - Mar. 2013	Managing Director
Dr. Sydney Yayah Laryea	Appointed - Sep. 2011	Member
Mr. Ato Pobee Ampiah	Appointed - Sep. 2011	Member
Mr. Justice Benjamin O. Tetteh	Appointed - Sep. 2011	Member
Ms. Nancy Dakwa Ampofo	Appointed - Nov. 2013	Member
Mr. Fiifi Gyabra-Forson	Appointed - Nov. 2013	Member
Mr. Robert Afflah Sackey	Appointed - Nov. 2013	Member
Mr. Max Cobbina	Resigned - Jul. 2013	
Mr. Kingsley Awuah Darko	Resigned - Jul. 2013	
Dr. Vitus Anaab-Bisi	Resigned - Jul. 2013	
Mrs. Yvonne Osei-Tutu	Resigned - Jul. 2013	
Dr. Kofi Amoah	Resigned - Jul. 2013	

Ag. Company Secretary

Mrs. Lydia Hlomador

Registered Office

Nyemitei House 28/29
Ring Road East Osu-Accra

Auditors

PKF
Chartered Accountants &
Business Advisers
Farrar Avenue - Adabraka

Registrars

NTHC Limited
Martco House
P. O. Box KIA 9563
Airport, Accra

Bankers: Local

Ghana Commercial Bank Limited
Universal Merchant Bank
National Investment Bank Limited
SG-SSB Bank Limited
HFC Bank (Ghana) Limited
Standard Chartered Bank Ghana Limited
Barclays Bank Ghana Limited
Ecobank Ghana Limited
International Commercial Bank Limited

Bankers: Foreign

Ghana International Bank Limited
Barclays Bank Plc

Corporate Direction

Our Vision

We will maintain our dominance in the Insurance Industry.

Our Mission

To provide innovative and competitive insurance and allied services to our Clients through a highly skilled and motivated workforce with a commitment to deliver value to all stakeholders.

Our Objectives

Objectives of SIC Insurance towards the realisation of its VISION and MISSION.

- **Customers:** Achieve total customer satisfaction and loyalty.
- **Shareholders:** Maximize shareholders value.
- **Employees:** A satisfied workforce.
- **Corporate Citizenship:** Be a good corporate citizen.

Profile of
Board of Directors

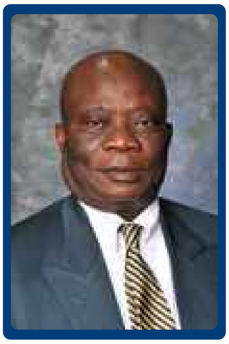
Mrs. Felicity Acquah
Chairperson

With over thirty (30) years of banking, finance and business development experience, she has served in senior positions in the Agricultural Development Bank, National Investment Bank, Empretec Ghana Foundation, Merchant Bank and Women's World Banking. She served as Managing Director of Exim guaranty Company (GH) Limited, a Finance House for ten years.

Mrs. Acquah was also a pioneer in establishing Entrepreneurship and Business Development Institution (Empretec Ghana Foundation) initially sponsored by UNCTC; UNDP; DFID, and the World Bank. She served with Empretec Ghana for eight years and assisted in installing Empretec programmes in Botswana, Zimbabwe, South Africa and Sierra Leone. She is a Project Analyst and Development Banker by Profession. She is also a certified trainer in Entrepreneurship and a Certified Business Development Advisor.

She currently serves on the Boards of Bayport Financial Services, Catholic Institute of Business and Technology (CIBT). She is the Vice President of the Business Council of Africa (Ghana) and a patron of FIDA (Ghana).

She holds an Executive Masters degree in Business Administration; MBA (Finance), a BA in Economics and Law and a Postgraduate diploma in Project Appraisal and Management.



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 and a High Court Judge at the Regional Tribunal and at Cape Coast, Wa and Agona Swedru.

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.

Mrs. Doris Awo Nkani
Managing Director

Mrs. Doris Awo Nkani, the new Managing Director is a Chartered Insurer and a fellow of the Insurance Institute of Ghana (IIG). She is a Lawyer and has held several top positions in the insurance industry. Prior to her appointment as Deputy Managing Director (Technical) at SIC Insurance, she was the Managing Director of Phoenix Insurance Company Limited, where she helped to re-position the Company.

She has also served in the past as Head of the following departments at SIC Insurance; Underwriting, Claims, Legal and Marketing. Mrs Nkani was also the Tema Area Manager and had oversight responsibility of Tema, Koforidua, Aflao and the Ho branch offices.

She is the President of the Bureau of Guarantors of the Inter State Road Transport (ISRT) Association of ECOWAS; a West African sub regional association which focuses on deepening traffic flow along the interstate corridors of the ECOWAS region. Mrs. Nkani is an Executive Council member of the West African Insurance Companies Association (WAICA) and a member of the Governing Council of West Africa Insurance Association. She serves on the Management Board of SIC Life, Novotel and the Superannuation Management Committee of the Ghana Atomic Energy Commission.

She is a member of the Chartered Institute of Insurance, London and the Chartered Institute of Marketing, Ghana.

She holds an LLB (Hons) from the University of Ghana, Legon and a BL from the Ghana Law School.

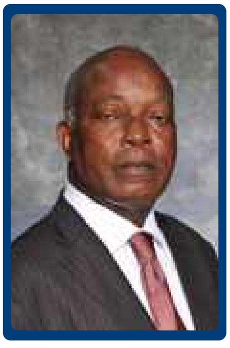
Mr. Robert Afflah Sackey
Non-Executive Director

He is a qualified lawyer and has over twenty-six (26) years experience in insurance, a career he started with the Social Security and National Insurance Trust (SSNIT) in 1987. Due to his passion and interest in the subject, he quickly rose through the ranks and is currently the Insurance Manager, a position he has held since 1997.

He is a Director on the Board of SIC Financial Services Limited.

Mr. Sackey is an Associate of the Chartered Insurance Institute (ACII), UK. He graduated from the University of Ghana with a Bachelor of Arts Degree in Sociology with Political Science in 1981. He was called to the Ghana Bar in 1999.

Profile of Board of Directors



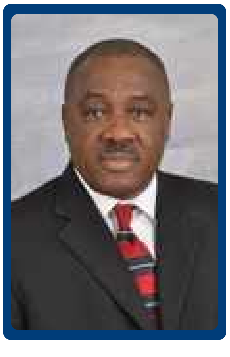
Dr. Sydney Yayah Laryea
Non-Executive Director
Dr. Laryea was appointed as a Director in June 2011. He is an experienced Chartered Accountant and a Partner of Laryea Baddoo & Associates (Chartered Accountants and Management Consultants).

Sydney is a Board Member of Bank of Ghana and chairs the Audit Committee of the Board. He is also the Chairman of the SIC-FSL Board.

He is currently the Managing Director of the following Companies: Integrated Investment Limited and Tesano Commercial Limited.

Sydney is also a fellow of the Institute of Directors and the Institute of Chartered Financial Consultants

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



Mr. Fiifi Gyabra-Forson
Non-Executive Director
He has expertise in Strategic and Tactical Analysis, Petroleum and Commodity Trading and Sports Administration.

Mr. 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 in Liberia, Hydrocarbon Industries Limited of 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 was 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.

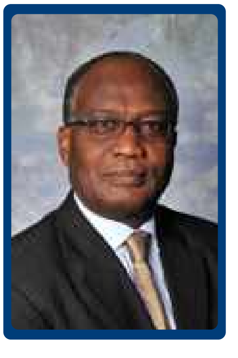
He is currently the CEO and majority shareholder of Wodjoynts Limited, a Project Development & Financing Consultancy.
He graduated from the University of Ghana with a Bachelor of Arts Degree in Economics.

Ms. Nancy Dakwa Ampofo
Non-Executive Director
She is a Lawyer of 32 years standing at the Ghana Bar. She is also a Notary Public. She previously worked with Addae Twum and Company, Redco Limited and R. Kocuvie Tay and Co.

In the year 2000, Ms Ampofo established her own Legal Firm, N.D. Ampofo Associates based on the record of accomplishment and expertise garnered over nearly two decades. She offers legal consultancy services to both local and international clients in all areas of law. She has experience in Law of Contract, Commerce, Finance and Investment, Corporate and Commercial Law, Property Law and Real Estate, Construction law, employment and industrial Relations and Information Technology and Communications law. She also has expertise in Land Law, land tenure system and land registration.

She is currently the National Treasurer of the Ghana Bar Association and serves on the Board of the Agricultural Development Bank.

She holds a B.A combined Degree in Law (with Political Science) from the University of Ghana. She obtained her Professional Law qualifying certificate in 1981 from the Ghana School of Law. She was called to the Ghana Bar on 20th November 1981.



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 is a former Managing Director of Toyota Ghana Limited (formerly Ghamot Company Limited) and 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 study from various Institutions in the USA, Japan and Bangkok.

Directors' Report

The directors have pleasure in presenting their Annual Report together with the audited consolidated financial statements of the group for the year ended 31 December 2013.

1. Principal activities

The principal activities of the company and the subsidiary are:

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

2. Results for the year

	2013 GH¢	2012 GH¢
The balance brought forward on income surplus account at 1 January was	**11,735,646**	22,276,270
To which must be added:		
Profit for the year after charging all expenses, depreciation and taxation of	**1,008,605**	(1,974,255)
	12,744,251	20,302,015
From which is made an appropriation to statutory reserve of	**(2,945,452)**	(2,969,761)
	9,798,799	17,332,254
Dividend paid	**-**	(3,478,567)
Non-Controlling Interest	**(124,186)**	(2,118,041)
Leaving a balance to be carried forward on income surplus account of	**9,674,613**	**11,735,646**

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 of Directors

Mrs. Felicity Acquah
Board Chairperson

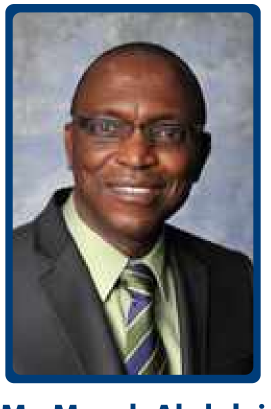
Mrs. Doris Awo Nkani
Managing Director

Financial Highlights

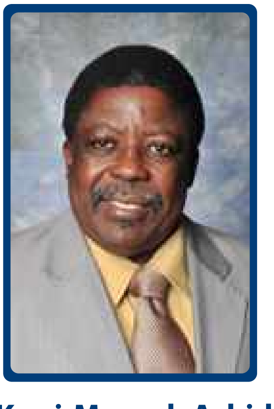
	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Gross premium	**98,181,730**	98,992,058	**98,181,730**	98,992,058
Net premium	**65,654,283**	76,310,074	**65,654,283**	76,310,074
Claims incurred	**(20,787,537)**	(25,993,785)	**(20,787,537)**	(25,993,785)
Underwriting profit	**5,466,576**	10,597,976	**5,630,307**	1,521,771
Profit before tax	**1,105,933**	1,944,757	**563,123**	(7,534,851)
Profit after tax	**1,008,605**	(1,974,255)	**594,652**	(9,034,390)
Shareholders' funds	**80,551,622**	74,269,144	**73,372,096**	67,602,974
Net assets	**80,551,622**	74,508,314	**73,372,096**	67,602,974
Total assets	**161,650,658**	303,983,189	**151,810,616**	142,071,904
Number of shares issued and fully paid for	**195,645,000**	195,645,000	**195,645,000**	195,645,000
Earnings per share (GH¢)	**0.0052**	(0.0101)	**0.0030**	(0.0462)
Net assets per share (GH¢)	**0.4117**	0.3808	**0.3750**	0.3455
Current ratio	**1.2025**	1.0206	**1.0996**	1.0692
Return on shareholders funds (%)	**1%**	-3%	**1%**	-13%

Executive Management Team

Mrs. Doris Awo Nkani
MANAGING DIRECTOR



Mr. Musah Abdulai
DEPUTY MANAGING DIRECTOR
(FINANCE & ADMINISTRATION)



Mr. Kwei-Mensah Ashidam
DEPUTY MANAGING DIRECTOR
(TECHNICAL)

Chairperson's REPORT

INTRODUCTION

Dear Shareholders, distinguished Ladies and Gentlemen, I am pleased to welcome each one of you to the 7th Annual General Meeting of SIC Insurance Company Limited. It is my honour and privilege to present to you the Annual Report and Financial Statements of the Company for the year ended December 31st, 2013.

OVERVIEW OF THE WORLD ECONOMY

Global economic activity strengthened in the second half of 2013 and is expected to improve further in 2014, largely on account of gradual recovery in advanced economies. In emerging markets and developing economies however, persistent structural impediments and volatile financial market conditions dampened growth. As the recovery in advanced economies gain traction and quantitative easing tapers, the main risk to the outlook will be the disorderly capital movements across countries.

According to the International Monetary Fund (IMF) World Economic Outlook (WEO) January update, global growth is forecast at 3.7% in 2014, slightly higher than 3.0 % at the end of 2013. In advanced economies, growth is projected to increase from 1.3% in 2013 to 2.2% in 2014. While, in emerging markets and developing economies, growth is projected at 5.1% in 2014 from 4.7% in 2013 and supported by stronger external demand from advanced economies, although domestic weaknesses remain a concern. The major risk to the growth outlook in emerging economies is the adverse consequences of currency stability as the US tapering takes effect.

Growth prospects remain strong in Sub-Saharan Africa (SSA). Projections point to broad-based growth of 6.1% in 2014, from an estimated 5.1% in 2013, reflecting the steady improvement in the global economy alongside increased domestic demand. The downside risks to the region's growth outlook include the fallouts from the US tapering, volatile commodity prices and slower investments by major emerging market economies.

Price developments indicate subdued inflation pressures in both advanced and emerging market economies consistent with slower economic activity. Inflation is expected to rise steadily to 1.7% in 2014 from 1.4% in 2013 in advanced economies, and remain broadly contained at 5-6 percent in emerging markets. On the international commodities market, prices of Ghana's major commodity exports softened in 2013 and are projected to remain bearish in 2014. The average gold price is projected at $1,292 an ounce in 2014, lower than $1,411 an ounce in 2013. Brent crude oil prices are likely to average $104 in 2014, down from $108.4 per barrel in 2013. Cocoa prices may however pick up in 2014 after moderating in most of 2013.

THE GHANAIAN ECONOMY

The Country has evolved into a stable and mature democracy throughout the last two decades. This position was further strengthened after the eight months battle in the Supreme Court of the Presidential Election result held in year 2012. The peaceful acceptance of the court ruling confirmed the trend of strong governance and democratic consolidation, an important ingredient for economic growth.

In September 2013, the Ghana Statistical Service (GSS) revised downwards its estimated growth of 8% to 7.4%, citing slower pace of economic expansion during the year. In the third quarter, provisional real GDP numbers released by the GSS pointed to a year-on-year growth of 0.3%, down from 6.1% year-on-year growth in the second quarter. The slowdown was attributed to the shutdown of the Jubilee oil fields due to scheduled maintenance as well as an unexpected drop in gold prices and production.

The third quarter growth was far below expectations and poses a challenge to the attainment of the end year 2013 growth projection of 7.4%. According to the World Bank, Ghana's economy slowed down to an estimated 5.5% in year 2013.

Nevertheless, growth prospects are positive in the long-term.

Headline inflation breached the end year monetary policy target of 9.0% + 2% in year 2013. The consumer price inflation increased from 10.1% in January 2013 to 13.5% in December 2013. The rise in inflation was driven by the combined effects of the aggregate demand pressures, that is, the effects of the upward adjustments in petroleum (22–25%) and utility (58–78%) prices on one hand and on the other hand some marginal upward effects from rebasing of the consumer price basket as well as pressure on the exchange rate.

On the money market, the 91-day Treasury Bill rate fell from 23% in January to 19.22% in December 2013. Similarly the 182-day Bill also fell from 22.99% in January to 18.66% in December 2013. The one-year note fell from 22.9% in December 2012 to 22% in June 2013. It further fell to 17% in December 2013.

The Monetary Policy Committee (MPC) of the Bank of Ghana (BoG) increased the prime rate that is the rate at which the Central Bank lends to commercial banks from 15 per cent to 16 per cent in April 2013 and this was maintained to the end of the year.

The base rate of the Commercial Banks ranged between 16.95% - 25.90%. The average lending rate however, increased from 25.7% in year 2012 to 27.1% in year 2013.

The level of economic activity improved during the fourth quarter of year 2013 according to the updated Composite Index of Economic Activity (CEIA). The index grew by 6.8% year-on –year in the fourth quarter compared to 8.2% for the same period in year 2012.

The high fiscal deficit, which reached 10.8% of GDP in 2013 against a budget target of 9%, remains the biggest source of vulnerability of the Ghanaian economy. Total revenue and grants was GH¢19.2 billion whilst total expenditure including payments for the clearing of arrears and outstanding commitment amounted to GH¢28.6 billion resulting in a deficit of GH¢9.5 billion. The main drivers of the deficit in 2013 were the high wage bill, increased interest costs, the energy subsidy, and a shortfall in revenue collection.

In year 2013, the overall balance of payment deficit remains the same as the year 2012 figure of US$1.2 billion. This was as a result of fiscal imbalance and external pressures that culminated in a current account deficit of 12.3% of GDP.

Gross international reserves as at the end of 2013 amounted to US$5.6 billion representing 3.1 months of imports compared to US$5.3 billion in year 2012 representing 3 months of imports.

These developments in the fiscal and external sectors together with the global pressures resulted in the depreciation of the cedi by 14.6% against the US dollar in year 2013 compared to 17.5% in year 2012.

INSURANCE INDUSTRY

The level of competition in the insurance industry in Ghana continues to be high as a result of the increasing numbers of registered insurance companies in the country. Currently the number of non-life insurance companies stands at 26 and counting. On the face of it, the proliferation of insurance companies in Ghana is expected to improve the low patronage of insurance products, improve the level of knowledge of the public in insurance as well as improve the level of confidence and poor perception of the public of insurance among others.

The truth, however, is that the industry continues to be plagued with all these challenges. In addition to these challenges, the industry seems to be on self-destruction mode through undercutting and granting of credit all in the name of competition.

Happily, the National Insurance Commission has introduced the "no premium, no cover policy" to save the insurance industry. The policy which came into force in April 2014 bars insurance companies from extending cover without full payment of premium. The introduction of the "no premium, no cover policy" is to save the insurance industry from the huge debtors level of over GH¢130 Million owed by clients to all the insurance Companies as at the end of year 2012 according to the Business and Financial Times. However some industry players fear this move may worsen the current low insurance penetration in the country and it may furthermore adversely affect the premium income generation of the industry in the short- run.

Your Board is highly in support of this new policy and is monitoring the operation of the Company to ensure that it maintains a healthy financial position.

BUSINESS OPERATION

There was no change in the nature of business of the Company during the year under review and therefore present the operational performance of the Company as follows;

PREMIUM INCOME

Your Company realized an amount of GH¢98,181,730 as Gross Earned Premium Income indicating 0.8 percent decline compared to the performance of GH¢98,992,058 in year 2012. Net Earned Premium Income after Reinsurances declined by 12 percent from GH¢76,310,074 in year 2012 to GH¢65,654,283 in year 2013.

DEBT WRITE-OFF

An amount of GH¢7,976,682 was written off from the books of the company in consultation with the National Insurance commission

(NIC) and in accordance with their new credit guideline that requires insurance companies to write off all outstanding premiums that has been in existence for more than one year.

Although this amount has been written off the Board has challenged the Executive of the Company to ensure that at least 50% of the amount is collected by the end of the year 2014.

The Board and Management of the Company are assiduously putting in place pragmatic measures to streamline the Accounts receivable.

With the introduction of the "no premium, no cover policy" it is our hope that the issue of debt write-off will be a thing of the past.

PROFIT/LOSS POSITION

Your Company would have made a profit before tax of GH¢12,832,687 in year 2013. However, as a result of the huge debt write off of GH¢7,976,682 and restructuring expenses of GH¢4,292,882 in the year, your Company made a profit before tax of GH¢563,123. This is an indication that your Company has bounced back to making profits with a modest GH¢594,652 profit after tax in 2013.

DIVIDEND

The Board of Directors has proposed non-payment of dividend to shareholders in respect of the Company's operations for year 2013 as a result of the challenges raised above. We are hopeful that your Company will make a good turn around next year to enable shareholders enjoy impressive returns on their investment.

APPOINTMENT OF NEW DIRECTORS

The year witnessed the appointment of new directors in the persons of Mrs. Felicity Acquah, Ms. Nancy Dakwa Ampofo, Mr. Fiifi Gyabra-Folson and Mr. Robert Afflah Sackey to the Board. Mrs. Felicity Acquah was elected the Chairman of the Board thereafter. This was subsequent to the resignation of the following directors;

Mr. Max Cobbina (Chairman), Mr. Kingsley Awuah-Darko (Director), Dr. Vitus Anaab-Bisi (Director), Dr. Kofi Amoah (Director) and Mrs. Yvonne Osei-Tutu (Director) on 31st July 2013.

We take is opportunity to welcome the new Board Members.

SUBSIDIARISATION OF BOB FREEMAN CLINIC AND THE ESTATES AND MORTGAGES DEPARTMENT

The subsidiarisation of the Bob Freeman clinic is on course. It is our hope that the construction of the state-of-the-art hospital building will be completed by the end of 2014 as indicated in our previous report.

Also the subsidiarisation of the Estates and Mortgages Department is on-going and it is expected to be completed by the end of the third quarter 2014.

PROJECTS ON HOLD

The Board is reviewing the Company's strategic initiated projects of expanding the SIC brand to the West Africa sub-region i.e. the Sierra Leonean and Liberian markets which was put on hold with the view of rekindling it.
In addition, the Company's desire to invest in a Reinsurance Company has also been reviewed for possible implementation.

CORPORATE SOCIAL RESPONSIBILITY

As a corporate citizen, we take pride in our strong relationships with the communities where we live and work. SIC continues to support a wide range of social, health and educational programmes in our communities. In addition, I am proud of the many ways SIC contributes to a sustainable future.

OUTLOOK FOR 2014

Growth prospects remain modest due to the high uncertainties surrounding commodity prices particularly gold, rising cost-push factors, increased volatilities in the foreign exchange market and tight monetary policy stance. These notwithstanding, assessments within the Bank of Ghana suggest that real GDP growth will gradually improve from the second quarter 2014 to its trend path, and will be further supported by the onset of gas production in the last quarter of 2014.

Your Company will position itself to take advantage of any business opportunity available in the economy to ensure an improved performance in the years ahead.

ACKNOWLEDGEMENT

It is only appropriate that I use this opportunity to recognise the substantial support, good counsel and co-operation demonstrated by my colleague Directors. Similarly, I would like to acknowledge Management and staff for their contributions during the year under review, and encourage them to keep it up. To our many dedicated and loyal customers, I say you are the reason why we are in business and we renew our commitment to make you the focus of our operations.

Finally, to our shareholders, we appreciate the trust that you have placed in us. We are confident that together we will deliver the exected long term growth and profitability.

Thank you and May we live to meet again in 2015.

God Bless us all.

Managing Director's Statement

INTRODUCTION

The performance of the company gradually to an upswing in 2013 compared to 2012. Management took the needed initiatives to make this possible and will continue to concerntrate on all areas of business operations to ensure full capitalisation of current opportunities in the market. Management is challenged to deliver the necessary improvements that will ensure that the company achieves its strategic objectives through the development and introduction of technology driven cutting-edge business solutions, alignment of strategy and risk apetite, and the enhancement of internal control systems through a risk based audit regime. The ultimate objective here is to deliver superior returns to our distinguished shareholders

OUR PERFORMANCE

The challenging insurance market environment coupled with slowness of the national economy took their toll on the premium income performance of our company. As already reported by Madam Chairperson in her statement, Gross Earned Premium income marginally fell by 0.8% in 2013; Underwriting Profit also fell by 48% in 2013; and we managed a marginal profit after tax of GH¢594,652.00 which is an improvement on the previous year's loss position of GH¢1,974,255.00.

UNDERWRITING

In line with our strategic focus on profitability, technical directives were issued to all underwriting staff to underwrite all risks prudently. This called for strict risk assessment and appropriate rating which should translate into better underwriting profits and lower claims ratio. Furthermore, underwriting operating manuals are being reviewed to expunge outdated provisions and clauses, and also simplify the process of underwriting of all risks.

CLAIMS

In the year under review, we began the process of streamlining claims handling, processing and payment process to keep with the demands of a dynamic and sophisticated modern market. A Claims Code is in the process of being finalized with the objective of drastically reducing the average transaction time by 50%. In 2013, we did a tremendous job in claims payment.

A total of GH¢20,787,537.00 was paid to policyholders and claimants. I will like to state that our company, SIC Insurance, is contributing significantly to the continuation of business and economic activities in the country. This is through claims payment. We insure a greater part of national assets and those of major economic players in manufacturing, energy, construction and individuals. We are not therefore relenting on our efforts to stay ahead of the competition as far as claims payment is concerned.

RISK MANAGEMENT / INTERNAL CONTROLS

The company started the process of adopting a common risk language that will provide a consistent framework for the definition and categorization of risks – enterprise risk management (ERM). It is envisaged that the ERM function will assist management to align risk appetite and strategy, enhance risk response decisions, and reduce operational surprises and losses. The function will also help management to identify and manage cross-enterprise risks, seize opportunities, improve the deployment of capital and provide integrated responses to multiple risks. With all these expectations from the institution of the ERM function, it is hoped that value creation will be greatly enhanced for improved operational performance. We hope to complete this process by the middle of 2015.

Management also took a cue from the Regulator and initiated steps to move our internal audit process from the traditional system to risk-based auditing. Risk-based auditing ensures that limited audit resources are focused on high-risk areas and it avoids over-auditing in low risk situations and under-auditing in high risk situations. By this process, management is provided with more insightful and practical comments and recommendations due to the increased knowledge of the client's business and operations. Furthermore, it enables the auditor to identify control deficiencies that are required to be reported to management that may not have otherwise been identified. The full implementation of this internal control measure will ensure better protection of the resources and assets of the company, and this is expected to be in place by the close of 2014.

CUSTOMER SERVICE AND CHANNELS OF DISTRIBUTION

Our company's existing position of market leadership is founded on its ability to generate sales through the widest distribution network, its recognised and superior brand, and its longstanding relationships with its cherished and loyal clients. The customer has been at the centre of all operational decisions and it will continue to be so at all times. It is in this vein that in 2014, the highly successfully piloted SIC @ Your Door project will be extended to cover the remaining Area Offices, namely, Tema, Kumasi and Takoradi. The concept has ensured that the products and services of the company are brought to the doorsteps of our existing and potential clients.

e-INSURANCE

We launched our e-Insurance service with the aim of creating comfort and convenience for our clients and to expand our distribution channels. This software portal enables our customers , agents and brokers to transact business online.

Furthermore, the portal enables the company to collaborate with other institutions to issue policies on behalf of SIC Insurance using payment platforms established by the system. e-Insurance allows our clients to renew their policies online and make payment either by our partner Mobile Money providers or through any of our partner banks across the country.

OUTLOOK FOR 2014

Management will continue to build a strong, robust and profitable company whiles deepening the gains already made by enhancing the positioning of the business in the minds of the insuring public. The focus will continue to be a push for profitability instead of market share. Areas that will continue to stay high on the company's strategic agenda are excellent customer service, prudent underwriting, expedited claims handling process, innovation and human resource development.

To achieve this we will restructure our technical departments along product lines instead of the current customer class based structure. The customer class based structure was adopted barely three years ago to serve as a one stop shop for clients who could access all their insurance needs from one department.

The structure has encountered a lot of implementation challenges resulting in longer business turnaround times. A careful review of the structure has been done and recommendations have been made to Board for the consideration of reverting to the former structure based on product lines in which skills and expertise have been built over a long period of time, in order to save the company from possible loss of major businesses due to frustrations experienced by clients.

The year 2013 was quite a challenging one for the company. We are optimistic however that 2014 has brighter prospects. The introduction of the "No Premium No Cover Policy" by the regulator National Insurance Commission (NIC) has the potential of boosting the cash and overall financial position of the insurance companies in the country.

Another benefit of the "No Premium No Cover Policy" will be an improvement in the structuring of our investment portfolio. The goals of investment in insurance is to protect the assets built up in the business and to earn a return both on these funds and on the additions generated by premium growth and retained earnings. Due to the scale of investments in our company's balance sheet and the impact of investment results on its profitability, the management of these investments is a key function that can create significant value for the company's policyholders in terms of prompt claims payment (as earlier indicated), and shareholders in terms of dividends flowing from the profits of the company. It is hoped that the improvement in cash flow as a result of the successful implementation of the "No Premium No Cover" policy will give investment a tremendous boost and help the realization of its goals.

I wish to conclude with the assurance that Management and staff will work harder to maintain our competitive urge in the insurance industry and all efforts will be made to achieve that. By so doing, we will be ensuring much improved returns to our distinguished shareholders in the years ahead.

Thank you.

Statement of Directors' Responsibility

The Ghana 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 13 is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements.

Independent Auditors' Report

To the members of SIC Insurance Company Limited

We have audited the financial statements of SIC Insurance Company Limited, which comprise the statements of financial position at 31 December 2013, 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 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, 2013, and its consolidated and separate financial perfomance 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).

Independent
Auditors' Report - continued

To the members of SIC Insurance Company Limited

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 group has kept accounting records that are sufficient to explain its transactions and financial position with respect to its insurance business and any other business that it carries on.

PKF

Signed By: Eric Sowatei Tettefio (ICAG/P/1088)
For and on behalf of PKF (ICAG/F/039)
Chartered Accountants
20 Farrar Avenue
Accra
9th April 2014

Statement of Consolidated Comprehensive Income

For the year ended 31 December, 2013

	Note	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Gross premium	6	**98,181,730**	98,992,058	**98,181,730**	98,992,058
Less: Reinsurances	7	**(32,527,447)**	(22,681,984)	**(32,527,447)**	(22,681,984)
Net premium		**65,654,283**	76,310,074	**65,654,283**	76,310,074
Claims incurred	8	**(20,787,537)**	(25,993,785)	**(20,787,537)**	(25,993,785)
Brokerage and advisory fees	9	**3,059,896**	11,568,510	**-**	-
Commissions	10	**1,283,356**	(3,720,689)	**1,283,356**	(3,720,689)
Management expenses	11	**(43,743,422)**	(47,566,134)	**(40,519,795)**	(45,073,829)
Underwriting profit		**5,466,576**	**10,597,976**	**5,630,307**	1,521,771
Investment income	12	**5,069,874**	4,754,112	**4,944,808**	4,711,094
Other income	13	**4,339,770**	6,754,733	**3,758,295**	6,394,348
Finance costs	14	**(1,500,723)**	(460,004)	**(1,500,723)**	(460,004)
Bad debts write off		**(7,976,682)**	(19,702,060)	**(7,976,682)**	(19,702,060)
Restructuring Expenses		**(4,292,882)**	-	**(4,292,882)**	-
Profit before tax		**1,105,933**	**1,944,757**	**563,123**	(7,534,851)
National stabilisation levy		**(14,875)**	-	**(14,875)**	-
Taxation	20(c)	**(82,453)**	(3,919,012)	**46,404**	(1,499,539)
Profit after tax transferred to Income surplus account		**1,008,605**	**(1,974,255)**	**594,652**	(9,034,390)
Amount Attributable to:					
Equity holders of the parent		**884,419**	(4,092,296)	**-**	-
Non-Controlling Interest		**124,186**	2,118,041	**-**	-
		1,008,605	(1,974,255)	**-**	-
Other Comprehensive Income					
Net change in fair value of available for sale financial assets		**5,273,873**	(6,279,963)	**5,174,470**	(6,320,086)
		5,273,873	(6,279,963)	**5,174,470**	(6,320,086)
Basic earnings per share - GH¢	14	**0.0052**	(0.0101)	**0.0030**	(0.0462)

Statement of Consolidated Financial Position

As at 31 December 2013

	Note	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Stated capital	21	**25,000,000**	25,000,000	**25,000,000**	25,000,000
Capital surplus	22	**9,316,952**	9,316,952	**9,316,952**	9,316,952
Income surplus		**9,674,613**	11,735,646	**4,007,703**	6,358,503
Contingency reserve	23	**20,807,915**	17,862,463	**20,807,915**	17,862,463
Available-for-sale reserves	24	**12,837,959**	7,564,086	**14,239,526**	9,065,056
Minority interest		**2,914,183**	2,789,997	-	-
Shareholders funds		**80,551,622**	**74,269,144**	**73,372,096**	**67,602,974**
Represented by:					
Property, plant and equipment	25	**20,315,349**	51,431,558	**20,328,951**	20,705,182
Intangible assets	26	**577,210**	511,523	**577,170**	482,451
Investment properties	27	**6,085,128**	6,085,128	**6,085,128**	6,085,128
Long term investment	28	**35,136,428**	31,451,637	**34,730,652**	31,292,049
Investment in subsidiary	29	-	-	**1,585,715**	1,865,492
Investment in associated companies	30	**5,073,215**	5,073,215	**5,073,215**	5,073,215
		67,187,330	**94,553,061**	**68,380,831**	**65,503,517**
Current assets					
Short term investments	31	**14,450,815**	8,989,767	**14,145,216**	8,918,618
Lease deposit	32	**281,062**	341,692	**281,062**	341,692
Trade & other receivables	33	**44,613,283**	173,867,932	**34,221,166**	41,243,315
Inventories		**627,806**	559,204	**627,806**	559,204
Unearned reinsurance premium		**25,154,930**	14,492,646	**25,154,930**	14,492,646
Cash and bank balances	36a	**9,335,432**	11,178,887	**8,999,605**	11,012,912
Total current assets		**94,463,328**	**209,430,128**	**83,429,785**	76,568,387
Current liabilities					
Bank Overdraft	36b	**6,017,270**	9,139,564	**6,017,270**	9,139,564
Unearned premium	5	**45,911,302**	32,195,883	**45,911,302**	32,195,883
Outstanding claims	8	**9,824,969**	10,989,466	**9,824,969**	10,989,466
Trade & other payables	34	**12,436,141**	148,606,259	**12,236,332**	17,198,255
Taxation	19(a)	**4,093,778**	4,158,182	**1,613,703**	1,739,578
National stabilisation levy		-	-	-	-
Other current financial liabilities	35	**269,891**	350,385	**269,891**	350,385
Total current liabilities		**78,553,351**	**205,439,739**	**75,873,467**	**71,613,131**
Net current assets		**15,909,977**	**3,990,389**	**7,556,318**	**4,955,256**
Other non-current financial liabilities	35	-	-	-	-
Medium term loan		-	(13,413,563)		
Bonds		-	(8,014,988)		
Deferred tax	20(d)	**(2,545,685)**	(2,845,755)	**(2,565,054)**	(2,855,799)
Total non-current liabilities		**(2,545,685)**	**(24,274,306)**	**(2,565,054)**	(2,855,799)
Net assets		**80,551,622**	**74,269,144**	**73,372,096**	**67,602,974**

Mrs. Felicity Acquah
Board Chairperson

Mrs Doris Awo Nkani
Managing Director

Consolidated Statement of Changes in Shareholders' Funds

For the year ended 31 December 2013

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. 2012	25,000,000	22,276,270	14,892,702	9,316,952	13,844,049	671,956	**86,001,929**
Total recognised inc & exp.	-	(1,974,255)	-	-	-		**(1,974,255)**
Transfer (from)/to reserve	-	(2,969,761)	2,969,761	-	-		**-**
Net gain on avai-for-sale invest.	-	-	-	-	(6,279,963)		**(6,279,963)**
Transfer to equity holders	-	(3,478,567)	-	-	-		**(3,478,567)**
Minority Interest	-	(2,118,041)	-	-	-	2,118,041	**-**
Bal. at 31 Dec 2012	25,000,000	11,735,646	17,862,463	9,316,952	7,564,086	2,789,997	**74,269,144**
Bal at 1 Jan 2013	25,000,000	11,735,646	17,862,463	9,316,952	7,564,086	2,789,997	**74,269,144**
Total recognised inc & exp.	-	1,008,605	-	-	-	-	**1,008,605**
Transfer (from)/to reserve	-	(2,945,452)	2,945,452	-	-	-	**-**
Net gain on avai-for-sale invest.	-	-	-	-	5,273,873	-	**5,273,873**
Transfer to equity holders	-	-	-	-	-	-	**-**
Minority interest	-	(124,186)	-	-	-	124,186	**-**
Bal at 31 Dec 2013	25,000,000	9,674,613	20,807,915	9,316,952	12,837,959	2,914,183	**80,551,622**

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. 2012	25,000,000	21,841,221	14,892,702	9,316,952	15,385,142	**86,436,017**
Total recognised income & exp.	-	(9,034,390)	-	-	-	**(9,034,390)**
Net gain on available-for-sale invest.	-	-	-	-	(6,320,086)	**(6,320,086)**
Transfer (from)/to reserve	-	(2,969,761)	2,969,761	-	-	**-**
Transfer to equity holders	-	(3,478,567)	-	-	-	**(3,478,567)**
Balance at 31 Dec 2012	25,000,000	6,358,503	17,862,463	9,316,952	9,065,056	**67,602,974**
Balance at 1 January 2013	25,000,000	6,358,503	17,862,463	9,316,952	9,065,056	**67,602,974**
Total recognised income & exp.	-	594,652	-	-	-	**594,652**
Transfer (from)/to reserve	-	(2,945,452)	2,945,452	-	5,174,470	**5,174,470**
Net gain on available-for-sale invest.	-	-	-	-	-	**-**
Transfer to equity holders	-	-	-	-	-	**-**
Balance at 31 Dec 2013	25,000,000	4,007,703	20,807,915	9,316,952	14,239,526	**73,372,096**

Statement of Consolidated Cash Flow

For the year ended 31 December 2013

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Operating activities				
Operating profit	**1,105,933**	1,944,757	**563,123**	(7,534,851)
	1,105,933	1,944,757	**563,123**	(7,534,851)
Adjustment to reconcile profit before tax to net cash flows				
Non-cash:				
Depreciation	**1,210,827**	1,552,376	**1,128,839**	1,451,386
Amortisation of intangible assets	**235,555**	401,296	**204,523**	371,582
Available-for-sale reserve	**5,273,873**	(6,279,963)	**5,174,470**	(6,320,086)
Profit on disposal of property, plant & equipment	**(178,444)**	(76,705)	**(178,444)**	(76,705)
Interest received	**(2,627,403)**	(3,042,932)	**(2,502,337)**	(2,999,914)
Dividend received	**(2,442,471)**	(1,711,180)	**(2,442,471)**	(1,711,180)
Working capital adjustments:				
Increase/(Decrease) in provision for unearned premium	**13,715,419**	10,973,570	**13,715,419**	10,973,570
(Increase)/decrease in receivables	**129,254,649**	17,460,937	**7,022,149**	17,980,838
Increase in inventories	**(68,602)**	195,275	**(68,602)**	195,276
Increase/(decrease) in trade & other payables	**(136,179,443)**	(12,779,745)	**(4,961,923)**	(14,869,283)
(Decrease)/increase in provision for claims	**(1,164,497)**	7,047,809	**(1,164,497)**	7,047,809
Increase in lease obligations	**(80,494)**	(601,205)	**(80,494)**	(601,205)
Increase in lease deposits	**60,630**	2,002,975	**60,630**	2,002,975
Increase in unearned reinsurance premium	**(10,662,284)**	(3,541,354)	**(10,662,284)**	(3,541,354)
Tax paid	**(452,477)**	(3,612,739)	**(385,090)**	(2,081,259)
National stabilisation levy paid	-	-	-	-
Net cash used in operating activities	**(2,999,229)**	9,933,172	**5,423,011**	287,599
Investing activities				
Acquisition of property, plant and equipment	**31,116,209**	(24,565,450)	**(752,607)**	(2,077,608)
Acquisition of intangible assets	**(301,242)**	(537,528)	**(299,242)**	(191,421)
Proceeds from sale of property, plant and equipment	**178,444**	76,705	**178,444**	76,705
Investment properties	-	(71,323)		
Purchase of long term investments	**(4,895,618)**	3,135,581	**(3,158,829)**	3,273,413
Dividend received	**2,442,471**	1,711,180	**2,442,471**	1,711,180
Interest received	**2,627,403**	3,042,932	**2,502,337**	2,999,914
Net cash used/flow from investing activities	**31,167,667**	(17,207,903)	**912,574**	5,792,183
Financing activities				
Dividend paid	-	(3,478,567)	-	(3,478,567)
Bonds Issued	**(8,014,988)**	8,014,988	-	-
Medium term loan	**(13,413,563)**	5,300,931	-	-
Net cash used in servicing of finance	**(21,428,551)**	9,837,352	-	(3,478,567)
Changes in cash and cash equivalents	**6,739,887**	2,562,621	**6,335,585**	2,601,215
Cash at 1 January	**11,029,090**	8,466,469	**10,791,966**	8,190,752
Cash at 31 December	**17,768,977**	11,029,090	**17,127,551**	10,791,967
Analysis of changes in cash and cash equivalents				
Cash and bank	**9,335,432**	11,178,887	**8,999,605**	11,012,912
Bank Overdraft	**(6,017,270)**	(9,139,564)	**(6,017,270)**	(9,139,564)
Short term investments	**14,450,815**	8,989,767	**14,145,216**	8,918,618
	17,768,977	11,029,090	**17,127,551**	10,791,966

Notes to the Consolidated Financial Statement

For the year ended 31 December 2013

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;

IAS19 (Amendment), Employee benefits;

IAS 21 (Amendment), The effects of changes in foreign exchange rates;

IAS 24 (Amendment), Related party disclosures;

IAS 32 (Amendment), Financial instruments: disclosure and presentation;

IAS 36 Impairment of assets;

IAS 37 Provisions, contingent liabilities and contingent assets;

IAS 38 Intangible assets;

IAS 39 (Amendment), Financial instruments: recognition and measurement; and

IAS 40 Investment properties.

(b) Basis of measurement

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

(c) Use of estimates and judgement

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

3. Significant Accounting Policies

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

(a) Consolidation

i. Subsidiaries:

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

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

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

ii. Associates:

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

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

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

(b) Segment reporting

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

(c) Foreign currency translation

i. Functional and presentation currency:

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

ii. Transactions and balances:

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

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

iii. Exchange differences:

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

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

(ii) income and expenses for each income statement are translated at average exchange rates (unless

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

(d) Property, plant and equipment

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

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

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

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

Motor vehicles	20%	per annum
Office furniture	10%	"
Household furniture	20%	"
Freehold buildings	1.0%	"
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 balance sheet date and adjusted if appropriate.

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

(e) Investment properties

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

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

Changes in fair values are recorded in the income statement.

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

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

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

(f) Investment

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

i. Financial assets at fair value through income:

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

ii. Loans & receivables:

Loans & receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the group intends to sell in the short term or that it has designated as at fair value through income or available-for-sale. Loans & receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans & receivables.

iii. Held-to-maturity financial assets:

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

iv. Available-for-sale financial assets:

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

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

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

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

(g) Impairment of assets

i. Financial assets carried at amortised cost:

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

(i) significant financial difficulty of the issuer or debtor;
(ii) a breach of contract, such as a default or delinquency in payments;
(iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
(iv) the disappearance of an active market for that financial asset because of financial difficulties; or
(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 income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient approach, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

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

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

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

(j) Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

(k) Insurance and investment contracts - classification
The group issues contracts that transfer insurance risk or financial risk or both.

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

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

(I) Insurance contracts

i. Recognition and measurement:

Insurance contracts are classified into categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

ii. Non-life insurance contracts:

These contracts are casualty, property and personal accident insurance contracts.

Casualty insurance contracts protect the group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

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

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

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

iii. Liability adequacy test:

At each balance sheet date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

In determining the adequacy on unearned premium, the liability adequacy test on unexpired risk premium was determined by computing the premium unearned on each policy as at 31 December 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 income statement.

vi. Salvage and subrogation reimbursements:

Some insurance contracts permit the group to sell (usually damaged) property acquired in settling a claim (ie, salvage). The group may also have the right to pursue third parties for payment of some or all costs (i.e., subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

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

(m) Deferred Income tax

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

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

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

(n) Employee benefits

i. Pension obligations:

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

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ii. Other post-employment obligations:

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

iii. Termination benefits:

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

(o) Provisions

i. Restructuring costs and legal claims:

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

(p) Revenue recognition

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

i. Premiums:

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

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

ii. Investment income:

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

iii. Fee, commission and other income:

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

iv. Interest income:

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

v. Dividend income:

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

vi. Rental income:

Rental income is recognised on an accrual basis.

(q) Leases

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

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

(r) Dividend distribution

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

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

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. The ultimate liability arising from claims made under insurance contracts:

The estimation of the ultimate liability arising from claims made under insurance contracts is the group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the group will ultimately pay for such claims.

ii. Impairment of available-for-sale equity financial assets:

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

(t) Management of insurance and financial risk

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

i. Insurance risk:

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

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

ii. Sources of uncertainty in the estimation of future claim payments:

Claims on casualty contracts are payable when the insured event occurs. The group is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and larger variables affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopt. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

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

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

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

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

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

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-13 Amount GH¢	Scenario 1 5% increase GH¢	Scenario 2 5% decrease GH¢
Pre-tax profit/(Loss)	1,105,933	1,161,230	1,050,636
Shareholders' equity	80,551,622	84,579,203	76,524,041

Assuming no management actions, a series of such rises would increase pre-tax profit for 2013 by GH¢ 59,077, while a series of such falls would decrease pre-tax profit for 2013 by GH¢59,077. Also a series of such rises would increase the shareholders' equity by GH¢4,021,162 whilst a series of such falls would decrease shareholders' equity by GH¢4,021,162.

b) Credit risk:

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

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

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

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

	2013 GH¢	2012 GH¢
1 - 3 months	**3,753,745**	9,585,659
3 - 4 months	**2,850,067**	1,061,026
4 - 6 months	**5,079,836**	1,430,737
6 - 1yr	**6,181,664**	4,852,092
1yr and above	**15,943,018**	27,102,385
Write off	**(7,976,682)**	(19,702,060)
	25,831,648	24,329,839

c) Liquidity risk:

The group is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The group's approach to managing liquidity risk is to ensure that it will maintain adequate liquidity to meets its liabilities when due. Please refer to note 19 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-13 Amount GH¢	Scenario 1 10% increase GH¢	Scenario 2 10% decrease GH¢
Pre-tax profit	**1,105,933**	1,216,526	995,340
Shareholders' equity	**80,551,622**	88,606,784	72,496,460

Assuming no management actions, a series of such rises would increase pre-tax profit for 2013 by GH¢118,155, while a series of such falls would decrease pre-tax profit for 2013 by GH¢118,155. Also a series of such rises would increase the shareholders' equity by GH¢8,042,325, whilst a series of such falls would decrease shareholders' equity by GH¢8,042,325.

The following significant exchange rates were applied during the year:

	2013 GH¢ Selling	**2013 GH¢ Buying**	**2012 GH¢ Selling**	**2012 GH¢ Buying**
US Dollar	2.1628	2.1603	1.9012	1.8679
GB Pound	3.5749	3.5703	3.0679	3.0140
Euro	2.9878	2.9845	2.5063	2.4632

4. The following new standards, amendments to standards and interpretations to existing standards are not yet effective for the year ended 31 December 2013, and have not been applied in preparing these financial statements.

IAS 1 (Revised) presentation of financial statements

IAS 23 (Amendment) Borrowing Costs

IAS 27 (Revised) Consolidated and separate financial statements

IAS 28 (Amendment) Investments in associates

IFRS 5 (Amendment) Non-current assets held-for-sale and discontinued operations (and consequential amendment to IFRS 1, First-time adoption)

IAS 32 Financial instruments: Presentation and IFRS 7, Financial instruments: Disclosures

IAS 36 (Amendment) Impairment of assets

IAS 38 (Amendment) Intangible assets

IAS 19 (Amendment) Employee benefits

IFRIC 12 Service concession arrangements

IFRIC 13 Customer Loyalty programmes

IFRIC 15 Agreements for the construction of real estate

IFRIC 16 Hedges of a net investment in a foreign operation

5. Segment information

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

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

The group does not have a geographical segment.

Class of business	Marine & Aviation GH¢	Fire GH¢	Motor GH¢	Accident GH¢	**2013 Total GH¢**	2012 Total GH¢
Gross premiums	7,165,192	25,179,298	40,339,139	25,498,101	**98,181,730**	98,992,058
Reinsurances	(4,275,064)	(18,708,975)	(3,662,405)	(5,881,003)	**(32,527,447)**	(22,681,984)
Net premiums	2,890,128	6,470,323	36,676,734	19,617,098	**65,654,283**	76,310,074
Premium earned	2,890,128	6,470,323	36,676,734	19,617,098	**65,654,283**	76,310,074
Commissions	207,904	273,355	608,311	193,787	**1,283,356**	(3,720,689)
	3,098,032	6,743,678	37,285,045	19,810,885	**66,937,639**	72,589,385
Claims	1,625,149	(6,179,201)	(15,128,773)	(1,104,712)	**(20,787,537)**	(25,993,785)
	4,723,181	564,477	22,156,272	18,706,173	**46,150,102**	46,595,600
Management expenses	(1,863,911)	(3,768,341)	(25,973,189)	(8,914,355)	**(40,519,795)**	(45,073,829)
Underwriting results transferred to Rev. A/c	2,859,270	(3,203,864)	(3,816,917)	9,791,818	**5,630,307**	1,521,771
Total assets					**161,650,658**	303,983,189
Total liabilities					**81,099,036**	229,474,875
Shareholders funds					**80,551,622**	74,269,144

Unearned premium	Marine & Aviation GH¢	Fire GH¢	Motor GH¢	Accident GH¢	**2013 Total GH¢**	2012 Total GH¢
Unearned Premium - Start	2,942,101	7,306,818	12,822,273	9,124,691	**32,195,883**	21,222,313
Add: Gross Premium Written	8,217,253	31,314,480	46,355,221	26,010,195	**111,897,149**	109,965,628
	11,159,354	38,621,298	59,177,494	35,134,886	**144,093,032**	131,187,941
Less: Unearned Premium - Close	(4,051,875)	(13,443,851)	(18,751,814)	(9,663,762)	**(45,911,302)**	(32,195,883)
Movement in unearned premium	7,107,479	25,177,447	40,425,680	25,471,124	**98,181,730**	98,992,058

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.

Notes to the Consolidated **Financial Statement**

For the year ended 31 December 2013

6. Gross premium

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Motor	**40,339,139**	48,165,708	**40,339,139**	48,165,708
Fire	**25,179,298**	22,946,134	**25,179,298**	22,946,134
Accident	**25,498,101**	17,859,722	**25,498,101**	17,859,722
Marine and aviation	**7,165,192**	10,020,494	**7,165,192**	10,020,494
	98,181,730	98,992,058	**98,181,730**	98,992,058

7. Reinsurances

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Motor	**3,662,405**	1,262,267	**3,662,405**	1,262,267
Fire	**18,708,975**	13,748,683	**18,708,975**	13,748,683
Accident	**5,881,003**	3,771,761	**5,881,003**	3,771,761
Marine and aviation	**4,275,064**	3,899,273	**4,275,064**	3,899,273
	32,527,447	22,681,984	**32,527,447**	22,681,984

8. Claims incurred

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Payments during the year	**27,567,588**	22,752,849	**27,567,588**	22,752,849
Claims outstanding as at 31-Dec	**9,824,969**	10,989,466	**9,824,969**	10,989,466
	37,392,557	33,742,315	**37,392,557**	33,742,315
Claims outstanding at 1-Jan	**(10,989,466)**	(3,941,657)	**(10,989,466)**	(3,941,657)
	26,403,091	29,800,658	**26,403,091**	29,800,658
Net recoveries	**(5,615,554)**	(3,806,873)	**(5,615,554)**	(3,806,873)
Claims net of recoveries	**20,787,537**	25,993,785	**20,787,537**	25,993,785

9. Brokerage and advisory fees

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Asset Management	**2,028,325**	1,865,179	**-**	-
Corporate Finance	**664,617**	475,534	**-**	-
Brokerage Fees	**366,954**	113,797	**-**	-
Others	**-**	9,114,000		
	3,059,896	11,568,510	**-**	-

10. Commissions

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Receivable	**12,506,144**	7,467,564	**12,506,144**	7,467,564
Payable	**(11,222,788)**	(11,188,253)	**(11,222,788)**	(11,188,253)
Net commissions	**1,283,356**	(3,720,689)	**1,283,356**	(3,720,689)

11. Management expenses

Mangement expenses is stated after charging:

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Directors' emoluments	**463,760**	904,658	**396,284**	691,644
Staff cost	**26,353,590**	27,032,047	**24,838,257**	25,522,748
Depreciation	**1,210,827**	1,552,376	**1,128,839**	1,451,386
Software amortisation	**235,555**	401,296	**204,523**	371,582
Audit fees	**106,560**	74,385	**64,625**	44,385

12. Investment income

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Dividend	**2,442,471**	1,711,180	**2,442,471**	1,711,180
Interest on fixed deposits	**2,422,318**	2,589,763	**2,297,252**	2,589,763
Interest on treasury bills	**51,190**	96,912	**51,190**	96,912
Other investment income	**153,895**	356,257	**153,895**	313,239
	5,069,874	4,754,112	**4,944,808**	4,711,094

13. Other income

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Rent	**611,796**	388,453	**611,796**	388,453
Profit on disposal of assets	**178,444**	76,705	**178,444**	76,705
Sundry income	**2,082,310**	3,455,977	**1,500,835**	3,095,592
Gain on exchange	**1,467,220**	2,833,598	**1,467,220**	2,833,598
	4,339,770	6,754,733	**3,758,295**	6,394,348

14. Finance costs

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Interest on finance leases	**1,500,723**	460,004	**1,500,723**	460,004

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 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Profit attributable to the group's equity holders	**1,008,605**	(1,974,255)	**594,652**	(9,034,390)
Weighted average number of ordinary shares in issue	**195,645,000**	195,645,000	**195,645,000**	195,645,000
Basic earnings per share	**0.0052**	(0.0101)	**0.0030**	(0.0462)

16. Financial instruments classification summary

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

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Available-for-sale (Note 17)	**34,631,372**	36,307,512	**34,631,372**	36,307,512
Receivables (including insurance receivables) (Note 18)	**29,141,767**	29,663,142	**29,141,767**	29,663,142

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 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Equity securities:				
Listed	**15,480,062**	6,031,871	**15,480,062**	6,031,871
Unlisted	**19,151,310**	30,275,641	**19,151,310**	30,275,641
Total available-for-sale financial assets	**34,631,372**	36,307,512	**34,631,372**	36,307,512

18. Receivables

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
i. Receivables arising from insurance and reinsurance contracts:				
Due from policy holders	**25,831,648**	24,328,818	**25,831,648**	24,328,818
Due from agents, brokers and intermediaries	**3,310,119**	5,334,324	**3,310,119**	5,334,324
Total receivables including insurance receivables	**29,141,767**	29,663,142	**29,141,767**	29,663,142
Current portion	**29,141,767**	29,663,142	**29,141,767**	29,663,142

The carrying amount is a reasonable approximation of fair value.

The group's receivables are non-interest bearing assets. Management has assessed all receivables for impairment purposes, an impairment loss of GH¢7,969,682 was considered for debts which could not be verified with certainty and the viability of some of the companies are in doubt.

19. Insurance liabilities

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Claims reported and loss adjustment expenses	**6,848,602**	9,157,888	**6,848,602**	9,157,888
Claims incurred but not reported (IBNR)	**2,976,367**	1,831,578	**2,976,367**	1,831,578
Unearned premiums	**45,911,302**	32,195,883	**45,911,302**	32,195,883
Total insurance liabilities	**55,736,271**	43,185,349	**55,736,271**	43,185,349

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

Notes to the Consolidated Financial Statement
For the year ended 31 December 2013

20i. Taxation - Group
(a) Income tax payable

Income tax	At 1-Jan GH¢	Charge for the year GH¢	Paym't during the year GH¢	**At 31-Dec GH¢**
1997-2012	3,922,482	-	-	**3,922,482**
2013		373,198	(446,109)	**(72,911)**
	3,922,482	373,198	(446,109)	**3,849,571**
(b) Reconstruction/Stabilization levy				
2001-2006	235,700	-	-	**235,700**
		14,875	(6,368)	**8,507**
	235,700	14,875	(6,368)	**244,207**
	4,158,182	388,073	(452,477)	**4,093,778**

(c) Income tax expenses

	2013 GH¢	2012 GH¢
Corporate tax	**373,198**	3,919,012
Deferred tax	**(290,475)**	-
	82,723	3,919,012

(d) Deferred tax

	2013 GH¢	2012 GH¢
Balance at 1st January	**2,845,755**	2,857,318
Accelerated capital allowance	**(300,070)**	(11,563)
Balance at 31 December	**2,545,685**	2,845,755

20ii. Taxation - Company
(a) Income tax payable

Income tax	At 1-Jan GH¢	Charge for the year GH¢	Paym't during the year GH¢	**At 31-Dec GH¢**
1997-2012	1,503,878	-	-	**1,503,878**
2013		244,341	(378,722)	**(134,381)**
	1,503,878	244,341	(378,722)	**1,369,497**
(b) Reconstruction/Stabilization levy				
2001-2006	235,700	-	-	**235,700**
		14,875	(6,368)	**8,507**
	235,700	14,875	(6,368)	**244,207**
	1,739,578	259,216	(385,090)	**1,613,704**

(c) Income tax expenses

	2013 GH¢	2012 GH¢
Corporate tax	**244,341**	1,499,539
Deferred tax	**(290,745)**	-
	(46,404)	1,499,539

(d) Deferred tax

	2013 GH¢	2012 GH¢
Balance at 1st January	**2,855,799**	2,855,799
Accelerated capital allowance	**(290,745)**	-
Balance at 31 December	**2,565,054**	2,855,799

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:

	2013	2012
	GH¢	GH¢
Issued and fully paid for cash	**200**	200
Transfer from income surplus	**42,600**	42,600
Transfer from capital surplus	**24,957,200**	24,957,200
	25,000,000	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 Valuers namely, Koaconsult Limited and Valuation and Development Services at 31 March 2007 on the basis of their open market values.

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

	Group		**Company**	
	2013	2012	**2013**	2012
	GH¢	GH¢	**GH¢**	GH¢
Balance at 1 January	**9,316,952**	9,316,952	**9,316,952**	9,316,952
Transfer to stated capital	**-**	-	**-**	-
Balance at 31 December	**9,316,952**	9,316,952	**9,316,952**	9,316,952

23. Contingency reserve

	2013	2012
	GH¢	GH¢
Balance at 1 January	**17,862,463**	14,892,702
Transfer from income surplus	**2,945,452**	2,969,761
Balance at 31 December	**20,807,915**	17,862,463

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**	
	2013	2012	**2013**	2012
	GH¢	GH¢	**GH¢**	GH¢
Balance at 1 January	**7,564,086**	13,844,049	**9,065,056**	15,385,142
Fair valuation	**5,273,873**	(6,279,963)	**5,174,470**	(6,320,086)
Balance at 31 December	**12,837,959**	7,564,086	**14,239,526**	9,065,056

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

Cost/valuation	At 1-Jan GH¢	Additions GH¢	Disposal GH¢	Restatement GH¢	At 31-Dec GH¢
Leasehold buildings	8,416,173	15,956	-	-	**8,432,129**
Leasehold land	4,003,147	-	-	-	**4,003,147**
Freehold buildings	5,689,237	-	-	-	**5,689,237**
Freehold land	1,529,370	-	-	-	**1,529,370**
Computers	1,056,028	39,561	-	-	**1,095,589**
Other machinery & equipment	4,910,651	537,237	-	-	**5,447,888**
Capital work in progress	33,267,505	190,922	(30,867,502)	-	**2,590,925**
	58,872,111	783,676	(30,867,502)	-	**28,788,285**

Depreciation	At 1-Jan GH¢	Charge for year GH¢	Disposal GH¢	Restatement GH¢	At 31-Dec GH¢
Leasehold buildings	1,573,765	226,917	-	-	**1,800,682**
Leasehold land	1,001,244	107,933	-	-	**1,109,177**
Freehold buildings	290,137	56,892	-	-	**347,029**
Computers	938,627	145,896	-	-	**1,084,523**
Other machinery & equipment	3,636,780	673,189	(178,444)	-	**4,131,525**
	7,440,553	1,210,827	-	-	**8,472,936**
Net book value					
At 31 December 2013					**20,315,349**
At 31 December 2012					51,431,558

Disposal of assets	Property, plant & equip. 2013 GH¢	2012 GH¢	Shares 2013 GH¢	2012 GH¢
Cost	**178,444**	79,371	-	4,502,862
Accumulated depreciation	**(178,444)**	(79,371)	-	(2,695,074)
Net book value		-	-	1,807,788
Proceeds from sale	**178,444**	76,705	-	3,283,535
Profit on disposal	**178,444**	76,705	-	1,475,747

Depreciation expense of GH¢1,210,827 (2012:1,552,376) has been charged in management expenses.

25. Property, plant and equipment - company

Cost/valuation	At 1-Jan GH¢	Additions GH¢	Disposal GH¢	At 31-Dec GH¢
Leasehold buildings	8,416,173	15,956	-	**8,432,129**
Leasehold land	4,003,147	-	-	**4,003,147**
Freehold buildings	5,689,169	-	-	**5,689,169**
Freehold land	1,529,370	-	-	**1,529,370**
Computers	946,363	29,045	-	**975,408**
Other machinery & equipment	2,725,024	516,684	(178,444)	**3,063,264**
Capital work in progress	4,455,066	190,922	-	**4,645,988**
	27,764,312	752,607	(178,444)	**28,338,475**

Depreciation	At 1-Jan GH¢	Charge for year GH¢	Disposal GH¢	At 31-Dec GH¢
Leasehold buildings	1,573,765	226,917	-	**1,800,682**
Leasehold land	1,001,944	107,933	-	**1,109,877**
Freehold buildings	289,437	56,892	-	**346,329**
Computers	842,498	132,360	-	**974,858**
Other machinery & equipment	3,351,486	604,736	(178,444)	**3,777,778**
	7,059,130	1,128,838	(178,444)	**8,009,524**

Net book value	
At 31 December 2013	**20,328,951**
At 31 December 2012	20,705,182

Disposal of assets	Property, plant & equip. 2013 GH¢	2012 GH¢	Shares 2013 GH¢	2012 GH¢
Cost	**178,444**	79,371	-	4,502,862
Accumulated depreciation	**(178,444)**	(79,371)	-	(2,695,074)
Net book value	-	-	-	1,807,788
Proceeds from sale	**178,444**	76,705	-	3,283,535
Profit on disposal	**178,444**	76,705	-	1,475,747

Depreciation expense of GH¢1,128,838 (2012: GH¢1,451,386) has been charged in management expenses.

26. Intangible assets - group

Cost/valuation	At 1 Jan GH¢	Additions GH¢	**At 31 Dec GH¢**
Computer software	1,715,538	301,242	**2,016,780**
	1,715,538	301,242	**2,016,780**

Amortisation	At 1 Jan GH¢	Charge for year GH¢	**At 31 Dec GH¢**
Computer software	1,204,015	235,555	**1,439,570**
	1,204,015	235,555	**1,439,570**

Net book value	
At 31 December 2013	**577,210**
At 31 December 2012	**511,523**

Intangible assets - company

Cost/valuation	At 1 Jan GH¢	Revaluations GH¢	Additions GH¢	**At 31 Dec GH¢**
Computer software	1,115,861	-	299,242	**1,415,103**
	1,115,861	-	299,242	**1,415,103**

Amortisation	At 1 Jan GH¢	Charge for year GH¢	**At 31 Dec GH¢**
Computer software	633,410	204,523	**837,933**
	633,410	204,523	**837,933**

Net book value	
At 31 December 2013	**577,170**
At 31 December 2012	482,451

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

27. Investment properties

Cost/valuation	At 1-Jan GH¢	Addition GH¢	**At 31-Dec GH¢**
Leasehold properties	4,942,428	-	**4,942,428**
Freehold land & buildings	1,142,700	-	**1,142,700**
	6,085,128	-	**6,085,128**

28. Long term investments

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Equity shares	**35,037,148**	29,528,393	**34,631,372**	29,368,805
Bonds	**99,280**	1,923,244	**99,280**	1,923,244
	35,136,428	31,451,637	**34,730,652**	31,292,049

29. Investment in subsidiary

	2013 GH¢	2012 GH¢
Balance as at 1st January	**1,865,492**	1,865,492
Adjustments during the year(revaluation)	**(279,777)**	-
Balance as at 31st december	**1,585,715**	1,865,492

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 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Balance	**5,073,215**	5,073,215	**5,073,215**	5,073,215

The associated company is:

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

31. Short-term investments

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Ghana Gov't treasury bills	**206,742**	770,915	**206,742**	770,915
Bank time deposits	**14,244,073**	8,218,852	**13,938,474**	8,147,703
	14,450,815	8,989,767	**14,145,216**	8,918,618

32. Lease deposit

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Dalex Finance Leasing Company Limited	**281,062**	341,692	**281,062**	341,692
	281,062	341,692	**281,062**	341,692

The group entered into a back-to-back leasing arrangement with the above named leasing companies. It therefore made cash deposits to the tune of the assets leased, interest income is received on the deposits made, whilst the group also bears the cost of lease interest.

33. Trade & other receivables

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Premium debtors	**25,831,648**	24,337,772	**25,831,648**	24,337,772
	25,831,648	24,337,772	**25,831,648**	24,337,772
Accrued income and prepayments	**14,956**	1,408,102	**-**	1,388,450
Staff debtors	**2,977,614**	861,705	**2,977,614**	861,705
SIC - Life account	**-**	1,554,950	**-**	1,554,950
Trading portfolio	**-**	131,066,406	**-**	-
Sundry debtors	**12,478,946**	5,734,454	**2,101,785**	4,195,895
Agents & reinsurance balance	**3,310,119**	8,904,543	**3,310,119**	8,904,543
	44,613,283	173,867,932	**34,221,166**	41,243,315

34. Trade & other payables

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Agents & reinsurers	**8,472,109**	11,079,806	**8,472,109**	11,079,806
Sundry creditors	**2,110,278**	2,292,058	**1,910,469**	1,950,460
Liability on managed funds	**-**	131,066,406	**-**	-
Current account with oil and gas	**1,853,754**	4,167,989	**1,853,754**	4,167,989
	12,436,141	148,606,259	**12,236,332**	17,198,255

35. Obligation under finance lease

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Dalex Finance & Leasing Company Limited	**269,891**	350,385	**269,891**	350,385
Analysis of obligation				
Amount due within one year	**269,891**	350,385	**269,891**	350,385
Amount due within two and five years	**-**	-	**-**	-
	269,891	350,385	**269,891**	350,385

36.a Cash and cash equivalents

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Cash at bank and in hand	**9,335,432**	11,178,887	**8,999,605**	11,012,912
	9,335,432	11,178,887	**8,999,605**	11,012,912

36.b Bank Overdraft

Merchant Bank	**2,621,523**	3,627,010	**2,621,523**	3,627,010
Ghana International Bank	**3,395,747**	5,512,554	**3,395,747**	5,512,554
	6,017,270	9,139,564	**6,017,270**	9,139,564

Merchant 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 18% 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$5,000,000 with the bank to augment the company's working capital and operational needs requirements. Interest rate is libor(3months) plus 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.

37. 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.

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

38. 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:

		2013 GH¢	2012 GH¢
i)	Social Security & National Insurance Trust		
	Premium income	**2,430,438**	669,665
	Claims paid	**60,277**	54,023
ii)	Ghana Reinsurance Company Limited		
	Premium income	**288**	55,099
	Claims paid	**-**	4,539
iii)	SIC Life Insurance Company		
	Premium income	**332,035**	203,861
	Claims paid	**62,756**	4,501
iv)	Ghana Commercial Bank Limited		
	Premium income	**241,992**	551,213
	Claims paid	**12,863**	161,991
v)	Ghana Cocoa Board		
	Premium income	**1,373,757**	4,419,691
	Claims paid	**3,362,774**	1,187,356

39. Social responsibilities

An amount of GH¢78,011.00 was spent on fulfilling the social responsibility of the company (2012: GH¢179,088).

Notes to the Consolidated Financial Statement
For the year ended 31 December 2013

Shareholders' information

40. Directors' shareholding as at 31 December 2013

Name of Directors	Number of shares held	% Shares held
Mrs. Doris Awo Nkani	**15,853**	0.0081
Mr. Robert Afflah Sackey	**6,700**	0.0034
Dr. Sydney Yayah Laryea	**4,000**	0.0020
Mrs. Felicity Acquah	**1,000**	0.0005

41. List of the twenty largest shareholders as at 31 December 2013

	Name of shareholder	Shares held	% Holding
1	Government Of Ghana c/o Ministry of Finance	**78,258,000**	40.000
2	Social Security And National Insurance Trust	**23,090,392**	11.802
3	SCGN/ Pictet Africa Non Tax 6275j	**19,333,528**	9.882
4	STD Noms/BNYM SANV/neon Liberty Emerging Markets Fund LP	**6,912,160**	3.533
5	SCGN/Citibank London Op - Africa Fund (Non-UCITS)	**3,799,800**	1.942
6	SCGN/JP Morgan Chase Duet Africa Opportunities Fund IC	**3,214,200**	1.643
7	SCGN/Standchart Mauritius Re Pinebridge Sub-saharan Africa Equity Master Fund, Ltd	**2,696,000**	1.378
8	SIC Life Company Limited	**2,669,200**	1.364
9	SCBN/Citibank London Robeco Afrika Fonds N.V.	**2,292,700**	1.172
10	SCBN/Coronation Africa Fund - Uniaf	**2,155,600**	1.102
11	SIC Employee Share Ownership Plan	**2,121,735**	1.084
12	Teachers Fund	**2,066,700**	1.056
13	Ghana Commercial Bank Ltd	**2,000,000**	1.022
14	Ghana Reinsurance Company Limited General Business	**1,661,912**	0.849
15	SCGN/JPMC Investeringsforeningen Sydinvest	**1,456,000**	0.744
16	STBN/Coronation Africa Fund - Notdam	**1,429,260**	0.731
17	STBN/Coronation Africa Fund - Hbdjer	**1,069,500**	0.547
18	SCGN/ RBC Hyposwiss (Lux) Fund- African Dawn (USD)	**1,060,000**	0.542
19	Ofori Daniel	**1,001,000**	0.512
20	STD Noms (TVL) PTY/ Metlife Classic Fund	**985,000**	0.503
		159,272,687	81.409

Proxy Form

ANNUAL GENERAL MEETING to be held at the College of Physicians and Surgeons, Accra on Thursday 31st July, 2014 at 10:00am

I/We

____

Being a member(s) of SIC Insurance Company Limited hereby appoint

or failing him/her the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held on Thursday, 31st July, 2014

Signed _______________day of ________________________2014

____

Shareholder's Signature

RESOLUTION FROM THE BOARD	FOR	AGAINST
1. To consider and adopt the 2013 Financial Statements of the Company for the year ended 31st December, 2013.		
2. To Authorise the Directors to fix the Remuneration of the Auditors		
3. To elect/re-elect Directors		
4. To Approve the Remuneration of Directors		
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:

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

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

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

4. Please sign the above Proxy Form and deliver it so as to reach the Registrar, NTHC, Martco House, 1st Floor, Okai Mensah Link, Off Kwame Nkrumah Avenue, Adabraka, P. O. Box KIA 9563, Airport, Accra and not later than 10:00 a.m. on 24th July, 2014

Please
Affix
Stamp

The Secretary
SIC Insurance Company Ltd.
Nyemitei House,
No. 28/29 Ring Road East
Osu - Accra

Notes

Reinsurers/ Reinsurance Brokers

In order to get maximum protection for the Insurances underwritten, SIC Insurance Company Ltd. has very reputable Reinsurers and Reinsurance Brokers. The purpose is to enhance its capacity and financial security to underwrite any risk.

The Reinsurers/Reinsurance Brokers include the following:

- AON Group Ltd. - U.K.
- Afro-Asian Insurance Services - UK
- African Reinsurance Corp. - Nigeria
- BEST Reinsurance – Tunis - Tunisia
- CICA Reinsurance Co. - Togo
- Ghana Reinsurance Co. - Ghana
- General Insurance Company of India - India
- Hannover Reinsurance Co. - South Africa
- Mainstream Reinsurance Co. - Ghana
- Marsh Ltd. - U.K
- Munich Mauritius Reinsurance Co. - Mauritius
- Member Companies of the International
- Underwriting Association of London - U.K.
- Swiss Reinsurance Co. - Switzerland
- United African Insurance Brokers - Nigeria
- Willis Group Ltd. - U.K.
- U.I.B - U.K.
- AON Benfield - SA

Our Network

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: +233-302772199, 0289- 67368181-8

Accra Area Offices:
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 L05
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
Adenta Shopping Mall
P.O.Box 2363, Accra
Tel: +233-302-962692

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

Accra Contact Offices
Burma Camp, Kaneshie Market

Tema Area Offices
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: +233-3620-26462/26465
Fax: +233-3620-28364

Hohoe Office
P.O. Box 12, Hohoe
Tel: +233-3627-22095
Fax: +233-3627-20635

Aflao Office
P.O. Box 105, Aflao
Tel: +233-3625-30234/31443
Fax: +233-3625-30234

Akatsi Office:
Ghana Commercial Bank Building
Tel: +233-3626-44742/55

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

Kumasi Contact Offices:
Suame, Konongo, Ashanti-Mampong
Obuasi Branch Office
Dove House, Near Obuasi License Office

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

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: +233-3720-22785
Fax: +233-3720-22611

Takoradi Area Offices:
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 Office:
P.O.Box 194, Tarkwa
Tel: +233-3123-20453