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2014
Annual Report
& Financial Statements

SIC
OUR PROMISES ARE SACRED

SIC INSURANCE COMPANY LTD.

Directors, Officials and Registered Office

Directors

Mr. Mike Allen Hammah	-	Appointed – December 2014	Chairperson
Dr. Sydney Yayah Laryea	-	Appointed – September 2011	Member
Mr. Ato Pobee Ampiah	-	Appointed – September 2011	Member
Mr. Justice Benjamin O. Tetteh	-	Appointed - September 2011	Member
Ms. Nancy Dakwa Ampofo	-	Appointed – November 2013	Member
Mr. Fiifi Gyabra – Forson	-	Appointed - November 2013	Member
Mr. Robert Afflah Sackey	-	Appointed - November 2013	Member
Mr. Daniel Ofori	-	Appointed - July 2014	Member
Mrs. Felicity Acquah	-	Resigned – September, 2014	Chairperson
Mrs. Doris Awo Nkani	-	May 2012 – January 2015	Managing Director

Company Secretary

Mrs. Lydia Hlomador

Registered Office

Nyemitei House 28/29
Ring Road East, Osu – Accra.

Auditors

PKF
Chartered Accountant &
Business Advisers
Farrar Avenue – Adabraka

Bankers: Local

GCB Bank Limited
Universal Merchant Bank
National Investment Bank Limited
Société-General (Gh)
Ecobank Ghana Limited
FBN Bank Limited
ADB Bank

Bankers: Foreign

Ghana International Bank Limited
Barclays Bank Plc

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SIC Insurance Company Limited will be held on Friday the 31st of July 2015 at 10:00 a.m. at the College of Physicians and Surgeons, Accra to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive and consider the Accounts of the Company for the year ended 31st December 2014 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.

SPECIAL BUSINESS

5. To amend the Regulations of the Company by reviewing Regulations 49 to allow for the circulation of the Notice of General meetings, Profit and Loss Accounts, Balance Sheet, Reports and any other relevant information by print or electronic means.

Dated this 26th day of June 2015

By Order of the Board

LYDIA HLOMADOR (MRS)
Company Secretary

Resolutions to be passed at the Annual General Meeting

BOARD RESOLUTIONS

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

1. To receive 2014 Accounts

The Board shall propose the acceptance of the 2014 Accounts as the true and fair view of the affairs of the Company for the year ended 31st December, 2014.

2. To Authorise the Directors to fix the Remuneration of the Auditors

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

3. To Elect Directors/Re-Elect Retiring Directors

4.1 In accordance with Section 181 (5b) of the Companies Act, 1963, (Act 179) and Regulations 60(a) and 61 of the Company, Mr. Mike Allen Hammah is hereby proposed for election as a Director.

4.2 By the provision of section 298 of the Companies Act, 1963 (Act 179) one-third of Directors who have been longest in office must retire at the Annual General Meeting.

Accordingly two Directors namely, Mr. Fiifi Gyabra – Forson and Mr. Robert Afflah Sackey 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 2015 in accordance with Section 194 of the Companies Act, 1963,(Act 179) and Regulation 67 of the Regulations of the Company.

5. Special Resolution

Amendment of Regulations 49

Subject to the prior approval of the Ghana Stock Exchange, Regulations 49 be revised as follows;

"Notice of General Meetings shall be given in accordance with sections 152 to 159 of the Companies Act, 1963(Act 179) and accompanied by any statement required to be circulated therewith in accordance with sections 157 and 159 of the Act as well as by print or electronic means"

Purpose of Amendment:

The purpose for the amendment is to improve the methods of disseminating information to shareholders in a more effective and cost efficient manner.

The Board hereby encourages all shareholders to furnish the Registrars with their electronic mail addresses.

Contents

Profile of Board of Directors

Mr. Mike Allen Hammah
Chairperson

Mr Mike Allen Hammah was appointed the Chairman of the Board of SIC Insurance on December 18 2014.

His work experience spans through 1983 after his National Service at the Public Works Department in Tamale, Northern Region, Ghana to 2000 when he was appointed the Deputy Minister of Roads and Transport.

He became Member of Parliament for Effutu Constituency, a coastal community in the Central Region in the year 2000. He lost the seat in 2004 and regained it in the General Elections held in Ghana in 2008.

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

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

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 also the Board Chairman of Goodmans Impex Company Limited and Chairman of the Audit and Budget and Strategic Planning Committees of the Board of the Bank of Ghana.

He is currently the Managing Director of the following Companies: Integrated Investment Limited, Regent West Africa and Tesano Commercial Limited

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

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

Mr. Justice Benjamin Okai Tetteh
Non - Executive Director

Mr. Justice Benjamin 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.

Mr. Ato Pobee Ampiah
Non - Executive Director

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

He is also a two-term past President of the Ghana Employer's Association and Ghana National Chamber of Commerce. He was the former Managing Director of Ghamot Company Limited now Toyota Ghana and the 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.

Profile of Board of Directors cont.

Mr. Fiifi Gyabra-Forson
Non-Executive Director

Mr. Fiifi Gyabra-Forson was appointed as a Director in November 2013. 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, Hydrocarbon Industries limited in the United Kingdom, and Modern Petroleum Limited (Ghana). He also served as Technical Consultant in Project Development and Financing with International Bi-Lateral Trade Council where he was responsible for DR Congo, Guinea, Niger and Liberia.

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

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

Mr. Robert Afflah Sackey
Non-Executive Director

Mr. Robert Afflah Sackey was appointed as a Director in November 2013. He is a Barrister at Law and has been called to the Ghana Bar. Mr. Sackey is also an Associate of the Chartered Insurance Institute (ACII) UK.

He is currently the Insurance Manager of the Social Security And National Insurance Trust (SSNIT) a position he has held since 1997.

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

Ms. Nancy Dakwa Ampofo
Non-Executive Director

Ms. Nancy Ampofo was appointed as a Director in November 2013. She is a Lawyer of 31 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 boards of the Legal Service and 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. Daniel Ofori
Non- Executive Director

Mr. Daniel Ofori was appointed as a Director in July 2014. He has over 30 years of experience in business Management. He is currently the Managing Director of the WHITE CHAPEL LIMITED, a multipurpose retail outlet in Accra. In 1999, Mr. Ofori started a new company known as ADVANCE VENTURES DEVELOPMENT LIMITED, a Real Estate Development venture.

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

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

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

Directors' report

The Directors hereby present their Annual Report together with the audited consolidated financial statements of the group for the year ended 31 December 2014.

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

	2014 GH¢	2013 GH¢
The balance brought forward on income surplus account at 1 January was	**9,674,613**	11,735,646
To which must be added:		
(Loss)/Profit for the year after charging all expenses, depreciation and taxation of	**(8,030,652)**	1,008,605
	1,643,961	12,744,251
From which is made an appropriation to statutory reserve of	**(3,471,082)**	(2,945,452)
	(1,827,121)	9,798,799
Dividend paid	**-**	-
Non-Controlling Interest	**(81,825)**	(124,186)
Leaving a balance to be carried forward on income surplus account of	**(1,908,946)**	9,674,613

3. Nature of business

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

4. Auditors

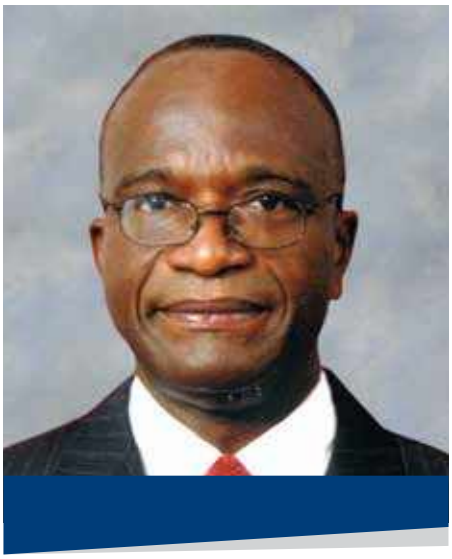
In accordance with section 134(5) of the Companies Act 1963, Act (179) the auditors, Messrs. PKF continued as the auditors of the Company.

On behalf of the board

Hon. Mike Allen Hammah
Board Chairman

Mr. Robert Afflah Sackey
Director

Board Chairman's Speech



INTRODUCTION

Distinguished Ladies and Gentlemen, it is my pleasure and indeed an honour to welcome you all to the 8th Annual General Meeting of SIC Insurance Company Limited. I deem it a privilege to present to you a review of the year ending 2014.

OVERVIEW OF THE GLOBAL ECONOMY

The global challenges of 2014 negatively impacted economies and industries across the world. Risks arising from deflationary fears in Europe and Japan; steep decline in oil and gold prices arising from geo-political imbalances, and a faltering growth in China, resulted in a moderate estimated global GDP growth of 3.3% for the year ending 2014. With an increasingly globalized world economy, the African region and Ghana in particular was not insulated from these developments.

The World economy simply experienced a deflation in 2014, as falling prices dragged on growth prospects in the advanced world. The deflationary forces proved to be particularly acute in the Eurozone where inflation fell to record low.

THE GHANAIAN ECONOMY

The Ghanaian economy experienced a series of challenges in year 2014 resulting in macro-economic imbalances and a seemingly lowering of investor confidence.

The domestic economy saw the worsening of some economic indicators which posed significant risks to both large and small scale businesses. The Government Statistician estimated the 2014 GDP growth rate to be 4.1%, as opposed to the 7.4% originally targeted by government for 2014. These missed targets were as a result of the under-performance in industry and services sectors of the economy.

Other factors which impacted the poor GDP growth performance are the widening fiscal deficit estimates of 9.6% of GDP versus a 2014 target of 8.5%, due to shortfalls in revenue mobilization and the large public sector wage bill.

The unmet forex demand pressures, and the market's reaction to the Bank of Ghana's introduction of restrictions on foreign currency accounts caused a sharp depreciation of the Cedi in the first eight months of the year, before recovering to close the year at an exchange rate of GHS 3.2267=US.

Inflation also rose to a record high of 17% at year-end 2014, again exceeding the Government's target rate of 9.5%. Again interest rates trended upwards throughout 2014, as proved by the Central Bank's monetary policy rate which moved progressively from 16% to close the year at 21%.

Export receipts from gold and cocoa, as well as individual remittances declined by $1.3 billion during the year. Inflation at the end of December 2014 was estimated at 17.0%, this being significantly higher than the previous year's rate of 13.5%. Interest rates continued to increase during the year under review with the benchmark 91 – Day Treasury bill rate closing the year at 25.8%, compared to 19.5% the previous year.

Total revenue and grants was GHS17.7 billion whilst total expenditure including payments for the clearing of arrear and outstanding commitment amounted to GHS24.4 billion resulting in a deficit of GHS6.7 billion as September 2014. The main drivers of the deficit were lower import volume, decline in commodity prices and the energy crisis that affected the revenue generation for the period. The high wage bill and increased interest costs also negatively affected the government expenditure.

The country's gross international reserves as at November 2014 amounted to US$6.6 billion representing 3.8 months of imports cover compared to US$5.6 billion in year 2013 representing 3.1 months of imports cover.

These development in the fiscal and external sectors together with the global pressures resulted in the depreciation of the cedi by 31% against the US dollar, 23.2% against the Euro and 26.49% against the British Pound Sterling in the year under review.

INSURANCE INDUSTRY

The appointment of a new Commissioner for the National Insurance Commission in 2013 ushered in a marked improvement in the Commission's regulatory direction. For instance, the introduction in 2014 of the "No Premium, No Cover" policy makes it mandatory for all insurance premiums to be paid upfront by clients. It was envisaged that strict adherence and implementation of this new policy by the Industry and the Commission respectively will bring to an end the huge outstanding premiums reported in the financial statements of Insurance Companies annually. This policy has indeed helped in strengthening the financial positions of insurance companies in the country.

As a follow up to the introduction of the "No Premium, No Cover" policy, NIC also introduced a new "Claims Payment Guidelines" which calls for shorter claims processing period to satisfy clients who are being asked to pay their premium upfront through the "No Premium, No Cover" policy. The NIC also tightened its regulation controls on all insurance companies. The implementation and application of non-compliance sanctions to these regulatory controls is greatly sanitizing the industry.

Despite these achievements, there are still some challenges plaguing the insurance industry. Over the years, premium undercutting has been a major issue confronting Insurance companies. Again the industry is grappling with the problem of enforcing the law on insurance of commercial properties. Early this year, there were major fire outbreaks at a drug warehouse belonging to the Ministry of Health at the Tema Light Industrial area and the main Medical Stores of Tamale Teaching Hospital. Unfortunately these facilities were not insured.

BUSINESS OPERATION

There was no change in the nature of business of the Company during the year under review. The operational performance of the Company is as follows;

PREMIUM INCOME

Your Company realized an amount of GHS115,702,732 as Gross Earned Premium Income indicating 17.85% increase compared to the earned premium of GH¢98,181,730 in year 2013. Net Earned Premium Income after Reinsurances increased by 12% to GHS73,581,917 in year 2014 from GHS65,654,283 in year 2013.

UNDERWRITING OF CREDIT GUARANTEE

Management was involved in the underwriting of credit guarantee bonds without approval of the Board, a series of which when bad. The Board subsequently reiterated the ban on the issuance of credit guarantee by the Company and further approved a policy document for the underwriting of all other bonds. One of such the credit guarantees resulted in a court garnishee order placed on the Company's Bank accounts and investment placements in year 2015. This company was saddled with a claims payment of the principal amount of GHS19,723,648 (including legal cost) to get the garnishee order lifted by the courts. The Board and Management are working round the clock to bring this case to its logical conclusion.

DEBT WRITE-OFF

The last trench of debt write off amounting to GHS6,629,218 was effected in accordance with NIC's new credit guideline that requires insurance companies to write off all outstanding premiums that has been in existence for more than one year. The Board has entreated the Executive of the Company to ensure that at least 70% the amount is collected by the end of year 2015.

PROFIT/LOSS POSITION

Your Company made a loss of GHS8,303,403 in year 2014. This was as a result of the single Claim Payment of GHSGHS19,723,648 made to Ivory Finance (including legal cost and other charges) under a credit guarantee bond the company issued to ITAAL Construct International and the debt write off of GHS6,629,218 in the year.

DIVIDEND

The Board of Directors has proposed non-payment of dividend to shareholders in respect of the Company's operations for year 2014 as a result of the losses made in the year under review. 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 A NEW DIRECTOR

Mrs Felicity Acquah resigned as Chairperson and member of the Board in September 2014. I was appointed to the Board and subsequently elected as Chairman and sworn in on 18th December 2014.

SUBSIDIARIZATION OF BOB FREEMAN CLINIC AND THE ESTATES AND MORTGAGES DEPARTMENT

The necessary arrangements to subsidiarise the operations of the Bob Freeman Clinic and the Estates and Mortgages Department have been completed. The Board for SIC Properties Company Limited has been inaugurated and they are working assiduously for a fully-fledged SIC Properties Limited to start operations soon. One of the major tasks for the new subsidiary is to quickly review previous plans for the development of the Sudan Road project and come up with new proposals for the consideration of the Board. We are very confident that SIC Properties Company Limited will bring about greater efficiency, as we take advantage of the opportunities

offered by the budding Real Estates Industry to deliver reliable and world class services to our customers. The ultimate aim is to add value to your company and to your investments.

With regards to SIC Health Services, its new Board has reviewed the entire scheme in the areas of structural design and service provision for the new Bob Freeman Hospital. The board has subsequently signed a Memorandum of Understanding (MOU) with EN-Projects to provide a 4-Storey 49 bed capacity Ultra-Modern Hospital Facility. Based on years of experience and with many successful projects across all continents, EN-Projects guarantees the knowledge and experience for a successful realisation of the aim for the new Bob Freeman Hospital. We believe that EN-Projects also understand the additional demands of a modern healthcare project from design to optimum service thence our decision to partner them for this turnkey project.

CORPORATE GOVERNANCE

Corporate Governance continues to evolve and has become so crucial to the growth and development of business entities worldwide. Its importance has been amplified as it intended to increase the accountability of companies and to avoid massive disasters before they occur. Ladies and gentlemen because SIC Insurance is no exception to the above rule, the Board has stepped up its role in providing leadership within the framework of fairness, transparency, accountability, responsibility and very effective controls.

In this regard we are in the process of fully implementing an enterprise-wide risk management system. The objective is to help the Company manage and optimize risks, thus enabling it to determine how much uncertainty and risk are acceptable to the organization. This would also serve as a strategic approach to managing risk throughout the organisation, cutting across business units and departments.

We have therefore adopted the ISO 31000 framework for our Enterprise Risk Management Implementation which I wish to say with confidence is at a very advanced stage with the implementation timelines.

The programme will enhance corporate governance, improve SIC's ability to respond to changing business demand and also equip staff with a more efficient capacity to evaluate the likelihood and impact of major risks whilst providing an integrated as opposed to risk identification, measurement and management.

Again, when fully implemented, ERM will provide the Board and Senior Management of the Company an assurance that the Company's strategic and business objectives will be achieved.

Currently the Board is supervising the review of all existing risk management practices, augmenting internal controls and helping management to implement all recommended action plans to create the needed enterprise risk management enabled environment. I am very optimistic that when completed, the ERM programme would add value to the Company through the identification, assessment treatment of all risks that confronts your company before they undermine the company's balance sheet.

OUTLOOK FOR 2015

The economy of Ghana still faces major challenges going into 2015. Notable among them are; rebuilding economic stability; reducing inflation; finding a lasting solution to the serious energy crisis and its impact on the economy as a whole. Our expectation is for the government to work hard to regain the confidence of both domestic and foreign investors and consumers against a backdrop of declining prices for the country's main export commodities, and the IMF assistance programme.

The Government budget for 2015 announced a constrained GDP growth rate of 3.9%, or 2.7% excluding oil, clear indications of slower economic activity and expectations. Relatively high inflation and subdued consumer purchasing power will continue to pose challenges for our growth agenda. Despite these challenges, SIC Insurance remain confident that the introduction and implementation of our Enterprise Risk Management programme would keep us focused on overcoming the rather challenging operating environment.

Your Company will continue to improve on our service delivery, develop new products and maintain leadership through innovation. The Company will continue to work in close collaboration with the regulator to ensure compliance and at the same time become efficient and contribute to the healthy growth of the insurance industry in Ghana.

ACKNOWLEDGEMENT

I wish to sincerely thank Management and Staff of the Company for their resilience in the face of growing competition and a challenged business environment.

I would like to recognise the contribution, co-operation and hard work of my colleague Directors helping to take measures that have helped Company in dealing with its recent crises.

I wish to express my profound gratitude to all our valued, dedicated and loyal clients who have kept faith with the Company. I take this opportunity to thank our Regulators, The National Insurance Commission (NIC) and the Ghana Stock Exchange (GSE) for their continuous guidance and supervision.

Finally, to our cherished shareholders, I say thank you for the opportunity you given me to serve you and our nation. I am optimistic that with the hard work of Management and Staff, support of the Board, Shareholders, the guidance of our Regulators, we shall move our esteemed Company to a greater level of success.

Thank you.

God Bless us all.

Ag. Managing Director's Speech

Mr. Kwei Mensah Ashidam

INTRODUCTION

Dear Shareholders, distinguished Ladies and Gentlemen, I welcome you all to the 8th Annual General Meeting of SIC Insurance Company Limited. It is, indeed, my singular honour and privilege to apprise you on the state of your Company for the year ended December 31st, 2014.

INSURANCE INDUSTRY

The proliferation of insurance companies in Ghana seems to offer more opportunities for provident individuals and groups to contribute premiums to various schemes towards a planned and secured future. The truth, however, is that the insurance industry still suffers negative public perception and other issues that continue to hamper the fulfilment of the industry's huge potentials. The insurance terrain continues to be competitive and highly characterized by aggressive marketing even though low patronage, limited knowledge, and lack of confidence are some of the factors that stifle the industry's growth. One could also add challenges like non-compliance of practitioners to regulatory framework governing insurance practice, delays in claim payments, fraudulent claims and price undercutting as contributing factors to the thwarted growth of the industry.

The practice of premium undercutting on the part of some segments of the insurance market has created unhealthy competition. The National Insurance Commission (NIC) has taken a strict position on this matter and resolved to conduct a special audit to expose insurance companies engaged in premium undercutting as the unhealthy practice grossly affects the ability to pay claims. The Commission in line with this has started embarking on regular on-site inspection, licensing and appropriate sanctions against defaulting companies.

A major development which the industry experienced in the year under review was the introduction of the "No Premium, No Cover Policy" by the National Insurance Commission. Under this regulation, premiums are to be paid upfront. Consequently, only policies for which the premium has been received by the insurance company shall be issued with an insurance cover.

This has drastically caused a reduction in the debtors' balance thereby strengthening the balance sheet insurance companies.

PREMIUM INCOME

Your Company realized an amount of GHS115, 702,732 as Gross Earned Premium Income indicating a percentage growth of 17.9% compared to the performance of GHS98, 181,730 in year 2013 notwithstanding the challenges that the insurance market encountered. Net Earned Premium Income after Reinsurances increased by 13.7% from GHS65,654,283 in year 2013 to GHS73,581,916 in year 2014.

CLAIMS

For the period ending 2014, an amount of GHS32,344,609.00 was paid as Claims. This is higher than that of the previous year which stood at GHS20,787,537.00.

PROFIT/LOSS POSITION

Your Company made an impressive profit before tax of GHS8,858,751 as against the GHS1,105,933 made in year 2013. The challenges that confronted the Company in the area of credit guarantees however resulted in the adverse balance in the Financial Statement showing a net loss of GHS 8,030,652.00.

ENTERPRISE RISK MANAGEMENT

SIC Insurance has adopted an enterprise risk management approach to its operations. This is aimed at reducing the incidence and level of risk that the company faces in its day to day operations.

The adoption of the Enterprise Risk Management (ERM) approach to our business will assist management with the alignment of the company's risk appetite and corporate strategy, and also improve the process for risk identification, measurement and management.

To this end, a department has been created and this consists of three (3) units; ERM office, Strategic Planning and Pre-vetting & Verification, Business Continuity and Information security unit.

RISK BASED INTERNAL AUDIT

I am pleased to announce that your company has also adopted and is implementing a Risk Based Internal Audit programme. This is in line with International best practice as directed by the National Insurance Commission.

This audit approach is designed to be used throughout the audit process to efficiently and effectively focus the nature, timing and extent of audit procedures to those areas that have the most potential for causing material misstatement in the financial report of the company.

Key among this is the adoption of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework for internal controls to achieve effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

ACTUARIAL DEPARTMENT

A Consulting Actuary has been engaged by the Company to train staff for the establishment of a new full-fledged Actuarial Department under consideration. The Department will undertake tasks in the area of solvency margins calculation, reserve assessment and the financial viability of the businesses in our books so that we do not fall short in our financial assessment.

Issues of our financial viabilities and various contingencies will be measured actuarially in line with international best practice.

MANAGEMENT EXPENSE

Your Company is addressing the high Management expense ratio by undertaking pragmatic measures to reduce it. This includes the strengthening of our Strategic Planning and Internal Audit structures.

OUTLOOK FOR 2015

2014 showed a fair performance in the midst of a very turbulent economic environment. Nonetheless, we are confident that despite the general economic downturn, our new corporate governance culture through the implementation of Enterprise Risk Management and the adoption of Risk Based Audit will position us positively. We aim at consolidating our leadership spot in the industry measuring up in terms of service delivery, financial indicators and Human Resource.

Dear Shareholders, with the momentum we have garnered so far the Board and Management are highly optimistic that the Company's prospects in year 2015 are good and will work hard to ensure a better performance of your Company in the years ahead.

ACKNOWLEDGEMENT

On behalf of the Board, Management and Staff, I wish to express my gratitude to you, our Shareholders for granting us the opportunity to serve you. Furthermore, I wish to express my sincere appreciation for the support, loyalty and dedicated service of the Staff, Management, Board of Directors and all Stakeholders of the Company over the past year.

Thank you.

God Bless us all.

COMPETITIVENESS COMES FROM ABILITY AND PERFORMANCE

Because we go the Extra Mile, we never doubt our ability to deliver the qualitative service needed to match our Unparalleled and Ingenious products in the Insurance Industry.

Contact any SIC Insurance office in your, locality, district or region for more details ...

Head Office	Ring Road West Office	Tema Area Office	Kumasi Area Office	Takoradi Area Office
+233-302-228922/228926	+233-302-228922/228962	+233-303-202263/206535	+233-3220-23341-2/25610	+233-3120-22315/22048

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SIC INSURANCE COMPANY LTD.

Financial highlights

	Group 2014 GH¢	2013 GH¢	Company 2014 GH¢	2013 GH¢
Gross premium	**115,702,732**	98,181,730	**115,702,732**	98,181,730
Net premium	**73,581,916**	65,654,283	**73,581,916**	65,654,283
Claims incurred	**(32,344,609)**	(20,787,537)	**(32,344,609)**	(20,787,537)
Underwriting profit	**(3,808,785)**	5,466,576	**(3,794,213)**	5,630,307
(Loss)/profit before tax	**(8,858,751)**	1,105,933	**(9,225,264)**	563,123
(Loss)/profit after tax	**(8,030,652)**	1,008,605	**(8,303,403)**	594,652
Shareholders' funds	**82,121,996**	80,551,622	**74,614,625**	73,372,096
Net assets	**82,121,996**	80,551,622	**74,614,624**	73,372,096
Total assets	**186,640,251**	161,650,658	**175,392,970**	151,810,616
Number of shares issued and fully paid for	**195,645,000**	195,645,000	**195,645,000**	195,645,000
Earnings per share (GH¢)	**(0.041)**	0.005	**(0.042)**	0.003
Net assets per share (GH¢)	**0.420**	0.412	**0.381**	0.375
Current ratio	**1.048**	1.203	**0.963**	1.100
Return on shareholders funds	**-10%**	1%	**-11%**	1%

Statement of Directors' Responsibility

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

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

The Directors are responsible for ensuring that the group keeps accounting records which disclose with reasonable accuracy the financial position of the group and which enable them to ensure that the financial statements comply with the Companies Act, 1963 (Act 179) and Insurance Act 2006 (Act 724).

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

The above statements which should be read in conjunction with the statement of the auditors responsibilities on page 5 is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements.

PKF
Accountants &
business advisers

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 and financial position at 31 December 2014, 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the consolidated and separate financial position of SIC Insurance Company Limited at 31 December 2014, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Insurance Act, 2006 (Act 724).

Report on other legal and regulatory requirements

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

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

ii. in our opinion proper books of account have been kept and the statements of financial position and comprehensive income are in agreement with the books of account;

In accordance with section 78(1) (a) of the Insurance Act, 2006, (Act 724), the 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: Frederick Bruce – Tagoe (ICAG/P/1087)
For And On Behalf Of PKF (ICAG/F/2015/039)
Chartered Accountants
Farrar Avenue
Accra
18th May, 2015

Statement of Consolidated Comprehensive Income

For the year ended 31 December, 2014

	Note	Group 2014 GH¢	2013 GH¢	Company 2014 GH¢	2013 GH¢
Gross premium	6	**115,702,732**	98,181,730	**115,702,732**	98,181,730
Less: Reinsurances	7	**(42,120,816)**	(32,527,447)	**(42,120,816)**	(32,527,447)
Net premium		**73,581,916**	65,654,283	**73,581,916**	65,654,283
Claims incurred	8	**(32,344,609)**	(20,787,537)	**(32,344,609)**	(20,787,537)
Brokerage and advisory fees	9	**5,623,824**	3,059,896	**-**	-
Commissions	10	**(2,442,194)**	1,283,356	**(2,442,194)**	1,283,356
Management expenses	11	**(48,227,722)**	(43,743,422)	**(42,589,326)**	(40,519,795)
Underwriting (loss)/profit		**(3,808,785)**	5,466,576	**(3,794,213)**	5,630,307
Investment income	12	**9,358,549**	5,069,874	**9,057,036**	4,944,808
Other income	13	**13,399,597**	4,339,770	**13,320,025**	3,758,295
Finance costs	14	**(1,159,925)**	(1,500,723)	**(1,159,925)**	(1,500,723)
Bad debts write off		**(6,629,218)**	(7,976,682)	**(6,629,218)**	(7,976,682)
Exceptional claims	8b	**(19,723,648)**	-	**(19,723,648)**	-
Restructuring Expenses		**(295,321)**	(4,292,882)	**(295,321)**	(4,292,882)
Profit before tax		**(8,858,751)**	1,105,933	**(9,225,264)**	563,123
National stabilisation levy		**-**	(14,875)		(14,875)
Taxation	20(c)	**828,099**	(82,453)	**921,861**	46,404
Profit after tax transferred to Income surplus account		**(8,030,652)**	1,008,605	**(8,303,403)**	594,652
Amount Attributable to:					
Equity holders of the parent		**(8,112,477)**	884,419	**-**	-
Non-Controlling Interest		**81,825**	124,186	**-**	-
		(8,030,652)	1,008,605	**-**	-
Other Comprehensive Income					
Net change in fair value of available for sale					
financial assets		**1,129,472**	5,273,873	**1,074,378**	5,174,470
Revaluation gain	22	**8,471,554**	-	**8,471,554**	-
		9,601,026	5,273,873	**9,545,932**	5,174,470
Basic earnings per share - GH¢	14	**(0.041)**	0.005	**(0.042)**	0.003

Statement of consolidated financial position

As at 31 December 2014

	Note	Group 2014 GH¢	2013 GH¢	Company 2014 GH¢	2013 GH¢
Stated capital	21	**25,000,000**	25,000,000	**25,000,000**	25,000,000
Capital surplus	22	**17,788,506**	9,316,952	**17,788,506**	9,316,952
Income surplus		**(1,908,946)**	9,674,613	**(7,766,782)**	4,007,703
Contingency reserve	23	**24,278,997**	20,807,915	**24,278,997**	20,807,915
Available-for-sale reserves	24	**13,967,431**	12,837,959	**15,313,904**	14,239,526
Non controlling interest		**2,996,008**	2,914,183	**-**	-
Shareholders funds		**82,121,996**	80,551,622	**74,614,625**	73,372,096
Represented by:					
Property, plant and equipment	25	**28,772,449**	20,315,349	**28,760,279**	20,328,951
Intangible assets	26	**363,695**	577,210	**304,757**	577,170
Investment properties	27	**6,572,000**	6,085,128	**6,572,000**	6,085,128
Long term investment	28	**35,814,711**	35,136,428	**35,468,975**	34,730,652
Investment in subsidiary	29	**-**	-	**1,585,715**	1,585,715
Investment in associated companies	30	**7,241,776**	5,073,215	**7,241,776**	5,073,215
		78,764,631	67,187,330	**79,933,502**	68,380,831
Current assets					
Short term investments	31	**37,661,424**	14,450,815	**36,577,457**	14,145,216
Lease deposit	32	**-**	281,062	**-**	281,062
Trade & other receivables	33	**17,951,670**	44,613,283	**6,744,902**	34,221,166
Inventories		**1,104,266**	627,806	**1,104,266**	627,806
Unearned reinsurance premium		**28,741,644**	25,154,930	**28,741,644**	25,154,930
Cash and bank balances	36a	**22,416,618**	9,335,432	**22,291,200**	8,999,605
Total current assets		**107,875,622**	94,463,328	**95,459,469**	83,429,785
Current liabilities					
Bank Overdraft	36b	**3,396,350**	6,017,270	**3,396,350**	6,017,270
Unearned premium	5	**43,278,461**	45,911,302	**43,278,461**	45,911,302
Outstanding claims	8	**10,050,282**	9,824,969	**10,050,282**	9,824,969
Trade & other payables	34	**42,650,570**	12,436,141	**41,342,224**	12,236,332
Taxation	20a	**3,374,092**	3,849,571	**916,700**	1,613,703
National stabilisation levy	20b	**145,029**	244,207	**151,136**	-
Other current financial liabilities	35	**-**	269,891	**-**	269,891
Total current liabilities		**102,894,784**	78,553,351	**99,135,153**	75,873,467
Net current assets		**4,980,838**	15,909,977	**(3,675,684)**	7,556,318
Other non-current financial liabilities	35		-	**-**	-
Medium term loan		**-**	-		
Bonds		**-**	-		
Deferred tax	20(d)	**(1,623,473)**	(2,545,685)	**(1,643,193)**	(2,565,054)
Total non-current liabilities		**(1,623,473)**	(2,545,685)	**(1,643,193)**	(2,565,054)
Net assets		**82,121,996**	80,551,622	**74,614,625**	73,372,096

Hon. Mike Allen Hammah
Board Chairman

Mr. Robert Afflah Sackey
Director

Consolidated statement of changes in shareholders' funds

For the year ended 31 December 2014

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. 2013	25,000,000	11,735,646	17,862,463	9,316,952	7,564,086	2,789,997	74,269,144
Profit/(loss)	-	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	-	-	-	-	-		-
Non controlling 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
Bal at 1 Jan 2014	25,000,000	9,674,613	20,807,915	9,316,952	12,837,959	2,914,183	**80,551,622**
Profit/(loss)	-	(8,030,652)	-	-	-	-	**(8,030,652)**
Transfer (from)/to reserve	-	(3,471,082)	3,471,082	-	-	-	**-**
Revaluation gain / loss - PPE	-	-	-	8,471,554	-	-	**8,471,554**
Net gain on avai-for-sale invest.	-	-	-	-	1,129,472	-	**1,129,472**
Transfer to equity holders	-	-	-	-	-	-	**-**
Non controlling interest	-	(81,825)	-	-	-	81,825	**-**
Bal at 31 Dec 2014	**25,000,000**	**(1,908,946)**	**24,278,997**	**17,788,506**	**13,967,431**	**2,996,008**	**82,121,996**

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. 2013	25,000,000	6,358,503	17,862,463	9,316,952	9,065,056	**67,602,974**
Profit/(loss)	-	594,652	-	-	-	**594,652**
Net gain on available-for-sale invest.	-	-	-	-	5,174,470	**5,174,470**
Transfer (from)/to reserve	-	(2,945,452)	2,945,452	-	-	**-**
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**
Balance at 1 January 2014	25,000,000	4,007,703	20,807,915	9,316,952	14,239,526	**73,372,096**
Profit/(loss)	-	(8,303,403)	-	-	-	**(8,303,403)**
Transfer (from)/to reserve	-	(3,471,082)	3,471,082	-	1,074,378	**1,074,378**
Revaluation gain /(loss)	-	-	-	8,471,554	-	**8,471,554**
Net gain on available-for-sale invest.	-	-	-	-	-	**-**
Transfer to equity holders	-	-	-	-	-	**-**
Balance at 31 Dec 2014	**25,000,000**	**(7,766,782)**	**24,278,997**	**17,788,506**	**15,313,904**	**74,614,625**

Statement of consolidated cash flow

For the year ended 31 December 2014

	Group		Company	
	2014	2013	**2014**	2013
Operating activities	**GH¢**	GH¢	**GH¢**	GH¢
Operating profit/loss	**(8,858,751)**	1,105,933	**(9,225,264)**	563,123
	(8,858,751)	1,105,933	**(9,225,264)**	563,123
Adjustment to reconcile profit before tax to net cash flows				
Non-cash:				
Depreciation	**907,066**	1,210,827	**822,413**	1,128,839
Amortisation of intangible assets	**302,915**	235,555	**272,412**	204,523
Available-for-sale reserve	**1,129,472**	5,273,873	**1,074,378**	5,174,470
Profit on disposal of property, plant & equipment	**(57,887)**	(178,444)	**(57,887)**	(178,444)
Revaluation (gain)/loss on investment properties	**(486,872)**	-	**(486,872)**	-
Interest received	**(6,606,538)**	(2,627,403)	**(6,305,025)**	(2,502,337)
Dividend received	**(2,752,012)**	(2,442,471)	**(2,752,012)**	(2,442,471)
Working capital adjustments:				
Increase/(Decrease) in provision for unearned premium	**(2,632,841)**	13,715,419	**(2,632,841)**	13,715,419
(Increase)/decrease in receivables	**26,661,612**	129,254,649	**27,476,263**	7,022,149
Increase in inventories	**(476,460)**	(68,602)	**(476,460)**	(68,602)
Increase/(decrease) in trade & other payables	**30,214,429**	(136,179,443)	**29,105,892**	(4,961,923)
(Decrease)/increase in provision for claims	**225,313**	(1,164,497)	**225,313**	(1,164,497)
Decrease in lease obligations	**(269,891)**	(80,494)	**(269,891)**	(80,494)
Decrease in lease deposits	**281,062**	60,630	**281,062**	60,630
Increase in unearned reinsurance premium	**(3,586,714)**	(10,662,284)	**(3,586,714)**	(10,662,284)
Tax paid	**(569,592)**	(452,477)	**(545,868)**	(385,090)
National stabilisation levy paid	**(99,178)**	-	**-**	-
Net cash used in operating activities	**33,325,133**	(2,999,229)	**32,918,899**	5,423,011
Investing activities				
Acquisition of property, plant and equipment	**(930,566)**	31,116,209	**(820,141)**	(752,607)
Acquisition of intangible assets	**(89,400)**	(301,242)	**-**	(299,242)
Proceeds from sale of property, plant and equipment	**3,495,045**	178,444	**3,495,045**	178,444
Investment properties	**-**	-	**-**	-
Purchase / Redemption of long term investments	**(2,846,844)**	(4,895,618)	**(2,906,880)**	(3,158,829)
Dividend received	**2,752,012**	2,442,471	**2,752,012**	2,442,471
Interest received	**6,606,538**	2,627,403	**6,305,025**	2,502,337
Net cash used/flow from investing activities	**5,587,582**	31,167,667	**5,425,857**	912,574
Financing activities				
Dividend paid	**-**	-	**-**	-
Bonds Issued	**-**	(8,014,988)	**-**	-
Medium term loan	**-**	(13,413,563)	**-**	-
Net cash used in servicing of finance	**-**	(21,428,551)	**-**	-
Changes in cash and cash equivalents	**38,912,715**	6,739,887	**38,344,756**	6,335,585
Cash at 1 January	**17,768,977**	11,029,090	**17,127,551**	10,791,966
Cash at 31 December	**56,681,692**	17,768,977	**55,472,307**	17,127,551
Analysis of changes in cash and cash equivalents				
Cash and bank	**22,416,618**	9,335,432	**22,291,200**	8,999,605
Bank Overdraft	**(3,396,350)**	(6,017,270)	**(3,396,350)**	(6,017,270)
Short term investments	**37,661,424**	14,450,815	**36,577,457**	14,145,216
	56,681,692	17,768,977	**55,472,307**	17,127,551

Notes to the Consolidated Financial Statement

For the year ended 31st December, 2014.

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;
FRS 4 Insurance contracts;

IFRS 7 Financial Instruments: Disclosures;

IAS 1 (Revised), Presentation of financial statements (added disclosures about an entity's capital and other disclosures);

IAS 14 Segment reporting;
IAS 16 Property, plant and equipment;

IAS 17 Leases;

IAS 18 Revenue;

IAS 19 (Amendment), Employee benefits;

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

IAS 24 (Amendment), Related party disclosures;

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

IAS 36 Impairment of assets;

IAS 37 Provisions, contingent liabilities and contingent assets;

IAS 38 Intangible assets;

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

IAS 40 Investment properties.

b. Basis of measurement

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

c. Use of estimates and judgement

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

a. Consolidation

i. Subsidiaries:

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

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

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

ii. Associates:

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

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisi-

tion movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

b. Segment reporting

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

c. Foreign currency translation

i. Functional and presentation currency:

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

ii. Transactions and balances:

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

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

iii. Exchange differences:

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

i. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; and

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

d. Property, plant and equipment

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

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

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

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

Motor vehicles	20%	per annum
Office furniture	10%	"
Household furniture	20%	"
Freehold buildings	1.0%	"
Office equipment	20%	"
Computers	25%	"

Leasehold land & buildings are amortised over the life of the lease. The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate.

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

e. Investment properties

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

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

Changes in fair values are recorded in the statement of comprehensive income.

Property located on land that is held under operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the group. The initial

cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition.

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

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

f. Investment

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

i. Financial assets at fair value through income:

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

ii. Loans & receivables:

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

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 statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as net realised gains/losses on financial assets.

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

g. Impairment of assets

i. Financial assets carried at amortised cost:

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

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

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

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

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

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

- Adverse changes in the payment status of issuers or debtors in the group; or
- National or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss has been incurred on

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

ii. Financial assets carried at fair value:

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

iii. Impairment of other non-financial assets:

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are 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 state of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

i. Cash and cash equivalents

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

j. Share capital

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

k. Insurance and investment contracts - classification

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

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

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

l. Insurance contracts

i. Recognition and measurement:

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

ii. Non-life insurance contracts:

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

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

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

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

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

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third party properties damaged by the contract holders. They include direct and indirect claims settlement costs arising from events that have occurred up to the statement

of financial position date event if they have not yet been reported to the group. The group does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

iii. Liability adequacy test:

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

In determining the adequacy on unearned premium, the liability adequacy test on unexpired risk premium was determined by computing the premium unearned on each policy as at 31 December 2013. Liability adequacy test in respect of claims is determined by taking the settled amount for each claim, agreed with the claimant. The sum insured is considered the best test for non-settled claims.

iv. Reinsurance contracts held:

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

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

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

v. Receivables and payables related to insurance contracts:

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

vi. Salvage and subrogation reimbursements:

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

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

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

m. Deferred 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 statement of financial position 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 statement of comprehensive income when incurred.

iii. Termination benefits:

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

o. Provisions

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

ii. Investment income:

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

iii. Fee, commission and other income:

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

iv. Interest income:

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

v. Dividend income:

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

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 statement of comprehensive income on a straight-line basis over the period of the lease.

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

r. Dividend distribution

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

s. Critical accounting estimates and judgments in applying accounting policies

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

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

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

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

The group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the group evaluates among

other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

t. Management of insurance and financial risk

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

i. Insurance risk:

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

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

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

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

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

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

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

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

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

iii. Financial risk:

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

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

a. Interest rate risk:

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

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

	31-Dec-14 Amount GH¢	Scenario 1 5% increase GH¢	Scenario 2 5% decrease GH¢
Pre-tax profit/(Loss)	**(8,858,751)**	(9,301,688)	(8,415,813)
Shareholders' equity	**82,121,996**	86,228,095	78,015,896

Assuming no management actions, a series of such rises would increase pre-tax loss for 2014 by GH¢ 443,938, while a series of such falls would decrease pre-tax loss for 2014 by GH¢443,938. Also a series of such rises would increase the shareholders' equity by GH¢4,106,100 whilst a series of such falls would decrease shareholders' equity by GH¢4,106,100.

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.

	2014 GH¢	2013 GH¢
1 - 3 months		3,753,745
3 - 4 months		2,850,067
4 - 6 months		5,079,836
6 - 1yr		6,181,664
1yr and above		15,943,018
Write off		(7,976,682)
	-	25,831,648

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 18 for the details of the insurance liabilities which may have an impact on the liquidity risk.

d. Currency risk:

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

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

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

	31-Dec-14 Amount GH¢	Scenario 1 10% increase GH¢	Scenario 2 10% decrease GH¢
Pre-tax profit	**(8,858,751)**	(9,744,626)	(7,972,876)
Shareholders' equity	**82,121,996**	90,334,195	73,909,796

Assuming no management actions, a series of such rises would increase pre-tax loss for 2014 by GH¢885,875, while a series of such falls would decrease pre-tax loss for 2014 by GH¢885,875. Also a series of such rises would increase the shareholders' equity by GH¢8,212,200, whilst a series of such falls would decrease shareholders' equity by GH¢8,212,200.

The following significant exchange rates were applied during the year:

	2014 GH¢ Selling	2014 GH¢ Buying	2013 GH¢ Selling	2013 GH¢ Buying
US Dollar	3.201	3.199	2.163	2.160
GB Pound	4.982	4.977	3.575	3.570
Euro	3.897	3.895	2.988	2.985

4. THE FOLLOWING NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS TO EXISTING STANDARDS ARE NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014, 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¢	**2014 Total GH¢**	2013 Total GH¢
Gross premiums	10,731,558	34,243,078	43,351,804	27,376,292	**115,702,732**	98,181,730
Reinsurances	(8,218,977)	(25,786,116)	(2,284,174)	(5,831,548)	**(42,120,816)**	(32,527,447)
Net premiums	2,512,581	8,456,962	41,067,630	21,544,744	**73,581,916**	65,654,283
Premium earned	2,512,581	8,456,962	41,067,630	21,544,744	**73,581,916**	65,654,283
Commissions	(395,636)	(520,187)	(1,157,600)	(368,771)	**(2,442,194)**	1,283,356
	2,116,946	7,936,774	39,910,030	21,175,972	**71,139,722**	66,937,639
Claims	1,655,397	(2,468,887)	(12,326,627)	(19,204,493)	**(32,344,609)**	(20,787,537)
	3,772,343	5,467,887	27,583,403	1,971,479	**38,795,113**	46,150,102
Management expenses	(1,997,269)	(3,957,088)	(27,274,117)	(9,360,852)	**(42,589,326)**	(40,519,795)
Underwriting results transferred to Rev. A/c	1,775,074	1,510,800	309,286	(7,389,373)	**(3,794,213)**	5,630,307
Total assets					**186,640,251**	161,650,658
Total liabilities					**104,518,257**	81,099,036
Shareholders funds					**82,121,996**	80,551,622

Unearned premium	Marine & Aviation GH¢	Fire GH¢	Motor GH¢	Accident GH¢	**2014 Total GH¢**	2013 Total GH¢
Unearned Premium - Start	4,051,875	13,443,851	18,751,814	9,663,762	**45,911,302**	32,195,883
Add: Gross Premium Written	10,795,921	36,069,044	41,262,317	24,942,610	**113,069,892**	111,897,149
	14,847,796	49,512,895	60,014,131	34,606,372	**158,981,194**	144,093,032
Less: Unearned Premium - Close	(4,116,238)	(15,269,817)	(16,662,327)	(7,230,079)	**(43,278,461)**	(45,911,302)
Movement in unearned premium	10,731,558	34,243,078	43,351,804	27,376,293	**115,702,733**	98,181,730

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

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

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

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

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

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

6. GROSS PREMIUM

	Group 2014 GH¢	2013 GH¢	Company 2014 GH¢	2013 GH¢
Motor	**43,351,804**	40,339,139	**43,351,804**	40,339,139
Fire	**34,243,078**	25,179,298	**34,243,078**	25,179,298
Accident	**27,376,292**	25,498,101	**27,376,292**	25,498,101
Marine and aviation	**10,731,558**	7,165,192	**10,731,558**	7,165,192
	115,702,732	98,181,730	**115,702,732**	98,181,730

7. REINSURANCES

	Group 2014 GH¢	2013 GH¢	Company 2014 GH¢	2013 GH¢
Motor	**2,284,174**	3,662,405	**2,284,174**	3,662,405
Fire	**25,786,116**	18,708,975	**25,786,116**	18,708,975
Accident	**5,831,548**	5,881,003	**5,831,548**	5,881,003
Marine and aviation	**8,218,977**	4,275,064	**8,218,977**	4,275,064
	42,120,816	32,527,447	**42,120,816**	32,527,447

8a CLAIMS INCURRED

	Group 2014 GH¢	2013 GH¢	Company 2014 GH¢	2013 GH¢
Payments during the year	**36,564,607**	27,567,588	**36,564,607**	27,567,588
Claims outstanding as at 31-Dec	**10,050,282**	9,824,969	**10,050,282**	9,824,969
	46,614,889	37,392,557	**46,614,889**	37,392,557
Claims outstanding at 1-Jan	**(9,824,969)**	(10,989,466)	**(9,824,969)**	(10,989,466)
	36,789,920	26,403,091	**36,789,920**	26,403,091
Net recoveries	**(4,445,311)**	(5,615,554)	**(4,445,311)**	(5,615,554)
Claims net of recoveries	**32,344,609**	20,787,537	**32,344,609**	20,787,537

8b EXCEPTIONAL CLAIMS

Ivory Finance Limited	**19,303,800**	-	**19,303,800**	-
Kofi Wornyo & Others	**419,848**	-	**419,848**	-
	19,723,648	-	**19,723,648**	-

Ivory Finance Limited

This is in respect of credit guarantee bonds issued by SIC and its consequent legal action for a claim of GH¢91,800,303 in respect of a contentious consent judgment. SIC successfully stayed execution of the judgment subject to the payment of GH¢19,303,800 pending an action commenced to set aside the Consent Judgment. In the likely event that the action succeeds, SIC's liability would remain GH¢19,303,800

Kofi Wornyo & Others

On 6 May 2013 the plaintiffs, former employees of SIC commenced an action at the High Court against the Company claiming a total amount of GH¢ 419,848.33 being outstanding balance of pension payment. The trial ended on 30 July 2014 and SIC is awaiting judgment. In the event that the action succeeds SIC's liability will not exceed the GH¢ 419,848.33.

9. BROKERAGE AND ADVISORY FEES

	Group 2014 GH¢	2013 GH¢	Company 2014 GH¢	2013 GH¢
Asset Management	**4,015,627**	2,028,325	-	-
Corporate Finance	**1,061,339**	664,617	-	-
Brokerage Fees	**546,858**	366,954	-	-
	5,623,824	3,059,896	-	-

10. COMMISSIONS

	Group		Company	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Receivable	**10,790,032**	12,506,144	**10,790,032**	12,506,144
Payable	**(13,232,227)**	(11,222,788)	**(13,232,227)**	(11,222,788)
Net commissions	**(2,442,195)**	1,283,356	**(2,442,195)**	1,283,356

11. MANAGEMENT EXPENSES

Management expenses is stated after charging:

	Group		Company	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Directors' emoluments	**671,116**	463,760	**560,800**	396,284
Staff cost	**26,846,966**	26,353,590	**25,394,178**	24,838,257
Depreciation	**907,066**	1,210,827	**822,413**	1,128,839
Software amortisation	**302,911**	235,555	**272,412**	204,523
Audit fees	**125,900**	106,560	**75,900**	64,625

12. INVESTMENT INCOME

	Group		Company	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Dividend	**2,752,012**	2,442,471	**2,752,012**	2,442,471
Interest on fixed deposits	**6,092,162**	2,422,318	**5,790,649**	2,297,252
Interest on treasury bills	**251,676**	51,190	**251,676**	51,190
Other investment income	**262,699**	153,895	**262,699**	153,895
	9,358,549	5,069,874	**9,057,036**	4,944,808

13. OTHER INCOME

	Group		Company	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Rent	**481,537**	611,796	**481,537**	611,796
Profit on disposal of assets	**3,457,090**	178,444	**3,457,090**	178,444
Sundry income	**6,573,120**	2,082,310	**6,503,258**	1,500,835
Gain on exchange	**2,887,850**	1,467,220	**2,878,140**	1,467,220
	13,399,597	4,339,770	**13,320,025**	3,758,295

14. FINANCE COSTS

	Group		Company	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Interest on finance leases	**1,159,925**	1,500,723	**1,159,925**	1,500,723

15. EARNINGS PER SHARE

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

	Group		Company	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Profit/loss attributable to the group's equity holders	**(8,030,652)**	1,008,605	**(8,303,403)**	594,652
Weighted average number of ordinary shares in issue	**195,645,000**	195,645,000	**195,645,000**	195,645,000
Basic earnings per share	**(0.041)**	0.005	**(0.042)**	0.003

16. FINANCIAL INSTRUMENTS CLASSIFICATION SUMMARY

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

	Group		Company	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Available-for-sale (Note 17)	**35,605,554**	45,755,703	**35,352,096**	34,631,372
Receivables (including insurance receivables) (Note 18)	**9,564**	29,663,142	**9,564**	29,141,767

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

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Equity securities:				
Listed	**16,454,244**	15,480,062	**16,200,786**	15,480,062
Unlisted	**19,151,310**	30,275,641	**19,151,310**	19,151,310
Total available-for-sale financial assets	**35,605,554**	45,755,703	**35,352,096**	34,631,372

18. RECEIVABLES

		Group		Company	
		2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
i).	**Receivables arising from insurance and reinsurance contracts:**				
	Due from policy holders	-	24,328,818	-	25,831,648
	Due from agents, brokers and intermediaries	**9,564**	5,334,324	**9,564**	3,310,119
	Total receivables including insurance receivables	**9,564**	29,663,142	**9,564**	29,141,767
	Current portion	**9,564**	29,663,142	**9,564**	29,141,767

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¢9,564 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		Company	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Claims reported and loss adjustment expenses	**5,073,879**	6,848,602	**5,073,879**	6,848,602
Claims incurred but not reported (IBNR)	**4,976,403**	2,976,367	**4,976,403**	2,976,367
Unearned premiums	**43,278,462**	45,911,302	**43,278,462**	45,911,302
Total insurance liabilities	**53,328,744**	55,736,271	**53,328,744**	55,736,271

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.

20. 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¢**
1997-2013	3,849,571	-	-	**3,849,571**
2014		94,113	(569,592)	**(475,479)**
	3,849,571	94,113	(569,592)	**3,374,092**
(b) Reconstruction/Stabilization levy				
2001-2006	244,207	-	-	**244,207**
2014	-	-	(99,178)	**(99,178)**
	244,207	-	(99,178)	**145,029**
	4,093,778	94,113	(668,770)	**3,519,121**

(c) Income tax expenses

	2014 GH¢	2013 GH¢
Corporate tax	**94,113**	373,198
Deferred tax	**(922,212)**	(290,475)
	(828,099)	82,723

(d) Deferred tax

Balance at 1st January	**2,545,685**	2,845,755
Accelerated capital allowance	**(922,212)**	(300,070)
Balance at 31 December	**1,623,473**	2,545,685

20. 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¢**
1997-2013	1,369,497	-	-	**1,369,497**
2014		-	(452,797)	**(452,797)**
	1,369,497	-	(452,797)	**916,700**
(b) Reconstruction/Stabilization levy				
2001-2006	244,207	-	-	**244,207**
2014	-	-	(93,071)	**(93,071)**
	244,207	-	(93,071)	**151,136**
	1,613,704	-	(545,868)	**1,067,836**

(c) Income tax expenses

	2014 GH¢	2013 GH¢
Corporate tax	**-**	244,341
Deferred tax	**(921,861)**	(290,745)
	(921,861)	(46,404)

(d) Deferred tax

Balance at 1st January	**2,565,054**	2,855,799
Accelerated capital allowance	**(921,861)**	(290,745)
Balance at 31 December	**1,643,193**	2,565,054

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:

	2014 GH¢	**2013 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 Valuer namely, Apex Valuation, Surveying and Property Consult at September 2010 and incorporated in the financial statement in 2014 on the basis of their open market values.

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

	Group		**Company**	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Balance at 1 January	**9,316,952**	9,316,952	**9,316,952**	9,316,952
Revaluation gain / loss - PPE	**8,471,554**	-	**8,471,554**	-
Balance at 31 December	**17,788,506**	9,316,952	**17,788,506**	9,316,952

23. CONTINGENCY RESERVE

	2014 GH¢	2013 GH¢
Balance at 1 January	**20,807,915**	17,862,463
Transfer from income surplus	**3,471,082**	2,945,452
Balance at 31 December	**24,278,997**	20,807,915

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**	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Balance at 1 January	**12,837,959**	7,564,086	**14,239,526**	9,065,056
Fair valuation	**1,129,472**	5,273,873	**1,074,378**	5,174,470
Balance at 31 December	**13,967,431**	12,837,959	**15,313,904**	14,239,526

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¢	At 31-Dec GH¢
Leasehold buildings	8,432,129	(2,622,655)	-	5,809,474
Leasehold land	4,003,147	1,186,866	-	5,190,013
Freehold buildings	5,689,237	2,036,615	-	7,725,852
Freehold land	1,529,370	7,899,630	-	9,429,000
Computers	1,095,589	67,929	-	1,163,518
Capital work in progress	2,590,925	110,515	-	2,701,440
Other machinery & equipment	5,447,888	723,221	(245,211)	5,925,898
	28,788,285	9,402,121	(245,211)	**37,945,195**

Depreciation	At 1-Jan GH¢	Charge for year GH¢	Disposal GH¢	At 31-Dec GH¢
Leasehold buildings	1,800,682	153,804	-	**1,954,486**
Leasehold land	1,109,177	100,514	-	**1,209,691**
Freehold buildings	347,029	77,258	-	**424,287**
Computers	1,084,523	25,315	-	**1,109,838**
Other machinery & equipment	4,131,525	550,175	(207,256)	**4,474,444**
	8,472,936	907,066	(207,256)	**9,172,746**

Net book value	
At 31 December 2014	**28,772,449**
At 31 December 2013	20,315,349

Disposal of assets

	Property, plant & equip.		Shares	
	2014	2013	**2014**	2013
	GH¢	GH¢	**GH¢**	GH¢
Cost	**245,211**	178,444	**3,226,135**	-
Accumulated depreciation	**(207,256)**	(178,444)	**(2,890,079)**	-
Net book value	**37,955**	-	**336,056**	-
Proceeds from sale	**95,842**	178,444	**3,735,259**	
Profit on disposal	**57,887**	178,444	**3,399,203**	-

Depreciation expense of **GH¢907,066** (2013:1,210,827) has been charged in management expenses.

25. PROPERTY, PLANT AND EQUIPMENT - COMPANY

Cost/valuation	At 1-Jan GH¢	Additions/ Revaluation GH¢	Disposal GH¢	**At 31-Dec GH¢**
Leasehold buildings	8,432,129	(2,622,655)	-	**5,809,474**
Leasehold land	4,003,147	1,186,866	-	**5,190,013**
Freehold buildings	5,689,169	2,036,615	-	**7,725,784**
Freehold land	1,529,370	7,899,630	-	**9,429,000**
Computers	975,408	55,749	-	**1,031,157**
Capital work in progress	3,063,264	110,515	-	**3,173,779**
Other machinery & equipment	4,645,988	624,976	(245,211)	**5,025,753**
	28,338,475	9,291,696	(245,211)	**37,384,960**

Depreciation	At 1-Jan GH¢	Charge for year GH¢	Disposal GH¢	**At 31-Dec GH¢**
Leasehold buildings	1,800,682	153,804	-	**1,954,486**
Leasehold land	1,109,879	100,514	-	**1,210,393**
Freehold buildings	346,328	77,258	-	**423,586**
Computers	974,857	14,486	-	**989,343**
Other machinery & equipment	3,777,778	476,351	(207,256)	**4,046,873**
	8,009,524	822,413	(207,256)	**8,624,681**

Net book value

At 31 December 2014	**28,760,279**
At 31 December 2013	20,328,951

Disposal of assets

	Property, plant & equipment		**Shares**	
	2014 GH¢	**2013 GH¢**	**2014 GH¢**	**2013 GH¢**
Cost	**245,211**	178,444	**3,226,135**	-
Accumulated depreciation	**(207,256)**	(178,444)	**(2,890,079)**	-
Net book value	**37,955**	-	**336,056**	-
Proceeds from sale	**95,842**	178,444	**3,735,259**	-
Profit on disposal	**57,887**	178,444	**3,399,203**	-

Depreciation expense of **GH¢822,413** (2013: GH¢1,128,838) has been charged in management expenses.

26. INTANGIBLE ASSETS - GROUP

Cost/valuation	At 1 Jan GH¢	Additions GH¢	At 31 Dec GH¢
Computer software	2,016,780	89,400	**2,106,180**
	2,016,780	89,400	**2,106,180**

Amortisation	At 1 Jan GH¢	Charge for year GH¢	At 31 Dec GH¢
Computer software	1,439,570	302,915	**1,742,485**
	1,439,570	302,915	**1,742,485**

Net book value	
At 31 December 2014	**363,695**
At 31 December 2013	577,210

Intangible assets - Company

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

Amortisation	At 1 Jan GH¢	Charge for year GH¢	At 31 Dec GH¢
Computer software	837,934	272,412	**1,110,346**
	837,934	272,412	**1,110,346**

Net book value	
At 31 December 2014	**304,757**
At 31 December 2013	**577,170**

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

27. INVESTMENT PROPERTIES

Cost/valuation	At 1-Jan GH¢	Addition/ Revaluation GH¢	At 31-Dec GH¢
Leasehold properties	4,942,428	**486,872**	**5,429,300**
Freehold land & buildings	1,142,700	-	**1,142,700**
	6,085,128	**486,872**	**6,572,000**

28. LONG TERM INVESTMENTS

	Group		Company	
	2014	2013	**2014**	2013
	GH¢	GH¢	**GH¢**	GH¢
Equity shares	**35,697,831**	35,037,148	**35,352,095**	**34,631,372**
Bonds	**116,880**	99,280	**116,880**	**99,280**
	35,814,711	35,136,428	**35,468,975**	34,730,652

29. INVESTMENT IN SUBSIDIARY

	2014 GH¢	2013 GH¢
Balance as at 1st January	**1,585,715**	1,865,492
Adjustments during the year(revaluation)	-	(279,777)
Balance as at 31st December	**1,585,715**	1,585,715

The subsidiary company is:

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

30. INVESTMENT IN ASSOCIATED COMPANY

	Group		Company	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Balance at 1 January	**5,073,215**	5,073,215	**5,073,215**	5,073,215
Movement in investment	**2,168,561**		**2,168,561**	-
Balance at 31 December	**7,241,776**	5,073,215	**7,241,776**	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		Company	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Ghana Gov't treasury bills	**3,219,246**	206,742	**3,219,246**	206,742
Bank time deposits	**34,442,178**	14,244,073	**33,358,211**	13,938,474
	37,661,424	14,450,815	**36,577,457**	14,145,216

32. LEASE DEPOSIT

	Group		Company	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Dalex Finance Leasing Company Limited	-	281,062	-	281,062
	-	281,062	-	281,062

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

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		Company	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Premium debtors	-	25,831,648	-	25,831,648
	-	25,831,648	-	25,831,648
Accrued income and prepayments	**460,106**	14,956	**442,774**	-
Staff debtors	**2,503,782**	2,977,614	**2,503,782**	2,977,614
SIC - Life account	-	-	-	-
Sundry debtors	**14,978,218**	12,478,946	**3,788,782**	2,101,785
Agents & reinsurance balance	**9,564**	3,310,119	**9,564**	3,310,119
	17,951,670	44,613,283	**6,744,902**	34,221,166

34. TRADE & OTHER PAYABLES

		Group		Company	
		2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Agents & brokers		**4,067,767**	8,472,109	**4,067,767**	8,472,109
Reinsurers		**11,034,307**	-	**11,034,307**	
Sundry creditors		**6,480,028**	2,110,278	**5,171,682**	1,910,469
Exceptional Claims	8b	**19,723,648**		**19,723,648**	
Liability on managed funds		**-**	-	**-**	-
Current account with oil and gas		**1,344,820**	1,853,754	**1,344,820**	1,853,754
		42,650,570	12,436,141	**41,342,224**	12,236,332

35. OBLIGATION UNDER FINANCE LEASE

	Group		Company	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Dalex Finance & Leasing Company Limited	-	269,891	-	269,891

Analysis of obligation

Amount due within one year	-	269,891	-	269,891
Amount due within two and five years	-	-	-	-
	-	269,891	-	269,891

36.a CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 GH¢	2013 GH¢	**2014 GH¢**	2013 GH¢
Cash at bank and in hand	**22,416,618**	9,335,432	**22,291,200**	8,999,605
	22,416,618	9,335,432	**22,291,200**	8,999,605

36.b BANK OVERDRAFT

Merchant Bank	**3,396,350**	2,621,523	**3,396,350**	2,621,523
Ghana International Bank	**-**	3,395,747	**-**	3,395,747
	3,396,350	6,017,270	**3,396,350**	6,017,270

Universal 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$3,000,000 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.

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

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

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:

		2014	2013
a.	The following transactions were carried out with related parties;	GH¢	GH¢
i)	**Social Security & National Insurance Trust**		
	Premium income	749,364	2,430,438
	Claims paid	92,426	60,277
ii)	**Ghana Reinsurance Company Limited**		
	Premium income	30,854	288
	Claims paid	-	-
iii)	**SIC Life Insurance Company**		
	Premium income	259,248	332,035
	Claims paid	86,368	62,756
	Dividend received from SIC Life	557,290	-
iv)	**Ghana Commercial Bank Limited**		
	Premium income	287,248	241,992
	Claims paid	11,102	12,863
v)	**Ghana Cocoa Board**		
	Premium income	998,878	1,373,757
	Claims paid	35,679	3,362,774
vi)	**SIC FSL**		
	Payment made by SIC on SIC FSL's behalf	273,545	-
	Staff provident fund contribution deposited with SIC FSL	1,400,133	-
vii)	**Ghana Oil and Gas Insurance Pool**		
	Payment made on behalf of GOGIP by SIC	2,233,243	-
b.	**Year end balances arising from transactions with related party are as follows;**		
i)	**Amount due from related parties**		
	Premium recievable from SIC Life	-	-
	Premium recievable from SIC FSL	273,544	-
ii)	**Amount due to related parties**		
	GOGIP	1,344,820	-
c.	The compensation of executive and management staff is shown below;		
	Salaries and other benefits	1,086,884	-
	Employers SSF	80,397	-
	Employers PF	44,665	-
d.	Transactions with directors		
	Directors emoluments are disclosed in note 11		

39. SOCIAL RESPONSIBILITIES

An amount of **GH¢ 31,230** was spent on fulfilling the social responsibility of the company (2013: GH¢78,011).

SHAREHOLDERS' INFORMATION

40. DIRECTORS' SHAREHOLDING AS AT 31 DECEMBER 2014

Name of Director	Number of shares held	% Shares held
Mr. Robert Afflah Sackey	6,700	0.0034
Dr. Sydney Yayah Laryea	4,000	0.0020
Mr. Daniel Ofori	1,001,000	0.5120

41.a ANALYSIS OF SHAREHOLDING AS AT 31ST DECEMBER, 2014.

Range of shareholding	No. of Shareholders	Shares holdings	% of Shareholders	% Holding
1 - 1000	9,046	464,885	73.17	2.24
1001 - 5000	2,367	5,944,578	19.15	3.05
5000 - 10000	462	3,776,619	3.74	1.93
10001 and others	487	185,458,918	3.94	92.78
	12,362	**195,645,000**	**100**	**100**

b. List of the twenty largest shareholders as at 31 December 2014

	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

	RESOLUTION FROM THE BOARD	FOR	AGAINST
ANNUAL GENERAL MEETING to be held on Friday the 31st of July 2015 at 10.00 a.m at the College of Physicians and Surgeons, Accra	To consider and adopt the 2014 Financial Statements of the Company for the year ended 31st December, 2014.		
I/We	To Authorise the Directors to fix the Remuneration of the Auditors		
	a. to ratify the appointment of Mr. Mike Allen Hammah		
Being a member(s) of SIC Insurance Company Limited hereby appoint	b. To re – elect i. Mr. Fiifi Gyabra - Forson		
or failing him/her the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held on Friday the 31st of July 2015.	iii. Mr. Robert Afflah Sackey		
	To Approve the Remuneration of Directors		
Signed ..... day of 2015	To approve the circulation of the Notice of General Meetings, Profit or Loss Account, balance Sheet, Reports and any other relevant information by print or electronic means		
..... Shareholder's Signature	Please indicate with an "X" in the appropriate box how you wish your vote to be cast on the resolution set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.		

THIS PROXY FORM SHOULD NOT BE SENT TO THE REGISTRAR IF THE MEMBER WILL BE ATTENDING THE MEETING. KINDLY NOTE THAT VOTING WILL BE BY POLL

Notes:

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, 2015.

SECOND FOLD HERE

Please affix stamp

FIRST FOLD HERE

THE SECRETARY
SIC Insurance Company Ltd.
Nyemitei House
No. 28/29 Ring Road East
Osu - Accra

THIRD FOLD HERE

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: 0302772199, 0289- 67368181-8

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

Inter State Road Transit (ISRT) Office
Ministry of Trade Building
Ecobank Long Room,
Tema port, community 1
P.O.Box 2363, Accra
Tel: 233-303-203680/203682/201865

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
Tel: 0302-962692

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

Accra Contact Offices
Burma Camp, Kaneshie Market

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

Obuasi Branch Office
Dove House, Near Obuasi License Office

Kumasi Contact Offices:
Suame, Konongo, Ashanti-Mampong

Sunyani Branch Office
1st Floor, SSNIT Building
P.O.Box 192, Sunyani
Tel: 233-3520-27312
Manager: 233-3520-27374

Sunyani Contact Offices:
Berekum, Goaso,Techiman

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

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

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

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: 03720-22785
Fax: 03720-22611

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

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

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

OUR WIDEST COVERAGE MEANS CONVENIENCE

With over 100 networked offices nationwide, we offer optimal access to insurance services across the country.

Contact any SIC Insurance office in your, locality, district or region for more details ...

Head Office	Ring Road West Office	Tema Area Office	Kumasi Area Office	Takoradi Area Office
+233-302-228922/228926	+233-302-228922/228962	+233-303-202263/206535	+233-3220-23341-2/25610	+233-3120-22315/22048

SIC
OUR PROMISES ARE SACRED
SIC INSURANCE COMPANY LTD.