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SIC Insurance Company Limited

Report and Financial Statements
31 December 2019

SIC Insurance Company Limited

Reports and financial statements

For the year ended 31 December 2019

Contents

Corporate Information

Board of directors:	Dr. Jimmy Ben Heymann	-Chairman
	Mr. Stephen Oduro	-Managing Director
	Mrs. Pamela Djamson-Tettey	-Non Executive Director
	Mr. James Appietu-Ankrah	-Non Executive Director
	Mr. Michael A. Addo (Resigned on 2 October 2019)	-Non Executive Director
	Mr. Daniel Ofori	-Non Executive Director
	Mr. Christian Tetteh Sottie	-Non Executive Director
	Mr. Kwabena Gyima Osei-Bonsu	-Non Executive Director
	Mr. Nicholas Kwame Oteng	-Non Executive Director
Company Secretary:	Mrs. Lydia Hlomador	
Registered office:	Nyemitei House 28/29 Ring Road East Osu – Accra	
Actuary	Stallion Consultants Limited 3rd Floor, Gulf House Tetteh Quarshie Interchange Airport West P.O Box KA 30681, KIA, Accra	
Auditors:	Deloitte & Touche Chartered Accountants The Deloitte Place, Plot No. 71 Off George Walker Bush Highway North Dzorwulu P. O. Box GP 453, Accra	
Registrars:	NTHC Limited Martco House P.O. Box KIA 9563 Airport, Accra	
Bankers: - Local	ADB Bank Limited Absa Bank Ghana Limited (Formerly Barclays Bank Ghana Limited) Ecobank Ghana Limited GCB Bank Limited National Investment Bank Limited Societe Generale Ghana Limited UMB Bank Limited Stanbic Ghana Limited ARB Apex Bank Limited Akuapim Rural Bank Limited	
Bankers: - Foreign	Ghana International Bank Limited	

SIC Insurance Company Limited

Report of the directors

The directors have the pleasure in presenting their Annual Report together with the audited consolidated and separate financial statements of the group for the year ended 31 December 2019.

1. Principal activities

The principal activities of the company and the subsidiary are:

SIC Insurance Company Limited

i. To undertake non-life insurance business

SIC Financial Services Limited

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

2. Results for the year

	Group	
	2019	2018
	GH¢	GH¢
The balance brought forward on retained earnings account at 1 January was	**31,456,419**	(48,953,516)
To which must be added:		
Profit for the year after charging all expenses, depreciation and taxation of	**11,110,243**	46,499,742
	42,566,662	(2,453,774)
From which is made an appropriation to contingency reserve of	**(6,345,424)**	-
	36,221,238	(2,453,774)
IFRS 9 Transition	-	8,926,209
Fair value change in assets classified as FVOCI	-	25,316,108
Write off of reserves in subsidiary	**43,058**	-
Prior year adjustment in subsidiary	-	225,418
Non-Controlling Interest	**(521,390)**	(557,543)
Leaving a balance to be carried forward on retained earnings account of	**35,742,906**	31,456,419

3. Nature of business

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

4. Dividend

The directors did not propose any dividend for the year ended 31 December 2019 (2018: GH¢ Nil).

5. Going concern

The financial statements have been prepared on the going concern basis with the group expected to continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations.

Report of the directors

6. Interest of directors

Below are the interest of the directors as at the 31 December 2019:

Name of Directors	Qualifications	Other Engagements	Position
1. Dr. Jimmy Ben Heymann	MBCLB – Univ. Ghana Medical School	i. Cenpower Generation Co. Ltd. ii. Cenpower Holding iii. Play Soccer Ghana (FIFA Affiliate) iv. Aggrey Mem. AME Zion SHS v. AME Zion Church	i. Director ii. Director iii. Director iv. Chairman (Governing Board) v. Member (Executive Board
2. Mr. Kwabena Osei-Bonsu	BA (Law & Sociology) – KNUST. Cert. of Marketing – Cornell University	i. Aker Deep Water Ghana	i. Board Member
3. Mrs. Pamela Djamson-Tettey	BA International Relations – USA (Cum Laude) Post Graduate Diploma – Politics & Foreign Policy MA International Relations	i. Millennium Development Authority (MiDA)	i. Director, Communications & Outreach
4. Mr. Christian Tetteh Sottie	Chartered Accountant – Ghana. Post Graduate Cert. in Tax – Ghana	i. Internal Audit Agency – Audit Firm	i. Director
5. Mr. James Appietu-Ankrah	MA (Democracy, Law and Development) Diploma in Sales & Mktg. CII Diploma in Insurance & Risk Mgt.	i. JAAP Ventures (Hiring of Chairs & Canopies) ii. JAAP Farms (Mix crop farming, cocoa& palm) iii. KEK Reinsurance Brokers(Africa) Ltd	i. Managing Director ii. Managing Director iii. Director
6. Mr. Nicholas Oteng	BSC Agric. Economics - KNUST MSC. Agric. Economics Certificate in financing of Agri-business	-	-

Report of the directors

5 Interest of directors – cont.

7. Mr. Stephen Oduro	BBA (Computer Systems) – USA MBA (Computer & Info Sys. With Fin. - USA	i. SIC Life Co. Ltd. ii. SIC Fin. Services Ltd iii. Accra City Hotel iv. Ghana Tourism Dev. Corp.	i. Director ii. Director iii. Director iv. Director
8. Mr. Daniel Ofori	Fellow, Chartered Inst. of Admin. & Mgt. – Ghana Cert. Ghana Inst. of Languages Certification from Ghana Stock Exchange and Ghana Export Mktg.	i. White Chapel Holdings ii. Ghana Baptist Convention	i. Managing Director ii. Deacon

Report of the directors

7. Capacity building for Directors

In the year under review, a three-day capacity building for Directors was organised by the Ministry of Finance to which the Directors of SIC Insurance Company Limited were in attendance. Furthermore, several capacity building workshops/meetings were organised by State Interests and Governance Authority (SIGA), which some directors attended.

8. Corporate Social responsibility

An amount of **GH¢ 689,038** was spent on fulfilling the social responsibility of the company (2018: GH¢ 520,377)

Sponsorship activities for 2019 covered the following areas:

- Health
- Education
- Sports
- Support for Metropolitan Authority
- Support for Prisons inmates
- Support for Trade Associations
- Support for development in traditional areas among others

9. Major transactions

During the year under review, no major transactions were entered into by SIC Insurance Company Limited.

10.Auditors and audit fees

In accordance with section 139 (1) of the Companies Act 2019, (Act 992), the auditors, Messrs. Deloitte & Touche will continue as the auditors of the Company.

The audit fee payable to the auditors is GH¢ 330,000 (2018: GH¢293,488).

11.Approval of financial statements

The financial statements were approved by the board of directors on 15 June 2020.

On behalf of the board of directors

....
Board Chairman

Date: 17/06/2020

....
Managing Director

Date: 17-6-2020

Financial highlights

	Group 2019 GH¢	2018 GH¢	Company 2019 GH¢	2018 GH¢
Gross premium	**211,514,138**	177,986,624	**211,514,138**	177,986,624
Net premium earned	**107,354,822**	97,817,184	**107,354,822**	97,817,184
Claims incurred	**(18,458,736)**	(35,883,964)	**(18,458,736)**	(35,883,964)
Underwriting Loss	**(11,259,656)**	(39,709,130)	**(9,089,674)**	(44,579,605)
Profit before tax	**15,908,290**	64,848,344	**13,961,633**	61,500,400
Profit after tax	**11,110,243**	46,499,742	**9,320,371**	44,664,218
Shareholders' funds	**253,330,219**	275,797,885	**269,909,150**	294,114,785
Net assets	**253,330,219**	275,797,885	**269,909,150**	294,114,785
Total assets	**550,950,034**	553,303,058	**537,120,365**	518,780,704
Number of shares issued and fully paid for	**195,645,000**	195,645,000	**195,645,000**	195,645,000
Earnings per share (GH¢)	**0.0568**	0.2377	**0.0476**	0.2283
Net assets per share (GH¢)	**1.2948**	1.4097	**1.3796**	1.5033
Current ratio	**0.9299**	0.8649	**1.0064**	0.9274
Return on shareholders' funds	**4%**	17%	**3%**	15%

Statement of directors' responsibilities

The Companies Act, 2019 (Act 992) requires the directors to prepare consolidated and separate 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 consolidated profit and loss and other comprehensive income for that year.

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

The Directors are responsible for ensuring that the group keeps accounting records that disclose reasonable accuracy of the consolidated financial position of the group to enable the directors ensure that the consolidated and separate financial statements comply with the Companies Act, 2019 (Act 992) and Insurance Act, 2006 (Act 724).

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Email: enquiries@stallionconsultants.com

Actuarial Opinion as at December 31, 2019

We have done an actuarial valuation to determine the technical liabilities for SIC Insurance Company Limited as at December 31, 2019.

Basis of Opinion
In our opinion, for the purposes of determining the statutory technical liabilities for the financial statement of SIC Insurance Company Limited for the year ending December 31, 2019, the assumptions are in aggregate the Appointed Actuary's best estimates and the methods employed are relevant to the economic environment in Ghana. This report has been prepared, and our opinions have been given, in accordance with Internationally Accepted Actuarial Practice.

This actuarial opinion covers the period from January 1, 2019 to December 31, 2019.

Opinion
We hereby certify that, in our opinion, as at December 31, 2019:

- Stallion Consultants Limited was appointed by SIC Insurance Company Limited to perform an actuarial valuation as at December 31, 2019 for the purpose of determining the information required for the annual financial statements of SIC Insurance Company Limited for the year ending December 31, 2019;

- The Company intends to use the results contained in this report and the attached Appendix A in preparing its annual financial statements and we are not aware of any reason why this would not be appropriate;

- The assumptions established for the actuarial valuation are the Appointed Actuary's best estimates. The valuation report includes all products in the company's portfolio and we are not aware of any other significant matters or events that have occurred prior to the date of this report that would have a material effect on the figures shown herein;

- This actuarial opinion covers the actuarial investigation performed on SIC Insurance Company Limited;

- The effective date of our valuation of the Company is December 31, 2019; the next actuarial valuation should be performed with effective date not later than December 31, 2020.

Charles Osei – Akoto, ASA, MAAA
Executive Chairman
Stallion Consultants Limited

March 11, 2020

Deloitte

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Independent auditor's report

To the Shareholders of SIC Insurance Company Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of SIC Insurance Company Limited which comprise the consolidated and separate statement of financial position as at 31 December 2019 and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity, consolidated and separate statement of cash flows for the year then ended, the notes to the consolidated and separate financial statements including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of SIC Insurance Company Limited and its subsidiary as at 31 December 2019 and the consolidated and separate financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, and in the manner required by the Companies Act, 2019 (Act 992) and the Insurance Act, 2006 (Act 724).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (including International Independent Standards) (the Code) issued by the International Ethics and Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Matter of Emphasis

We draw your attention to Note 27 of the financial statements, which describes the basis of accounting for the Company's Investment in SIC Life Company Limited (an associate). The financial statements of SIC Life Company Limited, used for the equity accounting was its management accounts, which had not been consolidated although the company has a subsidiary. Any effect resulting from the subsequent consolidation of the financial statements of the associate may have an impact on the results of SIC Insurance Company Limited.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Matter of Emphasis section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Deloitte.

Independent auditor's report

To the Shareholders of SIC Insurance Company Limited

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">The methodology and assumptions used in setting outstanding claims and other technical insurance reserves</td></tr>
<tr><td>Insurance reserves include the company's insurance liabilities, a provision for Incurred But Not Reported (IBNR) claims, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period as detailed in note 20. The determination of the value of the insurance reserves requires significant judgment in the selection of key assumptions and methodologies. These are complex and involve judgement (both economic and demographic).

Management exercise significant judgement in respect of the appropriate methodology in estimating the claims and other technical reserves. Where possible the company adopts multiple techniques to estimate the required level of provisions. 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 extent of development of each accident year.

There is a risk that IBNR determination will be based on inaccurate data and assumptions leading to a misstatement in amounts recorded.

National Insurance Commission (NIC) sets out a particular methodology (chain ladder, average cost per claim, Bornhuetter Ferguson or Standard Development) that the actuarial report should follow and specifies the main sections the report must cover. There is also the risk that valuation method may not be consistent with previous years in an attempt to show a favorable position.

The disclosure relating to insurance liabilities, which is included in, notes to the financial statements are considered important to the users of the financial statements given the level of judgement and estimation involved.</td><td>We have performed audit procedures over the setting of outstanding claims and other technical insurance reserves by the company.
We have tested the design and implementation of key controls over the reserving process. We also tested the completeness and accuracy of the underlying data used in the actuarial calculations. Having done this, we worked with the Actuarial specialists to:

• consider the suitability of the methodology used in setting insurance reserves
• challenge management's key assumptions and judgements against industry benchmark; and
• assess whether the reserving methodology has been applied consistently across periods;
• assess the independence, objectivity, capability and competence of Management's expert

We also performed work to understand the sensitivity of reserves to changes in key assumptions and methodology used by management by performing the following tests:
• Used the results of Management and our risk assessment of the reserves to focus our efforts on reserves that have been identified as higher-risk;
• Leveraged the work and materials of the SIC Group actuaries and the externally prepared actuarial reviews to the extent possible;
• Examined specific notices and correspondence between SIC and insurers related to large losses;
• Tested the completeness, accuracy and validity of data in the policy in-force file critical to reserving;
• Tested results of the loss recognition testing and statutory asset adequacy analysis;
• Reviewed Liability Adequacy Test; and
• Reconciled the results to the financial statement.</td></tr>
</table>

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Independent auditor's report

To the Shareholders of SIC Insurance Company Limited

Key audit matter	How our audit addressed the key audit matter
	Our tests did not reveal any significant differences and was satisfactory. We considered the disclosures relating to the insurance liabilities and have found it to be appropriate and adequate.

Other Information

The directors are responsible for the other information. The other information comprises the report of the directors, financial highlights, statement of directors' responsibilities and the actuary opinion, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated and separate financial statements

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the Insurance Act,2006 (Act 724) and the requirements of the Companies Act, 2019 (Act 992) and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Consolidated and Separate Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of

Deloitte.

Independent auditor's report

To the Shareholders of SIC Insurance Company Limited

assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee and the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

1. We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.

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Independent auditor's report

To the Shareholders of SIC Insurance Company Limited

2. In our opinion:
   - proper books of accounts have been kept by the Group, so far as appears from our examination of those books.
   - the information and explanations given to us, is in the manner required by Act 992 and give a true and fair view of the:

     a. statement of financial position of the Group at the end of the financial year, and
     b. statement of profit or loss and other comprehensive income for the financial year.

   - the group accounts have been properly prepared in accordance with Act 992, to give a true and fair view of the state of affairs, and the profit or loss of the company and its subsidiaries.

3. The Group's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the accounting records and returns.

4. The group account has been properly prepared in accordance with Act 992, to give a true and fair view of the state of affairs, and the profit or loss of the company and its subsidiaries.

5. We are independent of the group, pursuant to Section 143 0f Act 992

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

The company has generally complied with the provisions of the Insurance Act, 2006 (Act 724).

The engagement partner on the audit resulting in this independent auditor's report is **Emmanuel Martey (ICAG/P/1476).**

Deloitte & Touche

For and on behalf of Deloitte & Touche (ICAG/F/2020/129)
Chartered Accountants
The Deloitte Place, Plot No.71
Off George Walker Bush Highway
North Dzorwulu
Accra Ghana

18 June, ... **2020**

classification: confidential

Consolidated and separate statement of financial position

As at 31 December 2019

Assets	Note	Group 2019 GH¢	Group 2018 GH¢	Company 2019 GH¢	Company 2018 GH¢
Non-Current Assets					
Property, plant and equipment	22	**93,389,072**	99,770,873	**92,825,952**	98,977,886
Intangible assets	23	**712,775**	785,124	**189,444**	253,923
Investment properties	24	**99,390,644**	99,297,443	**99,390,644**	99,297,443
Long term investments	25	**123,021,885**	125,325,430	**122,649,587**	124,901,263
Investment in subsidiary	26	-	-	**5,878,526**	5,878,526
Investment in associate	27	**22,463,126**	20,137,283	**22,463,126**	20,137,283
		338,977,502	345,316,153	**343,397,279**	349,446,324
Current assets					
Short term investments	28	**80,176,692**	68,338,396	**71,163,499**	59,273,314
Trade & other receivables	29	**46,586,099**	79,904,154	**37,412,405**	50,786,324
Inventories	30	**2,248,545**	1,729,538	**2,248,545**	1,729,538
Unearned reinsurance premium	5b	**52,883,589**	31,535,770	**52,883,589**	31,535,770
Cash and bank balances	31a	**30,077,607**	26,479,047	**30,015,048**	26,009,434
Total current assets		**211,972,532**	207,986,905	**193,723,086**	169,334,380
Total assets		**550,950,034**	553,303,058	**537,120,365**	518,780,704
Equity and liabilities					
Equity					
Stated capital	32	**25,000,000**	25,000,000	**25,000,000**	25,000,000
Revaluation reserve	33	**78,021,294**	78,026,677	**78,021,294**	78,026,677
Retained earnings		**35,742,906**	31,456,419	**56,941,248**	53,966,301
Contingency reserve	34	**35,865,768**	29,520,344	**35,865,768**	29,520,344
Available-for-sale reserves	35	**70,394,386**	103,351,710	**74,739,100**	107,601,463
Other reserves	38b	**(658,260)**	-	**(658,260)**	-
Non-controlling interest		**8,964,125**	8,442,735	-	-
Shareholders' funds		**253,330,219**	275,797,885	**269,909,150**	294,114,785
Non-current liabilities					
Employee benefits obligation	38a	**11,275,342**	9,806,945	**11,275,342**	9,806,945
Deferred tax	21d	**58,386,517**	27,224,138	**63,437,367**	32,273,730
		69,661,859	37,031,083	**74,712,709**	42,080,675
Current liabilities					
Bank overdraft	31b	**7,388,117**	7,297,752	**7,388,117**	7,297,752
Unearned premium	5b	**90,387,713**	69,658,597	**90,387,713**	69,658,597
Outstanding claims	8a	**33,474,530**	45,661,889	**33,474,530**	45,661,889
Trade & other payables	36	**87,644,903**	90,758,693	**53,070,290**	34,119,932
Borrowings	37	**5,534,700**	22,015,000	**5,534,700**	22,015,000
Taxation	21a	**2,125,557**	1,278,559	**1,690,748**	490,350
National stabilisation levy	21b	**1,402,436**	3,803,600	**952,408**	3,341,724
Total current liabilities		**227,957,956**	240,474,090	**192,498,506**	182,585,244
Total liabilities		**297,619,815**	277,505,173	**267,211,215**	224,665,919
Total equity and liabilities		**550,950,034**	553,303,058	**537,120,365**	518,780,704

Consolidated and separate statement of financial position

As at 31 December 2019

The consolidated and separate financial statements were approved by the Board of Directors on 17-06-20 and signed on their behalf by:

....
Board Chairman

Date: 17/06/2020

....
Managing Director

Date: 17-6-2020

The accompanying notes on pages 25 to 77 form an integral part of these financial statements

SIC Insurance Company Limited

Consolidated and separate of profit or loss and other comprehensive income

For the year ending 31 December 2019

		Group		Company	
	Note	**2019 GH¢**	2018 GH¢	**2019 GH¢**	2018 GH¢
Gross written premium	6	**211,514,138**	177,986,624	**211,514,138**	177,986,624
Less: Reinsurances ceded	7	**(104,778,018)**	(66,762,025)	**(104,778,018)**	(66,762,025)
Net written premium		**106,736,120**	111,224,599	**106,736,120**	111,224,599
Movement in unearned Premium	5b	**618,702**	(13,407,415)	**618,702**	(13,407,415)
Net premium earned		**107,354,822**	97,817,184	**107,354,822**	97,817,184
Claims incurred	8a	**(18,458,736)**	(35,883,964)	**(18,458,736)**	(35,883,964)
Brokerage and advisory fees	9	**6,690,681**	13,961,232	**-**	-
Net commissions	10	**2,293,761**	(1,960,823)	**2,293,761**	(1,960,823)
Management expenses	11	**(109,140,184)**	(113,642,760)	**(100,279,521)**	(104,552,002)
Underwriting loss		**(11,259,656)**	(39,709,131)	**(9,089,674)**	(44,579,605)
Investment income	12	**13,559,097**	15,654,704	**12,237,326**	12,176,206
Other income	13	**17,616,477**	101,074,411	**14,314,401**	100,493,381
Finance costs	14	**(3,500,420)**	(6,878,821)	**(3,500,420)**	(3,274,948)
Impairment loss	15	**(507,208)**	(5,292,820)	**-**	(3,314,634)
Profit before tax		**15,908,290**	64,848,344	**13,961,633**	61,500,400
Taxation	21(c)	**(4,099,965)**	(15,050,328)	**(3,943,180)**	(13,761,162)
National stabilisation levy	21(b)	**(698,082)**	(3,298,273)	**(698,082)**	(3,075,020)
Profit after tax		**11,110,243**	46,499,742	**9,320,371**	44,664,218
Other Comprehensive Income					
Net change in fair value of available for sale financial assets	35	**(2,303,579)**	10,123,761	**(2,251,676)**	87,817,511
Actuarial loss on employee benefits		**(658,260)**	-	**(658,260)**	-
Gain on property revaluation(net of tax)		**-**	60,238,171	**-**	60,238,171
Total Comprehensive Income		**8,148,404**	116,861,675	**6,410,435**	192,719,900
Basic earnings per share	16	**0.0568**	0.2377	**0.0476**	0.2283

Consolidated and separate of profit or loss and other comprehensive income

For the year ending 31 December 2019

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Profit attributable to:				
Equity holders of the parent	**10,588,853**	45,942,199	**9,320,371**	44,664,218
Non-Controlling Interest	**521,390**	557,543	**-**	-
	11,110,243	46,499,742	**9,320,371**	44,664,218
Total comprehensive income attributable to				
Equity holders of the parent	**7,627,014**	116,304,132	**6,410,435**	192,719,900
Non-Controlling Interest	**521,390**	557,543	**-**	-
	8,148,404	116,861,675	**6,410,435**	192,719,900

The accompanying notes on pages 25 to 77 form an integral part of these financial statements

Consolidated and separate statement of changes in equity

For the year ended 31 December 2019

Group

2019	**Stated capital** GH¢	**Retained earnings** GH¢	**Contingency reserves** GH¢	**Revaluation reserve** GH¢	**Available-for-sale reserve** GH¢	**Other reserves** GH¢	**Non-controlling interest** GH¢	**Total** GH¢
Bal at 1 January 2019	25,000,000	31,456,419	29,520,344	78,026,677	103,351,710	-	8,442,735	275,797,885
Profit for the year	-	11,110,243	-	-	-	-	-	11,110,243
	25,000,000	42,566,662	29,520,344	78,026,677	103,351,710	-	8,442,735	286,807,128
Other comprehensive income								
Net gain on available-for-sale investment	-	-	-	-	(2,303,579)	-	-	(2,303,579)
Actuarial movement in employee benefit	-	-	-	-	-	(658,260)	-	(658,260)
Total comprehensive income	-	-	-	-	(2,303,579)	(658,260)	-	(2,961,839)
Transfer (from)/to reserve	-	(6,345,424)	6,345,424	-	-	-	-	-
Deferred tax adjustment	-	-	-	(5,383)	(30,610,687)	-	-	(30,616,070)
Non-controlling interest	-	(521,390)	-	-	-		521,390	-
Write off of reserves in subsidiary	-	43,058	-	-	(43,058)	-	-	-
Bal at 31 December 2019	**25,000,000**	**35,742,906**	**35,865,768**	**78,021,294**	**70,394,386**	**(658,260)**	**8,964,125**	**253,330,219**

The accompanying notes on pages 25 to 77 form an integral part of these financial statements

Consolidated and separate statement of changes in equity

For the year ended 31 December 2019

2018	Stated capital GH¢	Retained earnings GH¢	Contingency reserves GH¢	Revaluation reserve GH¢	Available-for-sale reserve GH¢	Other reserves GH¢	Non-controlling interest GH¢	Total GH¢
Bal at 1 January 2018	25,000,000	(48,953,516)	29,520,344	17,788,506	93,295,894	-	7,885,192	124,536,420
Profit for the year	-	46,499,742	-	-	-	-	-	46,499,742
	25,000,000	(2,453,774)	29,520,344	17,788,506	93,295,894	-	7,885,192	171,036,162
Other Comprehensive income								
Net gain on available-for-sale investment	-	-	-	-	10,123,761	-	-	10,123,761
Revaluation on PPE	-	-	-	60,238,171	-	-	-	60,238,171
Total comprehensive income	-	-	-	60,238,171	10,123,761	-	-	70,361,932
IFRS 9 transition adjustment	-	8,926,209	-	-	-	-	-	8,926,209
Fair value change in assets classified as FVOCI	-	25,316,108	-	-	-	-	-	25,316,108
Non-controlling interest	-	(557,543)	-	-	-	-	557,543	-
Adjustment on subsidiary	-	225,419	-	-	(67,945)	-	-	157,474
Bal at 31 December 2018	**25,000,000**	**31,456,419**	**29,520,344**	**78,026,677**	**103,351,710**	**-**	**8,442,735**	**275,797,885**

The accompanying notes on pages 25 to 77 form an integral part of these financial statements

Consolidated and separate statement of changes in equity

For the year ended 31 December 2019

Company

2019	**Stated capital** GH¢	**Retained earnings** GH¢	**Contingency reserves** GH¢	**Revaluation reserve** GH¢	**Available-for-sale reserve** GH¢	**Other reserve**	**Total** GH¢
Bal at 1 January 2019	25,000,000	53,966,301	29,520,344	78,026,677	107,601,463	-	294,114,785
Profit for the year	-	9,320,371	-	-	-	-	9,320,371
	25,000,000	63,286,672	29,520,344	78,026,677	107,601,463	-	303,435,156
Other comprehensive income							
Net gain on available -for-sale investment	-	-	-	-	(2,251,676)	-	(2,251,676)
Actuarial movement in employee benefit	-	-	-	-	-	(658,260)	(658,260)
Total comprehensive income	-	-	-	-	(2,251,676)	(658,260)	(2,909,936)
Transfer (from)/to reserve	-	(6,345,424)	6,345,424	-	-	-	-
Deferred tax adjustment	-	-	-	(5,383)	(30,610,687)	-	(30,616,070)
Bal at 31 December 2019	25,000,000	56,941,248	35,865,768	78,021,294	74,739,100	(658,260)	269,909,150

The accompanying notes on pages 25 to 77 form an integral part of these financial statements

Consolidated and separate statement of changes in equity

For the year ended 31 December 2019

Company

2018	**Stated capital** GH¢	**Retained earnings** GH¢	**Contingency reserves** GH¢	**Revaluation reserve** GH¢	**Available-for-sale reserve** GH¢	**Total** GH¢
Bal at 1 January 2018	25,000,000	9,076,664	29,520,344	17,788,506	19,783,952	101,169,466
Profit for the year	-	44,664,218	-	-	-	44,664,218
	25,000,000	53,740,882	29,520,344	17,788,506	19,783,952	145,833,684
Other comprehensive income						
Revaluation on PPE	-	-	-	60,238,171		60,238,171
Net gain on available -for-sale investment	-	-	-	-	87,817,511	87,817,511
Total comprehensive income	-	-	-	60,238,171	87,817,511	148,055,682
Prior year adjustment	-	225,419	-	-	-	225,419
Bal at 31 December 2018	**25,000,000**	**53,966,301**	**29,520,344**	**78,026,677**	**107,601,463**	**294,114,785**

The accompanying notes on pages 25 to 77 form an integral part of these financial statements

Consolidated and separate statement of cash flows

For the year ended 31 December 2019

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Operating activities				
Operating profit	**15,908,290**	64,848,343	**13,961,633**	61,500,400
Adjustment to reconcile profit before tax to net cash flows:				
Depreciation	**7,258,992**	7,211,906	**6,988,409**	6,969,404
Amortisation of intangible assets	**79,349**	102,274	**64,479**	87,408
IFRS 9 transition adjustment	-	8,926,209	-	-
Profit on disposal of property, plant & equipment	**(20,217)**	-	**(20,217)**	-
Share of associate profit	**(2,325,843)**	(5,692,396)	**(2,325,843)**	(5,692,396)
Revaluation (gain) on investment properties	-	(81,446,040)	-	(81,446,040)
Interest received	**(12,637,014)**	(13,742,912)	**(11,315,243)**	(10,264,414)
Dividend received	**(922,083)**	(1,911,792)	**(922,083)**	(1,911,792)
Adjustment	-	(728,480)	-	(503,100)
Actuarial loss on employee benefit	**(658,260)**	-	**(658,260)**	-
Working capital adjustments:				
Change in provision for unearned premium	**20,729,116**	21,428,235	**20,729,116**	21,428,235
Change in receivables	**33,318,055**	(19,945,705)	**13,373,919**	(28,413,993)
Change in inventories	**(519,008)**	(541,786)	**(519,008)**	(541,786)
Change in trade & other payables	**(3,113,822)**	(13,710,983)	**18,950,358**	4,068,659
Change in provision for claims	**(12,187,359)**	17,779,257	**(12,187,359)**	17,779,257
Change in employee benefits	**1,468,397**	9,806,945	**1,468,397**	9,806,945
Change in unearned reinsurance premium	**(21,347,819)**	(8,020,819)	**(21,347,819)**	(8,020,819)
Tax paid	**(2,706,658)**	(4,625,767)	**(2,195,215)**	(3,015,052)
National stabilisation levy paid	**(3,099,246)**	(705,776)	**(3,087,398)**	(655,776)
Net cash generated from/(used in) operating activities	**19,224,871**	(20,969,287)	**20,957,867**	(18,824,860)

The accompanying notes on pages 25 to 77 form an integral part of these financial statements

Consolidated and separate statement of cash flows

For the year ended 31 December 2019

	Group 2019 GH¢	Group 2018 GH¢	Company 2019 GH¢	Company 2018 GH¢
Investing activities				
Acquisition of property, plant and equipment	**(878,997)**	(3,900,725)	**(838,280)**	(3,552,906)
Acquisition of intangible assets	**(7,000)**	(818,771)	**-**	(302,440)
Proceeds from sale of property, plant and equipment	**22,022**	-	**22,022**	-
Addition to investment properties	**(93,201)**		**(93,201)**	
Dividend received	**922,083**	1,911,792	**922,083**	1,911,792
Interest received	**12,637,014**	13,742,912	**11,315,243**	10,264,414
Net cash generated from investing activities	**12,601,921**	10,935,208	**11,327,867**	8,320,860
Financing activities				
Movement in borrowings	**(16,480,300)**	22,015,000	**(16,480,300)**	22,015,000
Net cash (used in)/ generated from financing activities	**(16,480,300)**	22,015,000	**(16,480,300)**	22,015,000
Changes in cash and cash equivalents	**15,346,491**	11,980,921	**15,805,434**	11,511,000
Cash at 1 January	**87,519,691**	75,538,770	**77,984,996**	66,473,996
Cash at 31 December	**102,866,182**	87,519,691	**93,790,430**	77,984,996
Analysis of changes in cash and cash equivalents				
Cash and bank	**30,077,607**	26,479,047	**30,015,048**	26,009,434
Bank Overdraft	**(7,388,117)**	(7,297,752)	**(7,388,117)**	(7,297,752)
Short term investments	**80,176,692**	68,338,396	**71,163,499**	59,273,314
	102,866,182	87,519,691	**93,790,430**	77,984,996

The accompanying notes on pages 25 to 77 form an integral part of these financial statements

1. Reporting entity

SIC Insurance Company Limited underwrites 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 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 benefits are measured at net present value, financial assets and liabilities are initially recognised at fair value.

c) Use of estimates and judgements

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.

ii) **Associates (cont'd):**

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

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

(b) Segment reporting

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

(c) Foreign currency translation

i) **Functional and presentation currency:**

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

ii) **Transactions and balances:**

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

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

iii) **Exchange differences:**

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

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

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

(d)Property, plant and equipment

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

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

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

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

Motor vehicles	**20%**	**Per annum**
Office furniture	**10%**	"
Household furniture	**20%**	"
Freehold buildings	**1%**	"
Office equipment	**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 rental purposes and capital appreciation is classified as investment property. Such property is not owner occupied.

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.

(e) Investment properties (cont'd)

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) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item.

(ii) Debt instruments classified as at FVTOCI

The corporate bonds held by the Group are classified as at FVTOCI. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost.

All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL.

Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses'.

(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 event

(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)(iv) the disappearance of an active market for that financial asset because of financial difficulties; or
(v) (v) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

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

(g) Impairment of assets (Cont'd)

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 statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

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

(j) Share capital

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

(k) Insurance and investment contracts – classification

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

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

(l) Insurance contracts

i). Recognition and measurement:

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

ii). Non-life insurance contracts:

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

Casualty insurance contracts protect the group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).
Property insurance contracts mainly compensate the group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Personal accident insurance contracts mainly compensate the policy holder for bodily injuries suffered. It can be extended to family members and employees of the insured.
For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the statement of financial position date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

ii). Non-life insurance contracts (cont'd)

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 2019. 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 (i.e., salvage). The group may also have the right to pursue third parties for payment of some or all costs (i.e., subrogation).

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

(m) Deferred tax

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

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

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

(n) Employee benefits

i). Pension obligations:

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

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

ii). Other post-employment obligations:

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

iii). Termination benefits:

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

(o) Provisions

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, policy-holder 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.

ii). Sources of uncertainty in the estimation of future claim payments (cont'd)

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 has 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.

	5% change in Interest rate GH¢	31-Dec-19 Amount GH¢	Scenario 1 5% increase GH¢	Scenario 2 5% decrease GH¢
Pre-tax profit	795,415	15,908,290	16,703,705	15,112,876
Shareholders' equity	12,666,511	253,330,219	265,996,730	240,663,708

	5% change in Interest rate GH¢	31-Dec-18 Amount GH¢	Scenario 1 5% increase GH¢	Scenario 2 5% decrease GH¢
Pre-tax loss	3,242,417	64,848,343	68,090,760	61,605,926
Shareholders' equity	13,789,894	275,797,883	289,587,777	262,007,989

Assuming no management actions, a series of such rises would increase pre-tax profit for 2019 by GH¢ 795,415 (2018: GH¢3,242,417), while a series of such falls would decrease pre-tax profit for 2019 by GH¢ 795,415 (2018: GH¢3,242,417). Also a series of such rises would increase the shareholders' equity by GH¢ 12,666,511 (2018: GH¢13,789,894) whilst a series of such falls would decrease shareholders' equity by GH¢ 12,666,511 (2018: GH¢ 13,789,894).

b) Credit risk:

The group has exposure to credit risk, which is the risk that counterparty will be unable to pay amounts in full when due. Key areas where the group is exposed to credit risk are:
- reinsurers' share of insurance liabilities,
- amounts due from reinsurers in respect of claims already paid,

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

Maximum exposure to credit risk before collateral held

The Group's maximum exposure to credit risk at 31 December 2019 and 2018 is the same as the balances of the various financial assets in the statement of financial position listed below.

	2019 GH¢	2018 GH¢
Short term investments	**80,176,692**	68,338,396
Trade and other receivables	**46,586,099**	79,904,154
Cash and bank balances	**30,077,607**	26,479,047
	156,840,398	174,721,597

c) Liquidity risk:

The group is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The group's approach to managing liquidity risk is to ensure that it will maintain adequate liquidity to meets its liabilities when due. Please refer to note 19 for the details of the insurance liabilities which may have an impact on the liquidity risk.

The table below presents the cash flows payable by the group under financial liabilities by remaining contractual maturities at the balance sheet date.

Maturity analysis of financial assets and liabilities

2019	Carrying amount GH¢	Up to one year GH¢	More than one year GH¢	**Total GH¢**
Financial assets				
Short term investments	**80,176,692**	**80,176,692**	-	**80,176,692**
Other receivables	**46,586,099**	**46,586,099**	-	**46,586,099**
Cash and bank balances	**30,077,607**	**30,077,607**	-	**30,077,607**
Total undiscounted assets	**156,840,398**	**156,840,398**	-	**156,840,398**
Financial liability				
Bank overdraft	**7,388,117**	**7,388,117**	-	**7,388,117**
Insurance contract liabilities	**123,862,243**	**123,862,243**	-	**123,862,243**
Trade and other accounts payable	**87,644,903**	**87,644,903**	-	**87,644,903**
Borrowings	**5,534,700**	**5,534,700**	-	**5,534,700**
Total undiscounted liabilities	**224,429,963**	**224,429,963**	-	**224,429,963**
Total liquidity gap	**(67,589,565)**	**(67,589,565)**	-	**(67,589,565)**

2018	Carrying amount GH¢	Up to one year GH¢	More than one year GH¢	**Total GH¢**
Financial assets				
Short term investments	68,338,396	68,338,396	-	**68,338,396**
Other receivables	79,904,154	79,904,154	-	**79,904,154**
Cash and bank balances	26,479,047	26,479,047	-	**26,479,047**
Total undiscounted assets	174,721,597	174,721,597	-	**174,721,597**
Financial liability				
Bank overdraft	7,297,752	7,297,752	-	**7,297,752**
Insurance contract liabilities	115,320,486	115,320,486	-	**115,320,486**
Trade and other accounts payable	90,758,693	90,758,693	-	**90,758,693**
Borrowings	22,015,000	22,015,000	-	**22,015,000**
Total undiscounted liabilities	235,391,931	235,391,931	-	**235,391,931**
Total liquidity gap	(60,670,334)	(60,670,334)	-	**(60,670,334)**

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 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.

2019	10% change in exchange rate GH¢	31-Dec-19 Amount GH¢	Scenario 1 10% increase GH¢	Scenario 2 10% decrease GH¢
Pre-tax profit/(loss)	1,590,829	15,908,290	17,499,119	14,317,461
Shareholders' equity	25,333,022	253,330,219	278,663,241	227997,197

2018	10% change in exchange rate GH¢	31-Dec-18 Amount GH¢	Scenario 1 10% increase GH¢	Scenario 2 10% decrease GH¢
Pre-tax profit/(loss)	6,484,834	64,848,343	71,333,177	58,363,509
Shareholders' equity	27,579,788	275,797,883	303,377,671	248,218,095

Assuming no management actions, a series of such rises would increase pre-tax profit for 2019 by GH¢ 1,590,829 (2018: GH¢6,484,834), while a series of such falls would decrease pre-tax profit for 2019 by GH¢ 1,590,829 (2018: GH¢6,484,834). Also a series of such rises would increase the shareholders' equity by GH¢ 25,333,022 (2018: GH¢27,579,788), whilst a series of such falls would decrease shareholders' equity by GH¢ 25,333,022 (2018: GH¢27,579,788).

The following significant exchange rates were applied during the year:

	2019 GH¢ Selling	2019 GH¢ Buying	2018 GH¢ Selling	2018 GH¢ Buying
US Dollar	**5.5365**	**5.5309**	4.8224	4.8176
GB Pound	**7.3203**	**7.3124**	6.1746	6.1675
Euro	**6.2131**	**6.2096**	5.5150	5.5111

4. Application of new and revised standards, amendments and interpretations

New and amended IFRS Standards that are effective for the current year

Impact of initial application of IFRS 16 *Leases*

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 3. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The Group has applied IFRS 16 using the full retrospective approach, with restatement of the comparative information.

(a)Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

(a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

(ii) Former finance leases

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's consolidated financial statements.

(c) Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

(d) Financial impact of the initial application of IFRS 16

There is no material change in the financial statement upon initial application of IFRS 16 as the Group is a lessor and IFRS 16 does not require any significant changes to the recognition and measurement of leased items by the lessor.

New and amended IFRS Standards that are effective for the current year but with no material impact upon adoption

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 9 *Prepayment Features with Negative Compensation*

The Group has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*

The Group has adopted the amendments to IAS 28 for the first time in the current year. The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Group applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the Group does not take account of any adjustments to the carrying amount of long-term interests required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Annual Improvements to IFRS Standards 2015–2017 Cycle

The Group has adopted the amendments included in the *Annual Improvements to IFRS Standards 2015–2017 Cycle* for the first time in the current year. The Annual Improvements include amendments to four Standards:

IAS 12 Income Taxes

The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IFRS 3 Business Combinations

The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its PHI in the joint operation.

Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement*

The Group has adopted the amendments of IAS 19 for the first time in the current year. The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Group will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

IFRIC 23 *Uncertainty over Income Tax Treatments*

The Group has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective [and [in some cases] had not yet been adopted by the European Union (EU).

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

IFRS 17 *Insurance Contracts*

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts.*

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft *Amendments to IFRS 17* addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2022.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

IFRS 10 and IAS 28 (amendments) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IFRS 3 *Definition of a business*

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to IAS 1 and IAS 8 *Definition of material*

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the *Conceptual Framework* that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

Amendments to References to the* Conceptual Framework in *IFRS Standards

Together with the revised *Conceptual Framework*, which became effective upon publication on 29 March 2018, the IASB has also issued *Amendments to References to the* Conceptual Framework in *IFRS Standards*. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC *Framework* adopted by the IASB in 2001, the IASB *Framework* of 2010, or the new revised *Framework* of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

6. 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.

Notes to the consolidated and Separate financial statements
For the year ended 31 December 2019

5a. Segment information (continued)

Class of business	Motor GH¢	Fire GH¢	Accident GH¢	Marine & Aviation GH¢	2019 Total GH¢	2018 Total GH¢
Gross premiums	67,153,670	87,555,365	44,389,912	12,415,191	211,514,138	177,986,624
Reinsurances	(844,744)	(76,453,119)	(18,264,492)	(9,215,663)	(104,778,018)	66,762,025
Net premiums	66,308,926	11,102,246	26,125,419	3,199,529	106,736,120	111,224,599
Movement in unearned premium	(2,469,555)	(304,725)	3,472,252	(79,269)	618,702	(13,407,415)
Premium earned	63,839,371	10,797,521	29,597,671	3,120,260	107,354,822	97,817,184
Net commissions	(8,996,875)	9,424,926	1,382,094	483,615	2,293,761	(1,960,823)
	54,842,496	20,222,447	30,979,765	3,603,875	109,648,583	95,856,361
Claims incurred	(12,631,795)	5,519,750	(11,599,544)	252,853	(18,458,736)	(35,883,964)
	42,210,701	25,742,197	19,380,221	3,856,728	91,189,847	59,972,397
Management expenses	(31,837,768)	(41,510,275)	(21,045,397)	(5,886,081)	(100,279,521)	(104,552,002)
Underwriting results transferred to profit and loss A/c	10,372,933	(15,768,078)	(1,665,176)	(2,029,353)	(9,089,674)	(44,579,605)

Notes to the consolidated and Separate financial statements
For the year ended 31 December 2019

5b. Unearned premium

	Motor	Fire	Accident	Marine & Aviation	2019 Total	2018 Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Unearned Premium - Start	23,438,045	28,855,675	10,567,450	6,797,427	69,658,596	48,230,363
Unearned Rein Prem - Start	(263,752)	(22,392,130)	(3,098,392)	(5,781,496)	(31,535,770)	(23,514,951)
Unearned Premium - Close	(25,970,538)	(53,376,443)	(6,791,005)	(4,249,727)	(90,387,713)	(69,658,597)
Unearned Reins Prem – Close	326,690	46,608,173	2,794,199	3,154,527	52,883,589	31,535,770
Movement in Unearned Prem	(2,469,555)	(304,725)	3,472,252	(79,269)	618,702	(13,407,415)

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

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.

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.

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.

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, banker's indemnity, pedals cycle, products liability, contractors all-risk, travel insurance, bonds etc.

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

Notes to the consolidated and Separate financial statements

For the year ended 31 December 2019

7. Gross premium

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Motor	**67,153,670**	63,181,072	**67,153,670**	63,181,072
Fire	**87,555,365**	49,944,180	**87,555,365**	49,944,180
Accident	**44,389,912**	50,011,046	**44,389,912**	50,011,046
Marine and aviation	**12,415,191**	14,850,326	**12,415,191**	14,850,326
	211,514,138	177,986,624	**211,514,138**	177,986,624

8. Reinsurances ceded

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Motor	**844,744**	710,985	**844,744**	710,985
Fire	**76,453,119**	38,756,902	**76,453,119**	38,756,902
Accident	**18,264,492**	14,663,315	**18,264,492**	14,663,315
Marine and aviation	**9,215,663**	12,630,823	**9,215,663**	12,630,823
	104,778,018	66,762,025	**104,778,018**	66,762,025

8a. Claims incurred

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Payments during the year	**33,568,736**	28,187,341	**33,568,736**	28,187,341
Claims outstanding at 31 December	**33,474,530**	45,661,889	**33,474,530**	45,661,889
	67,043,266	73,849,230	**67,043,266**	73,849,230
Claims outstanding at 1 January	**(45,661,889)**	(27,882,632)	**(45,661,889)**	(27,882,632)
	21,381,377	45,966,598	**21,381,377**	45,966,598
Net recoveries	**(2,922,641)**	(10,082,634)	**(2,922,641)**	(10,082,634)
Claims net of recoveries	**18,458,736**	35,883,964	**18,458,736**	35,883,964

Claims provision

The company's outstanding claims provision includes notified claims as well as those incurred but not yet reported. Due to the short term nature of the business, it is not considered necessary to discount any of the claims provision.

Claims provisions are based on previous claims experience, knowledge of events, terms and conditions of relevant policies and interpretation of circumstances. Each notified claim is assessed on a separate case-by- case basis with regard to specific circumstances, information available from the insured, the loss adjuster and past experience of similar claims. The company employs staff experienced in claims handling and rigorously applies standardized policies and procedures around claims assessment.

Actuary
The valuation of the IBNR was carried out by Stallion Consultants Limited (Actuaries, Pensions and Benefits Consultants) with registered office as 3rd Floor, Gulf House, Tetteh Quarshie Interchange, Airport West, Accra.

8b. Exceptional claims

Ivory Finance Limited

In accordance with the Bank and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the effect of the Receiver taking possession of CDH Savings & Loans Ltd (formerly Ivory Finance Company Ltd) is that any legal proceedings against the company must be stayed. The effect was that the suit brought by SIC to set aside the consent judgment was automatically stayed. Since there was nothing in Act 930 preventing the Receiver to proceed against SIC in respect of the consent judgment whilst SIC's case against CDH hand been stayed, SIC applied to set aside the execution of the consent for GHS91,918,418.35 plus accrued interest. The Receiver did not oppose the said application. Furthermore, SIC has lodged a claim for the recovery from the Receiver, the GHS19,303,800 which had been paid by SIC as a condition for stay of the execution of the consent.

It is anticipated that SIC would obtain a receivable of GHS19,303,800 to improve its profit position should the Receiver pay the said amount. In the meantime, the legal suit is in abeyance.

9. Brokerage and advisory fees

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢		GH¢
Asset Management	**6,203,901**	12,435,481	-	-
Corporate Finance	**440,200**	1,198,243	-	-
Brokerage Fees	**46,580**	327,508	-	-
	6,690,681	13,961,232	-	-

10. Net commissions

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Receivable	**23,410,978**	16,303,942	**23,410,978**	16,303,942
Payable	**(21,117,217)**	(18,264,765)	**(21,117,217)**	(18,264,765)
Net commissions	**2,293,761**	(1,960,823)	**2,293,761**	(1,960,823)

Notes to the consolidated and Separate financial statements

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11. Management expenses

Management expenses is stated after charging:

	Group 2019 GH¢	Group 2018 GH¢	Company 2019 GH¢	Company 2018 GH¢
Directors' emoluments	**484,994**	652,356	**317,672**	474,904
Staff cost	**68,839,207**	80,086,867	**62,110,485**	73,833,218
Depreciation	**7,258,992**	7,211,906	**6,988,409**	6,969,403
Software amortisation	**79,349**	102,274	**64,479**	87,409
Audit fees	**330,000**	293,488	**180,000**	165,000

12. Investment income

	Group 2019 GH¢	Group 2018 GH¢	Company 2019 GH¢	Company 2018 GH¢
Dividend	**922,083**	1,911,792	**922,083**	1,911,792
Interest on fixed deposits	**6,554,728**	6,810,927	**6,554,728**	5,448,050
Interest on treasury bills	**4,387,561**	4,577,001	**4,387,561**	4,577,001
Statutory Investments	**318,239**	174,507	**318,239**	174,507
Other investment income	**1,376,486**	2,180,477	**54,715**	64,856
	13,559,097	15,654,704	**12,237,326**	12,176,206

13. Other income

	Group 2019 GH¢	Group 2018 GH¢	Company 2019 GH¢	Company 2018 GH¢
Rent	**1,198,239**	1,368,557	**1,198,239**	1,368,557
Sale of stickers	**2,981,526**	2,465,750	**2,981,526**	2,465,750
Net medical income	**4,766,706**	4,106,735	**4,766,706**	4,106,735
Share of associate profit	**2,325,843**	5,692,396	**2,325,843**	5,692,396
Profit on disposal of assets	**20,217**	-	**20,217**	-
Revaluation gain-investment properties	**-**	81,446,040	**-**	81,446,040
Sundry income	**6,323,947**	2,828,216	**3,021,871**	2,247,186
Gain on exchange	**-**	3,166,717	**-**	3,166,717
	17,616,477	101,074,411	**14,314,401**	100,493,381

14. Finance cost

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Interest on borrowings and overdraft facility	**3,500,420**	3,274,948	**3,500,420**	3,274,948
Interest on loans	**-**	3,603,873	**-**	-
	3,500,420	6,878,821	**3,500,420**	3,274,948

15. Impairment loss

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Impairment on financial assets	**296,692**	3,382,336		3,314,634
Impairment on trade and other receivables	**210,516**	-	-	-
Impaired investment – SIC FSL Tanink taxi project	**-**	1,910,484	-	-
	507,208	5,292,820	-	3,314,634

16. 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	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Profit attributable to the group's equity Holders	**11,110,243**	46,499,742	**9,320,371**	44,664,218
Weighted average number of ordinary shares in issue	**195,645,000**	195,645,000	**195,645,000**	195,645,000
Basic earnings per share	**0.0568**	0.2377	**0.0476**	0.2283

17. Financial instruments classification summary

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

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Available-for-sale (Note 18)	**124,739,323**	125,123,030	**124,698,863**	124,698,863
Receivables (including insurance receivables) (Note 19)	**11,450,581**	27,010,476	**11,450,581**	27,010,476

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

18. Available-for-sale financial assets

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Equity securities:				
Listed	**12,577,684**	12,961,391	**12,537,224**	12,537,224
Unlisted	**112,161,639**	112,161,639	**112,161,639**	112,161,639
Total available-for-sale financial assets	**124,739,323**	125,123,030	**124,698,863**	124,698,863

19. Receivables

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Receivables arising from insurance and reinsurance contracts:				
Due from agents, brokers and intermediaries	**11,450,581**	27,010,476	**11,450,581**	27,010,476
Total receivables including insurance receivables	**11,450,581**	27,010,476	**11,450,581**	27,010,476
Current portion	**11,450,581**	27,010,476	**11,450,581**	27,010,476

The carrying amount is a reasonable approximation of fair value.

The group's receivables are non-interest bearing assets. Management has assessed all receivables for impairment purposes, and no impairment loss was determined.

20. Insurance liabilities

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Claims reported and loss adjustment expenses (Note 8a)	**19,117,538**	33,215,748	**19,117,538**	33,215,748
Claims incurred but not reported (IBNR) (Note 8a)	**14,356,992**	12,446,141	**14,356,992**	12,446,141
Unearned premiums (Note 5)	**90,387,713**	69,658,597	**90,387,713**	69,658,597
Total insurance liabilities	**123,862,243**	115,320,486	**123,862,243**	115,320,486

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

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21. Taxation - Group

(a) Income tax payable

Income tax	At 1-Jan GH¢	Charge for the year GH¢	Payment during the year GH¢	At 31-Dec GH¢
Up to 2017	4,256,933	-	-	4,256,933
2018	(2,978,374)	-	-	(2,978,374)
2019	-	3,553,656	(2,706,658)	846,998
	1,278,559	3,553,656	(2,706,658)	2,125,557

(b) National stabilization levy

	At 1-Jan GH¢	Charge for the year GH¢	Payment during the year GH¢	At 31-Dec GH¢
Up to 2017	1,211,103	-	-	1,211,103
2018	2,592,497	-	-	2,592,497
2019	-	698,082	(3,099,246)	(2,401,164)
	3,803,600	698,082	(3,099,246)	1,402,436

Taxation - Company

(a) Income tax payable

Income tax	At 1-Jan GH¢	Charge for the year GH¢	Payment during the year GH¢	At 31-Dec GH¢
Up to 2017	3,147,175	-	-	3,147,175
2018	(2,656,825)	-	-	(2,656,825)
2019	-	3,395,613	(2,195,215)	1,200,398
	490,350	3,395,613	(2,195,215)	1,690,748

(b) National stabilization levy

	At 1-Jan GH¢	Charge for the year GH¢	Payment during the year GH¢	At 31-Dec GH¢
Up to 2017	922,480	-	-	922,480
2018	2,419,244	-	-	2,419,244
2019	-	698,082	(3,087,398)	(2,389,316)
	3,341,724	698,082	(3,087,398)	952,408

Notes to the consolidated and Separate financial statements

For the year ended 31 December 2019

(c) Income tax expenses

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Corporate tax	**3,553,656**	1,647,393	**3,395,613**	358,227
Deferred tax	**546,309**	13,402,935	**547,567**	13,402,935
	4,099,965	15,050,328	**3,943,180**	13,761,162

(d) Deferred tax

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Balance at 1 January	**27,224,138**	(4,861,134)	**32,273,730**	165,507
Charge/(credit) to P & L	**546,309**	13,379,984	**547,567**	13,402,935
Charge to OCI	**30,616,070**	18,705,288	**30,616,070**	18,705,288
Balance at 31 December	**58,386,517**	27,224,138	**63,437,367**	32,273,730

Notes to the consolidated and Separate financial statements
For the year ended 31 December 2019

22. Property, plant and equipment

Group

2019	Leasehold buildings GH¢	Leasehold land GH¢	Freehold buildings GH¢	Computers GH¢	Capital work in progress GH¢	Other machinery & equipment GH¢	Total GH¢
Cost							
Balance as at 1 January	53,384,520	10,972,800	28,052,468	2,336,077	2,794,159	18,137,431	115,677,455
Additions for the year	136,245	-	-	39,342	-	703,410	878,997
Disposal	-	-	-	-	-	(158,511)	(158,511)
Balance as at 31 December	53,520,765	10,972,800	28,052,468	2,375,419	2,794,159	18,840,840	116,397,940
Accumulated Depreciation							
Balance as at 1 January	3,215,477	974,888	280,525	1,673,546	-	9,762,146	15,906,582
Charge for the year	3,220,018	974,889	280,524	289,689		2,493,872	7,258,992
Disposal	-	-	-	-	-	(156,706)	(156,706)
Balance as at 31 December	6,435,495	1,949,777	561,049	1,963,235	-	12,099,312	23,008,868
Net book value	**47,085,270**	**9,023,023**	**27,491,419**	**412,184**	**2,794,159**	**6,741,528**	**93,389,072**

Notes to the consolidated and Separate financial statements
For the year ended 31 December 2019

22. Property, plant and equipment (continued)

Group

2018	Leasehold buildings	Leasehold land	Freehold buildings	Freehold land	Computers	Capital work in progress	Other machinery & equipment	Total
Cost	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance as at 1 January	6,141,107	5,199,628	7,796,797	9,429,000	1,767,226	2,794,159	14,805,557	47,933,474
Additions for the year	-	-	-	-	568,851	-	3,331,874	3,900,725
Revaluation	47,718,413	6,010,987	21,091,750	-	-	-	-	74,821,150
Adjustment	(475,000)	(237,815)	(836,079)	(9,429,000)	-	-	-	(10,977,894)
Balance as at 31 December	53,384,520	10,972,800	28,052,468	-	2,336,077	2,794,159	18,137,431	115,677,455
Accumulated Depreciation								
Balance as at 1 January	2,439,197	1,518,838	651,465	-	1,395,364	-	7,858,222	13,863,086
Charge for the year	3,215,478	974,890	280,524	-	292,464	-	2,448,550	7,211,906
Revaluation	(2,439,198)	(1,518,840)	(651,464)	-	-	-	-	(4,609,502)
Adjustment	-	-	-	-	(14,282)	-	(544,626)	(558,908)
Balance as at 31 December	3,215,477	974,888	280,525	-	1,673,546	-	9,762,146	15,906,582
Net book value	50,169,043	9,997,912	27,771,943	-	662,531	2,794,159	8,375,285	99,770,873

Notes to the consolidated and Separate financial statements
For the year ended 31 December 2019

22. Property, plant and equipment (continued)

Company

2019	Leasehold buildings	Leasehold land	Freehold buildings	Freehold land	Computers	Capital work in progress	Other machinery & equipment	Total
Cost	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance as at 1 January	53,384,520	10,972,800	28,052,400	-	2,064,417	3,266,498	16,183,292	113,923,927
Additions for the year	136,245				7,300		694,735	838,280
Disposal	-	-	-	-	-	-	(116,507)	(116,507)
Balance as at 31 December	53,520,765	10,972,800	28,052,400	-	2,071,717	3,266,498	16,761,520	114,645,700
Accumulated Depreciation								
Balance as at 1 January	3,215,478	974,890	280,524	-	1,478,656	-	8,996,493	14,946,041
Charge for the year	3,220,018	974,889	280,524		245,891	-	2,268,037	6,988,409
Disposal	-	-	-	-	-	-	(114,702)	(114,702)
Balance as at 31 December	6,435,496	1,949,779	561,048	-	1,723,597	-	11,149,828	21,819,748
Net book value	**47,085,269**	**9,023,021**	**27,491,352**	**-**	**348,120**	**3,266,498**	**5,611,692**	**92,825,952**

Disposal Schedule

	Cost	Accumulated depreciation	Net book value	Proceeds	Profit on disposal
Group					
Other machinery & equipment	158,511	(156,706)	1,805	22,022	20,217
Company					
Other machinery & equipment	116,507	(114,702)	1,805	22,022	20,217

Notes to the consolidated and Separate financial statements
For the year ended 31 December 2019

22. Property, plant and equipment (continued)

Company

2018	Leasehold buildings	Leasehold land	Freehold buildings	Freehold land	Computers	Capital work in progress	Other machinery & equipment	Total
Cost	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance as at 1 January	6,141,107	5,199,628	7,796,729	9,429,000	1,564,258	3,266,498	13,130,545	46,527,765
Additions for the year		-	-	-	500,159	-	3,052,747	3,552,906
Revaluation	47,718,413	6,010,987	21,091,750	-	-	-	-	74,821,150
Adjustment	(475,000)	(237,815)	(836,079)	(9,429,000)	-	-	-	(10,977,894)
Balance as at 31 December	53,384,520	10,972,800	28,052,400	-	2,064,417	3,266,498	16,183,292	113,923,927
Accumulated Depreciation								
Balance as at 1 January	2,439,198	1,518,840	651,464	-	1,234,623	-	7,300,922	13,145,047
Charge for the year	3,215,478	974,890	280,524	-	258,315	-	2,240,197	6,969,404
Revaluation	(2,439,198)	(1,518,840)	(651,464)	-	-	-	-	(4,609,502)
Adjustment	-	-	-	-	(14,282)	-	(544,626)	(558,908)
Balance as at 31 December	3,215,478	974,890	280,524	-	1,478,656	-	8,996,493	14,946,041
Net book value	50,169,042	9,997,910	27,771,876	-	585,761	3,266,498	7,186,799	98,977,886

23. Intangible asset

Computer software

Cost	Group 2019 GH¢	Group 2018 GH¢	Company 2019 GH¢	Company 2018 GH¢
Balance as at 1 January	**2,989,501**	2,170,730	**1,737,493**	1,435,053
Additions	**7,000**	818,771	**-**	302,440
Balance as at 31 December	**2,996,501**	2,989,501	**1,737,493**	1,737,493
Amortisation				
Balance as at 1 January	**2,204,377**	2,102,103	**1,483,570**	1,396,162
Charge for the year	**79,349**	102,274	**64,479**	87,408
Balance as at 31 December	**2,283,726**	2,204,377	**1,548,049**	1,483,570
Net book value	**712,775**	785,124	**189,444**	253,923

24. Investment properties

	Leasehold properties GH¢	Freehold land & buildings GH¢	2019 Total GH¢	2018 Total GH¢
Balance as at 1 January	88,725,743	10,571,700	**99,297,443**	8,422,403
Additions	93,201	-	**93,201**	-
Transfer	-	-	-	9,429,000
Revaluation	-	-	-	81,446,040
Balance as at 31 December	88,818,944	10,571,700	**99,390,644**	99,297,443

The current year's value has not significantly changed from the last fair valuation as the assumption used in the fair valuation still remains significantly the same. The company also has a policy of valuating its Investment Properties every 3 years due to the locations of the property.

25. Long term investments

	Group 2019 GH¢	Group 2018 GH¢	Company 2019 GH¢	Company 2018 GH¢
Equity shares	**122,815,045**	125,123,030	**122,442,747**	124,698,863
Mutual fund	**206,840**	202,400	**206,840**	202,400
	123,021,885	125,325,430	**122,649,587**	124,901,263

26. Investment in subsidiary

	2019 GH¢	2018 GH¢
Balance as at 1st January	**5,878,526**	1,585,715
Adjustments during the year(revaluation)	**-**	4,292,811
Balance as at 31st December	**5,878,526**	5,878,526

Notes to the consolidated financial statement
For the year ended 31 December 2019

The subsidiary company is:

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

Summary of the subsidiary's financial statements as at 31 December 2019 is as shown in the table below:

SIC Financial Services Limited

	2019 GH¢	2018 GH¢
Non-current assets	6,137,302	6,797,946
Current assets	18,621,743	38,652,525
Total Assets	24,759,045	45,450,471
Non- current liabilities		-
Current liabilities	35,459,450	57,888,846
Equity attributable to owners of the Company	(19,664,530)	(20,881,110)
Non-controlling interests	8,964,125	8,442,735
Total equity and liabilities	24,759,045	45,450,471

	2019 GH¢	2018 GH¢
Revenue	6,690,681	13,961,232
Other incomes	3,302,076	581,030
Investment income	1,321,771	3,478,498
Operating expenses	(8,860,664)	(9,090,758)
Finance cost	-	(3,603,873)
Impairment loss	(507,208)	(1,978,186)
Income tax	(156,785)	(1,489,469)
Profit/(loss) for the year	1,789,871	1,858,474
Profit/(loss) attributable to owners of the Company	1,268,481	1,300,932
Profit/(loss) attributable to the non-controlling interests	521,390	557,542
Profit/(loss) for the year	1,789,871	1,858,474
Other comprehensive income attributable to owners of the Company		-
Other comprehensive income attributable to the non-controlling interests	(51,903)	-
Other comprehensive income for the year	(51,903)	-
Total comprehensive income attributable to owners of the Company	1,216,578	1,300,932
Total comprehensive income attributable to the non-controlling interests	521,390	557,542
Total comprehensive income for the year	1,737,968	1,858,474

Notes to the consolidated financial statement

For the year ended 31 December 2019

27. Investment in associated company

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Balance at 1 January	**20,137,283**	14,444,887	**20,137,283**	14,444,887
Movement in investment	**2,325,843**	5,692,396	**2,325,843**	5,692,396
Balance at 31 December	**22,463,126**	20,137,283	**22,463,126**	20,137,283

The financial statement used for the equity accounting was the separate (non-consolidated) financial statement of SIC Life Company Limited, although SIC Life Company Limited has a 100% shareholding in SIC Savings and Loans Company Limited.

The associate company is:

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

28. Short term investments

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Ghana Gov't treasury bills	**34,257,251**	32,855,522	**34,219,323**	31,413,594
Bank time deposits	**45,919,441**	35,482,874	**36,944,176**	27,859,720
	80,176,692	68,338,396	**71,163,499**	59,273,314

Included in Ghana Gov't Treasury Bills is a statutory deposit of GH¢ 2,192,261 (2018: GH¢ 1,874,022). The statutory deposit represents an escrow agreement between the National Insurance Commission (NIC) and SIC Insurance Company Limited. As part of the conditions for granting an Insurance license to 'the company", the NIC required "the company" to deposit 10% of its minimum capital as a statutory deposit into an escrow account. These instruments are carried at purchase amount plus any accrued interest and the investments are not available for the day-to-day running of the company.

29. Trade and other receivables

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Accrued income and prepayments	**984,828**	449,916	**696,153**	404,916
Staff debtors	**2,913,542**	2,326,000	**2,913,542**	2,326,000
Sundry debtors	**30,498,647**	49,325,182	**21,613,628**	20,297,352
Agents & reinsurance balance	**11,450,581**	27,010,476	**11,450,581**	27,010,476
Rent debtors	**738,501**	747,580	**738,501**	747,580
	46,586,099	79,904,154	**37,412,405**	50,786,324

Notes to the consolidated financial statement

For the year ended 31 December 2019

30. Inventories

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Fuel and lubricants	**62,280**	35,312	**62,280**	35,312
Medical Stores	**1,273,788**	735,421	**1,273,788**	735,421
Stationery and printing stock	**714,462**	603,972	**714,462**	603,972
Computer stationery Stock	**198,015**	354,833	**198,015**	354,833
	2,248,545	1,729,538	**2,248,545**	1,729,538

31. Cash and cash equivalents

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
a. Cash and bank balances	**30,077,607**	26,479,047	**30,015,048**	26,009,434
b. Bank Overdraft				
Ecobank Ghana Limited	**7,388,117**	7,297,752	**7,388,117**	7,297,752

The company has an overdraft facility of GH¢7,000,000 with the Ecobank Ghana Limited to support the company's operational expenses requirement. Interest rate is at 18.5% per annum. The overdraft expires on the 31 May 2020.

32. 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.

Stated capital is made up as follows:

	2019	2018
	GH¢	GH¢
Issued and fully paid for cash	**200**	200
Transfer from retained earnings	**42,600**	42,600
Transfer from Revaluation reserve	**24,957,200**	24,957,200
	25,000,000	25,000,000

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

33. Revaluation reserve

The movement in the Revaluation reserve account for the year is as follows:

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Balance at 1 January	**78,026,677**	17,788,506	**78,026,677**	17,788,506
Revaluation gain - property	-	78,943,459	-	78,943,459
Deferred tax effect	**(5,383)**	(18,705,288)	**(5,383)**	(18,705,288)
Balance at 31 December	**78,021,294**	78,026,677	**78,021,294**	78,026,677

34. Contingency reserve

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Balance at 1 January	**29,520,344**	29,520,344	**29,520,344**	29,520,344
Transfer from retained earnings	**6,345,424**	-	**6,345,424**	-
Balance at 31 December	**35,865,768**	29,520,344	**35,865,768**	29,520,344

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

35. Available-for-sale reserves

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Balance at 1 January	**103,351,710**	93,295,894	**107,601,463**	19,783,952
Fair valuation	**(2,303,579)**	10,123,761	**(2,251,676)**	87,817,511
Deferred tax effect	**(30,610,687)**	-	**(30,610,687)**	-
Write off of reserves	**(43,058)**	(67,945)	-	-
Balance at 31 December	**70,394,386**	103,351,710	**74,739,100**	107,601,463

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

36. Trade and other payables

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
Agents & brokers	**5,741,704**	4,187,376	**5,741,704**	4,187,376
Reinsurers	**27,542,506**	14,180,865	**27,542,506**	14,180,865
Sundry creditors	**54,360,693**	69,319,861	**19,786,080**	12,681,100
Current account with oil and gas	-	3,070,591	-	3,070,591
	87,644,903	90,758,693	**53,070,290**	34,119,932

37. Borrowings

	Group		Company	
	2019	2018	**2019**	2018
	GH¢	GH¢	**GH¢**	GH¢
At 1 January	**22,015,000**	86,855,253	**22,015,000**	-
Additions	-	22,015,000	-	22,015,000
Repayment	**(16,480,300)**	-	**(16,480,300)**	-
Write off	-	(86,855,253)	-	-
	5,534,700	22,015,000	**5,534,700**	22,015,000

The company has a short-term loan facility of US$ 3,000,000 with GHIB at interest rate of 8.85866% that is 3 months libor rate +margin of 6.75%.The loan expires on 21 January 2020.

38. Employee benefits obligation

a. Breakdown of employee benefit obligation

	1 January to December 31, 2019			1 January to December 31, 2018		
	Retirement Benefit Scheme	Post-Employment Medical Benefit	**Total**	Retirement Benefit Scheme	Post - Employment Medical Benefit	Total
Actuarial Liability						
Active Members	655,196	4,334,511	**4,989,707**	634,822	3,502,304	4,137,126
Retired Members	-	6,285,635	**6,285,635**	-	5,669,819	5,669,819
Excess Interest Account	-	-	-	-	-	-
Total : Actual Liability	655,196	10,620,146	**11,275,342**	634,822	9,172,122	9,806,945

Notes to the consolidated financial statement
For the year ended 31 December 2019

b. Retirement Benefit Scheme and Post-Employment Medical Scheme
As at December, 2019.

	January 1, 2019 to December 31, 2019			January 1, 2018 to December 31, 2018		
	Retirement Benefit Scheme	Post-Employment Medical Benefit scheme	Combined Scheme	Retirement Benefit Scheme	Post-EmplOyment Medical Benefit scheme	Combined Scheme
Financial Assumptions at the end of the year	GHC	GHC	GHC	GHC	GHC	GHC
Assumed Discount rate on liabilities	22.00%	22.00%	22.00%	21.50%	21.50%	21.50%
Assumed rate of salary increase	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Assumed rate of inflation	9.00%	9.00%	9.00%	9.50%	9.50%	9.50%
Assume rate of Medical	10.00%	10.00%	10.00%	10.50%	10.50%	10.50%
Present Value Of Obligation, 1st January	**634,822**	**9,172,122**	**9,806,945**	**644,541**	**12,706,650**	**13,351,192**
Current Service Cost	138,305	256,197	394,502	152,105	382,217	534,322
Interest Expenses (Income)	155,373	1,865,387	2,020,760	131,270	2,165,058	2,296,328
Past Service cost and gain and losses on settlements	-	-	-	-	-	-
	293,678	**2,121,584**	**2,415,262**	**283,375**	**2,547,275**	**2,830,650**
Remeasurements:						
Returns on Plan Assets excluding amounts included in interest expenses (Income)	-	-	-	-	-	-
Actuarial gain/loss from change in demographic assumption	-	-	-	-	-	-
Actuarial gain/loss from change in financial assumptions	(22,203)	(652,220)	(674,423)	(220,104)	(8,215,888)	(8,435,992)
Experience Actuarial gain/loss	(150,178)	1,482,861	1,332,683	7,108	3,354,378	3,361,486

Notes to the consolidated financial statement

For the year ended 31 December 2019

Change in asset ceiling, excluding amounts included in interest expense.	-	-	-	-	-	-
	(172,381)	**830,642**	**658,260**	**(212,996)**	**(4,861,510)**	**(5,074,506)**
Payments from Plan						
Benefit paid	(100,923)	(1,504,202)	(1,605,125)	(80,098)	(1,220,293)	(1,300,391)
Present value of obligation, 31st December	**655,196**	**10,620,146**	**11,275,342**	**634,822**	**9,172,122**	**9,806,945**
Present value of obligation	655,196	10,620,146	11,275,342	634,822	9,172,122	9,806,945
Fair value of plan assets	-	-	-	-	-	-
Liability (Assets) recognized in balance sheet	**655,196**	**10,620,146**	**11,275,342**	**634,822**	**9,172,122**	**9,806,945**
Current service cost	138,305	256,197	394,502	152,105	382,217	534,322
Net Interest Cost/Income	155,373	1,865,387	2,020,760	131,270	2,165,058	2,296,328
Expense (Income) recognized in the income statement	**293,678**	**2,121,584**	**2,415,262**	**283,375**	**2,547,275**	**2,830,650**
Remeasurements						
Net actuarial (gain) loss recognized in year	(172,381)	830,642	658,260	(212,996)	(4,861,509)	(5,074,506)
Past service cost and gains and losses on settlements	-	-	-	-	-	-
Expense (Income) recognized in the other Comprehensive Income	**(172,381)**	**830,642**	**658,260**	**(212,996)**	**(4,861,509)**	**(5,074,506)**

Notes to the consolidated financial statement
For the year ended 31 December 2019

Sensitivity Analysis

The sensitivity tests indicated that the resulting liabilities are most sensitive to the discount rate assumption followed closely by the medical inflation assumption; changes in the rate of salary increases assumption had minimal effect on the liabilities.

The results of the sensitivity analysis as at December 31, 2019 can be summarized as follows:

	31-Dec-19							
	Base Case	**Discount Rate - 2%**	**Discount Rate + 2%**	**Rate of Salary Increase - 2%**	**Rate of Salary Increase + 2%**	**Medical Inflation - 2%**	**Medical Inflation + 2%**	**Mortality Loading + 10%**
Accrued Liability								
Retirement Benefit Sch	**655,196**	753,400	579,004	573,060	759,174	655,196	655,196	658,380
Post-Employment Medical	**10,620,146**	11943,504	9,585,479	10,620,146	10,620,146	9,466,748	12,080,353	10,764,854
Total	**11,275,342**	12,696,904	10,164,483	11,193,206	11,379,320	10,121,944	12,735,549	11,423,234
Percentage		12.6%	(9.9%)	(0.7%)	0.9%%	(10.2%)	13.0%	1.3%

39. Temporary exemptions from IFRS 9

The company is applying the temporary exemption from IFRS 9 and below is the predominance percentage calculated as at year end that justify this temporary exemption application:

	2019 GH¢	2018 GH¢
Insurance Liabilities -	**123,862,243**	115,320,486
Total Liabilities	**267,221,215**	224,665,919
Predominance percentage - 1 Jan. 2019	**46%**	51.3%

The Company's predominance rate was lower than 80% at the date of assessment, which was 31 December 2018. The predominance rate was reassessed at year-end but the company's predominance rate was still below the 80% required.

If an entity no longer qualifies for the temporary exemption from IFRS 9 as a result of a reassessment (IFRS 4 paragraph 20G(a)), then the entity is permitted to continue to apply the temporary exemption from IFRS 9 only until the end of the annual period that began immediately after that reassessment.
In this case, the Company is permitted to continue to apply the temporary exemption from IFRS 9 only until 31 December 2019.

Financial Assets classification and measurement

Instrument	Description of business model and cash flow characteristics	Carrying Amount as at 31 Dec. 2019	Classification under IFRS 9	Fair value as at 31 Dec. 2019	Fair value change
Short term investment	HTC & SPPI	80,176,692	Amortised cost	80,176,692	-
Trade and other receivables	HTC & SPPI	46,586,099	Amortised cost	46,586,099	-
Unearned reinsurance premium	HTC & SPPI	52,883,589	Amortised cost	52,883,589	-
Cash and cash equivalent	HTC & SPPI	30,077,607	Amortised cost	30,077,607	-

*HTC – Hold to collect contractual cash flows
*SPPI – Solely payments of principal and interest

Credit risk of Financial Assets

For information about the credit risk exposure, including significant credit risk concentrations, inherent in the various financial assets identified above, refer to the credit risk disclosures in note 3tiii(b).

40. 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.

41. Related party transactions

A number of business transactions were 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:

The following transactions were carried out with related parties;	**2019** GH¢	2018 GH¢
Social Security & National Insurance Trust		
Premium income	**1,341,339**	1,387,866
Claims paid	**11,193**	922
Ghana Reinsurance Company Limited		
Premium income	**17,775**	23,157
Claims paid	**-**	-
SIC Life Insurance Company		
Premium income	**571,264**	533,421
Claims paid	**-**	904
Dividend received from SIC Life		
Ghana Commercial Bank Limited		
Premium income	**1,277,416**	1,218,614
Claims paid	**2,960**	5,478
Ghana Cocoa Board		
Premium income	**1,663,138**	372,302
Claims paid	**543**	1,413
SIC FSL		
Payment made by SIC on SIC FSL's behalf	**-**	26,375
Staff provident fund contribution deposited with SIC FSL	**3,818,502**	3,778,045

42. Related party transactions (cont'd)

Transactions with directors
Directors' emoluments for 2019 are as follows:

Name	Bi-monthly allowance GH¢	Sitting allowance GH¢	No. of meetings Board	Committee	Total GH¢
Dr. Jimmy Ben Heymann	3,600	2,500	9	-	**44,100**
Mr. James Appietu-Ankrah	2,400	2,000	9	13	**61,900**
Mr. Kwabena Osei Bonsu	2,400	2,000	4	10	**42,400**
Mr. Michael A. Addo*	2,400	2,000	5	4	**28,800**
Mr. Daniel Ofori	2,400	2,000	7	11	**50,400**
Mrs. Pamela Djamson-Tettey	2,400	2,000	7	7	**43,900**
Mr. Christian T. Sottie	2,400	2,000	8	8	**47,900**
Mr. Nicholas Oteng	2,400	2,000	7	6	**40,400**
					315,700

*Resigned on 2 October 2019

Year end balances arising from transactions with related party are as follows;	2019 GH¢	2018 GH¢
Amount due from related parties		
Premium receivable from SIC Life	-	-
Premium receivable from SIC FSL	-	-
Ghana Oil and Gas Insurance Pool (GOGIP)	-	3,713,857
Amount due to related parties		
Ghana Oil and Gas Insurance Pool (GOGIP)	-	3,070,591
The compensation of executive and management staff is shown below;		
Salaries and other benefits	**3,189,362**	4,594,155
Employers SSF	**261,623**	313,695
Employers PF	**188,464**	207,249

43. Social responsibilities

An amount of **GH¢ 689,038** was spent on fulfilling the social responsibility of the company (2018: GH¢ 520,377)

44. Compliance with legal and regulatory requirement

The company's transactions were within its powers and the company complied with the relevant provisions of the Companies Act 2019, (Act 992) and the Insurance Law.

Section 71(1), Capitalization, Solvency and Financial Provision, requires an insurer to maintain a capital adequacy ratio of 150% by 31 December 2019 and investment to total assets ratio of 55% at all times in accordance with the regulations. The company's capital adequacy ratio and investment to assets ratio as at the year-end were 244.62% (2018: 169.8 %) and 65% (2018: 65%) respectively which were within the minimum requirements per the regulations.

45. Events after reporting date

As at the date of the approval of the financial statements, management is yet to assess the impact of COVID-19 on its operations. Management, however, anticipates COVID-19 to have a significant impact on its operations. The expected premium incomes in the months of April to June 2020 are likely to reduce due to the lockdown imposed by the government and the likely economic downturn resulting from the pandemic.

46. Shareholders' information

(a) Directors' shareholding as at 31 December 2019

Name of Director	Number of shares held	% Shares held
James Appietu Ankrah	2,000	0.001
Mr. Daniel Ofori	7,810,815	3.9920
	7,812,815	3.9930

(b) Analysis of shareholding as at 31st December 2019.

Range of shareholding	No. of Shareholders	Shares holdings	% of Shareholders	% Holding
1 - 1000	8,820	4,274,089	73.12	2.18
1001 - 5000	2,339	5,904,346	19.39	3.02
5000 - 10000	445	3,621,287	3.69	1.85
10001 and others	458	181,845,278	3.80	92.95
	12,062	195,645,000	100.00	100.00

Notes to the consolidated financial statement

For the year ended 31 December 2019

(c) List of the twenty largest shareholders as at 31 December 2019

	Name of shareholder	Shares held	% Holding
1	GOVERNMENT OF GHANA C/O MINISTRY OF FINANCE	78,258,000	39.90%
2	SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	23,127,392	11.79%
3	SCGN/BANQUE PICTET & CIE SA RE, GENEVA RE, PATRICK SCHEGG	9,666,764	4.93%
4	SCGN/BANQUE PICTET & CIE SA RE NONTAX 6275J,	9,666,764	4.93%
5	OFORI DANIEL	7,810,815	3.98%
6	SCGN/JPMC RE DUET AFRICA OPPORTUNITIES MATER FUND IC GTI:AEX26	6,714,200	3.42%
7	DEGBOTSE EMMANUEL KOBLA	5,085,565	2.59%
8	SCGN/JP MORGAN CHASE DUET GAMLA LIV AFRICA, OPPORTUNITIES FUND IC	3,977,100	2.03%
9	SCGN/JPM IRE RE CORONATION FD MGR IRE ON BEHALF	3,626,810	1.85%
10	PRESTIGE CAPITAL LIMITED,	2,720,505	1.39%
11	SIC-FSL/SIC LIFE SECURITIES TRADING A/C,	2,662,200	1.36%
12	TEACHERS FUND,	2,066,700	1.05%
13	GCB BANK LIMITED	2,000,000	1.02%
14	SIC EMPLOYEE SHARE OWNERSHIP PLAN	1,939,588	0.99%
15	GHANA REINSURANCE COMPANY LIMITED GENERAL BUSINESS	1,661,912	0.85%
16	SCGN/CITIBANK KUWAIT INV AUTHORITY	1,303,900	0.66%
17	METLIFE CLASSIC A/C, STD NOMS TVL PTY/METLIFE GOLD PLAN FUND MICAC	985,000	0.50%
18	STATE INSURANCE COMPANY PROVIDENT FUND ACCOUNT	921,669	0.47%
19	MAINSTREAM REINSURANCE COMPANY LIMITED	517,332	0.26%
20	DONEWELL INSURANCE COMPANY LTD	500,000	0.25%
	Total	165,212,216	84.23%
	Others	30,432,784	15.77%
		195,645,000	100.00%