



Accountants &
business advisers

GHANA REINSURANCE COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

GHANA REINSURANCE COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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GHANA REINSURANCE COMPANY LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2011

CORPORATE INFORMATION

Directors:	Lionel Molbila	- Chairman
	Gustav W. K. Siale	- Dep-Managing Director - (Acting MD)
	William O. Agbenyega	- Managing Director- deceased 10/08/2011
	Wilson Tei	- Member
	Mohammed Yakubu	- Member
	Stella Williams (Mrs.)	- Member
	Charlotte Osei (Mrs)	- Member
Board Secretary:	Gordon Wiru	
Registered Office:	No. 4 Awudome Industrial Estate Ring Road West P. O. Box 7509 Accra - North Accra, Ghana	
Auditors:	PKF Accountants & Business Advisers P. O. Box GP 1219, Accra, Ghana.	
Main Bankers:	Ghana International Bank PLC London Ghana Commercial Bank Limited Merchant Bank (Ghana) Limited Ecobank Ghana Limited Standard Chartered Bank Ghana Limited The Trust Bank Limited Fidelity Bank Ghana Limited Barclays Bank of Ghana Limited Agricultural Development Bank Limited	

GHANA REINSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Notes	General Business Gh¢	Life Business Gh¢	Composite 2011 Gh¢	Composite 2010 Gh¢
Capital and Surplus					
Stated Capital	3	28,000,000	0	28,000,000	28,000,000
Capital Surplus	4	31,535,437	0	31,535,437	18,667,292
Statutory Reserves	5	38,298,919	112,387	38,411,306	35,405,491
Income Surplus	6	5,623,358	0	5,623,358	4,220,586
Shareholders' Fund		103,457,714	112,387	103,570,101	86,293,369
Represented by					
Assets					
Property, Plant and Equipment	7a	6,531,369	0	6,531,369	5,615,279
Investment Properties	8	5,937,000	0	5,937,000	3,499,940
Equity Securities	9a	48,205,696	396,602	48,602,298	34,724,340
Corporate Debt Securities	9b	1,900,800	0	1,900,800	1,766,760
Due from Ceding/Retroceding Companies	10a	26,619,278	731,896	27,351,174	27,159,018
Other Accounts Receivable	11	4,612,890	635,473	5,248,363	4,380,601
Government Securities	9c	33,180,703	4,580,679	37,761,382	35,911,458
Cash and Cash Equivalents	12a	36,212,775	899,102	37,111,877	31,627,907
Total Assets		163,200,511	7,243,752	170,444,263	144,685,303
Liabilities					
Technical Liabilities					
Unexpired Risk Liability	13	20,602,646	0	20,602,646	18,133,356
Claims Liability	14	19,567,728	767,612	20,335,340	13,643,073
Life Fund	15	0	5,894,549	5,894,549	5,065,105
		40,170,374	6,662,161	46,832,535	36,841,534
Other Liabilities					
Due to Ceding/Retroceding Companies	16	11,654,360	434,282	12,088,642	11,544,498
Other Accounts Payables	17	1,122,995	34,922	1,157,917	952,852
Current Tax	18	5,623,038	0	5,623,038	8,472,144
National Fiscal Stabilisation Levy	20	610,736	0	610,736	439,423
Dividends	22	0	0	0	0
Deferred Tax	23	561,294	0	561,294	141,483
Total Liabilities		59,742,797	7,131,365	66,874,162	58,391,934
Net Assets		103,457,714	112,387	103,570,101	86,293,369

The financial statements of the company were approved by the Board of Directors on

..... 2012 and are signed on their behalf by:

.....Chairman

.....Director

GHANA REINSURANCE COMPANY LIMITED
GENERAL BUSINESS REINSURANCE REVENUE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	<i>Notes</i>	Fire and Accident Gh¢	Marine and Aviation Gh¢	2011 Gh¢	2010 Gh¢
Underwriting Income					
Gross Premium		41,933,748	3,981,107	45,914,855	45,544,307
Retrocession Premium		(1,351,454)	(860,288)	(2,211,742)	(6,747,195)
Net Premium Retained		40,582,294	3,120,819	43,703,113	38,797,112
Increase/(Decrease) in Unexpired Risk Liabilities	13	-1,815,317	-653,973	(2,469,290)	3,623,927
Net Premium Earned		38,766,977	2,466,846	41,233,823	42,421,039
Commission on retroceded Business		88,476	67,569	156,045	350,782
Net Premium and Commission Earned		38,855,453	2,534,415	41,389,868	42,771,821
Underwriting Expenses					
Claims incurred less Recoveries	14	16,069,471	613,314	16,682,785	11,831,860
Commission on Accepted Business		13,316,363	989,081	14,305,444	14,733,674
Foreign Taxes and Brokerages		593,543	66,846	660,389	511,642
Management Expenses	28	13,413,760	1,031,532	14,445,292	12,639,506
Total Underwriting Expenses		43,393,137	2,700,773	46,093,910	39,716,682
Underwriting Profit/(Loss) transferred to Statement of Comprehensive Income		-4,537,684	-166,358	-4,704,042	3,055,139

GHANA REINSURANCE COMPANY LIMITED
LIFE REINSURANCE REVENUE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	<i>Notes</i>	2011 Gh¢	2010 Gh¢
Underwriting Income			
Gross Premium		3,081,886	2,521,068
Retrocessions		(327,809)	(191,247)
Net Premium		2,754,077	2,329,821
Commission on retroceded Business	29	55,658	9,544
Net Premium and Commission Income		2,809,735	2,339,365
Underwriting Expenses			
Commission on Accepted Business	29	627,336	545,751
Claims Incurred	30	1,195,150	770,315
Management Expenses		629,565	218,808
Total Underwriting Expenses		2,452,051	1,534,874
Underwriting Profit		357,684	804,491
Investment Income	24	502,578	589,019
Exchange (Loss)/Gain	25	0	(3,485)
Net Profit		860,262	1,390,025
Transfer to Contingency Reserve Fund	5	(30,819)	(25,211)
Transfer to Life Fund	15	829,443	1,364,814

GHANA REINSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	<i>Notes</i>	2011 Gh¢	2010 Gh¢
Underwriting Profit/(Loss) transferred from General Business Revenue Account		-4,704,042	3,055,139
Investment Income	24	7,943,886	10,018,397
Exchange Gain	25	3,006,687	3,678,997
Revaluation surplus on investment properties		2,437,060	0
Other Income	26	104,273	47,349
Net Profit before Taxation		8,787,864	16,799,882
Taxation	27	(3,070,705)	(4,715,950)
National Fiscal Stabilisation Levy	20	(439,393)	(839,994)
Profit for the year		5,277,767	11,243,938
Other Comprehensive Income			
Gain/(Loss) on Available-for-sale Investments	21	12,868,145	2,639,593
Total other Comprehensive Income		12,868,145	2,639,593
Total Comprehensive Income for the year		18,145,912	13,883,531
Basic and diluted earning per share (in Ghana Cedis)		0.11	0.22

GHANA REINSURANCE COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	<i>Note</i>	2011 Gh¢	2010 Gh¢
Cash Flow from Operating Activities	31	7,849,955	2,732,051
Interest Income		6,248,286	9,150,173
National Fiscal Stabilisation Levy paid		(268,080)	(358,134)
Tax Paid		-5,500,000	0
Net cash flow from operating activities		8,330,161	11,524,090
Investing activities			
Acquisition of Equity Securities		(1,009,813)	(6,757,434)
Redemption of 2-year Note Government Securities		0	395,006
Acquisition of Property & Equipment		(1,057,718)	(1,798,252)
Sale of Property & Equipment		5,173	6,723
Dividend Received		1,702,584	1,024,919
Net Cash Flow from Investing Activities		(359,774)	(7,129,038)
Financing Activities			
Dividend Paid		(1,500,000)	(2,000,000)
Net Cash Flow from Financing Activities		(1,500,000)	(2,000,000)
Increase in Cash and Cash Equivalents		6,470,387	2,395,052
Cash and Cash Equivalents at 1 Jan.		65,189,467	62,794,415
Cash and Cash Equivalents at 31 Dec.	12c	71,659,854	65,189,467

GHANA REINSURANCE COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Stated Capital GH¢	Income Surplus GH¢	Available- for-Sale Reserves GH¢	Revaluation Surplus GH¢	Statutory Reserve GH¢	Total Equity GH¢
Balance at 1 January 2010	28,000,000	36,420	13,339,516	2,688,183	30,320,509	74,384,628
Changes in Equity for 2010						
Profit for the year	0	11,243,938	0	0	0	11,243,938
Other Comprehensive Income	0	0	2,639,593	0	0	2,639,593
Total Comprehensive Income for the year	0	11,243,938	2,639,593	0	0	13,883,531
Transfers	0	-5,059,772	0	0	5,059,772	0
Total transfers to/(from) reserves	0	-5,059,772	0	0	5,059,772	0
Dividends	0	-2,000,000	0	0	0	-2,000,000
Total distributions to owners	0	-2,000,000	0	0	0	-2,000,000
Life Revenue Account	0	0	0	0	25,211	25,211
Balance at 31 December 2010	28,000,000	4,220,586	15,979,109	2,688,183	35,405,492	86,293,370
Changes in Equity for 2011						
Profit for the year	0	5,277,767	0	0	0	5,277,767
Other Comprehensive Income	0	0	12,868,145	0	0	12,868,145
Deferred Tax	0	0	0	0	0	0
Total Comprehensive Income for the year	0	5,277,767	12,868,145	0	0	18,145,912
Decoupling of assets	0	0	0	0	600,000	600,000
Transfers	0	-2,374,995	0	0	2,374,995	0
Total transfers to/(from) reserves	0	-2,374,995	0	0	2,974,995	600,000
Dividends	0	-1,500,000	0	0	0	-1,500,000
Total distributions to owners	0	-1,500,000	0	0	0	-1,500,000
Life Revenue Account	0	0	0	0	30,819	30,819
Balance at 31 December 2011	28,000,000	5,623,358	28,847,254	2,688,183	38,411,306	103,570,101

GHANA REINSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

3. STATED CAPITAL

	2011		2010	
	Number of Shares	Amount GH¢	Number of Shares	Amount GH¢
Authorised Ordinary Shares				
Shares of no par value	50,000,000	0	50,000,000	0
Issued Ordinary Shares				
Shares for cash consideration	50,000,000	5,300	50,000,000	5,300
Transfer from Income Surplus	0	27,994,700	0	27,994,700
	50,000,000	28,000,000	50,000,000	28,000,000

There is no unpaid liability on any share and there are no shares in treasury.

4. CAPITAL SURPLUS

This consists of gains on property, plant and equipment, available-for-sale investments stated at fair value and related taxes. Movement during the year is set out below:

	Available-for-Sale Reserve GH¢	Revaluation Surplus GH¢	2011 Total GH¢	2010 Total GH¢
Balance at 1 January	15,979,109	2,688,183	18,667,292	16,027,699
Other comprehensive income	12,868,145	0	12,868,145	2,639,593
Balance at 31 December	28,847,254	2,688,183	31,535,437	18,667,292

5. STATUTORY RESERVES

	General Reserve Gh¢	Gen. Bus. Contingency Reserve Gh¢	Life Bus. Contingency Reserve Gh¢	Staff Welfare Reserve Gh¢	Total Gh¢
Balance at 1 Jan. 2010	14,976,585	14,460,476	56,358	827,090	30,320,509
Changes in 2010:					
Transfer from Income Surplus Account	2,810,985	2,248,788	25,210	0	5,084,983
Balance at 31 Dec. 2010	17,787,570	16,709,264	81,568	827,090	35,405,492
Changes in 2011:		0			
Decoupling assets	0	0	0	600,000	600,000
Transfer from Income Surplus Account	1,319,442	1,055,553	30,819	0	2,405,814
Balance at 31 Dec. 2011	19,107,012	17,764,817	112,387	1,427,090	38,411,306

General and staff welfare reserves represent appropriations made by the Directors in accordance with Ghana Reinsurance Organisation Law 1984 saved by Section 213 of the Insurance Act, 2006 (Act 724).

The staff welfare reserve is managed by Trustees and transfers are made occasionally from the Staff Welfare account to the Trustees account to reimburse expenses made.

Contingency reserve is an amount set aside from the revenue account to cover fluctuations in securities and variations in statistical estimates in accordance with Section 213 of Insurance Act, 2006 (Act 724).

GHANA REINSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

6. INCOME SURPLUS

This represents accumulated residual profit available for distribution to the shareholders.

Movement during the year is set out in statement of changes in equity.

7a. PROPERTY, PLANT AND EQUIPMENT

	Freehold & Leasehold Properties Gh¢	Motor Vehicles Gh¢	Machinery Equipment Furniture & Fittings Gh¢	Computers Gh¢	Capital Work-in Progress Gh¢	Total Gh¢
COST/VALUATION						
Balance at 1 January	936,262	534,933	413,598	763,524	4,476,388	7,124,705
Addition for the year	0	0	970	14,493	1,042,255	1,057,718
Disposal	0	(53,915)	-95,129	0	0	(149,044)
Balance at 31 December	936,262	481,018	319,439	778,017	5,518,643	8,033,379
DEPRECIATION						
Balance at 1 January	113,411	328,554	339,946	727,514	0	1,509,425
Charge for the year	28,088	82,892	18,034	12,490	0	141,504
Disposal	0	(53,915)	-95,004	0	0	(148,919)
Balance at 31 December	141,499	357,531	262,976	740,004	0	1,502,010
NET BOOK VALUE						
At 31 December 2011	794,763	123,487	56,463	38,013	5,518,643	6,531,369
At 31 December 2010	822,852	206,378	73,652	36,010	4,476,388	5,615,279

GHANA REINSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 Gh¢	2010 Gh¢
7b. DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		
Sales proceeds	5,173	6,723
Revaluation surplus realised	0	0
	5,173	6,723
Less carrying amount:		
Cost/revalued amount	149,044	54,581
Accumulated depreciation	(148,919)	-54,581
	125	0
Profit	5,048	6,723
8. INVESTMENT PROPERTIES		
Balance at 1 January	3,499,940	3,499,940
Revaluation	2,437,060	0
	5,937,000	3,499,940
Balance at 31 December	5,937,000	3,499,940

The properties were revalued by the Directors at 31 December 2011 on the basis of determining the open market value of the investment property. The open market value of all properties was determined using recent market prices. This valuation which is broadly comparable to fair value has been used as deemed cost.

9. AVAILABLE-FOR-SALE INVESTMENTS

	General Business Gh¢	Life Business Gh¢	2011 Gh¢	2010 Gh¢
a. Equity Securities				
Listed (note 9e)	42,289,993		42,289,993	22,695,672
Unlisted (note 9f)	5,915,703	396,602	6,312,305	12,028,668
Total Equity Securities	48,205,696	396,602	48,602,298	34,724,340
b. Corporate Debt Securities				
HFC Bond (note 9g)	1,900,800	0	1,900,800	1,766,760
Balance at 31 December	1,900,800	0	1,900,800	1,766,760

GHANA REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

9. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

	General Business Gh¢	Life Business Gh¢	2011 Gh¢	2010 Gh¢
c. Government Securities				
Treasury bills	32,380,703	4,380,679	36,761,382	34,911,458
Jubilee Bonds	800,000	200,000	1,000,000	1,000,000
Total Government Securities	<u>33,180,703</u>	<u>4,580,679</u>	<u>37,761,382</u>	<u>35,911,458</u>
Cash and Cash Equivalents (Note 12a)	<u>36,212,775</u>	<u>899,102</u>	<u>37,111,877</u>	<u>31,627,907</u>
Total Available-for-sale investments	<u><u>119,499,974</u></u>	<u><u>5,876,383</u></u>	<u><u>125,376,357</u></u>	<u><u>104,030,465</u></u>
e. Movement in Listed Equity Securities				
Balance at 1 January	22,695,672	0	22,695,672	20,056,079
Additions	6,726,176	0	6,726,176	0
Fair value gain/(loss)	12,868,145	0	12,868,145	2,639,593
Balance at 31 December	<u><u>42,289,993</u></u>	<u><u>0</u></u>	<u><u>42,289,993</u></u>	<u><u>22,695,672</u></u>
f. Movement in Unlisted Equity Securities				
Balance at 1 January	11,632,066	396,602	12,028,668	5,271,234
Additions	1,009,813	0	1,009,813	6,757,434
Disposal	-6,726,176	0	-6,726,176	0
Balance at 31 December	<u><u>5,915,703</u></u>	<u><u>396,602</u></u>	<u><u>6,312,305</u></u>	<u><u>12,028,668</u></u>
g. Movement in Corporate Debt Securities				
Balance at 1 January	1,766,760	0	1,766,760	1,720,800
Additions	0	0	0	0
Disposals	0	0	0	0
Exchange gain	134,040	0	134,040	45,960
Balance at 31 December	<u><u>1,900,800</u></u>	<u><u>0</u></u>	<u><u>1,900,800</u></u>	<u><u>1,766,760</u></u>
10a. DUE FROM CEDING AND RETROCEDING COMPANIES				
Due from Ceding Companies	60,560,360	1,562,681	62,123,041	62,898,819
Due from Retroceding Companies	8,091,945	14,436	8,106,381	6,591,047
	<u>68,652,305</u>	<u>1,577,117</u>	<u>70,229,422</u>	<u>69,489,866</u>
Less impairment loss	<u>(42,033,027)</u>	<u>-845,221</u>	<u>-42,878,248</u>	<u>(42,330,848)</u>
	<u><u>26,619,278</u></u>	<u><u>731,896</u></u>	<u><u>27,351,174</u></u>	<u><u>27,159,018</u></u>

GHANA REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

	General Business Gh¢	Life Business Gh¢	2011 Gh¢	2010 Gh¢
10b. IMPAIRMENT ALLOWANCE ACCOUNT				
Balance at 1 January	41,896,914	433,934	42,330,848	35,378,373
Increase in impairment loss	136,113	411,287	547,400	6,952,475
Balance at 31 December	<u>42,033,027</u>	<u>845,221</u>	<u>42,878,248</u>	<u>42,330,848</u>

11. OTHER ACCOUNTS RECEIVABLES

Staff Debtors	1,226,954	0	1,226,954	1,279,475
Current Account with General Business	0	196,915	196,915	132,435
Interest Receivable	1,400,012	211,783	1,611,795	1,879,041
Other Debtors and Prepayment	1,985,924	226,775	2,212,699	1,089,650
	<u>4,612,890</u>	<u>635,473</u>	<u>5,248,363</u>	<u>4,380,601</u>

- a. The maximum amount owed by staff to the Company did not at any time during the year exceed Gh¢1,226,954 (2010 - Gh¢1,279,475).
- b. The average number of persons employed by the Company during the year was 53 (2010 - 54).
- c. Prepayments represent the unexpired portion of certain expenditure spread on time basis.

	General Business Gh¢	Life Business Gh¢	2011 Gh¢	2010 Gh¢
12a. CASH AND CASH EQUIVALENTS				
Cash on Hand	13,128	0	13,128	15,136
Bank Balance	8,125,153	570,024	8,695,177	5,870,124
Deposits with other Financial Institutions (Note 12b)	28,074,494	329,078	28,403,572	25,742,647
	<u>36,212,775</u>	<u>899,102</u>	<u>37,111,877</u>	<u>31,627,907</u>

12b. Deposits with other Financial Institutions

Fixed Deposits	28,074,494	329,078	28,403,572	25,742,647
Balance at 31 December	<u>28,074,494</u>	<u>329,078</u>	<u>28,403,572</u>	<u>25,742,647</u>

- 12c. For the purpose of cash flows, cash and cash equivalents include short-term highly liquid investments maturing in three months or less from the date of acquisition and bank overdrafts as follow:

	2011 Gh¢	2010 Gh¢
Cash and Cash equivalent (note 12a)	37,111,877	31,627,907
Government Securities maturing in three months	36,761,382	34,911,458
	<u>73,873,259</u>	<u>66,539,365</u>
Foreign Exchange gain	(2,213,405)	-1,349,899
	<u>71,659,854</u>	<u>65,189,466</u>

GHANA REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

	Fire and Accident Gh¢	Marine and Aviation Gh¢	2011 Gh¢	2010 Gh¢
13. UNEXPIRED RISK LIABILITIES				
Balance at 1 January	17,800,572	332,784	18,133,356	21,757,283
Increase/(decrease) in Liabilities	1,815,317	653,973	2,469,290	-3,623,927
Balance at 31 December	<u>19,615,889</u>	<u>986,757</u>	<u>20,602,646</u>	<u>18,133,356</u>

	General Business Gh¢	Life Business Gh¢	2011 Gh¢	2010 Gh¢
14. CLAIMS LIABILITY				
Balance at 1 January	13,611,505	31,568	13,643,073	14,108,086
Claims Incurred less Recoveries	16,682,785	1,195,150	17,877,935	12,602,175
Claims Paid less Recoveries	(10,726,562)	(459,106)	(11,185,668)	(13,067,188)
Balance at 31 December	<u>19,567,728</u>	<u>767,612</u>	<u>20,335,340</u>	<u>13,643,073</u>

15. LIFE FUND				
Balance at 1 January			5,065,106	3,700,292
Transfer from Revenue Account			829,443	1,364,814
Balance at 31 December			<u>5,894,549</u>	<u>5,065,106</u>

Under Section 61 of the Insurance Act, 2006 (Act 724), the Company is required to carry out actuarial valuation of the life fund at least once every year. The liability of the life assurance policies as at 31 December 2011 was Gh¢1,651,417 leaving a surplus of Gh¢4,616,253

	General Business Gh¢	Life Business Gh¢	2011 Gh¢	2010 Gh¢
16. DUE TO CEDING AND RETROCEDING COMPANIES				
Due to Ceding Companies	144,933	153,061	297,994	1,095,975
Due to Retroceding Companies	11,509,427	281,221	11,790,648	10,448,523
	<u>11,654,360</u>	<u>434,282</u>	<u>12,088,642</u>	<u>11,544,498</u>

GHANA REINSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

	General Business Gh¢	Life Business Gh¢	2011 Gh¢	2010 Gh¢
17. OTHER ACCOUNTS PAYABLE				
Current Account with Life Business	196,413	0	196,413	132,435
Other Creditors	926,582	34,922	961,504	820,417
	<u>1,122,995</u>	<u>34,922</u>	<u>1,157,917</u>	<u>952,852</u>

18. CURRENT TAXATION

Assessment year	Balance at 1 Jan. Gh¢	Payment Gh¢	Charge for the Year Gh¢	Balance at 31 Dec. Gh¢
2009	3,756,194	-4,500,000	0	-743,806
2010	4,715,950	0	0	4,715,950
2011	0	-1,000,000	2,650,894	1,650,894
	<u>8,472,144</u>	<u>-5,500,000</u>	<u>2,650,894</u>	<u>5,623,038</u>

	2011 Gh¢	2010 Gh¢
19. RECONCILIATION OF TAX EXPENSE AT EFFECTIVE RATE AND STATUTORY RATE		
Profit before Taxation	<u>8,787,864</u>	<u>16,799,882</u>
Tax at applicable rate of 25% (2010 : 25%)	2,196,966	4,199,971
Tax effect of Non-deductible Expenses	1,502,049	1,763,694
Tax effect of exempted Revenue	(1,034,911)	(1,269,737)
Tax effect on Capital Allowance	(13,210)	-27,914
Deferred Tax	419,811	0
Tax Charged	<u>3,070,705</u>	<u>4,666,014</u>
Effective Tax Rate	34.94%	27.77%

The tax liabilities are subject to agreement with the Internal Revenue Service.

20. NATIONAL FISCAL STABILISATION LEVY

Balance at 1 January	439,423	-42,437
Charge for the year	439,393	839,994
Amount paid	-268,080	-358,134
Balance at 31 December	<u>610,736</u>	<u>439,423</u>

This is a levy of 5% of accounting profit before tax for the year which is payable to the Commissioner of Ghana Revenue Authority under the National Fiscal Stabilization Levy Act, 2009 (Act 785).

GHANA REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

21. TAX EFFECT RELATING TO OTHER COMPEHENSIVE INCOME

	Before- tax Amount GH¢	Tax (expense)/ benefit GH¢	Net-of-tax Amount GH¢
2011			
Available-for-sale	12,868,145	0	12,868,145
Other comprehensive income	<u>12,868,145</u>	<u>0</u>	<u>12,868,145</u>
2010			
Available-for-sale	2,639,593	0	2,639,593
Other comprehensive income	<u>2,639,593</u>	<u>0</u>	<u>2,639,593</u>

The gain or loss on the available-for-sale investments relates to listed equity which does not attract tax.

22. DIVIDENDS

a. Declared Dividend

	2011 Gh¢	2010 Gh¢
Balance at 1 January	0	0
Dividends declared	1,500,000	2,000,000
Dividends paid	<u>(1,500,000)</u>	<u>(2,000,000)</u>
Balance at 31 December	<u>0</u>	<u>0</u>

b. Proposed Dividend

For 2011, the directors propose the payment of dividend of GH¢0.02 per share amounting to GH¢1,000,000. This proposed dividend shall become payable when it is approved by the shareholder. In respect of 2010, the directors paid a dividend of GH¢0.03 per share which amounted to Gh¢1,500,000.

23. DEFERRED TAXATION

	Recognised in Income	Recognised in Equity Gh¢	Total Gh¢	2010 Total Gh¢
Balance at 1 Jan.	141,483	0	141,483	141,483
Charge for the year	54,252	365,559	419,811	0
Balance at 31 Dec.	<u>195,735</u>	<u>365,559</u>	<u>561,294</u>	<u>141,483</u>

24. INVESTMENT INCOME

	General Business Gh¢	Life Business Gh¢	2011 Gh¢	2010 Gh¢
Interests	5,749,701	498,585	6,248,286	9,150,173
Dividends	1,702,584	0	1,702,584	1,024,919
Rent on Investment Property	491,601	3,993	495,594	432,325
	<u>7,943,886</u>	<u>502,578</u>	<u>8,446,464</u>	<u>10,607,417</u>

GHANA REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

	General Business Gh¢	Life Business Gh¢	2011 Gh¢	2010 Gh¢
25. EXCHANGE GAIN				
Realised	793,282	0	793,282	53,806
Unrealised	2,213,405	0	2,213,405	3,621,706
	3,006,687	0	3,006,687	3,675,512

The unrealised exchange gain represents net effect of gains and losses on exchange which arose from the translation of assets and liabilities denominated in foreign currencies to cedis. The assets are mainly investments and amount due from ceding and retroceding companies. The liabilities are mainly amount due to ceding and retroceding companies.

	2011 Gh¢	2010 Gh¢
26. OTHER INCOME		
Interest on Deposit Released	23,789	12,899
Profit on Disposal of Property, Plant and Equipment	5,048	6,723
Miscellaneous	75,436	27,728
	104,273	47,350
27. TAX ON COMPREHENSIVE INCOME		
Current Tax expense (Note 18)	2,650,894	4,715,950
Deferred tax expense	419,811	0
	3,070,705	4,715,950
28. MANAGEMENT EXPENSES		
These include:		
Staff Cost	3,216,258	2,332,337
Depreciation	141,504	199,745
Auditor's Remuneration	38,007	27,378
Directors Emoluments	196,140	108,725
Bad Debts written off /Charge for Impairment loss	6,862,643	6,895,101
Donations	83,478	159,676
	627,336	545,751
29. COMMISSION - LIFE BUSINESS		
a. Commissions on Accepted Businesses	627,336	545,751
b. Commissions on Retroceded Businesses	55,658	9,544

GHANA REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 Gh¢	2010 Gh¢
30. CLAIMS INCURRED - LIFE BUSINESS		
Claims Paid	1,195,150	770,315
Claims Recovered	0	0
	1,195,150	770,315
 31. RECONCILIATION OF PROFIT BEFORE TAX TO CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	8,787,864	16,799,882
Adjustment for:		
Depreciation charged	141,504	199,746
Revaluation on Investment Properties	-2,437,060	0
Profit on Disposal of PPE	(5,048)	-6,723
Dividend Received	(1,702,584)	(1,024,919)
Interest Income	(6,248,286)	(9,150,173)
Exchange gain	(2,213,405)	(3,621,705)
Operating (Loss)/Profit before Working Capital changes	-3,677,015	3,196,108
Due from Ceding/Retroceding Companies	-192,156	1,347,356
Increase in Other Accounts Receivable	948,097	1,611,626
Provision for unexpired risk liability	2,469,290	-3,623,927
Claims Liability	6,692,267	(465,013)
Due to ceding/retroceding companies	544,144	(439,085)
Sundry creditors & accruals	205,065	(285,038)
Change in life fund	829,444	1,364,813
Transfer to life contingency reserve	30,819	25,211
Cash Flow from Operating Activities	7,849,955	2,732,051

32. CATEGORIES OF FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Financial instruments of the Company are classified into the following categories:

	2011 Gh¢	2010 Gh¢
a. Available-for-sale Investments		
Equity Securities	48,602,298	34,724,340
Corporate Debt Securities	1,900,800	1,766,760
Government securities	37,761,382	35,911,458
Cash and Cash Equivalents	37,111,877	31,627,907
	125,376,357	104,030,465
 b. Loans and Receivables		
Due from ceding/retroceding companies	27,351,174	30,826,310
Other Accounts Receivables	5,248,363	6,062,782
	32,599,537	36,889,092

GHANA REINSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 GH¢	2010 GH¢
32. CATEGORIES OF FINANCIAL INSTRUMENTS (continued)		
c. Financial Liabilities measured at amortised cost		
Due to ceding/retroceding companies	11,580,358	11,544,498
Other Accounts Payables	1,094,651	952,852
	12,675,009	12,497,350

The fair values of the above financial assets and liabilities approximate their carrying values. The Company did not hold financial instruments in the category of held-to-maturity nor fair value through profit or loss.

33. RELATED PARTY TRANSACTIONS

Transactions carried out during the year with related parties as well as outstanding balance at the reporting date are as follow:

	2011 GH¢	2010 GH¢
a. Associates		
Accepted premiums from associates	8,902,546	8,040,484
Commission on accepted premiums	(3,185,514)	(2,575,497)
Claims paid to associates	(2,561,907)	(1,891,366)
Net transactions with associates	3,155,125	3,573,621
Balances due from associates	6,988,277	6,404,472
Net balance due from associates	6,988,277	6,404,472

The company is an associated company to the following companies by virtue of having 20% holding in Donewell Insurance Company Limited and 22.48% holding in Metropolitan Insurance Company Limited.

	2011 GH¢	2010 GH¢
b. Officers and other employees		
Loans to Officers and other employees	1,226,954	1,409,860

34. Capital Commitments

There were no capital commitments. (2010: nil).

35. Contingent Liabilities

At the reporting date the company had no contingent liabilities in respect of pending legal suit. (2010: nil).

36. Comparative Information

Where necessary, presentation of comparative information has been changed to conform with the presentation in the current year.

GHANA REINSURANCE COMPANY LIMITED
SCHEDULE TO GENERAL BUSINESS REINSURANCE REVENUE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Fire Gh¢	Motor Gh¢	W. C. A. Gh¢	Other Accidents Gh¢	Marine Cargo Gh¢	Marine Hull Gh¢	Aviation Gh¢	2011 Total Gh¢	2010 Total Gh¢
Underwriting Income									
Gross Premium	20,647,458	10,249,443	804,794	10,232,053	2,635,081	853,442	492,584	45,914,855	45,544,306
Retrocession Premium	(1,358,365)	(56,607)	146,564	-83,046	(433,562)	0	(426,726)	(2,211,742)	(6,747,195)
Net Premiums Retained	19,289,093	10,192,836	951,358	10,149,007	2,201,519	853,442	65,858	43,703,113	38,797,111
Change in Reserve for Unexpired Risks									
Balance at 31 December	8,680,092	4,586,776	428,111	4,567,053	1,651,139	640,081	49,394	20,602,646	18,133,356
Balance at 1 January	(5,429,746)	(6,580,416)	(401,816)	(4,034,737)	(875,478)	(682,085)	(129,078)	(18,133,356)	-21,757,283
	3,250,346	-1,993,640	26,295	532,316	775,661	(42,004)	-79,684	2,469,290	-3,623,927
Net Premium Earned	16,038,747	12,186,476	925,063	9,616,691	1,425,858	895,446	145,542	41,233,823	42,421,038
Commission on Retroceded Business	88,476	0	0	0	0	0	67,569	156,045	350,782
Net Premium and Commission earned	16,127,223	12,186,476	925,063	9,616,691	1,425,858	895,446	213,111	41,389,868	42,771,820
Claims Paid less Recoveries									
Claims Paid	6,780,368	2,757,654	89,879	682,737	332,729	81,399	1,795	10,726,561	12,277,113
Less Recoveries								0	-
	6,780,368	2,757,654	89,879	682,737	332,729	81,399	1,795	10,726,561	12,277,113
Reserve for Outstanding claims									
Balance at 31 December	16,307,398	7,335,018	16,884	630,548	461,348		0	24,751,196	13,611,505
Due from Retrocessionaires	-4,816,259	-367,208	0	0	0	0	0	-5,183,467	0
Balance at 1 January	(7,586,357)	(3,383,922)	(78,835)	(2,298,434)	(197,554)	-66,403		(13,611,505)	-14,056,758
	3,904,782	3,583,888	-61,951	(1,667,886)	263,794	-66,403	0	5,956,224	-445,253
Claims Incurred less Recoveries	10,685,150	6,341,542	27,928	-985,149	596,523	14,996	1,795	16,682,785	11,831,860
Commission on Accepted Business	6,478,916	3,232,212	285,134	3,320,101	709,900	221,673	57,508	14,305,444	14,733,674
Foreign Levies and Brokerages	333,117	92,686	3,241	164,499	55,257	10,145	1,444	660,389	511,642
Management Expenses	6,375,669	3,369,062	314,454	3,354,575	727,674	282,090	21,768	14,445,292	12,639,506
Total Underwriting Expenses	23,872,852	13,035,502	630,757	5,854,026	2,089,354	528,904	82,515	46,093,910	39,716,682
Underwriting Profit/(Loss) transferred to P & L	-7,745,629	(849,026)	294,306	3,762,665	-663,496	366,542	130,596	-4,704,042	3,055,139

GHANA REINSURANCE COMPANY LIMITED
SCHEDULE TO MANAGEMENT EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 GH¢	2010 GH¢
Staff Cost		
Basic Salary	2,367,340	1,302,847
Rent Allowance	0	160,440
Domestic Allowance	0	33,869
Professional Allowance	0	41,674
Duty/Responsibility Allowance	0	117,051
Security Allowance	0	31,622
SSF Employer	315,588	160,711
PF Employer	311,304	155,999
Bonus	420,806	203,715
Clothing	0	124,409
	3,415,038	2,332,337
 Administrative Expenses		
Local Travel	281,898	356,523
Overseas Travel	376,399	396,962
Repairs and Maintenance	184,658	204,611
Acting Allowance	6,992	1,644
Utility Allowance	27,037	84,755
Overtime Allowance	581	1,743
Leave Commutation	35,242	0
Electricity	72,045	72,694
Water	3,180	2,130
Telephone	17,848	6,601
Office Expenses	49,300	48,085
Postages/Rates	83,558	37,844
Printing and Stationery	46,251	30,457
Licensing and Registration	9,011	11,119
Security Services	49,131	45,116
Periodicals and Subscription	21,116	3,647
	1,264,247	1,303,931

GHANA REINSURANCE COMPANY LIMITED
SCHEDULE TO MANAGEMENT EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 GH¢	2010 GH¢
Staff Cost		
Basic Salary	2,367,340	1,302,847
Rent Allowance	0	160,440
Domestic Allowance	0	33,869
Professional Allowance	0	41,674
Duty/Responsibility Allowance	0	117,051
Security Allowance	0	31,622
SSF Employer	315,588	160,711
PF Employer	311,304	155,999
Bonus	420,806	203,715
Clothing	0	124,409
	3,415,038	2,332,337
Administrative Expenses		
Local Travel	281,898	356,523
Overseas Travel	376,399	396,962
Repairs and Maintenance	184,658	204,611
Acting Allowance	6,992	1,644
Utility Allowance	27,037	84,755
Overtime Allowance	581	1,743
Leave Commutation	35,242	0
Electricity	72,045	72,694
Water	3,180	2,130
Telephone	17,848	6,601
Office Expenses	49,300	48,085
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Security Services	49,131	45,116
Periodicals and Subscription	21,116	3,647
	1,264,247	1,303,931