GRC

Ghana Re

CORPORATE MISSION

To be the reinsurer of choice in Ghana and chosen markets in Africa through innovative and capacity building applications combined with commitment to customer satisfaction and Corporate profitability

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lionel Molbila (Chairman)
Gustav W.K. Siale (Managing Director)
Abiba Zakariah (Deputy MD)
Wilson Tei
Mohammed Yakubu
Charlotte Osei
Marian Mensah

REGISTERED OFFICE

Plot 24, Sudan Road, Ridge,
Accra
P. O. Box AN7509
Accra-North Ghana

SECRETARY/SOLICITOR

Jessica Allotey (Mrs)

AUDITOR

KPMG
Chartered Accountants
13 Yiyiwa Drive
Abelenkpe
P. O. Box 242
Accra, Ghana

COMPANY'S REGISTERED NUMBER

CS00662013

BANKERS

Agricultural Development Bank Limited
Barclays Bank Ghana Limited
Ecobank Ghana Limited
Fidelity Bank Ghana Limited
GCB Bank Limited
Ghana International Bank Plc London
Standard Chartered Bank Ghana Limited
Universal Merchant Bank Ghana Limited

PROFILE OF DIRECTORS

Lionel Molbila
Chairman

Mr. Lionel K. Molbila, who is a recipient of the highly prestigious national award of 'Officer of the Order of the Volta', has vast experience in insurance and corporate governance. Mr. Molbila rose through the ranks to the position of Managing Director of SIC Insurance Company in 1993. He has over 40 years working experience in the insurance industry in Ghana. He has held several respectable positions including: Chairman of the National Bureau of ECOWAS Brown Card Insurance Scheme (1993-1998), member of the Governing Council of West African insurance Institute, Banjul (1993-1998) and President of West African Insurance Companies Association (1997-1998). Also, Mr. Molbila was appointed as Managing Director of Phoenix Insurance Company Limited in July 2005. A position he held until June 2007.

Mr. Molbila has served on several Boards including the following: Quality Insurance Company Limited, Ghana Supply Commission, CDH Financial Holdings Limited, National Council on Tertiary Education, Consolidated Discount House, Ghana Tourist Development Company, The Trust Hospital, Social Security and National Insurance Trust, Ghana Consolidated Diamonds Limited and Prefabricated Concrete Products Limited.

Mr. Gustav Siale holds a Master's degree in Population Studies and a Bachelor's degree in Economics from the University of Ghana, Legon as well as a Diploma (Distinction) in Insurance from the West African Insurance Institute. He is a Fellow of the Chartered Insurance Institute of United Kingdom. Gustav is also a member of the Ghana Bar Association. He joined Ghana Reinsurance Company in January 1994 to start the Research and Statistics Department. He served in several capacities: Head of Research, General Manager (Technical), Deputy Managing Director and Secretary to the Board of Directors. He is currently the Managing Director of Ghana Reinsurance Company. Before joining Ghana Reinsurance Company, Mr. Siale had worked with the State Insurance Company now SIC Insurance Company. He has attended several seminars and conferences on insurance in Africa, Europe and Asia.

Gustav is an Executive Council member of The Insurance Institute of Ghana and the 2nd Vice President of Ghana Insurers Association. He is currently the Chairman of the Academic Board and a Council Member of the Ghana Insurance College.

Gustav loves teaching. Currently he is a visiting Lecturer in Principles and Practice of Reinsurance at West Africa Insurance Institute (WAII), a Part Time Lecturer in Liability Insurance at the University of Ghana Business School, and serves as a Resource Person in Business Interruption, Liability and Engineering Insurances at the Ghana Insurance College. He is currently serving on the Boards of Metropolitan Insurance Company, Trust Logistics Limited and Donewell Life Insurance Company Limited.

Mr. Siale has over thirty years experience in insurance and reinsurance.

Gustav W. K. Siale
Managing Director

PROFILE OF DIRECTORS (Continued)

Abiba Zakariah
Deputy Managing Director

Ms. Zakariah is a product of the University of Ghana, Legon and holds a Master's Degree in Marketing. As a Chartered Insurer and Chartered Marketer, she has over nineteen years' experience in the insurance/reinsurance industry. She is currently pursuing a Doctorate in Management programme with Swiss Management Centre, Geneva, Switzerland.

Ms Abiba Zakariah joined Ghana Reinsurance Company in 2003 as a Marketing Manager having previously worked for SIC Insurance Company for eight years. Through hard work she rose steadily to the position of Ag. Head, Technical Operations. In February 2014, she was appointed Deputy Managing Director in recognition of her exemplary performance.

Ms Abiba Zakariah has attended several courses, both local and international and served on several committees in the industry. In 2012/2013 she acted as the Project Manager for the Ghana Agricultural Insurance Pool and served on the Executive Council of the Chartered Institute of Marketing Ghana in 2011.

Ms Zakariah currently lectures at the Ghana Insurance College and is a Resource Person for Ghana Reinsurance Company Limited training programmes and seminars. She is also a member of the Agricultural Insurance Pool Steering and Technical Committees as well as the "No Premium No Cover" Committee set up by the National Insurance Commission to support the implementation of the regime.

Mr. Wilson Tei, has enormous experience in the insurance industry and was the former Managing Director of Provident Life Assurance Company Limited. He has done extensive studies in the areas of insurance, finance and leadership. Certificates obtained include: Action Centered Leadership Course (Swiss Re) 1974, Life Underwriting and Reassurance Administration (Swiss Re) 1980, Post Graduate Dilploma in Executive Administration (Witwatersrand, Johannesburg) 2000 and Post graduate Certificate in Insurance Management – M.I.T.C (Malta) 2005.

Wilson worked with Zambia State Insurance Corporation in 1978. He played a key role in the preparation of Life Administration documentation, Management Control Manual and set up procedures for the Liberian National Insurance Corporation in 1984. He was a part-time lecturer at the SIC Training School between 1977 and 1979. He does periodic lectureship with University of Ghana Business School Executive MBA. He was the president of Ghana Insurers Association between 1998 and 2005 and a non-executive director of National Insurance Commission and Ghana Education Trust Fund. He was also a member of the 16-man team that worked on the Financial Sector Strategical Plan (FINSSIP I) for Ghana.

Wilson Tei
Member

Charlotte Osei (Mrs)
Member

Mrs. Charlotte Osei has significant experience and specialization in corporate/business law, banking, insurance, labour, infrastructure project financing and public private partnerships. Her work experience has covered the general assignments of a Company Secretary and General Counsel for financial institutions, advising on compliance and regulatory issues, to corporate financing and restructuring, negotiating transactions, labour and human resource management matters. She consults on a variety of areas and also provides support services for several Ghanaian companies, foreign investors and international development agencies in Ghana in several areas.

She holds a LL.B (Hons) degree from the University of Ghana, Legon; a Qualifying Certificate in Law from the Ghana School of Law; a Master of Laws from Queen's University, Kingston, Canada and a Masters in Business Leadership, from the University of South Africa.

Charlotte was a part-time lecturer in Contracts, Company Law and Business Law at the Faculty of Law of University of Ghana. In 2005, she set up Prime Attorneys, a business and investment Law firm, in Accra. She is a member of the Ghana Bar Association and the International Bar Association.

She holds several academic awards and distinctions and has served as a director on the Board of several Ghanaian and international institutions including Ghana Commercial Bank Limited and The African Capacity Building Foundation.

PROFILE OF DIRECTORS (Continued)

Mr. Mohammed Yakubu had his university education at the University of Ghana Business School, Legon. He has had extensive education in Securities Analysis and Portfolio Management both locally and abroad.

Mohammed is the Chief Executive Officer of CAL Asset Management Company Ltd. He manages the day-to-day operations of the company and coordinates the marketing activities. Mohammed joined CAL from Strategic African Securities Ltd., where he acquired extensive knowledge of the Ghanaian capital markets and established the Trading and Research department. He also managed a portfolio of investments totaling $2.3million in various financial instruments. Mohammed has also served as Operations Manager and CEO of Cal Brokers Ltd and Chief Dealer at the National Trust Holding Company Ltd. (NTHC).

He worked as a consultant in the establishment of Global Securities Ltd in Accra and served as the Vice President of the Ghana Association of Licensed Stockbrokers from 1997 to 2000 and a substitute member of the Ghana Stock Exchange Council during the same period. Mr. Yakubu was a key resource person from Ghana in respect of the listing of Uganda Clays Limited on the Ugandan Stock Exchange.

Mohammed Yakubu
Member

Marian Mensah
Member

Ms. Marian Mensah is a trained Financial Economist and a Principal Economics Officer in charge of the Capital Market Unit of the Financial Sector Division of the Ministry of Finance (MoF). She has over a decade experience with extensive knowledge in public sector related issues bordering on a wide range of areas to include financial sector policy advice and formulation, planning and budgeting, project management,investment analysis and monitoring and evaluation.

She obtained an MA in Economics and Finance from University of Leeds, UK, in 2003 after having graduated with a degree in Economics and Psychology from the University of Ghana, Legon, in 2000. Her career began as an Assistant Economics Officer with the Policy Analysis Division at the MOF in 2000 and has served in numerous divisions in different capacities. She has also worked with the Policy Planning Monitoring and Evaluation Division (PPME) of the Ministry of Manpower Youth and Employment where she provided technical support on the United Nations Development Programme (UNDP) supported project to develop a National Human Resource Development Policy and a National Employment Policy.

She serves as a representative of the MOF on the Central Banks Open Market Operation/ Forex and Auction Committees which has the responsibility for overall liquidity management in the economy. Again, she played a critical role on the MoF's-Ghana Stock Exchange (GSE) collaborated SME Project Committee which developed and implemented the Ghana Alternative Market (GAX). She also served diligently on the Primary Dealership System Review Committee which reviewed the Primary Dealership role in the participation of Government of Ghana primary securities market operations. In addition, she played a dynamic role in the formulation of policy initiatives and strategies to strengthen the capital and financial market through a World Bank/SECO/DFID/GIZ funded Economic Management Capacity Building Project (EMCB), a critical and important component of the Financial Sector Strategic Plan (FINSSPI).

FINANCIAL HIGHLIGHTS (FIVE YEAR SUMMARY)

General Business

	2014 Gh¢	2013 Gh¢	2012 Gh¢	2011 Gh¢	2010 Gh¢
Gross Premium Income	95,948,050	68,514,726	63,241,427	45,914,855	45,544,307
Net Premium Income	86,191,294	61,658,941	58,020,877	43,703,113	38,797,112
UnderWriting Profit /Loss	(14,898,183)	(18,339,967)	821,216	(4,704,042)	3,055,139
Investment Income	31,531,282	35,673,552	14,394,794	7,943,886	10,018,397
Management Expenses	33,900,837	30,569,751	17,886,573	14,445,292	12,639,506
Shareholders Fund	210,089,139	172,462,616	115,198,625	103,457,714	86,211,801
Management Expenses To gross premium ratio	35%	45%	28.28%	31.46%	27.75%
Earnings Per share	0.40	0.63	0.28	0.11	0.22

Life Business

	2014 Gh¢	2013 Gh¢	2012 Gh¢	2011 Gh¢	2010 Gh¢
Gross Premium Income	8,446,151	6,274,413	4,580,384	3,081,886	2,521,068
Net Premium Income	6,020,762	4,402,348	4,384,382	2,754,077	2,329,821
UnderWriting Profit /(Loss)	2,242,184	(3,384,433)	5,237,912	4,600,816	804,490
Investment Income	3,243,770	2,097,769	935,960	502,578	589,019
Management Expenses	1,253,060	1,099,244	708,236	629,565	218,808
Life Fund	7,795,069	7,107,876	2,859,537	1,651,417	5,550,827
Management Expenses To gross premium ratio	15%	18%	15%	20%	9%

CHAIRMAN'S STATEMENT

Lionel Molbila
(Chairman)

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and the Financial Statements of Ghana Reinsurance Company Limited (Ghana Re) for the year ended 31st December, 2014.

The Economy

The Ghanaian economy experienced major challenges in 2014, including the depreciation of the local currency against major international currencies, a decline in prices of the country's export commodities including oil and shortfalls in energy supply. In addition, inflation rose to 17% by year end 2014 from 14% in 2013, culminating in slower economic growth.

It is worth mentioning that interventions introduced by the Government to curb some of the afore stated setbacks have started yielding positive results.

Ghanaian Insurance Market

The Ghanaian insurance market is a thriving one with huge potential for growth in both the life and non-life segments. The National Insurance Commission's (NIC) latest annual report (2013), indicated that gross premium (Life and Non-Life) for the insurance market was GH¢1,051.28m, representing a 24% growth over the previous year.

Motor insurance continued to be the largest contributor to the non-life business followed by Fire and Accident insurances respectively. The performance of Life insurance was also impressive with a premium income of GH¢468.83m, representing 45% of the total market premium.

The industry however has a low penetration rate of 2%. This is attributable to lack of awareness, misconception about insurance, inadequate disposable income, poor underwriting practices as well as claims settlement delays. Sector reforms by the NIC have sought to address some of these challenges. Further, the implementation of the "No premium, no cover" policy, has improved the cash flow of insurance companies in the country and is expected to resolve the issue of claims settlement delays. We take the opportunity to commend the NIC of Ghana for the interventions in the market.

The insurance industry in Ghana continued to face challenges, including capital flight, as a result of businesses which could have been retained locally being retroceded outside Ghana. Other constraints included the non-exhaustion of local capacity, in spite of provisions in the Insurance Act, 2006 (Act 724) requiring companies to exhaust local capacity before sending businesses outside the country. Inadequate capital to underwrite special risks still remains a challenge.

Africa

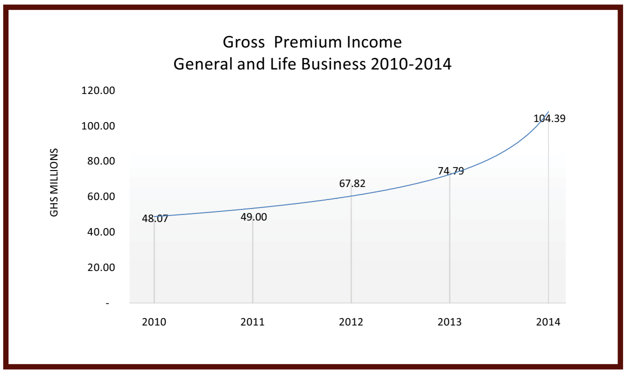
Renewed investment interest in Africa coupled with emerging risks such as oil & gas and extreme climatic changes are expected to boost insurance demand on the continent. Strong economic growth, increasing disposable incomes and favourable demographics in Africa, have shown signs of further driving demand. In addition, the rising awareness of the usefulness of insurance and the broader use of micro insurance in combination with innovative distribution models will support insurance growth. The company and its cherished partners are poised for greater business

CHAIRMAN'S STATEMENT (Continued)

opportunities.

BUSINESS PERFORMANCE

Dear Shareholder, we are delighted to report that your company's composite gross premium grew by 40% from GH¢74.79 million in 2013 to GH¢104.39 million in 2014. The general business and life business gross premiums increased by 40% and 35% respectively in 2014.



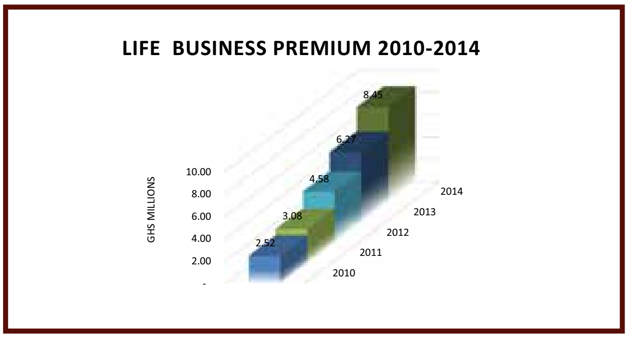
General business gross premium income grew to GH¢95.95million from GH¢68.51million in 2013. This growth was underpinned by an increase in premium income written from both overseas and the local markets.

Premium income from markets outside Ghana increased by 76% while local market premium grew by 21% and formed 42% and 58% of total premium income respectively.

Business from our Kenya office grew by 285.78% from GH¢1.97million in 2013 to GH¢7.60million in 2014.

The company's claims ratio increased from 40% in 2013 to 56% in 2014, as a result of historical claims submitted by cedants following the NIC's directive to companies to reconcile outstanding balances. Claims incurred in 2014 amounted to GH¢46.07million compared to GH¢28.27million in 2013.

Your company's investment income of GH¢31.53 million comprised interest income on money market instruments, gains realised on equities, in addition to rent and dividend incomes.



Life business premium income rose from GH¢6.2million in 2013 to GH¢8.4 million in 2014 indicating an increase of 35%. Improvement in premium collection ensured that Life's investment income increased by 55% to GH¢3.24million from GH¢2.10million in 2013.

Although management expenses increased marginally to GH¢33.90 million from GH¢30.57million in 2013, it is note-worthy that the management expense ratio decreased from 45% in 2013 to 37% in 2014.

Kenya

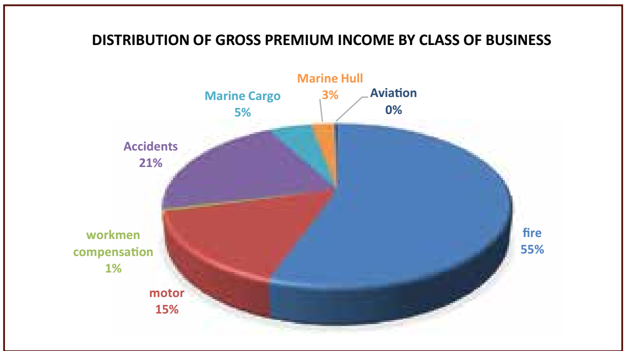
The company continues to perform well on the Kenya market which is boosted by economic growth in the country. Growing middle class indicating increased expenditure on health, motor, property and retirement related products have enhanced the demand for a range of life and non-life products.The economic growth will drive a leap in private financial consumption, providing opportunities for insurance firms in related classes of insurance such as motor vehicle and property.

Cameroon

Ghana Re's subsidiary office in Cameroon saw some improvement in its performance in 2014, notwithstanding problems encountered in the early

CHAIRMAN'S STATEMENT (Continued)

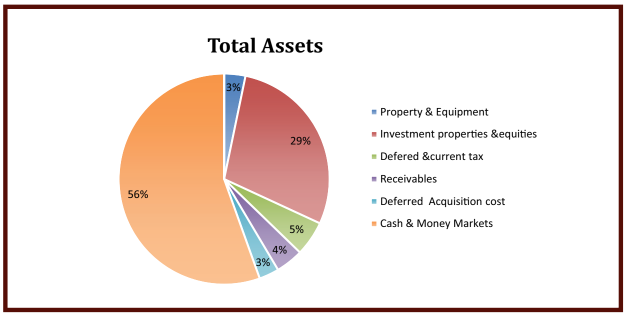
stages of its establishment. The Cameroon insurance sector as a whole is small, relative to the country's economy. However, the Inter-professional Committee of the Insurance Market (CIMA) which operates as the regulator, plays a powerful role in ensuring that the insurance market extends beyond member countries borders and covers all francophone countries in the region. Non-life companies dominate the industry but expansion in the life insurance segment is expected to contribute to the overall growth of the Cameroonian insurance industry over a six-year forecast period (2013-2018).



SHAREHOLDER'S FUND

Ghana Re's composite balance sheet expanded by 14.20% in 2014 with total assets to total liabilities ratio of 3.28 in 2014 as compared to 2.89 in 2013. It is worth noting that 90% of the assets are held in investments.

Based on your company's performance, the Board recommends the payment of dividend of GHS5.6million representing an increase of 87% over the previous year.



CORPORATE SOCIAL RESPONSIBILITY

In 2014, the company supported the activities of various educational, health and sports institutions in Ghana. We will continue to contribute to national and worthy causes and grow our business to enable us support our stakeholders even more.

PROSPECTS

The challenges of 2014 though daunting were surmounted by the company as evidenced by its performance in the year. We will continue to build a stronger and more resilient company.

Our strategic focus for the year will be to increase the company's capital to take advantage of oil & gas reinsurance opportunities and further create a more robust, resilient and profitable company as well as expand our operations on the African continent and other international markets.

We will work hard to consolidate our presence in Kenya by converting the current office into a subsidiary in the coming year to take full advantage of the positive growth in the Kenyan market.

On behalf of the Board, I wish to sincerely thank our shareholder, the insurance companies and brokers, without whose support we could not have chalked these successes.

We thank Management and staff of Ghana Re and commend their hard work, passion and dedication which ensures that Ghana Re grows stronger and more profitable year on year.

Your Board is committed to ensuring sustained growth and will work to uphold the Company's prime position in the industry, improve corporate governance structures and profitability.

LIONEL MOLBILIA
Chairman

REPORT OF DIRECTORS

TO THE MEMBERS OF GHANA REINSURANCE COMPANY LIMITED

The Directors present their report and the financial statements of the company for the year ended 31 December 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Insurance Act, 2006 (Act 724), the Companies Act, 1963 (Act 179) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

FINANCIAL STATEMENTS AND DIVIDEND

The results for the year are as set out in the attached financials, highlights of which are as follows:

	2014	2013
	GH¢	GH¢
Profit for the year ended before taxation was	57,019,887	36,601,377
from which is charged taxation of	(13,990,727)	(6,662,029)
giving a profit for the year after taxation of	43,029,160	29,939,348
Share of Profit from Associated Companies	602,167	530,923
out of which is transferred to contingency reserve in accordance with the Insurance Act (724) an amount of	(16,905,903)	(14,310,983)
resultingin a balance of	26,725,424	16,159,288
Dividend	(3,000,000)	(3,000,000)
Transfer to Stated Capital	-	(8,000,000)
	23,725,424	5,159,288
which when added to balance brought forward on the retained earnings account of	37,780,606	32,621,318
leaves a balance to be carried forward on the retained earnings account of	61,506,030	37,780,606

.

REPORT OF DIRECTORS (Continued)

NATURE OF BUSINESS

The principal activities of the company are to undertake the business of reinsurance and any other businesses incidental thereto.

There was no change in the principal activities of the company during the year.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 19th May, 2015 and signed on their behalf by;

....	....
DIRECTOR	DIRECTOR

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GHANA REINSURANCE COMPANY LIMITED
ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Report on the financial statements

We have audited the financial statements of Ghana Reinsurance Company Limited, which comprise the statement of financial position at 31 December 2014, statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory information as set out on pages 14 to 55.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Insurance Act, 2006 (Act 724), the Companies Act 1963, (Act 179) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

KPMG

Opinion

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act 1963, (Act 179).

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

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

KPMG

Signed By: Nathaniel D. Harlley (ICAG/P/1056)
for and on behalf of:
KPMG: (ICAG/F/2015/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

19th May, 2015

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	General Business GH¢	Life Business GH¢	Total 2014 GH¢	Total 2013 GH¢
Assets					
Property and Equipment	10	10,580,383	-	10,580,383	10,622,899
Investment Properties	11	28,247,234	-	28,247,234	14,350,000
Equity Securities	12	44,695,431	396,602	45,092,033	41,098,091
Investment in Subsidiary	15	1,073,854	-	1,073,854	30,500
Investment in Associated Companies	15	7,122,133	-	7,122,133	4,819,966
Current Tax	18	16,644,609	-	16,644,609	-
Deferred Tax	19	723,013	-	723,013	11,934,825
Corporate Debt Securities	12	11,306,014	-	11,306,014	11,275,187
Due from Retroceding/Ceding Companies	16	5,281,857	523,845	5,805,702	27,682,053
Other Accounts Receivable	17	7,439,480	479,811	7,919,291	6,177,265
Deferred Acquisition cost	13	9,920,000	-	9,920,000	2,122,218
Government Securities	12	73,945,573	9,979,679	83,925,252	55,874,863
Term Deposit	12	57,350,617	3,696,671	61,047,288	48,678,953
Cash and Cash Equivalents	20	27,998,294	6,958,486	34,956,780	29,319,425
TotalAssets		302,328,492	22,035,094	324,363,586	263,986,245
Equity					
Stated Capital	26	36,000,000	-	36,000,000	36,000,000
Capital Surplus	27	46,455,132	-	46,455,132	43,811,760
Contingency Reserve	28	76,314,882	305,399	76,620,281	59,714,378
Retained Earnings		51,319,125	10,186,905	61,506,030	37,780,606
Total Equity		210,089,139	10,492,304	220,581,443	177,306,744
Technical Liabilities					
Unearned Premium	21	29,213,000	740,823	29,953,823	30,314,300
Outstanding Claims	5(b)	36,339,362	873,971	37,213,333	23,867,694
Deferred Commission Income	22	413,772	-	413,772	164,948
Life Fund	25	-	7,795,069	7,795,069	7,107,876
Other Liabilities		65,966,134	9,409,863	75,375,997	61,454,818
Due to Ceding/Retroceding Companies	24	19,653,464	1,789,523	21,442,987	16,138,288
Other Accounts Payable	23	5,493,911	343,404	5,837,315	5,543,069
Current Tax	18	-	-	-	2,749,364
National Fiscal Stability Levy	18	1,125,844	-	1,125,844	793,962
		26,273,219	2,132,927	28,406,146	25,224,683
Total Liabilities		92,239,353	11,542,790	103,782,143	86,679,501
Total Equity and Liabilities		302,328,492	22,035,094	324,363,586	263,986,245

.... DIRECTOR

.... DIRECTOR

The accounting policies and notes set out on pages 19 to 55 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 General Business GH¢	2014 Life Business GH¢	2014 Total GH¢	2013 Total GH¢
Gross Premiums		95,948,050	8,446,151	104,394,201	74,789,139
Retrocession Premium		(9,756,756)	(2,425,389)	(12,182,145)	(8,556,279)
Net Premium Written		86,191,294	6,020,762	92,212,056	66,232,860
Unearned Premiums	21	446,739	(86,261)	360,478	(171,571)
Net Premium Earned		86,638,033	5,934,501	92,572,534	66,061,289
Commission Income	6(b)	1,061,025	662,944	1,723,969	678,927
Net Premium and Commission Earned		87,699,058	6,597,445	94,296,503	66,740,216
Underwriting Expense					
Claims Incurred	5(a)	(48,648,172)	(797,600)	(49,445,772)	(29,841,220)
Commission Expense	6(a)	(17,790,462)	(1,617,408)	(19,407,870)	(21,392,010)
Increase in Life Fund	25	-	(687,193)	(687,193)	(4,248,339)
		(66,438,634)	(3,102,201)	(69,540,835)	(55,481,569)
Foreign Levies and Brokerages		(2,257,770)	-	(2,257,770)	(1,214,052)
Management Expenses	7	(33,900,837)	(1,253,060)	(35,153,897)	(31,668,995)
Total Underwriting Expenses		(102,597,241)	(4,355,261)	(106,952,502)	(88,364,616)
Underwriting (Loss)/Profit		(14,898,183)	2,242,184	(12,655,999)	(21,624,400)
Investment Income	8	31,531,282	3,243,770	34,775,052	37,771,321
Exchange Gain	14	18,124,907	162,226	18,287,133	19,790,721
		49,656,189	3,405,996	53,062,185	57,562,042
Operating Profit		34,758,006	5,648,180	40,406,186	35,937,642
Other Income	9	16,613,701	-	16,613,701	663,735
Profit before Taxation		51,371,707	5,648,180	57,019,887	36,601,377
Taxation	18(b)	(11,422,141)	-	(11,422,141)	(5,717,182)
National Fiscal Stabilization Levy	18(a)	(2,568,586)	-	(2,568,586)	(944,847)
Profit after Taxation		37,380,980	5,648,180	43,029,160	29,939,348
Share of Profit from Assoc. Companies		15,602,167	-	602,167	530,923
Transfer to Contingency reserve		(16,821,441)	(84,462)	(16,905,903)	(62,744)
		21,161,706	5,563,718	26,725,424	30,407,527
Other Comprehensive Income					
Gain on Equity Securities		9,593,776	-	9,593,776	18,643,866
Revaluation Gain on Investment Prop.		-	-	-	2,099,500
Total Comprehensive Income		30,755,482	5,563,718	36,319,200	51,150,893

The accounting policies and notes set out on pages 19 to 55 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2014

Balanceat 1 January 2014	Stated Capital GH¢	Retained Earnings GH¢	Capital Surplus GH¢	Statutory Reserve GH¢	Total Equity GH¢
Total comprehensive income for the year	36,000,000	37,780,606	43,811,760	59,714,378	177,306,744
Profit for the year	-	37,983,147	-	-	37,983,147
Release of realised gain on equity investment	-	-	(4,850,904)	-	(4,850,904)
Release of gain on investment property	-	-	(2,099,500)	-	(2,099,500)
Other Comprehensive income, net of tax	-	-	9,593,776	-	9,593,776
Life Business Account	-	5,648,180	-	-	5,648,180
Total Comprehensive income for the year	-	43,631,327	2,643,372	-	46,274,699
Regulatory Transfers					
Transfer to statutory reserve	-	(16,905,903)	-	16,905,903	-
Total Transfers to/(from) reserves	-	(16,905,903)	-	16,905,903	-
Total distribution to owners					
Dividends paid	-	(3,000,000)	-	-	(3,000,000)
Total distribution to owners	-	(3,000,000)	-	-	(3,000,000)
Balance at 31 December 2014	36,000,000	61,506,030	46,455,132	76,620,281	220,581,443

The accounting policies and notes set out on pages 19 to 55 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY – CONT'D

AT 31 DECEMBER 2014

Balance at 1 January 2013	Stated Capital GH¢	Retained Earnings GH¢	Capital Surplus GH¢	Contingency Reserve GH¢	Total Equity GH¢
Total comprehensive income for the year	28,000,000	32,621,318	33,616,309	45,403,395	139,641,022
Profit for the year	-	31,662,754	-	-	31,662,754
Release of realised gain on equity investment	-	-	(10,547,915)	-	(10,547,915)
Other Comprehensive income, net of tax	-	-	18,643,866	-	18,643,866
Revaluation of Investment Property		-	2,099,500	-	2,099,500
Life Business Account	-	(1,255,227)	-	-	(1,255,227)
Total Comprehensive income for the year	-	30,407,527	10,195,451	-	40,602,978
Regulatory Transfers					
Transfer to contingency reserve	-	(14,248,239)	-	14,248,239	-
Transfer to Stated Capital	8,000,000	(8,000,000)	-	-	-
Total Transfers to/ (from) reserves	8,000,000	(22,248,239)	-	14,248,239	-
Dividends	-	(3,000,000)	-	-	(3,000,000)
Total distribution to owners	-	(3,000,000)	-	-	(3,000,000)
Life Business Account	-	-	-	62,744	62,744
Balance at 31 December 2013	**36,000,000**	**37,780,606**	**43,811,760**	**59,714,378**	**177,306,744**

The accounting policies and notes set out on pages 19 to 55 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
Cashflow from operating activities	**GH¢**	**GH¢**
Profit after taxation	**43,029,160**	36,601,377
Adjustments for:		
Depreciation	**877,802**	823,561
Taxation	**13,990,727**	-
Gain on sale of investments	**-**	(15,843,525)
Profiton disposal of Property, Plant and Equipment	**(229,979)**	(61,242)
Dividend received	**(2,643,971)**	(1,937,062)
Interest Income	**(21,925,429)**	(17,724,525)
Exchange Gain	**-**	(13,326,518)
Revaluation Gain on investment property	**(15,996,734)**	-
Operation profit/loss before working capital	**17,101,576**	(11,467,934)
Changes in:		
Due from ceding companies	**21,876,350**	(2,966,884)
Deferred commission	**248,824**	112,072
Deferred acquisition cost	**(7,797,782)**	(7,235)
Other accounts receivable	**(1,742,025)**	(2,222,030)
Unearned Premium	**(360,477)**	171,572
Outstanding Claims	**13,345,639**	10,198,923
Technical Liabilities	**687,193**	4,248,339
Due to ceding companies	**5,304,698**	4,291,047
Other Accounts payable	**294,246**	4,375,913
Cash flow from operating activities	**48,958,242**	6,733,783
National Fiscal Stabilisation Levy Paid	**(2,236,704)**	(761,620)
Tax Paid	**(19,604,300)**	(7,168,440)
Net cash from/(used in) operating activities	**27,117,238**	(1,196,277)
Cash flow from investing activities		
Proceeds from sale of equity investment	**7,000,600**	19,995,610
Acquisition of equity investments	**(2,743,354)**	(363,063)
Acquisition of Time/Government securities	**(40,870,875)**	(37,687,637)
Acquisition of Corporate Debt Securities	**-**	(5,644,830)
Acquisition of Property, Plant and Equipment	**(953,068)**	(3,483,851)
Proceeds from disposal of Plant and Equipment	**347,762**	61,246
Dividend received	**2,643,971**	1,937,062
Interest income received	**16,095,082**	17,724,525
Net cash flow in Investing Activities	**(18,479,882)**	(7,460,938)
Cash flow from financing Activities		
Dividends paid	**(3,000,000)**	(3,000,000)
Net cash used in Financing Activities	**(3,000,000)**	(3,000,000)
Increase/(Decrease) in Cash and Cash Equivalents	**5,637,356**	(11,657,215)
Cash and cash equivalent 1 January	**29,319,425**	40,976,640
Cash and Cash Equivalents at 31 December (NoteA)	**34,956,781**	29,319,425
NoteA		
Cash and Bank Balances	**18,883,598**	13,477,539
Treasury and Fixed Deposit (Note 20)	**16,073,183**	15,841886
	34,956,781	29,319,425

The accounting policies and notes set out on pages 19 to 55 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. REPORTING ENTITY

Ghana Reinsurance Company Limited (GHANA RE) is a private company limited by shares under the provisions of the Companies Act 1963, (Act 179) of Ghana and Insurance Act 2006 (Act 724). The company is incorporated and domiciled in Ghana.

2. BASIS OF PRESENTATION

a. Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Additional information required under the Insurance Act 2006, (Act 724), and the Companies Act 1963 (Act 179) has been included where appropriate.

b. Basis of measurement
The financial statements have been prepared under the historical cost convention except for the following material items in the statement of financial position:

- non-derivative financial instruments at fair value through profit or loss are measured at fair value;
- Available-for-sale financial assets are measured at fair value.
- Investment properties and property plant and equipment

c. Functional and presentation currency
The financial statements are presented in Ghana cedis, which is the functional currency of the company and comprise the statements of financial position, comprehensive income, changes in equity and cash flows and notes to the financial statements. All financial information presented in cedis has been rounded to the nearest cedi unless otherwise stated.

d. Use of estimates and judgment
The preparation of the financial statements in conformity with IFRS requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in note 4. The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise noted.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency
Transactions and balances

Transactions in foreign currencies are translated to the functional currency of the company at exchange rates prevailing at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES-(CONT'D)
Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the closing exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Foreign currency differences arising on translation are recognized in profit or loss.

3.2 Property and equipment

(i) Initial Recognition
Property and equipment is initially recorded at cost. Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of certain items of property and equipment was determined by reference to a previous GAAP. The company elected to apply the optional exemption to use this previous revaluation as deemed cost at 1 January 2010, the date of transition.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components).

(ii) Subsequent costs
The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

(iii) Depreciation
Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

Property and equipment are reflected at their depreciated cost prices. Depreciation is provided for on a straight-line basis, taking into account the residual value and estimated useful lives of the assets at the following annual rates.

Office Building	-	3%
Office Furniture & Fittings	-	20%
Machinery and Equipment	-	15%
Computer Hardware	-	33.3%
Motor vehicles	-	25%

The Assets useful lives and residual values are reassessed at each reporting date. Gains and losses on disposal of property and equipment are included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES-(CONT'D)

3.3 Investment property
Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially recognised at cost and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.4 Intangible Assets
Computer Software
Intangible assets comprise computer software cost. These are measured at cost less accumulated amortization and any accumulated impairment losses.

3.5 Investments in associates
Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

3.6 Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES-(CONT'D)

3.7 Financial Instruments

(i) Non-derivative financial assets

The company classifies its investments into the following categories: Financial assets at fair value through profit or loss, available-for-sale, loans and receivables and held to maturity. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of initial recognition.

Held-to-maturity financial assets

If the company has the positive intent and ability to hold securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest rate method, less any impairment losses. Held-to-maturity financial assets comprise money market instruments.

Available-for-sale investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Recognition and measurement

Financial instrument purchases are initially measured at fair value, which includes transaction costs, and are recognized using trade date accounting. The trade date is the date that the company commits to purchase or sell the asset. Subsequent to initial measurement, financial assets at fair value through profit or loss and available-for-sale investments are carried at fair value. Other loans and receivables are carried at amortized cost using the effective-interest less provision for impairment.

Investments are derecognized when the right to receive cash flows from the investments expire or where they the company transfers substantially all risks and rewards of ownership.

Fair value

The fair value of investments is based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted investments are estimated using applicable cash flow models or price/earning ratios refined to reflect the specific circumstances of each investment. Where the fair value of an investment cannot be measured reliably,

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES-(CONT'D)

the investment is carried at cost less any impairment.

Gains and losses

Realized and unrealized gains and losses arising from changes in the fair value of investments are included in the profit or loss in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of available-for-sale investments are recognized in equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit or loss as net realized gains or losses on financial assets.

Offsetting

Where a legally enforceable right to offset exists for recognized financial assets and financial liabilities and there is an intention to settle the liability and realize the asset simultaneously or to settle on a net basis, all related financial effects are offset.

Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets expire or the company transfers substantially all the risks and rewards of ownership. Any interest in the transferred financial assets that is created or retrieved by the company is recognized as a separate asset or liability. Financial liabilities are derecognized when contractual obligations are discharged, cancelled or expire.

Reclassification of financial assets

Reclassifications are made at fair values as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of the fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Financial liabilities measured at amortised cost - this relates to all other liabilities that are not designated at fair value through profit or loss. The company classifies non-derivative financial liabilities into the other liabilities category.

Other financial liabilities comprise outstanding claims, trade and other payables and reinsurance payables.

(ii) Non-derivative financial liabilities

Non-derivative financial instruments are recognised initially at fair value plus, for instrument not at fair value through profit and loss, any directly attributable transaction cost. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest rate, less any impairment losses, if any.

3.8 Impairment of Financial Assets

(i) Non-derivative financial assets

The company assesses at each reporting 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 has an impact on estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES-(CONT'D)

3.8 Impairment of Financial Assets
Objective evidence that a financial asset or company of assets is impaired includes observable data that comes to the attention of the company about the following events:

- Significant financial difficulty of the issuer or debtor.
- A breach of contract, such as default or delinquency in payments.
- Adverse changes in the payment status of issuers or debtors.
- Economic conditions that correlate with defaults on assets in the company.

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortized 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 and the amount of the loss is recognized in profit or loss.

For the purpose of a collective evaluation of impairment, financial assets are compared on the basis of similar credit risk characteristics. The company assesses at each reporting date whether there is objective evidence that an available-for-sale financial asset is impaired, including, in the case of equity investments, a significant or prolonged decline in the fair value of the security below its cost. If any such evidence exists, the cumulative loss, which is measured as the difference between the acquisition cost and the current fair value of the investment, is removed from equity and recognized in the profit or loss.

(ii) Non- financial assets
Non-financial assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and the decrease recognized in profit or loss.

3.9 Cash and Cash Equivalents
Cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments with original maturities of three months or less in money market instruments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.10 Stated 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 as a deduction from equity or as deduction from the proceeds, net of tax.

3.11 Reinsurance Contracts
(i) Classification of Reinsurance Contracts
The company issues contracts which transfer reinsurance risk or financial risk or, in some cases, both. Reinsurance contracts are those contracts under which the company accepts significant reinsurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policy holder. Reinsurance risk is risk other than financial risk.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES-(CONT'D)

3.11 Reinsurance Contracts – (Cont'd)
Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided, in the case of a non-financial variable, the variable is not specific to a party to the contract.

Investment contracts are those contracts which transfer financial risk with no significant reinsurance risk.

(ii) Recognition and Measurement of Reinsurance Contracts

(a) Premiums

Gross premiums comprise the premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period and are disclosed gross of commission to intermediaries and exclude value-added tax. Premiums written include adjustments to premiums written in prior periods. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of indemnity received.

(b) Unearned premium provision

Unearned premiums, which represent the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year, are calculated on a time proportionate basis.

(c) Claims incurred

Claims incurred consist of claims and claims handling expenses paid during the financial year, together with the movement in the provision for outstanding claims and are charged to profit or loss as incurred.

The provision for outstanding claims comprises the company's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at the reporting date, whether reported or not. Related anticipated reinsurance recoveries are disclosed separately as assets.

Adjustments to the amounts of claims provisions established in prior years are reflected in the period in which the adjustments are made and disclosed separately, if material.

(d) Contingency reserve

A reserve is held for the full amount of the contingency reserve as required by the regulatory authorities in Ghana. Transfers to and from this reserve are treated as appropriations of retained income. The company maintains a contingency reserve of not less than three per cent of the total premiums or twenty per cent of net profit whichever is greater as required by the Insurance Act (Act 724).

(f) Reinsurance

The company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential. Reinsurance arrangements do not relieve the company from its direct obligations to its policy holders. Premiums ceded and claims reimbursed are reflected in the statement of comprehensive income and statement of financial position separately from the gross amounts. Only those contracts, which give rise to a significant transfer of reinsurance risk, are accounted for as reinsurance.

Amounts recoverable under such contracts are recognized in the same year as the related claim. Reinsurance contracts that do not transfer significant reinsurance risk are accounted for as financial assets.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the company may not recover all amounts due and that there is a reliably measurable impact on

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES-(CONT'D)

3.11 Reinsurance Contracts – (Cont'd)

the amounts that the company will receive from the reinsurer. Impairment losses are recognized in the statement of comprehensive income.

(g) Commissions Payable and Receivable

The company receives commission from other insurance and reinsurance companies for giving them businesses (which could be as a result of reinsurances under facultative, treaty and quota).

It also pays out commission to insurance brokers and other reinsurance companies for bringing business to the company. Commissions receivable and payable are reflected in the statements of financial position.

A proportion of commission payable is deferred and amortised over the period in which the related premium is earned and recognized as deferred acquisition asset.

Commissions receivable are recognized as income in the period in which they are earned.

(h) Deferred Acquisition costs

Commissions and other acquisition costs that vary with and are related to securing reinsurance contracts and renewing existing contracts are capitalized. The Deferred Acquisition Expense is subsequently amortised over the terms of the policies as premium is earned;

(i) Salvage and subrogation reimbursements

Some reinsurance contracts permit the company to sell property acquired in settling a claim. The company may also have the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of the liability for claims.

3.12 Revenue

The accounting policy in relation to revenue from reinsurance contracts is disclosed in note 3.7.

Interest income and expense

Interest income and expense for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, are recognized within investment income and finance costs in profit or loss using the effective interest Ghana. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

Foreign exchange gains or losses are recognised in the statement of comprehensive income.

Dividend income

Dividend income for available-for-sale equities is recognized when the right to receive payment is established.

3.13 Employee Benefits

(i) Defined Contributory Plans

A defined contribution plan is a post-employment benefit plan under which the entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution schemes are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES-(CONT'D)

3.13 Employee Benefits – (Cont'd)
The company contributes to the statutory Social Security & National Reinsurance Trust (SSNIT). This is a defined contribution plan and is registered under the National Pensions Act, 2008 (Act 766). The company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of 13% of an employee's basic salary per month.

The company also operates a voluntary defined contribution scheme for its employees. The assets of this scheme are held by another entity who manages the scheme on behalf of employees. The scheme is funded by contributions from both the employees and employer. Benefits are paid to retiring staff in accordance with the scheme rules.

(iii) Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Other post-employment obligations
The company has no obligation for post-employment benefits in respect of pensioners, former employees or current employees except medical bill of retired staff and spouse.

3.14 Taxation
Income tax for the period comprises current and deferred taxation. Income tax is recognized in the profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the related income tax is also recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years. Deferred taxation is provided at current tax rates, on the comprehensive basis, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognized for all taxable temporary timing differences and deferred tax assets are recognized to the extent that it is probable future taxable profit will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3.15 Provisions
Provisions are recognized when the company has a present legal or constructive obligation of uncertain timing or amounts as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. When the effect of discounting is material, provisions are discounted using pre-tax discount rates that reflect the current market assessment of the time value of money and, where appropriate, risks specific to the liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES-(CONT'D)

3.16 Dividend Distribution
Dividend payable to the company's shareholders is charged to equity in the period in which they are declared.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The company makes certain estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements.

(i) Claims incurred
The estimation of the ultimate liability arising from claims made under reinsurance contracts is the company's most critical accounting estimate. [see note 5(a)]

These estimates rely on past experience adjusted for the effects of current developments and likely trends which is considered an appropriate basis for predicting future events. The company's estimates and assumptions are reviewed and updated and the tool with which it monitors and manages risk refined as new information becomes available.

4.1 Management of Reinsurance Risk

4.1.1 Exposure to Reinsurance risk
The company underwrites risks that natural persons, corporate or other entities wish to transfer to an insurer. Such risks may relate to property, accident, personal accident, motor, liability, marine, and other perils which may arise from an insured event. As such the company is exposed to uncertainty surrounding the timing, frequency and severity of claims under reinsurance contracts. The principal risk is that the frequency and/or severity of claims are greater than expected.

Reinsurance events are by their nature random and the actual size and number of events in any one year may vary from those estimated and experienced in prior periods. The company underwrites primarily short-term risks, that is, reinsurance under which claims are typically settled within one year of the occurrence of the events giving rise to the claims. Risks that are long-term in nature represent an insignificant portion of the company's reinsurance portfolio.

The company experience variations in its claims patterns from one year to the next. The product features of reinsurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from reinsurance contracts in the company are described below:

(i) Property
Provides indemnity for loss or damage to immovable and movable property caused by perils such as fire, lightning, explosion, weather, water, earthquake and malicious damage. These contracts may also include business interruption policies which insure the loss of profits incurred by a business as a result of loss or damage to the insured property by these perils.

(ii) Accident
Provides indemnity for loss of or damage to mainly movable property for losses caused by crime, certain accidental damage such as damage to goods in transit or other general accidents. Included under the accident classes are legal liabilities an insured may incur as a result of accidental damage to third-party property or accidental death or injury to a third party caused by the insured.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - (CONT'D)

4.1 Management of Reinsurance Risk – (Cont'd)

(iii) Personal accident

Provides compensation arising out of the death, permanent or temporary total disability of the insured, the family of the insured or employees of a business. This cover is restricted to certain accidents and does not provide wider benefits available from the life assurance industry.

(iv) Motor

Provides indemnity for loss of or damage to the insured motor vehicle. The cover is normally on an all-risks basis providing a wide scope of cover; however the insured may select restricted forms of cover such as fire and theft only. Legal liabilities arising out of the use or ownership of the motor vehicle following an accident for damage to third-party property or death or injury to a third party is also covered in this class. Warranty and maintenance cover on insured vehicles are incorporated in this class of business.

(v) Engineering

Provides indemnity for losses sustained through the use of machinery and equipment or the erection of buildings and structures. Risks covered by this type of contract include machinery breakdown, business interruption and loss or damage to plant and equipment.

(vi) Marine

Provides indemnity for both cargo and hull classes of business. Cargo covers physical loss of or damage to cargo. Hull covers accidental loss or damage to commercial vessels.

4.1.2 Limiting exposure to Reinsurance Risk

The company limits its exposure to reinsurance risk through setting clearly defined underwriting strategies and limits, application of appropriate risk assessment techniques, and centralized management of reinsurance.

The company's underwriting strategy ensures diversification of reinsurance risk in terms of type and amount of risk covered, geographical location and type of industry covered. The strategy also aims to develop a sufficiently large population of risks to reduce variability of the expected outcome. The underwriting strategy is detailed in underwriting authorities which set the limits for underwriters in terms of line size, class of business, geographical location and industry to enforce appropriate risk selection within the portfolio.

The underwriting mandates are applicable to both internal and external underwriters and partners.

Ongoing review and analysis of underwriting information enables the company to monitor its risks and take timely corrective action. The ability to adjust premiums allows the company to mitigate the risk of underwriting losses by addressing adverse loss ratios in terms of different classes of business and different portfolios or clients. The risk of fraudulent claims is reduced by internal controls embedded in claims-handling processes and specific techniques developed to proactively detect fraudulent claims.

(i) Underwriting and reinsurance operating procedures

The company has implemented an integrated risk management framework to manage risk in accordance with the company's risk appetite. The company's reinsurance is managed by the company's Underwriting Department.

The main objective of the underwriting department is to provide a policy framework that ensures that risk assumption and risk retention practice is in line with prudent risk/reward set by the company. Specifically, the department determines the risk-retention policy of the company, which leads to the type of reinsurance undertaken for the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS-(CONT'D)

4.1.2 Limiting exposure to Reinsurance Risk- Cont'd

Special Quota, facultative and treaty reinsurance are undertaken for the purposes of cost-efficiency, compliance with risk assumption criteria and security.

The objectives and responsibilities of the department is approved by the board of directors.

(ii) Reinsurance strategy
The company obtains third-party reinsurance cover to reduce risks from single events or accumulation of risk which could have a significant impact on earnings for the current year or the company's capital. This cover is placed on the local and international reinsurance market. The company's reinsurance risk and return position is tested against a wide range of reinsurance alternatives including viability of proportional and non-proportional alternatives.

(iii) Risk-retention
The company is in the business of assuming levels of risk, which are deemed prudent in relation to risks/rewards and the company's absolute capacity in terms of shareholders' funds and reserves. Predetermined criteria are observed at all times other than where specific written permission has been obtained from the board of directors.

(iv) Treaty and Facultative placing process
The treaty-placing process is the responsibility of the underwriting and reinsurance department.

Underwriting limits are in place to enforce appropriate risk selection criteria. Reinsurance contracts also entitle the company to pursue third parties for payment of some or all costs (for example, subrogation).

The following table discloses the concentration of reinsurance liabilities by the industry sector in which the contract holder operates and by the maximum insured loss limit included in the terms of the policy. The amounts are the carrying amount of the reinsurance liabilities (gross and net of reinsurance) arising from reinsurance contracts.

Maximum insured loss in Ghana Cedi

Product Type		2014	2013
Motor/Accident	Gross	3,200,050	3,242,250
	Net	80,001	162,113
Fire	Gross	32,000,500	21,615,000
	Net	1,280,020	864,600
Marine	Gross	32,000,500	21,615,000
	Net	640,010	432,300

4.2 Financial Risk Management

(i) Overview
The company has exposure to the following risks from its use of financial instruments:
- credit risk
- liquidity risk
- market risks
- Operational risks

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS-(CONT'D)

4.2 Financial Risk Management – (Cont'd)

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The company's management team is responsible for developing and monitoring the company's risk management policies. The team meets monthly to discuss corporate plans, evaluate progress reports and action plans to be taken. Risk issues that may have financial reporting implications are brought to the attention of the chief operating and chief finance officers for the necessary action to be taken. The management team reports regularly to the board of directors on their activities.

There is an in-house internal audit function, which monitors compliance with internal procedures and processes and also assesses the effectiveness of internal controls.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(i) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial asset fails to meet its contractual obligations. Key areas where the company is exposed to credit risk are:

- reinsurers' share of reinsurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from reinsurance contract holders;
- amounts due from reinsurance intermediaries; and
- financial assets and cash and cash equivalents.

The company structures the level of credit risk it accepts by placing limits on its exposure to a single counterparty or group of counterparties. Such risks are subject to ongoing review and monitoring by the board.

Reinsurance is used to manage reinsurance risk. This does not, however, discharge the company's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the company remains liable for the payment to the policyholder. The company monitors the financial condition of re-insurers on an ongoing basis and reviews its reinsurance arrangements periodically.

Financial assets, cash and cash equivalents are placed with reputable financial institutions. The company has policies which limit exposure to any one financial institution.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS-(CONT'D)

4.2 Financial Risk Management – (Cont'd)

Maximum exposure to credit risk

	2014	2013
	GH¢	GH¢
Due from Ceding/Retroceding Companies	5,805,702	27,682,053
Other Accounts Receivable	7,919,291	6,177,265
Corporate Debt Securities	11,306,014	11,275,187
Government Securities	83,925,252	55,874,863
Cash and Cash Equivalent	34,956,780	29,297,619
Equity Securities	45,092,033	41,098,091
Term Deposit	61,047,288	48,678,953
	250,052,360	220,084,031

No collateral is held for any of the above assets.

Below are receivables arising out of reinsurance arrangements:

The trade receivable are summarized as follows:

	Due from Ceding/Retroceding Co.	
	2014	2013
	GH¢	GH¢
Neither past due nor impaired	5,805,702	27,682,053
Impaired	80,148,627	58,976,658
Gross	85,954,329	86,658,711
Less: Provision no longer required/impairment	(58,976,658)	(15,264,789)
Less uncollectible premium	(21,171,969)	(43,711,869)
Net (Due from retroceding companies)	5,805,702	27,682,053

Financial assets individually impaired

	Due from Ceding/Retroceding Co.	
	2014	2013
	GH¢	GH¢
181-365 days	-	15,264,789
Over 365 days	80,148,627	43,711,869
	80,148,627	58,976,658

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS-(CONT'D)

4.2 Financial Risk Management – (Cont'd)

(ii) Liquidity risk

Liquidity risk is the risk that the company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The company's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due.

The following are contractual maturities of financial liabilities:

31 December 2014

Non-derivative financial liability

	Amount	1-6 mths	6-12 mths	over 12 mths
	GH¢	GH¢	GH¢	GH¢
Due to Ceding/Retroceding Companies	21,442,987	2,502,499	902,125	18,038,363
Other Accounts Payable	5,837,315	448,397	1,213,879	4,175,039
Claims Liability	37,213,333	5,510,426	4,878,896	26,824,011
Balance at 31 December 2014	64,493,635	8,461,322	6,994,900	49,037,413

31 December 2013

Non-derivative financial liability

	Amount	1-6mths	6-12mths	over 12mths
	GH¢	GH¢	GH¢	GH¢
Due to Ceding/ Retroceding Companies	16,139,288	12,095,241	4,043,047	-
Other Accounts Payable	5,543,069	3,720,027	1,823,042	-
Claims Liability	23,867,694	313,549	5,782,173	17,771,972
Balance at 31 December 2013	45,550,051	16,128,817	11,648,262	17,771,972

(iii) Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limit, while optimising the return.

(a) Foreign currency risk

The company is exposed to currency risk on its financial assets such as premium receivable, reinsurance receivables and bank balances denominated in foreign currencies.

In respect of these financial assets and liabilities denominated in foreign currencies, the company's policy is to ensure that its net exposure is kept to an acceptable level and any short-term imbalances are addressed appropriately.

The company's exposure to currency risk is as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS-(CONT'D)

4.2 Financial Risk Management – (Cont'd)

2014

Assets	**US$**	**€**	**£**
	'000	**'000**	**'000**
Term Deposit/Gov't Securities	10,651	1,865	-
Cash and Cash Equivalent	3,681	586	581
Liabilities			
Claims Liability	(11,470)	-	-
Net exposure	2,862	2,451	581

2013

Assets	**US$**	**€**	**£**
	'000	**'000**	**'000**
Equity investment	2,291	-	-
Term Deposit/Gov't Securities	12,568	1,709	-
Cash and Cash Equivalent	2,879	427	476
Due from Ceding/ Retro Companies	3,077	1,016	302
Liabilities			
Claims Liability	(1,832)	-	-
Due to Ceding/ Retro Companies	(2,482)	(1,089)	(723)
Net exposure	16,501	2,063	55

The following significant exchange rates applied during the year:

Average rate Reporting date rate

	2014	**2013**	**2014**	**2013**
USD ($ 1)	**3.027**	2.059	**3.201**	2.162
Euro (€1)	**4.027**	2.771	**3.896**	2.986
Pound (£1)	**4.852**	3.152	**4.980**	3.573

(b) Sensitivity Analysis on Currency Risks

The following table shows the effect of a strengthening or weakening of GH¢ against all other currencies on the company's statement of comprehensive income. This sensitivity analysis indicates the potential impact on the statement of comprehensive income based upon the foreign currency exposures recorded at 31 December. (See "currency risk" above) and it does not represent actual or future gains or losses. The sensitivity analysis is based on the percentage difference between the highest daily exchange rate and the average rate per currency recorded in the course of the respective financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS-(CONT'D)

4.2 Financial Risk Management – (Cont'd)

A strengthening/weakening of the GH¢, by the rates shown in the table, against the following currencies at 31 December would have increased/decreased equity and profit or loss by the amounts shown below:

This analysis assumes that all other variables, in particular interest rates, remain constant.

	2014			2013		
	Statement of Comprehensive income			Statement of Comprehensive income		
	% Change	Impact Strengthening	Impact Weakening	% Change	Impact Strengthening	Impact Weakening
Euro	±5%	477	(477)	±15%	924	(924)
US$	±5%	458	(458)	±9%	3,211	(3,211)
GBP	±5%	145	(145)	±6%	12	(12)

(c) Interest rate risk

The company is exposed to changes in interest rate on money market instruments. Changes in the money market interest rates would not have a direct effect on the contractually determined cash flows associated with fixed rate instruments.

At the reporting date the interest rate profile of the company's interest-bearing financial instruments was:

	Carrying amounts	
	2014	2013
	GH¢	GH¢
Fixed rate instruments:		
Government Securities	83,124,992	55,229,294
Statutory Deposits	800,260	645,569*
Term deposits	61,047,288	48,678,953
	144,972,540	104,553,816

*Statutory deposit is deposits in an escrow account with the National Insurance Commission held at GCB Bank Limited and these are included as part of government securities shown on the statement of financial position.

Fair value sensitivity analysis for fixed rate instruments

The company accounts for fixed rate financial assets at fair value through profit and therefore a change in interest rates at the end of the reporting period would not have an affect profit or loss.

(d) Equity risk

Investments in equity securities are reflected at fair value and are therefore susceptible to market fluctuations. Investment decisions are done by the board, which has ultimate responsibility for the investment portfolio's risk profile and related decisions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS-(CONT'D)

4.2 Financial Risk Management – (Cont'd)

(e) Operational risk

Operational risk is the risk that there is a loss as a result of inadequate or failed processes, people or systems and external events. Operational risk includes:

- **Information and technology risk:** the risk of obsolescence of infrastructure, deficiency in integration, failures/ inadequacies in systems/networks and the loss of accuracy, confidentiality, availability and integrity of data.
- **Going concern/business continuity risk:** the risk that inadequate processes, people, financial controls and resources exist to continue business in the foreseeable future.
- **Legal risk:** the risk that the company will be exposed to contractual obligations which have not been provided for.
- **Compliance risk:** the risk of not complying with laws and regulations, as well as investment management mandates.
- **Fraud risk:** the risk of financial crime and unlawful conduct occurring within the company.

The company mitigates these risks through its culture and values, a comprehensive system of internal controls, compliance functions and other measures such as back-up facilities, contingency planning and reinsurance. The initiation of transactions and their administration is conducted on the basis of the segregation of duties, designed to ensure the correctness, completeness and validity of all transactions.

4.3 Fair Values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts at the reporting date are as follows:

	31 December 2014		31 December 2013	
	Carrying	Fair	Carrying	Fair
(i) Loans and receivables	Amount	Value	Amount	Value
	GH¢	GH¢	GH¢	GH¢
Due from retroceding Companies	5,805,702	5,805,702	27,682,053	27,682,053
Other Accounts receivables	7,919,291	7,919,291	6,345,706	6,345,706
Statutory deposit	800,260	800,260	645,569	645,569
	14,525,253	14,525,253	34,673,328	34,673,328

(ii) Available-for-sale	31 December 2014		31 December 2013	
	GH¢	GH¢	GH¢	GH¢
Equity Securities	45,092,033	45,092,033	41,098,091	41,098,091
	45,092,033	45,092,033	41,098,091	41,098,091

(iii) Held-to-Maturity				
Term deposit	61,047,288	61,047,288	48,678,953	48,678,953
Government Securities	83,124,992	83,124,992	55,229,294	55,229,294
Corporate Debt	11,306,014	11,306,014	11,275,187	11,275,187
	155,478,294	155,478,294	115,183,434	115,183,434

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS-(CONT'D)

4.3 Fair Values – (Cont'd)

(iii) Other financial liabilities	31 December 2014 Carrying Amount	31 December 2014 Fair Value	31 December 2013 Carrying Amount	31 December 2013 Fair Value
Due to Ceding/RetroCompanies	**21,442,987**	**21,442,987**	15,060,065	15,060,065
Claims Liability	**37,213,333**	**37,213,333**	22,993,723	22,993,723
Other Accounts Payable	**5,837,315**	**5,837,315**	5,543,069	5,543,069
	64,493,635	**64,493,635**	43,596,857	43,596,857

Fair value hierarchy- Financial instruments measured at fair value

IFRS 7 requires certain fair value disclosures for each class of financial instruments. It requires an entity to classify fair value measurement into fair value hierarchy with the following levels by reference to the observability and significance of inputs used in making the measurement.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange)
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The company considers relevant observable market prices in its valuation where possible. Financial instruments measured at fair value at 31 December, 2014 were classified as follows:

	Valuation based on Observable inputs			
	Level1 GH¢	Level2 GH¢	Level3 GH¢	Total 2014 GH¢
Equity Securities	45,092,033	-	-	**45,092,033**
Corporate Debt	-	-	11,306,014	**11,306,014**
Term Deposit	-	61,047,288	-	**61,047,288**
Statutory Deposit	-	800,260	-	**800,260**
Government Securities	-	83,124,992	-	**83,124,992**
	45,092,033	144,972,540	11,306,014	**201,370,587**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS-(CONT'D)

4.3 Fair Values – (Cont'd)

	Valuation based onObservableinputs			
				Total
	Level1	Level2	Level3	2013
	GH¢	GH¢	GH¢	GH¢
Equity Securities	41,098,091	-	-	**41,098,091**
Corporate Debt	-	-	11,275,187	**11,275,187**
Fixed Deposit	-	48,678,953	-	**48,678,953**
Statutory Deposit	-	645,569	-	**645,569**
Government Securities	-	55,229,294	-	**55,229,294**
	41,098,091	104,553,816	11,275,187	**156,927,094**

4.4 Capital Management

(i) Capital Definition

The company's capital, ordinarily referred to as shareholders fund comprises ordinary share capital raised through direct investment, retained earnings including current year profit and various reserves the company is statutorily required to maintain. As an reinsurance company, the company has regulatory capital as defined below.

The company's regulator, the National Insurance Commission sets and monitors capital requirements for the company. The company's objectives when managing capital are;

- to comply with the capital and regulatory solvency requirements as set out in the Insurance Act 2006 (Act 724); the Act requires each insurance company to hold the minimum level of paid up capital of GH¢ 1 million and to maintain a solvency margin of 150%
- to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders; and
- to provide adequate returns to shareholders by pricing reinsurance and investment contracts commensurately with the level of risk.

4.5 New standards and interpretations not yet adopted

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective. These include the following Standards and Interpretations that may have an impact on future financial statements:

Standard/Interpretation		Date issued by IASB [1]	Effective date Periods beginning on or after
IAS 19	*Defined Benefit Plans: Employee Contributions*	November 2013	1July 2014
IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*	May 2014	1 January 2016
IFRS 15	*Revenue from contracts with customers*	May 2014	1 January 2017
IFRS 9	*Financial Instruments*	July 2014	1 January 2018
IAS 1	*Disclosure Initiative*	December 2014	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS-(CONT'D)

4.5 New standards and interpretations not yet adopted- Cont'd

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expedient if they are:

- set out in the formal terms of the plan;
- linked to service; and
- independent of the number of years of service.

When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered. The Company's defined benefit plan meets these requirements and consequently the Company intends to apply this amendment and will recognise the contributions as reduction of the service costs in the period in which the related service is rendered.

The amendments apply retrospectively for annual periods beginning on or after 1 July 2014 with early adoption permitted.

Clarification of Acceptable Methods of Depreciation and Amortisation **(Amendments to IAS 16 and IAS 38)**

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The Company currently has several intangible assets and plants that are amortised or depreciated using a revenue-based method. The Company cannot overcome the rebuttable presumption above for its intangible assets, and consequently will have to change the amortisation and depreciation method for these items. The Company has assessed that the straight-line method would be the most appropriate method and will early adopt these amendments for its year ending 30 June 2015.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Disclosure Initiative **(Amendments to IAS 1)**

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

IFRS 15 *Revenue from contracts with customers*

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS-(CONT'D)

4.5 New standards and interpretations not yet adopted- Cont'd

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.
This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Company is currently in the process of performing a more detailed assessment of the impact of this standard on the Company and will provide more information in the year ending 30 June 2015 financial statements.
The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS.

IFRS 9 *Financial Instruments*
On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

5(a). CLAIMS INCURRED

	General Business	Life	2014 Total	2013 Total
	GH¢	GH¢	GH¢	GH¢
Gross claims	39,424,657	1,085,443	**40,510,100**	33,233,070
Retrocession receivable	(1,000,130)	(287,843)	**(1,287,973)**	(9,592,205)
Net movement in IBNR	10,223,645	-	**10,223,645**	6,200,355
Net claims Incurred	48,648,172	797,600	**49,445,772**	29,841,220

5(b). OUTSTANDING CLAIMS

	General Business	Life	2014 Total	2013 Total
	GH¢	GH¢	GH¢	GH¢
Balance at 1 January	22,993,723	873,971	**23,867,694**	13,668,771
Gross claims Incurred net of recoveries	48,648,172	-	**48,648,172**	29,841,220
Claims Paid net of recoveries	(35,302,533)	-	**(35,302,533)**	(19,642,297)
Balance at 31 December	36,339,362	873,971	**37,213,333**	23,867,694

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

5(b). OUTSTANDING CLAIMS- CONT'D

Reinsurance risks are unpredictable and it is impossible to forecast with absolute certainty future claims payable under existing reinsurance contracts. As such reasonable provisions are made to adequately cater for all reinsurance obligations when they arise.

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 and 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. In addition, the company utilizes the services of specialized administrators to perform the claims assessment process for some of its business. The ultimate cost of reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Estimates are reviewed regularly and updated if new information becomes available.

6(a). COMMISSION EXPENSE

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Commission Expense	25,588,243	1,617,408	**27,205,651**	19,277,027
Commission Expense released	2,122,219	-	**2,122,219**	2,114,983
Deferred Acquisition Costs	(9,920,000)	-	**(9,920,000)**	-
Total	17,790,462	1,617,408	**19,407,870**	21,392,010

6(b). COMMISSIONINCOME

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Commission Income	1,309,849	662,944	**1,972,793**	626,581
Commission Income released	164,948	-	**164,948**	52,346
Deferred Commission Income	(413,772)	-	**(413,772)**	(164,948)
	1,061,025	662,944	**1,723,969**	678,927

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

7. MANAGEMENT EXPENSES

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Directors Emoluments	903,283	-	903,283	302,824
Staff Costs	6,936,432	389,996	7,326,428	5,359,429
Audit Fees	67,500	-	67,500	150,000
Depreciation	877,802	-	877,802	823,561
Bad debt written off	20,330,752	841,217	21,171,969	20,007,606
Administrative and other expenses	4,785,068	21,847	4,806,915	5,025,575
	33,900,837	1,253,060	35,153,897	31,668,995

8. INVESTMENT INCOME

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Interest on Term deposits and T-bills	21,977,826	3,228,889	25,206,715	19,230,724
Rent Income	682,862	-	682,862	591,570
Dividend Income	2,629,090	14,881	2,643,971	2,105,502
Gain on disposal of Equity shares	6,241,504	-	6,241,504	15,843,525
	31,531,282	3,243,770	34,775,052	37,771,321

9. OTHER INCOME

	2014 GH¢	2013 GH¢
Interest on deposit released	79,835	68,565
Interest on current account	146,708	283,986
Profit on disposal of property and equipment	229,979	61,242
Gain on Investment Properties	15,996,734	-
Sundry income	160,445	249,942
	16,613,701	663,735

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

10(a). PROPERTY AND EQUIPMENT

2014	Office Building	Motor Vehicle	Machinery Equipment Furniture & Fitting	Computers	Total
Cost	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1 January	10,120,918	989,627	1,172,767	861,669	13,144,981
Additions	-	721,746	191,851	39,471	953,068
Disposal	-	(259,072)	(153,177)	(67,051)	(479,300)
Balance at 31 December	10,120,918	1,452,301	1,211,441	834,089	13,618,749
Depreciation					
Balance at 1 January	776,651	496,762	476,555	772,114	2,522,082
Charge for the year	317,575	302,601	210,611	47,014	877,801
Disposal	-	(157,316)	(137,150)	(67,051)	(361,517)
Balance at 31 December	1,094,226	642,047	550,016	752,077	3,038,366
Net Carrying Value					
At 31 December 2014	9,026,692	810,254	661,425	82,012	10,580,383
At 31 December 2013	9,344,267	492,865	696,212	89,555	10,622,899

2013	Office Building	Motor Vehicle	Machinery Equipment Furniture & Fitting	Computers	Total
Cost	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1 January	8,072,538	586,121	404,711	781,328	9,844,698
Additions	2,048,380	587,074	768,056	80,341	3,483,851
Disposal	-	(183,568)	-	-	(183,568)
Balance at 31 December	10,120,918	989,627	1,172,767	861,669	13,144,981
Depreciation					
Balance at 1 January	397,623	452,809	294,365	737,288	1,882,085
Charge for the year	379,028	227,517	182,190	34,826	823,561
Disposal	-	(183,564)	-	-	(183,564)
Balance at 31 December	776,651	496,762	476,555	772,114	2,522,082
Net Carrying Value					
At 31 December 2013	9,344,267	492,865	696,212	89,555	10,622,899
At 31 December 2012	7,674,915	133,312	110,346	44,040	7,962,613

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

10(b). PROFIT ON DISPOSAL

	2014	2013
	GH¢	GH¢
Sales proceeds	**347,762**	61,246
Less carrying amount:		
Cost/revalued amount	**479,300**	183,568
Accumulated depreciation	**(361,516)**	(183,564)
	117,784	4
Profit on disposal	**229,978**	61,242

11. INVESTMENT PROPERTIES

	2014	2013
	GH¢	GH¢
Balance at 1 January	**14,350,000**	12,250,500
Revaluation gain	**13,897,234**	2,099,500
Balance at 31 December	**28,247,234**	14,350,000

The investment properties are all situated in the developed areas of Accra, the capital city of Ghana. The latest revaluation for the year ended 31 December 2014 was carried out on the No.68 Kwame Nkrumah Avenue, Dome Managerial Estates and Plot 19 Onyasia Crescent by Valuation and Investment Associates, Cantoments.

The fair valuation of the property was based on open market value which indicates an opinion of the best price at which the sale of an interest in a property would have been completed unconditionally for cash consideration on the date of valuation based on a number of assumptions. Investment properties have not been pledged as security for any debt or liabilities.

12. FINANCIAL SECURITIES

	General Business	Life	2014 Total	2013 Total
Available-for-sale:	GH¢	GH¢	GH¢	GH¢
Investments in equities	44,695,431	396,602	**45,092,033**	41,098,091
	44,695,431	396,602	**45,092,033**	41,098,091
Held-to-Maturity:				
Term deposit	57,350,617	3,696,671	**61,047,288**	48,678,953
Corporate Debt	11,306,014	-	**11,306,014**	11,275,187
Government Securities	73,145,313	9,979,679	**83,124,992**	55,874,863
	141,801,944	13,676,350	**155,478,294**	115,829,003
Statutory deposit (Treasury bills)	800,260	-	**800,260**	645,569
	800,260	-	**800,260**	645,569

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

13. DEFERRED ACQUISITION COST

This represents commission expense on unearned premium relating to unexpired tenure of risk:

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Balance at 1 January	2,122,218	-	**2,122,218**	2,114,983
Commission deferred	9,920,000	-	**9,920,000**	2,122,218
Commission released	(2,122,218)	-	**(2,122,218)**	(2,114,983)
Balance at 31 December	9,920,000	-	**9,920,000**	2,122,218

14. EXCHANGE DIFFERENCE

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Exchange Gain	18,124,907	162,226	**18,287,133**	19,790,721

Exchange difference represents the 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 with corresponding liabilities as due to ceding and retroceding companies.

15(a) INVESTMENT IN ASSOCIATED COMPANIES

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Balance at 1 January	4,819,966	-	**4,819,966**	4,289,043
Additions	1,700,000	-	**1,700,000**	-
Share of profit	602,167	-	**602,167**	530,923
Balance at 31 December	7,122,133	-	**7,122,133**	4,819,966

15(b) INVESTMENT IN ASSOCIATED COMPANIES

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Metropolitan Insurance Co. Limited	3,605,991	-	**3,605,991**	3,232,939
Unique Life Assurance Co. Limited	1,826,503	-	**1,826,503**	550,632
Donewell Insurance Co. Limited	1,689,639	-	**1,689,639**	1,036,395
	7,122,133	-	**7,122,133**	4,819,966

Ghana Reinsurance Company Limited has investments in Metropolitan Insurance Co. Limited, Unique Life Assurance Co. Limited and Donewell Insurance Co. Limited of 22%, 50.65% and 20% respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

15(c) INVESTMENT IN SUBSIDIARIES

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Ghana Re Cameroun Plc	1,073,854	-	1,073,854	30,500
Investment in subsidiaries	**1,073,854**	**-**	**1,073,854**	**30,500**

Ghana Reinsurance Company Limited has a 100% shareholding in Ghana Re Cameroun Plc

16(a) DUE FROM CEDING AND RETROCEDING COMPANIES

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Amount due from ceding/retroceding	82,531,439	3,422,890	85,954,329	86,658,711
Provision utilised/Impairment Allowance (ceding)	(56,918,830)	(2,057,828)	(58,976,658)	(58,976,658)
Bad Debt written off (ceding)	(20,330,752)	(841,216)	(21,171,969)	-
Net Receivable from retroceding companies	5,281,857	523,846	5,805,702	27,682,053

16(b) Movements on provision for impairment on reinsurance receivables are as follows:

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Balance at 1 January	56,918,830	2,057,828	58,976,658	43,711,869
Amount utilised	(56,918,830)	(2,057,828)	(58,976,658)	15,264,789
Balance at 31 December	-	-	-	58,976,658
Amount written off during the year as uncollectible	(20,330,752)	(841,216)	(21,171,969)	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

17. OTHER ACCOUNTS RECEIVABLE

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Staff Debtors	1,648,421	-	**1,648,421**	1,902,817
Current accounts with General Business	182,021	-	**182,021**	247,144
Other Debtors and Prepayments	5,609,038	479,811	**6,088,848**	4,027,304
	7,439,480	479,811	**7,919,291**	6,177,265

The maximum owed by staff to the company during the year did not exceed GH¢1,648,421 (2013: GH¢1,902,817)

18. TAXATION

(a) Income Tax

	Balance at 1/1/14	Payment	Charged to P/L	Balance at 31/12/14
Income Tax	GH¢	GH¢	GH¢	GH¢
Up to 2012	3,204,161	(6,890,394)	-	(3,686,233)
2013	(454,797)	(1,700,000)	-	(2,154,797)
2014	-	(10,803,579)	-	(10,803,579)
Dividend Tax				
2014	-	(210,327)	210,327	-
	2,749,364	(19,604,300)	210,327	(16,644,609)
National Fiscal Stabilization Levy				
2009 to 2012	610,735	(610,735)	-	-
2013	183,227	(183,227)	-	-
2014	-	(1,442,742)	2,568,586	1,125,844
	793,962	(2,236,704)	2,568,586	1,125,844

All tax liabilities are subject to the agreement of the Ghana Revenue Authority.

(b) Income tax expense

	2014 GH¢	2013 GH¢
Corporate Income Tax	**210,327**	6,713,643
Deferred Tax charge/released	**11,211,812**	(996,461)
	11,422,139	5,717,182

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

18. TAXATION

(b) Income tax expense

	2014	2013
	GH¢	GH¢
Profit before taxation	51,371,707	37,793,860
Tax at 25% (2013:25%)	12,842,927	9,448,465
Tax effect of Non-deductible Expenses	7,875,137	6,982,921
Impact of assessable loss	1,475,523	-
Dividend Tax	210,327	168,440
Taxon Exempt Income	(22,193,587)	(9,523,751)
Deferred Tax	11,211,812	(996,461)
Capital Allowance	-	(362,432)
	11,422,139	5,717,182
Effective Tax Rate	22%	16%

19. DEFERRED TAX

	2014	2013
	GH¢	GH¢
Balance at 1 January	11,934,825	10,938,364
(Charge)/release to income statement	(11,211,812)	996,461
Balance at 31 December	723,013	11,934,825

Management considers it probable that future taxable profits will be available against which the deferred tax asset can be utilised. Utilisation of the deferred tax asset is dependent on future taxable profits which are estimated to be in excess of the profits arising from the reversal of existing temporary differences.

(a) Recognised deferred tax assets and liabilities.

Deferred tax liabilities are attributable to the following:

			2014			2013
	Assets	Liabilities	Net	Assets	Liabilities	Net
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Property, plant and equipment	-	(665,782)	(665,782)	-	(404,999)	(404,999)
Provision for bad debts	-	-	-	14,229,708	-	14,229,708
Provision for IBNR	3,441,000		3,441,000	1,441,738	-	1,441,738
Unrealised Exchange Gain	-	-	-	-	(5,021,182)	(5,021,182)
Unrealised Exchange Loss	-	-	-	1,689,552	-	1,689,560
Unrealised capital gain	-	(2,399,510)	(2,399,510)	-	-	-
Capital Allowance	347,305	-	347,305	-	-	-
Net tax (assets)/liabilities	3,788,305	(3,065,292)	723,013	17,360,998	(5,426,181)	11,934,825

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

20. CASH AND CASH EQUIVALENTS

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Cash	68,538	-	**68,538**	21,806
Bank Balances	17,690,003	1,125,057	**18,815,060**	13,455,733
Short termbills (3 months)	10,239,754	5,833,429	**16,073,183**	15,841,886
	27,998,295	6,958,486	**34,956,781**	29,319,425

21. PROVISION FOR UNEARNED PREMIUM

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Balance at 1 January	29,659,738	654,562	**30,314,300**	30,142,729
(Decrease)/Increase in Provision	(446,738)	86,261	**(360,487)**	171,571
	29,213,000	740,823	**29,953,822**	30,314,300

Unearned premium represent the liability for business contracts where the company's obligations are not expired at the year end.

22. DEFERRED COMMISSION INCOME

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Balance at 1 January	164,948	-	**164,948**	52,346
Commission Income Deferred	413,772	-	**413,772**	164,948
Commission Income Released	(164,948)	-	**(164,948)**	(52,346)
Balance at 31 December	413,772	-	**413,772**	(164,948)

23. OTHER ACCOUNTS PAYABLE

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Current accounts with Life Business	-	182,021	**182,021**	247,144
Accrued Expenses	2,622,568	112,423	**2,734,991**	2,415,629
Sundry creditors	2,475,614	48,960	**2,524,574**	2,016,596
Staff Welfare Fund	395,729	-	**395,729**	863,700
	5,493,911	343,404	**5,837,315**	5,543,069

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

24. DUE TO CEDING AND RETROCEDING COMPANIES

	General Business GH¢	Life GH¢	2014 Total GH¢	2013 Total GH¢
Amount due to ceding companies	10,902,706	1,789,523	12,692,229	5,874,462
Amount due to retroceding companies	8,750,758	-	8,750,758	10,263,826
	19,653,464	1,789,523	21,442,987	16,138,288

25. LIFE FUND

	2014 GH¢	2013 GH¢
Balance at 1 January	7,107,876	2,859,537
Transfer from Income Statement	687,193	4,248,339
Balance at 31 December	7,795,069	7,107,876

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 actuarial liabilities of the life assurance policies as at 31 December 2014 was GH¢7,795,069 (2013: 7,107,876).

26. STATED CAPITAL

Authorised Ordinary Shares	2014 No. of Shares	2014 GH¢	2013 No. of Shares	2013 GH¢
Number of Ordinary Shares of no par value	50,000,000		50,000,000	
Issued Ordinary Shares				
Cash	50,000,000	5,300	50,000,000	5,300
Transfer from income surplus				
Rights issue by special resolution dated				
June 2010	-	27,994,700	-	27,994,700
Capitalisation issue June 2013	-	8,000,000	-	8,000,000
	50,000,000	36,000,000	50,000,000	36,000,000

There is no unpaid liability on any share and there are no calls or instalments unpaid. There are no treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

27. CAPITAL SURPLUS

This consists of gains and loss on Property, Plants and Equipment and Available-For-Sale Investments stated at fair value. Movement during the year is set out below:

	Available For-Sale Reserve GH¢	Revaluation Surplus GH¢	2014 Total GH¢	2013 Total GH¢
Balance as at 1 January	35,398,760	8,413,000	**43,811,760**	33,616,309
Disposals	(4,850,904)	-	**(4,850,904)**	(10,547,915)
Other comprehensive Income:				
Gain on equities	9,593,776	-	**9,593,776**	18,643,866
Revaluation of investment property	(2,099,500)	-	**(2,099,500)**	(2,099,500)
Balance at 31 December	38,042,132	8,413,000	**46,455,132**	43,811,760

28. STATUTORY RESERVES

	Gen. Reserve GH¢	Gen. Business Contingency Reserve GH¢	Life Business Contingency Reserve GH¢	Total GH¢
Balance at 1 January 2014	31,548,899	27,944,542	220,937	**59,714,378**
Transfers from Retained Earnings	9,345,245	7,476,196	84,462	**16,905,903**
Balance at 31 December 2014	40,894,144	35,420,738	305,399	**76,620,281**

The company maintains a contingency reserve of not less than 3% of total premiums or 20% of net profit whichever is greater as required by the Insurance Act 2006 (Act 724). The company however maintains additional 25% of net profit into General Business contingency reserves and 1% of gross premiums for life into Life Business contingency reserves.

29. RETAINED EARNINGS

This represents the residual of cumulative annual profits that are available for distribution to shareholders.

30. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly including any director (whether executive or otherwise) of the company. Key management personnel compensation included the following:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

30. RELATED PARTY TRANSACTIONS - (CONT)

	2014	2013
	GH¢	GH¢
Short-term benefit	1,737,984	851,559

A number of related party transactions were entered into with related parties in the normal course of business. These include general and long term reinsurance policies taken out by the related party. These transactions were carried out on commercial terms and at market rates.

The volumes of related party transactions, outstanding balances at the year end and relating premium for the year are as follows:

(ii) Income from related party transactions

2014

Companies	Premium	Claims	Commission	Total
	GH¢	GH¢	GH¢	GH¢
Metropolitan	8,687,149	2,727,167	1,832,270	13,246,586
Donewell	680,348	589,388	167,156	1,436,892
Unique Life	1,102,991	209,473	342,361	1,654,825
Totals	10,470,488	3,526,028	2,341,787	16,338,303

2013

Companies				
Metropolitan	7,897,048	6,886,133	2,426,384	17,209,565
Donewell	2,741,970	1,832,926	1,072,167	5,647,063
Unique Life	15,959	-	2,968	18,927
Totals	**10,654,977**	**8,719,059**	**3,501,519**	**22,875,555**

	2014	2013
	GH¢	GH¢
(iii) Loan receivable from Metropolitan Insurance Co. Ltd	4,686,401	4,153,420

31. EMPLOYEE BENEFITS

a) Defined Contribution Plans

(i) Social Security

Under a national pension scheme, the company contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The company's obligation is limited to the relevant contributions, which have been recognised in the financial statements. The pension liabilities and obligations, however, rest with SSNIT.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

31. EMPLOYEE BENEFITS - (CONT)

(ii) Provident Fund
The company has a provident fund scheme for staff under which the company contributes 10% of staff basic salary. The company's obligation under the plan is limited to the relevant contributions and these have been recognised in the financial statements.

b) Other Long Term Benefits

Long Service Award
The company operates a long service award scheme, where employees are awarded specific sums based on the salaries upon achieving agreed milestones in terms of length of service with the company.

32. CONTINGENT LIABILITIES

Pending Legal Claims
There were no legal cases pending against the company as at the reporting date. (2013:Nil)

33. CAPITAL COMMITMENTS

There were no outstanding commitments for capital expenditure at the reporting date. (2013:Nil)

34. UNCONSOLIDATED SUBSIDIARY

The company owns 100% shareholding in Cameroun Ghana Reinsurance Plc. Under IFRS 10, a parent is required to present consolidated financial statements. The company, however, has not presented a consolidated financial statement because the total assets and revenue of the subsidiary as compared with the parent is 0.59% and 1.53% respectively which the Directors have considered as immaterial and would not affect the decision made by users of the financial statements. Consequently, the subsidiary's results and financial position have not been consolidated with the parent.

35. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

Segmental information is presented in respect of the company business segments.

The company's results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue and expenses, and corporate assets and expenses which are managed centrally.

The company's main business segments are:
- Marine Cargo
- Marine Hull
- WCA
- Other Accident
- Fire

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

35. SEGMENT REPORTING - (CONT)

- Motor
- Aviation
- Life

The company has two geographical segments.

SCHEDULE TO GENERAL BUSINESS REINSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Fire	Motor	WCA	Other Accidents	Marine Cargo	Marine Hull	Aviation	General 2014	Life 2014	Composite Total 2014	2013 Total
Underwriting Income	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Gross Premium	53,110,969	14,746,551	475,251	20,135,158	4,656,034	2,595,405	228,682	95,948,050	8,446,151	104,394,201	74,789,139
Retrocession Premium	(8,556,488)	62,972	(268,289)	(339,018)	(455,727)	-	(200,206)	(9,756,756)	(2,425,389)	(12,182,145)	(8,556,279)
Net Premiums Retained	44,554,481	14,809,523	206,962	19,796,140	4,200,307	2,595,405	28,476	86,191,294	6,020,762	92,212,056	66,232,860
Changein Reserve for Unexpired Risks	230,930	76,759	1,073	102,605	21,771	13,452	149	446,739	86,261	360,478	(171,571)
Net Premium Earned	44,785,411	14,886,282	208,035	19,898,745	4,222,078	2,608,857	28,625	86,638,033	5,934,401	92,572,534	66,061,289
Commission income	911,447	-	-	107,136	-	4,613	37,829	1,061,025	662,994	1,723,969	678,927
Net Premium and Commission Earned	45,698,858	14,886,282	208,035	20,005,881	4,222,078	2,613,470	66,454	87,699,058	6,597,445	94,296,503	66,740,216
Claims paid less Recoveries											
Claims Paid	21,712,826	7,835,180	314,853	4,382,184	1,411,225	633,656	10,620	36,302,663	1,076,443	37,379,106	29,234,501
Less Recoveries	(2,119)	(861,486)	(136,525)	-	-	-	-	(1,000,130)	(278,843)	(1,278,973)	(9,592,205)
	21,712,826	6,973,694	178,328	4,382,184	1,411,225	633,656	10,620	35,302,533	797,600	36,100,133	19,642,296
Provision for Outstanding Claims											
Movement in the year	(3,164,810)	(503,152)	(21,371)	(608,548)	(991,095)	-	(52,124)	(3,078,361)	-	(3,078,361)	3,998,569
IBNR	12,739,000	1,633,000	32,000	1,308,000	699,000	-	13,000	16,424,000	-	16,424,000	6,200,355
Change in Provision	9,574,190	1,129,848	10,629	316,905	2,353,191	-	39,124	13,345,639	-	13,345,639	10,198,924
Claims incurred less Recoveries	31,237,016	8,100,542	188,157	4,698,089	3,763,416	632,648	28,304	48,648,172	797,600	49,445,772	29,841,220
Commission expense	10,519,054	1,176,348	36,979	4,637,280	930,836	456,700	33,265	17,790,462	1,617,408	19,407,870	21,392,010
Foreign Taxes and brokerages	1,013,889	749,055	10,366	356,418	97,778	28,785	1,479	2,257,770	-	2,257,770	1,214,052
Management Expenses	17,524,208	5,824,895	81,402	7,786,236	1,652,069	1,020,827	11,200	33,900,837	1,253,060	35,153,897	31,668,995
Increase in Life Fund	-	-	-	-	-			-	687,193	687,193	4,248,339
Total Underwriting Expenses	60,294,167	15,850,840	316,904	17,478,023	6,444,099	2,138,960	74,248	102,597,241	4,355,261	106,952,502	88,364,616
Underwriting Profit/(Loss)	(14,595,309)	(964,558)	(108,869)	2,527,858	(2,222,021)	474,510	(7,794)	(14,898,183)	2,242,184	(12,655,999)	(21,624,400)
Investment Income								31,531,282	3,243,770	34,775,052	37,771,321
Exchange Gain								18,124,907	162,226	18,287,133	19,790,721
Operating Profit								34,758,006	5,648,180	40,406,186	35,937,642
Other Income								16,613,701	-	16,613,701	663,735
Profit before Tax								51,371,707	5,648,180	51,066,052	36,601,377
Taxation								(11,422,141)	-	(11,422,141)	(5,717,182)
National Fiscal Stabilization Levy								(2,568,586)	-	(2,568,586)	(944,847)
Profit after Tax								37,380,980	5,648,180	43,029,160	29,939,348
Total Asset								302,328,492	22,035,094	324,363,586	263,986,245
Total Liabilities								92,239,353	11,542,790	103,782,143	86,679,501