GRC

Ghana Re

GHANA REINSURANCE COMPANY LIMITED

2015 ANNUAL REPORT

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

Nana Ansah Sasraku III *(Appointed: 14/02/2016)*
Gustav W. K. Siale *(Managing Director)*
Abiba Zakariah *(Deputy MD)*
Wilson Tei
Mohammed Yakubu
Marian Mensah
Charlotte Osei *(Resigned: 31/12/2015)*
Lionel Molbila *(Resigned: 31/12/2015)*

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

Nana Ansah Sasraku III

Chairman

Osabarima Ansah Sasraku III has significant experience in corporate governance and leadership. He is the Mamfehene & Kyidomhene of the Akuapem Traditional Area and has been the Traditional Ruler since 1998.

He is a member of the Standing Committee and Judicial Committee of the Akuapem Traditional area. He also served on the Eastern Region Lands Commission for many years.

Osabarima was the Chairman of the Board of Metro Mass Transit Ltd (MMTL) as well as Chairman of the Postal and Courier Services Regulatory Commission.

He holds a BA (Hons) Social Sciences (Sociology and Law) from the Kwame Nkrumah University of Science & Technology; a Diploma in Estate Management, in addition to Executive Masters Degree in Governance & Leadership from GIMPA.

He is the Chairman of the Board of Governors of Okuapeman Senior High School.

Gustav W. K. Siale

Managing Director

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.

PROFILE OF DIRECTORS (Continued)

Abiba Zakariah
Deputy Managing Director

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

Dr. 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.

Dr. 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.

Dr. 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.

Wilson Tei
Member

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.

PROFILE OF DIRECTORS (Continued)

Mohammed Yakubu
Member

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.

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).

CHAIRMAN'S STATEMENT

Dear Shareholder, on behalf of my fellow Directors, I welcome you to the 13th Annual General Meeting and present to you the Annual Report and the Financial Statements of Ghana Reinsurance Company Limited (Ghana Re) for the year ended 31st December, 2015.

The Global Economy

The global economy in 2015 was characterised by a number of economic challenges including the gradual slowdown and rebalancing of economic activity in China. In addition, fallen commodity prices on the world market and tightening of monetary policy in the USA had an adverse impact on global growth in 2015. Consequently, estimated global growth of 3.3% was revised downwards to 3.1%during the year.

The slower global economic growth, fall in oil and gold prices, coupled with domestic challenges such as increased inflation rate and shortfalls in power supply affected Ghana's economy adversely. The crunch in commodity prices and decline in capital inflows increased financial volatility in the country and posed difficulties for the Government's home grown and fiscal consolidation policy initiatives aimed at stabilising the economy. The government sought support from the IMF and also issued Euro Bond to mitigate the fiscal slippages. This resulted in real GDP growth of 4.1% from 4.3% recorded in 2014.

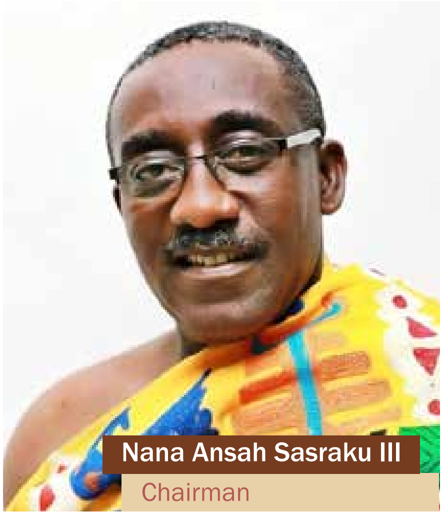
The Cedi depreciated significantly against the United States dollar in the first half of 2015 but relatively stabilised in the second half with a year to date rate of 15.7%. Inflation peaked at 17.7% at the end of the year against 17% in 2014.

In spite of these challenges, investor confidence in the economy was affirmed with the over-subscription of the Government's Eurobond.

Insurance Industry

Africa

African insurance industry saw some changes such as the liberalization of the insurance markets and improvement in penetration rate. Expansion in micro insurance will be aided by technological innovations, new products development and improvement in distribution channels.



Nana Ansah Sasraku III
Chairman

A multilateral memorandum of understanding was signed in September 2015 by insurance supervisors of Anglophone West Africa. This seeks to establish a mutually acceptable basis for cooperation and consultation for efficient and effective supervision of the insurance market.

Ghana

There were significant reforms on the Ghanaian insurance market. The National Insurance Commission's (NIC) has introduced solvency guideline and further directed all insurance companies to have a minimum capital of GH¢15million by June 30, 2016.

It is also strictly enforcing the local content law and the localization of certain classes of business such as motor and life, all aimed at improving local capacity and driving industry growth.

As of the first half of 2015, 27 Life micro insurance products have been introduced on the market. This is expected to improved penetration rate.

It is worth mentioning, that the Accra June 3, 2015 flood disaster adversely affected insurance business with estimated industry losses of GH¢322million being settled. Ghana Re's share of the market claim is currently estimated at GH¢43million

Business Performance

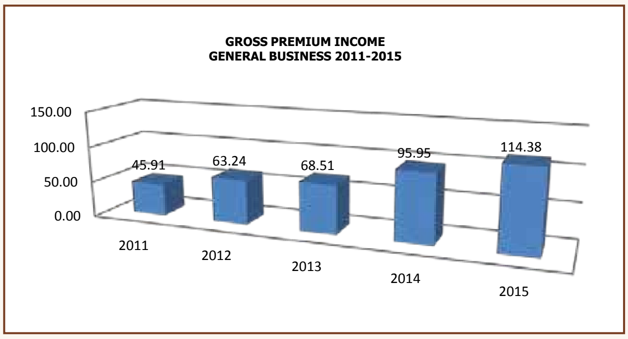
Ghana Re's composite gross premium grew by

CHAIRMAN'S STATEMENT (Continued)

20.27% from GH¢104.39 million in 2014 to GH¢125.55million in 2015. The general business grew by 19.21% whiles the life businesses increased by 32.25%.

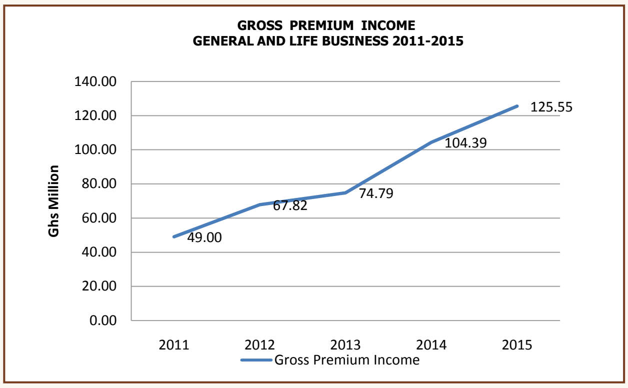
General Business

General business gross premium income recorded in 2015 was GH¢114.38million from GH¢95.95million recorded in 2014. Non-marine business continues to be the lifeline contributing 91% to the total premium written. This growth in general business is attributed to overall improvement in economic activity in the country.



The ratio of gross premium from overseas market to the total gross premium, however, decreased from 40% in 2014 to 37.27% in 2015. The reduction was due to a fall in premium income from the francophone market. The overseas market increased by 5.11% while, local market premium grew by 28.98%.

Business from our Kenya office grew by 8.54% from GH¢7.60million in 2014 to GH¢8.28million in 2015. Commission paid increased from GH¢25.59million in 2014 to GH¢32.74million in 2015 with respective average commission rates of 26.74% and 27.42%.



Gross Claims reported has more than doubled in the review year from GH¢39.42million in 2014 to GH¢80.90million in 2015 with claims ratio increasing from 56.444% in 2014 to 62.50% in 2015. Notable contributory factors to the high claims figure, is the June 3, 2015 floods, Melcom and Samatex fire disasters.

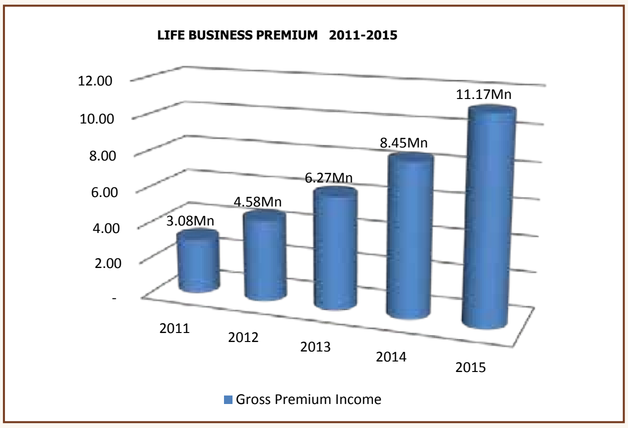
Management expenses on other hand reduced from GH¢33.90million in 2014 to GH¢24.52million in 2015 resulting in management expense ratio of 21.44% in 2015 as against 35.34% in 2014. This is due to a reduction in bad debt provision figure.

Investment

Investment portfolio mainly money backed instruments yielded an average 12.54% as against 12.53% in 2014. Total investment represents 73.87% of total assets of GH¢349.63min 2015 compared to 83.27% of 2014 figure of GH¢302.33m. This compares favourably with the industry average of 72%.

Debtors

The debtors balance increased from GH¢5.28million in 2014 to GH¢31.57million in 2015. This is mainly due to outstanding recoveries in respect of flood claims of about GH¢20millionas well as outstanding 2015 fourth quarter premium which are due for settlement in 2016.



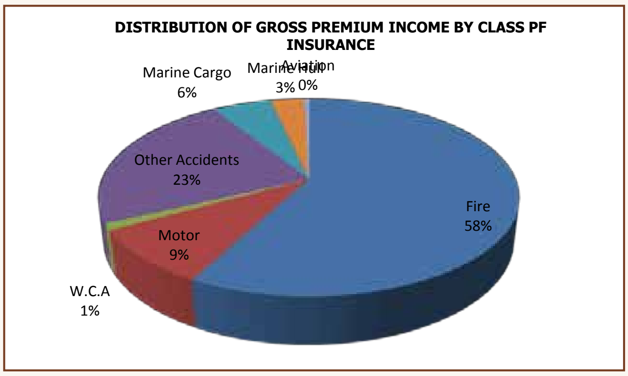
Long Term Business

Life business gross premium increased from GH¢8.44million in 2014 to GHS¢11.17million in 2015. The increase of 32.25% is mainly due to the

CHAIRMAN'S STATEMENT (Continued)

localisation of life business and growth in group policies.

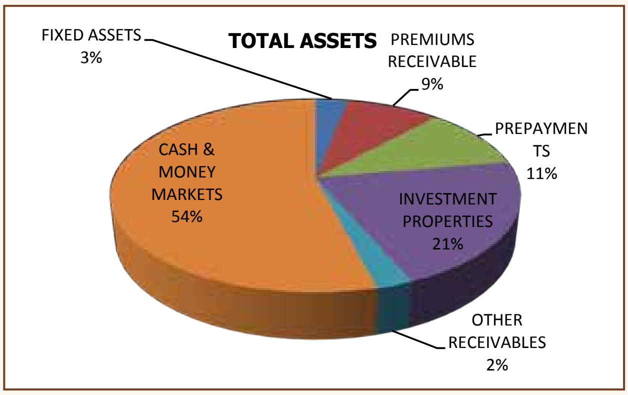
In all, the company profit before tax for 2015 was GH¢32.47million compared with GH¢57.02million in 2014. Profit after tax was GH¢28.66million compared to GH¢43.03million in 2014, indicating a return on equity of 13.66% compared to 254.85% in 2014.



Shareholder's Fund

Ghana Re's composite balance sheet expanded by 18.05% to GH¢382.89million in 2015 from GH¢324.36million in 2014. Total assets to total liabilities ratio was 2.64 in 2015 as compared to 3.13 in 2014. Liquid cash to net technical reserves ratio was 2.38 in 2015 compared to 2.54 in 2014 indicating a healthy balance sheet.

Based on the company's performance, the Board of Directors proposes a dividend of GH¢4million for the shareholder.



Corporate Social Responsibility

As in previous years, in 2015, the company supported activities of various educational, health and sports institutions in Ghana. We will continue to play our part in upholding our responsibilities towards positive stakeholder development.

Increase in Capital

As we have reported to you in the past years, transaction advisors for the raising of additional capital have been appointed and work is far advanced. It is expected that the capital raising will be completed by the middle of 2016.

Outlook for 2016

Your company intends to further improve performance in 2016 with the injection of additional capital. It will continue its expansion drive and re-strategize operations to take advantage of opportunities on the African market.

Further, the company will take advantage of the local market utilization directive and domesticated classes of business to grow its premium on the local market.

Additionally, customer loyalty will be enhanced through continuous technical capacity building for our clients and staff.

Appreciation

On behalf of the Board, I wish to express my deep appreciation to our shareholder and business partners for their confidence and support. We also thank the former Board Chairman, Mr. Lionel Molbila and the Non-Executive Director, Mrs Charlotte Osei both of whom resigned in 2015 for their dedication and commitment. We commend management and staff for their hard work which ensured another successful year.

Your Board assures you of its commitment to creating long-term sustainable value, strengthening of corporate governance structures and increasing the company's profitability.

Nana Ansah Sasraku III
Chairman

FINANCIAL HIGHLIGHTS (FIVE YEAR SUMMARY)

General Business

	2015 Gh¢	2014 Gh¢	2013 Gh¢	2012 Gh¢	2011 Gh¢
Gross Premium Income	114,382,731	95,948,050	68,514,726	63,241,427	45,914,855
Net Premium Income	95,216,640	86,191,294	61,658,941	58,020,877	43,703,113
UnderWriting Profit /Loss	(29,106,494)	(14,898,183)	(18,339,967)	821,216	(4,704,042)
Investment Income	32,378,985	31,531,282	35,673,552	14,394,794	7,943,886
Management Expenses	24,515,391	33,900,837	30,569,751	17,886,573	14,445,292
Shareholders Fund	217,703,557	210,089,139	172,462,616	115,198,625	103,457,714
Management Expenses To gross premium ratio	21%	35%	45%	28%	31%
Earnings Per share	0.38	0.75	0.63	0.28	0.11

Life Business

	2015 Gh¢	2014 Gh¢	2013 Gh¢	2012 Gh¢	2011 Gh¢
Gross Premium Income	11,170,107	8,446,151	6,274,413	4,580,384	3,081,886
Net Premium Income	8,248,536	6,020,762	4,402,348	4,384,382	2,754,077
UnderWriting Profit /(Loss)	3,213,877	2,242,184	(3,384,433)	5,237,912	4,600,816
Investment Income	5,897,815	3,243,770	2,097,769	935,960	502,578
Management Expenses	1,094,192	1,263,060	1,099,244	708,236	629,565
Life Fund	8,160,221	7,795,069	7,107,876	2,859,537	1,651,417
Management Expenses To gross premium ratio	10%	15%	18%	15%	20%

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 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of financial statements that give a true and fair view of Ghana Reinsurance Company Limited, comprising the statement of financial position at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, 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). In addition, the Directors are responsible for the preparation of the Directors' report.

The Directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

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

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

BUSINESS REVIEW

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

	2015	2014
	GH¢	GH¢
Profit for the year ended before taxation was	32,465,969	57,019,887
from which is charged taxation of	(3,808,998)	(13,990,727)
giving a profit for the year after taxation of	28,656,971	43,029,160
Share of (Loss)/Profit from Associated Companies	(687,920)	602,167
out of which is transferred to contingency reserve in accordance with the Insurance Act 2006 (Act 724) an amount of	(8,678,732)	(16,905,903)
resulting in a balance of	19,290,319	26,725,424
Dividend	(5,600,000)	(3,000,000)
	13,690,319	23,725,424
which when added to balance brought forward on the retained earnings account of	61,506,030	37,780,606
leaves a balance to be carried forward on the retained earnings account of	75,196,349	61,506,030

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 27th April, 2016 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 2015

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 2015 and the statements of profit or loss and other 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 16 to 51.

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, the Insurance Act, 2006 (Act 724) and in the manner required by 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)

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 2015, 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.

K PMG

Signed By: Nathaniel D. Harlley (ICAG/P/1056)
for and on behalf of:
KPMG: (ICAG/F/2016/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

27th April, 2016

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	General Business GH¢	Life Business GH¢	Total 2015 GH¢	Total 2014 GH¢
Assets					
Property and Equipment	10	11,466,144	-	11,466,144	10,580,383
Intangible Assets	11	318,254	-	318,254	-
Investment Properties	12	35,695,000	-	35,695,000	28,247,234
Equity Securities	13(a)	41,636,524	296,574	41,933,098	45,092,033
Investment in Subsidiary	16(b)	1,073,854	-	1,073,854	1,073,854
Investment in Associated Companies	16(a)	2,828,220	-	2,828,220	7,122,133
Current Tax	19	27,672,570	-	27,672,570	16,644,609
National Fiscal Stabilization Levy	19	2,027,783	-	2,027,783	-
Deferred Tax	20	-	-	-	723,013
Corporate Debt Securities	13(c)	7,466,541	-	7,466,541	11,306,014
Due from Retroceding	17	31,569,294	1,769,466	33,338,760	5,805,702
Inventory	32	120,787	-	120,787	-
Other Accounts Receivable	18	8,062,786	1,185,091	9,247,877	7,919,291
Deferred Acquisition Cost	14	10,152,350	-	10,152,350	9,920,000
Government Securities	13(d)	84,755,462	12,748,265	97,503,727	83,925,252
Term Deposit	13(b)	56,815,965	8,222,929	65,038,894	61,047,288
Cash and Cash Equivalents	21	27,970,493	9,035,637	37,006,130	34,956,780
Total Assets		349,632,027	33,257,962	382,889,989	324,363,586
Equity					
Stated Capital	27	36,000,000	-	36,000,000	36,000,000
Capital Surplus	28	41,319,623	-	41,319,623	46,455,132
Statutory Reserve	29	84,881,913	417,100	85,299,013	76,620,281
Retained Earnings		55,502,021	19,694,328	75,196,349	61,506,030
Total Equity		217,703,557	20,111,428	237,814,985	220,581,443
Technical Liabilities					
Provision for Unearned Premium	22	35,974,713	825,492	36,800,205	29,953,823
Outstanding Claims	5(b)	39,461,949	1,236,742	40,698,691	37,213,333
Deferred Commission Income	23	1,160,860	-	1,160,860	413,772
Life Fund	26	-	8,160,221	8,160,221	7,795,069
		76,597,522	10,222,455	86,819,977	75,375,997
Other Liabilities					
Due to Ceding/ Retroceding Companies	25	49,022,017	1,768,023	50,790,040	21,442,987
Other Accounts Payable	24	6,076,866	1,156,056	7,232,922	5,837,315
National Fiscal Stability Levy	19	-	-	-	1,125,844
Deferred Tax	20	232,065	-	232,065	-
		55,330,948	2,924,079	58,255,027	28,406,146
Total Liabilities		131,928,470	13,146,534	145,075,004	103,782,143
Total Equity and Liabilities		349,632,027	33,257,962	382,889,989	324,363,586

.... DIRECTOR   .... DIRECTOR

The accounting policies and notes set out on pages 16 to 51 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 General Business GH¢	2015 Life Business GH¢	2015 Total GH¢	2014 Total GH¢
Gross Premiums		114,382,731	11,170,107	125,552,838	104,394,201
Retrocession Premium		(19,166,091)	(2,921,571)	(22,087,662)	(12,182,145)
Net Premium Written		95,216,640	8,248,536	103,465,176	92,212,056
Unearned Premiums	22	(6,761,713)	(84,667)	(6,846,380)	360,478
Net Premium Earned		88,454,927	8,163,869	96,618,796	92,572,534
Commission Income	6(b)	1,216,596	889,481	2,106,077	1,723,969
Net Premium and Commission Earned		89,671,523	9,053,350	98,724,873	94,296,503
Underwriting Expense					
Claims Incurred	5(a)	(59,506,567)	(1,578,081)	(61,084,648)	(49,445,772)
Commission Expense	6(a)	(32,512,474)	(2,802,048)	(35,314,522)	(19,407,870)
Increase in Life Fund	26	-	(365,152)	(365,152)	(687,193)
		(92,019,041)	(4,745,281)	(96,764,322)	(69,540,835)
Foreign Levies and Brokerages		(2,243,585)	-	(2,243,585)	(2,257,770)
Management Expenses	7	(24,515,391)	(1,094,192)	(25,609,583)	(35,153,897)
Total Underwriting Expenses		(118,778,017)	(5,839,473)	(124,617,490)	(106,952,502)
Underwriting (Loss)/Profit		(29,106,494)	3,213,877	(25,892,617)	(12,655,999)
Investment Income	8	32,378,985	5,897,815	38,276,800	34,775,052
Exchange Gain	15	11,197,216	-	11,197,216	18,287,133
		43,576,201	5,897,815	49,474,016	53,062,185
Operating Profit		14,469,707	9,111,692	23,581,399	40,406,186
Other Income	9	8,377,139	507,431	8,884,570	16,613,701
Profit before Taxation		22,846,846	9,619,123	32,465,969	57,019,887
Taxation	19(b)	(2,666,656)	-	(2,666,656)	(11,422,141)
National Fiscal Stabilization Levy	19(a)	(1,142,342)	-	(1,142,342)	(2,568,586)
Profit after Taxation		19,037,848	9,619,123	28,656,971	43,029,160
Share of (Loss)Profit from Assoc. Company16(a)		(687,920)	-	(687,920)	602,167
Transfer to Contingency		(8,567,031)	(111,701)	(8,678,732)	(16,905,903)
		9,782,897	9,507,422	19,290,319	26,725,424
Other Comprehensive Income					
(Loss)/Gain on Equity Securities		(5,135,509)	-	(5,135,509)	9,593,776
Total Comprehensive Income		4,647,388	9,507,422	14,154,810	36,319,200

The accounting policies and notes set out on pages 16 to 51 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2015

	Stated Capital GH¢	Retained Earnings GH¢	Capital Surplus GH¢	Statutory Reserve GH¢	Total Equity GH¢
Balance at 1 January 2015					
Total comprehensive income for the year	**36,000,000**	**61,506,030**	**46,455,132**	**76,620,281**	**220,581,443**
Profit for the year	-	18,349,928	-	-	18,349,928
Release of realised gain/(loss) on equity investment	-	-	(5,135,509)	-	(5,135,509)
Life Business Account	-	9,619,123	-	-	9,619,123
Total Comprehensive income for the year	-	27,969,051	(5,135,509)	-	22,833,542
Regulatory Transfers					
Transfer to contingency reserve	-	(8,678,732)	-	8,678,732	-
Total Transfers to/ (from) reserves	-	(8,678,732)	-	8,678,732	-
Total distribution to owners					
Dividends paid	-	(5,600,000)	-	-	(5,600,000)
Total distribution to owners	-	(5,600,000)	-	-	(5,600,000)
Balance at 31 December 2015	**36,000,000**	**75,196,349**	**41,319,623**	**85,299,013**	**237,814,985**

The accounting policies and notes set out on pages 16 to 51 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY – CONT'D

AT 31 DECEMBER 2015

	Stated Capital GH¢	Retained Earnings GH¢	Capital Surplus GH¢	Statutory Reserve GH¢	Total GH¢
Balance at 1 January 2014					
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 contingency 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 16 to 51 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
Cash flow from operating activities	**GH¢**	**GH¢**
Profit after taxation	28,656,971	43,029,160
Adjustments for:		
Depreciation	873,342	877,802
Taxation	3,808,998	13,990,727
Loss/ (Profit) on disposal of PPE	175,726	(229,979)
Dividend received	(3,394,656)	(2,643,971)
Interest Income	(34,077,778)	(21,925,429)
Revaluation Gain on investment property	(7,447,766)	(15,996,734
Operating (loss)/profit before working capital	(11,405,163)	17,101,576
Changes in:		
Due from ceding companies	(27,538,058)	21,876,350
Deferred commission	747,088	248,824
Deferred acquisition cost	(232,350)	(7,797,782)
Other accounts receivable	(1,328,587)	(1,742,025)
Unearned Premium	6,846,382	(360,477)
Outstanding Claims	3,485,358	13,345,639
Increase in Life Fund	365,152	687,193
Due to ceding companies	29,347,053	5,304,698
Other Accounts payable	1,395,606	294,246
Increase in inventory	(120,787)	-
Cash flow used in/from operating activities	1,561,694	48,958,242
National Fiscal Stabilisation Levy Paid	(4,295,969)	(2,236,704)
Tax Paid	(12,739,540)	(19,604,300)
Net cash (used in)/from operating activities	(15,473,815)	27,117,238
Cash flow from investing activities		
Proceeds from sale of equity investment	-	7,000,600
Proceeds from repayment of loan	4,645,284	-
Proceeds from disposal of shares	191,104	-
Acquisition of equity investments	-	(2,743,354)
Acquisition of Time/Government securities	(13,042,558)	(40,870,875)
Acquisition of Property, Plant and Equipment	(2,022,691)	(953,068)
Development of Life software	(318,254)	-
Proceeds from disposal of Plant and Equipment	-	347,762
Dividend received	3,394,656	2,643,971
Interest income received	30,270,621	16,095,082
Net cash flow used in/from investing Activities	23,118,162	(18,479,882)
Cash flow from financing Activities		
Dividend Paid	(5,600,000)	(3,000,000)
Net cash used in Financing Activities	(5,600,000)	(3,000,000)
Increase in Cash and Cash Equivalents	2,049,349	5,637,356
Cash and cash equivalent 1 January	34,956,781	29,319,425
Cash and Cash Equivalents at 31 December (Note A)	37,006,130	34,956,781
Note A		
Cash and Bank Balances (Note 21)	18,298,025	18,883,598
Treasury and Fixed Deposit (Note 21)	18,708,105	16,073,183
	37,006,130	34,956,781

The accounting policies and notes set out on pages 16 to 51 form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015

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.

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 2015

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 measured 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 2015

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, the investment is carried at cost less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

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 for 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

3.8 Impairment of Financial Assets - (Cont.)

- 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.

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 Inventories
Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3.11 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

3.12 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

3.12 Reinsurance Contracts – (Cont'd)

(f) Reinsurance - (cont'd)

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 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.

3.13 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

3.14 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.

The company contributes to the statutory Social Security & National Insurance 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.

3.15 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

3.16 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.

3.17 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

4.1 Management of Reinsurance Risk – (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

4.1.2 Limiting exposure to Reinsurance Risk - Cont'd

(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.

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		2015	2014
Motor/Accident	Gross	9,487,500	3,200,050
	Net	94,875	80,001
Fire	Gross	37,950,000	32,000,500
	Net	1,518,000	1,280,020
Marine	Gross	37,950,000	32,000,500
	Net	379,500	640,010

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

4.2 Financial Risk Management – (Cont'd)

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:

Maximum exposure to credit risk

	2015	2014
	GH¢	GH¢
Due from Ceding/Retroceding Companies	33,338,760	5,805,702
Other Accounts Receivable	9,247,877	7,919,291
Corporate Debt Securities	7,466,541	11,306,014
Government Securities	97,503,727	83,925,252
Cash and Cash Equivalent	37,006,130	34,956,780
Equity Securities	41,933,098	45,092,033
Term Deposit	65,038,894	61,047,288
	291,535,057	250,052,360

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.	
	2015	2014
	GH¢	GH¢
Neither past due nor impaired	33,338,760	5,805,702
Impaired	-	80,148,627
Gross	33,338,760	85,954,329
Less: Provision no longer required/impairment	-	(58,976,658)
Less uncollectible premium	-	(21,171,969)
Net (Due from retroceding companies)	33,338,760	5,805,702

Financial assets individually impaired

	Due from Ceding/Retroceding Co.	
	2015	2014
	GH¢	GH¢
0 - 90 days	33,338,760	-
90 - 181 days	-	-
Over 365 days	-	80,148,627
	33,338,7607	80,148,627

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015

Non-derivative financial liability

	Amount	1-6 mths	6-12 mths	over 12 mths
	GH¢	GH¢	GH¢	GH¢
Due to Ceding/Retroceding Companies	50,790,040	24,174,224	9,753,154	16,862,662
Other Accounts Payable	7,232,922	3,314,848	2,425,540	1,492,534
Claims Liability	40,698,691	12,318,019	7,161,306	21,219,366
Balance at 31 December 2015	98,721,653	39,807,091	19,340,000	39,574,562

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

4.2 Financial Risk Management – (Cont'd)

2015

Assets	US$	€	£
	'000	'000	'000
Term Deposit/Gov't Securities	16,683	2,116	200
Cash and Cash Equivalent	1,468	808	310
Liabilities			
Claims Liability	(3,071)	-	-
Net exposure	15,080	2,924	510

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

The following significant exchange rates applied during the year:

	Average rate		Reporting date rate	
	2015	2014	2015	2014
USD ($ 1)	3.8066	3.0270	3.8184	3.2010
Euro (€1)	3.6300	4.0270	4.0398	3.8960
Pound (£1)	5.1179	4.8520	5.7404	4.9800

(b) Sensitivity Analysis on Currency Risks

The following table shows the effect of a strengthening or weakening of Ghana Cedi (GHS) 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.

A strengthening/weakening of the GHS, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

4.2 Financial Risk Management – (Cont'd)

A strengthening/weakening of the Ghana Cedi (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.

	2015			2014		
	Statement of Comprehensive income			Statement of Comprehensive income		
	% Change	Impact Strengthening	Impact Weakening	% Change	Impact Strengthening	Impact Weakening
US$	±5%	1,329	(1,329)	±5%	458	(458)
Euro	±5%	266	(266)	±5%	477	(477)
GBP	±5%	27	(27)	±5%	145	(145)

(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	
	2015	2014
	GH¢	GH¢
Fixed rate instruments:		
Government Securities	96,492,996	83,124,992
Statutory Deposits*	1,010,731	800,260
Term deposits	65,038,894	61,047,288
	162,542,621	144,972,540

*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 2015

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 2015		31 December 2014	
	Carrying	Fair	Carrying	Fair
(i) Loans and receivables	Amount	Value	Amount	Value
	GH¢	GH¢	GH¢	GH¢
Due from retroceding Companies	33,338,760	33,338,760	5,805,702	5,805,702
Other Accounts receivables	9,247,877	9,247,877	7,919,291	7,919,291
Statutory deposit	1,010,731	1,010,731	800,260	800,260
	43,597,368	43,597,368	14,525,253	14,525,253

(ii) Available-for-sale	31 December 2015		31 December 2014	
	GH¢	GH¢	GH¢	GH¢
Equity Securities	41,933,098	41,933,098	45,092,033	45,092,033
	41,933,098	41,933,098	45,092,033	45,092,033

(iii) Held-to-Maturity				
Term deposit	65,038,894	65,038,894	61,047,288	61,047,288
Government Securities	96,492,996	96,492,996	83,124,992	83,124,992
Corporate Debt	7,466,541	7,466,541	11,306,014	11,306,014
	168,998,431	168,998,431	155,478,294	155,478,294

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

4.3 Fair Values – (Cont'd)

(iii) Other financial liabilities	31 December 2015 Carrying Amount	31 December 2015 Fair Value	31 December 2014 Carrying Amount	31 December 2014 Fair Value
Due to Ceding/Retro Companies	**50,790,040**	**50,790,040**	21,442,987	21,442,987
Claims Liability	**40,698,691**	**40,698,691**	37,213,333	37,213,333
Other Accounts Payable	**7,232,922**	**7,232,922**	5,837,315	5,837,315
	98,721,653	**98,721,653**	64,493,635	64,493,635

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, 2015 were classified as follows:

	Valuation based on Observable inputs			
	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total 2015 GH¢
Equity Securities	37,594,096	2,749,722	1,589,280	**41,933,098**
Corporate Debt	-	-	7,466,541	**7,466,541**
Term Deposit	-	65,038,894	-	**65,038,894**
Statutory Deposit	-	1,010,731	-	**1,010,731**
Government Securities	-	96,492,996	-	**96,492,996**
	37,594,096	165,292,343	9,055,821	**211,942,260**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

4.3 Fair Values – (Cont'd)

	Valuation based on Observable inputs			
				Total
	Level 1	Level 2	Level 3	2014
	GH¢	GH¢	GH¢	GH¢
Equity Securities	43,112,600	-	1,979,433	**45,092,033**
Corporate Debt	-	-	11,306,014	**11,306,014**
Fixed Deposit	-	61,047,288	-	**61,047,288**
Statutory Deposit	-	800,260	-	**800,260**
Government Securities	-	83,124,992	-	**83,124,992**
	43,112,600	144,972,540	13,285,447	**201,370,587**

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¢ 1million 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

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015; however, the group has not applied these new or amended standards in preparing these financial statements. Those which may be relevant to the Group are set out below. The company does not plan to adopt these standards early.

Standard/Interpretation		Date issued by IASB [1]	Effective date Periods beginning on or after
IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*	May 2014	1 January 2016
IFRS 15	*RRevenue 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 2015

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

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

***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.

IFRS 15 *Revenue from contracts with customers*
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

However, given the nature of the company's operations, this standard is not expected to have a significant impact on the company's financial statements.

***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 9 *Financial Instruments*
IFRS 9 published in July 2015, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. This standard will have a significant impact on the Company, which will include changes in the measurement basis 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.

5(a). CLAIMS INCURRED

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Gross claims	80,898,913	1,771,956	82,670,869	40,510,100
Retrocession receivable	(24,514,932)	(556,646)	(25,071,578)	(1,287,973)
Net movement in IBNR	3,122,586	362,771	3,485,357	10,223,645
Net claims Incurred	59,506,567	1,578,081	61,084,648	49,445,772

5(b). OUTSTANDING CLAIMS

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Balance at 1 January	36,339,362	873,971	37,213,333	23,867,694
Gross claims Incurred net of recoveries	59,506,567	1,578,081	61,084,648	48,648,172
Claims Paid net of recoveries	(56,383,980)	(1,215,310)	(57,599,290)	(35,302,533
Balance at 31 December	39,461,949	1,236,742	40,698,691	37,213,333

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

6(a). COMMISSION EXPENSE

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Commission Expense	32,744,824	2,802,048	35,546,872	27,205,651
Commission Expense released	9,920,000	-	9,920,000	2,122,219
Deferred Acquisition Costs	(10,152,350)	-	(10,152,350)	(9,920,000)
Total	32,512,474	2,802,048	35,314,522	19,407,870

6(b). COMMISSION INCOME

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Commission Income	1,963,684	889,481	2,853,165	1,972,793
Commission Income released	413,772	-	413,772	164,948
Deferred Commission Income	(1,160,860)	-	(1,160,860)	(413,772)
	1,216,596	889,481	2,106,077	1,723,969

7. MANAGEMENT EXPENSES

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Directors Emoluments	2,212,073	-	2,212,073	903,283
Staff Costs	9,608,123	944,345	10,552,468	7,326,42
Audit Fees	211,500	-	211,500	67,500
Depreciation	873,343	-	873,343	877,802
Provision for bad debts/write off	-	-	-	21,171,969
Loss on fair valuation shares	1,091,492	80,919	1,172,411	-
Administrative and other expenses	10,518,860	68,928	10,587,788	4,806,915
	24,515,391	1,094,192	25,609,583	35,153,897

8. INVESTMENT INCOME

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Interest on Term deposits and T-bills	28,196,749	5,881,028	34,077,777	25,206,715
Rent Income	804,366	-	804,366	682,862
Dividend Income	3,377,870	16,787	3,394,657	2,643,971
Gain on disposal of Equity shares	-	-	-	6,241,504
	32,378,985	5,897,815	38,276,800	34,775,052

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

9. OTHER INCOME

	2015	2014
	GH¢	GH¢
Interest on deposit released	55,825	79,835
Interest on current account	134,235	146,708
Profit on disposal of property and equipment	-	229,979
Gain on Investment Properties	7,447,766	15,996,734
Bad debts recovered	1,169,783	-
Sundry income	76,961	160,445
	8,884,570	16,613,701

10(a). PROPERTY AND EQUIPMENT

2015	Capital Work-in-Progress	Office Building	Motor Vehicle	Machinery Equipment Furniture & Fitting	Computers	Total
Cost	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1 January	-	10,120,918	1,452,301	1,211,441	834,089	13,618,749
Additions	204,591	1,581,388	6,197	38,477	192,038	2,022,691
Disposal	-	-	(351,450)	-	-	(351,450)
Balance at 31 December	204,591	11,702,306	1,107,048	1,249,918	1,026,127	15,289,990
Depreciation						
Balance at 1 January	-	1,094,226	642,047	550,016	752,077	3,038,366
Charge for the year	-	347,919	216,288	205,199	103,936	873,342
Disposal	-	-	(87,862)	-	-	(87,862)
Balance at 31 December	-	1,442,145	770,473	755,215	856,013	3,823,846
Net Carrying Value						
At 31 December 2015	204,591	10,260,161	336,575	494,703	170,114	11,466,144
At 31 December 2014	-	9,026,692	810,254	661,425	82,012	10,580,383

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

10(b). PROFIT/LOSS ON DISPOSAL

	2015	2014
	GH¢	GH¢
Sales proceeds	87,862	347,762
Less carrying amount:		
Cost	351,450	479,300
Accumulated depreciation	87,862	(361,516)
Net book Value		
	263,588	117,784
(Loss)/Profit on disposal	(175,726)	229,978

11. INTANGIBLE ASSETS

	2015	2014
	GH¢	GH¢
Life Insurance Software	318,254	-
Balance at 31 December	318,254	-

During the year under review, Ghana Reinsurance Company Limited contracted Softclans Technologies Limited, Kenya to supply, install, train and commission a Leveraged Advanced Management System (SLAMS) application software to facilitate its Life Reinsurance Business. An amount of GH¢318,254 had been incurred as at the year end.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

12. INVESTMENT PROPERTIES

	2015	2014
	GH¢	GH¢
Balance at 1 January	28,247,234	14,350,000
Revaluation gain	7,447,766	13,897,234
Balance at 31 December	35,695,000	28,247,234

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 2015 was carried out on the No.68 Kwame Nkrumah Avenue, Dome Managerial Estates and Plot 19 Onyasia Crescent by Surveyor Kwasi Kwakye-Serbeh.

The 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.

13. FINANCIAL SECURITIES

	General Business	Life	2015 Total	2014 Total
13 (a) Equity Securities	GH¢	GH¢	GH¢	GH¢
Available-for-sale:				
Investments in equities	39,176,927	296,574	39,473,501	45,092,033
Transfer from Associated Company *	2,459,597	-	2,459,597	-
	41,636,524	296,574	41,933,098	45,092,03
Held-to-Maturity:				
13(b) Term deposit	56,815,965	8,222,929	65,038,894	61,047,288
13(c) Corporate Debt	7,466,541	-	7,466,541	11,306,014
13(d) Government Securities	83,744,731	12,748,265	96,492,996	83,124,992
	148,027,237	20,971,194	168,998,431	155,478,294
13(d) Statutory deposit (Treasury bills)	1,010,731	-	1,010,731	800,260
	1,010,731	-	1,010,731	800,260

* This relates to reclassification of investments held in Metropolitan Insurance Company Limited (now Hollard) as an associated company (22%) to unlisted equity securities as a result of reduction in Ghana Reinsurance's shareholding to 11.13% in the company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

14. DEFERRED ACQUISITION COST

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

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Balance at 1 January	9,920,000	-	9,920,000	2,122,218
Commission deferred (Note 6)	10,152,350	-	10,152,350	9,920,000
Commission released (Note 6)	(9,920,000)	-	(9,920,000)	(2,122,218)
Balance at 31 December	10,152,350	-	10,152,350	9,920,000

15. EXCHANGE DIFFERENCE

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Exchange Gain	11,197,216	-	11,197,216	18,287,133

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.

16a. (i) INVESTMENT IN ASSOCIATED COMPANIES

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Balance at 1 January	7,122,133	-	7,122,133	4,819,966
Disposal of Shares	(171,993)	-	(171,993)	-
Loss on fair valuation of shares	(974,403)	-	(974,403)	1,700,000
Share of (loss)/profit	(687,920)	-	(687,920)	602,167
Transfer of Metropolitan Ins.	(2,459,597)	-	(2,459,597)	-
Balance at 31 December	2,828,220	-	2,828,220	7,122,133

16b. (ii) INVESTMENT IN ASSOCIATED COMPANIES

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Metropolitan Insurance Co. Limited (Hollard, Ghana)	-	-	-	3,605,991
Unique Life Assurance Co. Limited	611,395	-	611,395	1,826,503
Donewell Insurance Co. Limited	2,216,825	-	2,216,825	1,689,639
	2,828,220	-	2,828,220	7,122,133

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

16b. (ii) INVESTMENT IN ASSOCIATED COMPANIES - (CONT)

Ghana Reinsurance Company Limited at the beginning of the year had investments in Metropolitan Insurance Co. Limited, Unique Life Assurance Co. Limited and Donewell Insurance Co. Limited of 22%, 50.65% and 20% respectively. In the year under review, Metropolitan Insurance was acquired by Hollard and as a result of fair valuation of shares at Metropolitan Insurance, the percentage of shareholding by Ghana Re has reduced to 11.13% and so the investments has been reclassified to unlisted equities under equity securities.

16(b) INVESTMENT IN SUBSIDIARIES

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Ghana Re Cameroun Plc	1,073,854	-	1,073,854	1,073,854
Investment in subsidiaries	**1,073,854**	**-**	**1,073,854**	**1,073,854**

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

17. DUE FROM CEDING AND RETROCEDING COMPANIES

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Amount due from ceding/retroceding	31,569,294	1,769,466	33,338,760	85,954,329
Provision utilised/Impairment Allowance (ceding)	-	-	-	(58,976,658)
Bad Debt written off (ceding)	-	-	-	(21,171,969)
Net Receivable from retroceding companies	31,569,294	1,769,466	33,338,760	5,805,702

18. OTHER ACCOUNTS RECEIVABLE

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Staff Debtors	1,659,654	-	1,659,654	1,648,421
Current accounts with General Business	396,775	-	396,775	182,021
Other Debtors and Prepayments	6,006,357	1,185,091	7,191,448	6,088,848
	8,062,786	1,185,091	9,247,877	7,919,291

The maximum owed by staff to the company during the year did not exceed GH¢1,659,654 (2014: GH¢1,648,421)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

19. TAXATION

(a) Income Tax

Income Tax	Balance at 1/1/15 GH¢	Payment GH¢	Charged to P/L GH¢	Balance at 31/12/15 GH¢
Up to 2012	(3,686,233)	-	-	(3,686,233)
2013	(2,154,797)	-	-	(2,154,797)
2014	(10,803,579)	-	-	(10,803,579)
2015	-	(12,467,968)	1,440,007	(11,027,961)
Dividend Tax				
2015	-	(271,572)	271,572	-
	(16,644,609)	(12,739,540)	1,711,579	(27,672,570)
National Fiscal Stabilization Levy				
2015	1,125,844	(4,295,969)	1,142,342	(2,027,783)
	1,125,844	(4,295,969)	1,142,342	(2,027,783)

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

(b) Income tax expense

	2015 GH¢	2014 GH¢
Corporate Income Tax	1,711,579	210,327
Deferred Tax charge (Note 20)	955,077	11,211,812
	2,666,656	11,422,140

EFFECTIVE TAX RECONCILIATION

	2015 GH¢	2014 GH¢
Profit before taxation	22,846,846	51,371,707
Tax at 25% (2014:25%)	5,711,712	12,842,927
Tax effect of Non-deductible Expenses	262,267	7,875,137
Impact of assessable loss	-	1,475,523
Dividend Tax	271,572	210,327
Tax on Exempt Income	(3,952,511)	(22,193,587)
Deferred Tax	955,077	11,211,812
Capital Allowance	(581,461)	-
	2,666,656	11,422,139
Effective Tax Rate	12%	22%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

20. DEFERRED TAX

	2015	2014
	GH¢	GH¢
Balance at 1 January	(723,013)	(11,934,825)
(Charge)/release to income statement	955,077	11,211,812
Balance at 31 December	232,065	(723,013)

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:

			2015			2014
	Assets	Liabilities	Net	Assets	Liabilities	Net
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Property, plant and equipment	-	(786,561)	(786,561)	-	(665,782)	(655,782)
Provision for IBNR	2,880,568	-	2,880,568	3,441,000	-	3,441,000
Unrealised gain on revaluation	-	(1,861,942)	(1,861,942)	-	(2,399,510)	(2,399,510)
Capital Allowance	-	-	-	347,305	-	347,305
Net tax (assets)/liabilities	2,880,568	(2,648,503)	232,065	3,788,305	(3,065,292)	723,013

21. CASH AND CASH EQUIVALENTS

	General Business	Life	2015 Total	2014 Total
	GH¢	GH¢	GH¢	GH¢
Cash	176,361	-	176,361	68,538
Bank Balances	16,437,309	1,684,355	18,121,664	18,815,060
Short term bills (3 months)	11,356,823	7,351,282	18,708,105	16,073,183
	27,970,493	9,035,637	37,006,130	34,956,781

22. PROVISION FOR UNEARNED PREMIUM

	General Business	Life	2015 Total	2014 Total
	GH¢	GH¢	GH¢	GH¢
Balance at 1 January	29,213,000	740,823	29,953,823	30,350,482
Increase/(Decrease) in Provision	6,761,713	84,669	6,846,382	(396,659)
	35,974,713	825,492	36,800,205	29,953,823

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

23. DEFERRED COMMISSION INCOME

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Balance at 1 January	413,772	-	413,772	164,948
Commission Income Deferred	1,160,860	-	1,160,860	413,772
Commission Income Released	(413,772)	-	(413,772)	(164,948)
Balance at 31 December	1,160,860	-	1,160,8602	413,772

24. OTHER ACCOUNTS PAYABLE

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Current accounts with Life Business	-	396,775	396,775	182,021
Accrued Expenses	1,567,945	681,105	2,249,050	2,734,991
Sundry creditors	4,113,192	78,176	4,191,368	2,524,574
Staff Welfare Fund	395,729	-	395,729	395,729
	6,076,866	1,156,056	7,232,922	5,837,315

25. DUE TO CEDING AND RETROCEDING COMPANIES

	General Business GH¢	Life GH¢	2015 Total GH¢	2014 Total GH¢
Amount due to ceding companies	39,936,402	1,768,023	41,704,425	12,692,229
Amount due to retroceding companies	9,085,615	-	9,085,615	8,750,758
	49,022,017	1,768,023	50,790,040	21,442,987

26. LIFE FUND

	2015 GH¢	2014 GH¢
Balance at 1 January	7,795,069	7,107,876
Transfer from Income Statement	365,152	687,193
Balance at 31 December	8,160,221	7,795,069

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 2015 was GH¢8,160,221.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

27. STATED CAPITAL

Authorised Ordinary Shares		**2015**		**2014**
	No. of Shares	**GH¢**	**No. of Shares**	**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.

28. CAPITAL SURPLUS

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

	Available For-Sale Reserve GH¢	**Revaluation Surplus GH¢**	**2015 Total GH¢**	**2014 Total GH¢**
Balance as at 1 January	38,042,132	8,413,000	46,455,132	43,811,760
Disposals	-	-	-	(4,850,904)
Other comprehensive Income:				
(Loss)/Gain on equities	(5,135,509)	-	(5,135,509)	9,593,776
Revaluation of property	-	-	-	(2,099,500)
Balance at 31 December	32,906,623	8,413,000	41,319,623	46,455,132

29. STATUTORY RESERVES

	Gen. Reserve GH¢	**Gen. Business Contingency Reserve GH¢**	**Life Business Contingency Reserve GH¢**	**Total GH¢**
Balance at 1 January 2015	39,025,095	37,289,787	305,399	76,620,281
Transfers from Retained Earnings	4,759,462	3,807,569	111,701	8,678,732
Balance at 31 December 2015	43,784,557	41,097,356	417,100	85,299,013

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

30. CONTINGENCY RESERVE

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.

31. RETAINED EARNINGS

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

32. INVENTORY

	2015	2014
	GH¢	GH¢
Stationery	37,523	-
Spare Parts	44,176	-
Fuel	39,088	-
Balance at 31 December	120,787	-

33. RELATED PARTY TRANSACTIONS

(i) 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:

	2015	2014
	GH¢	GH¢
Short-term benefit	3,073,035	1,737,984

During the year under review, a Toyota Land Cruiser vehicle was sold to the Managing Director at GH¢87,862

(ii) Income from related party transactions

2015

Companies	Premium	Claims	Commission	Total
	GH¢	GH¢	GH¢	GH¢
Hollard, Ghana	8,114,920	(9,243,588)	(2,210,216)	(3,338,884)
Donewell Insurance Co. Ltd	1,056,677	(578,578)	(312,200)	165,899
Unique Life Assurance Co. Ltd	8,000	(13,830)	(2,400)	(8,230)
Totals	9,179,597	(9,835,996)	(2,524,816)	(3,181,215)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

33. RELATED PARTY TRANSACTIONS - (CONT)

2014

Companies	Premium	Claims	Commission	Total
	GH¢	GH¢	GH¢	GH¢
Hollard, Ghana	8,687,149	(2,727,167)	(1,832,270)	4,127,712
Donewell Insurance Co. Ltd	680,348	(589,388)	(167,156)	(76,196)
Unique Life Assurance Co. Ltd	1,102,991	(209,473)	(342,361)	551,157
Totals	**10,470,488**	**(3,526,028)**	**(2,341,787)**	**4,602,673**

Loan receivable from related party

		2015	2014
		GH¢	GH¢
(iii)	Loan receivable from Hollard, Ghana	-	4,686,401

34. EMPLOYEE BENEFITS OBLIGATIONS

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.

(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.

35. CONTINGENT LIABILITIES

Pending Legal Claims
There were no legal cases pending against the company as at the reporting date. (2014: Nil)

36. CAPITAL COMMITMENTS

There were no outstanding commitments for capital expenditure at the reporting date. (2014: Nil))

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

37. 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 1.52% and 5.24% respectively which were considered immaterial and would not affect the decision made by users of the financial statements. The subsidiary has not been consolidated.

38. 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's 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
- Motor
- Aviation

The company has two geographical segments.

SCHEDULE TO GENERAL BUSINESS REINSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

	Fire GH¢	Motor GH¢	WCA GH¢	Other Accidents GH¢	Marine Cargo GH¢	Marine Hull GH¢	Aviation GH¢	2015 General GH¢	2015 Life GH¢	2015 Total GH¢	2014 Total GH¢
Underwriting Income											
Gross Premium	66,004,040	10,398,381	1,241,410	26,491,637	6,239,073	3,559,466	448,724	114,382,731	11,170,107	125,552,838	104,394,201
Retrocession Premium	(16,187,097)	(212,379)	(187,875)	(942,803)	(648,332)	-	(987,605)	(19,166,091)	(2,921,571)	(22,087,662)	(12,182,145)
Net Premiums Retained	49,816,943	10,186,002	1,053,535	25,548,834	5,590,741	3,559,466	(538,881)	95,216,640	8,248,536	103,465,176	92,212,056
Change in Reserve for Unexpired Risks	(5,091,920)	569753	(111,745)	(1,514,423)	(592,009)	-	(21,369)	(6,761,713)	84,667	(6,846,381)	360,478
Net Premium Earned	44,725,023	10,755,755	941,790	24,034,411	4,998,732	3,559,466	(560,250)	88,454,927	8,163,869	96,618,795	92,572,534
Commission income	1,278,765	-	-	103,181	32,939	-	8,073	1,216,596	889,481	2,106,077	1,723,696
Net Premium and Commission Earned	**46,003,788**	**10,755,755**	**941,790**	**23,931,230**	**5,031,671**	**3,559,466**	**552,177**	89,671,523	9,053,350	98,724,872	**94,296,503**
Claims paid less Recoveries											
Claims Paid	65,942,052	7,908,810	129,888	3,611,993	1,789,736	1,475,556	40,878	80,898,913	1,284,792	82,183,705	37,379,106
Less Recoveries	(23,788,091)	(48,992)	(132,019)	-	(545,830)	-	-	(24,514,932)	-	(24,514,932)	(1,278,973)
	42,153,961	**7,859,818**	**(2,131)**	**3,611,993**	**1,243,906**	**1,475,556**	**40,878**	56,383,981	1,284,792	57,668,773	**36,100,133**
Provision for Outstanding Claims											
Movement in the year	344,405	(3,897,028)	(2,032,500)	(2,245,819)	(556,379)	-	(12,361)	(8,399,682)	-	(8,399,682)	(3,078,361)
IBNR	5,698,108	1,313,838	78,757	2,654,604	1,754,186	-	22,775	11,522,268	293,289	11,815,557	16,424,000
Change in Provision	6,042,513	(2,583,190)	(1,953,743)	408,785	1,197,807	-	10,414	3,122,586	293,289	3,415,875	13,345,639
Underwriting Income											
Claims incurred less Recoveries	48,196,474	5,276,628	(1,955,874)	4,020,778	2,441,713	1,475,556	51,292	59,506,567	1,578,081	61,084,648	49,445,772
Commission expense	19,678,325	1,567,221	294,725	8,094,990	1,725,826	1,070,583	80,804	32,512,474	2,802,048	35,314,522	19,407,870
Foreign Taxes and Brokerages	1,162,494	453,015	1,024	440,340	116,941	63,990	5,781	2,243,585	2,243,585	2,257,770	-
Management Expenses	12,826,348	2,622,586	271,254	6,578,048	1,439,446	916,455	(138,746)	24,515,391	587,922	25,609,583	35,153,897
Increase in Life Fund	-	-	-	-	-	-	-	-	365,152	365,152	687,193
Total Underwriting Expenses	81,863,641	9,919,450	(1,388,871)	19,134,156	5,723,926	3,526,584	(869)	118,778,017	5,333,203	122,553,584	106,952,502
Underwriting Profit/(Loss)	(35,859,853)	836,305	2,330,661	4,797,074	(692,255)	32,882	(551,308)	(29,106,494)	3,720,147	(23,828,712)	(12,655,999)
Investment Income								32,378,985	5,897,815	38,276,800	34,775,052
Exchange Gain								11,197,216	-	11,197,216	18,287,133
Operating Profit								43,576,201	9,111,692	49,474,016	53,062,185
Other Income								8,377,139	507,431	8,884,570	16,613,701
Profit before Tax								22,846,846	9,619,123	32,465,969	57,019,887
Taxation								(3,808,998)	-	(3,808,998)	(13,990,727)
Profit after Tax								19,037,848	9,619,123	28,656,971	43,029,160
Total Asset								349,632,027	33,257,962	382,889,989	324,363,586
Total Liabilities								131,928,470	13,146,534	145,075,004	103,782,143

NOTES