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Ghana Re

GHANA REINSURANCE COMPANY LIMITED

2017

ANNUAL REPORT

& FINANCIAL STATEMENTS

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

George Otoo - Chairman *(Appointed: 24/08/2017)*
Nana Ansaah Sasraku II - Chairman *(Resigned: 07/01/2017)*
George Y. Mensah - Managing Director *(Appointed: 24/08/2017)*
Abiba Zakariah - Managing Director *(Resigned: 31/08/2017)*
Marian Mensah - Member
Franklin Hayford - Member *(Appointed: 24/08/2017)*
Francis Sapara-Grant - Member *(Appointed: 24/08/2017)*
Jennifer Owusu - Member *(Appointed: 24/08/2017)*
Wilson Tei - Member *(Resigned: 07/01/2017)*
Mohammed Yakubu - Member *(Resigned: 07/01/2017)*

SECRETARY/SOLICITOR

Jessica Allotey (Mrs)

COMPANY'S REGISTERED NUMBER

CS00662013

REGISTERED OFFICE

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

AUDITOR

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

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

George Otoo
Chairman

George Otoo is a Chartered Insurance Practitioner with over 30 years experience in the insurance industry. He entered the insurance industry in 1981 when he was appointed as Technical Trainee at Enterprise Insurance Co. Ltd. He held various positions in the company until he was appointed General Manager in charge of Operations in 1998. A year later, the board appointed him Managing Director whereupon he assumed full control of the management of the Company.

Upon assumption, George Otoo re-engineered the Company by computerising and networking all operations across the country. He introduced a highly successful novel workflow process known as Workgroup Concept, whereby workflow processes were based on the type of client rather than the type of product sold to the client.

He spearheaded the founding of Enterprise Life Assurance Company (ELAC) in 2001 in partnership with African Life Assurance of South Africa (later bought by Sanlam) and the IFC of the World Bank. ELAC today is the biggest life assurance company in Ghana by both premium and assets.

In 2010 he created a holding company structure at Enterprise with the aim of identifying and creating subsidiaries to provide services across the spectrum i.e. from cradle to grave. Enterprise Group was listed in 2010 to replace Enterprise Insurance on the Ghana Stock Exchange. Enterprise Group to date has the following subsidiaries:

1. Enterprise Insurance (General Insurance)
2. Enterprise Life (Life Insurance)
3. Enterprise Properties (Real Estate)
4. Enterprise Trustees (Pension Administration)
5. Transitions (Funeral Services)

He became the Group's first CEO in 2010.
George Otoo retired from Enterprise in 2014 after 33 years service to the company with market capitalisation of US $130 million from US $1.5 million when he took over at Enterprise Insurance.

He Chartered in 1989 as an Associate of the Chartered Insurance Institute of U.K. Prior to that he obtained a Diploma in Insurance with Distinction from the West African Insurance Institute (WAII) then based in Liberia.

George Otoo also holds an MBA in Insurance Management from the University of Nottingham Business School, U.K.

Directorships he has held to date are as follows:

1. Mainstream Re – 1999 to 2017 (Resigned)
2. TIGO Ghana Advisory Board – 2013 to 2015
3. Databank EPACK Investment – 1999 to date
4. Enterprise Group – 2010 to date
5. Enterprise Properties – 2011 to date

PROFILE OF DIRECTORS

George Y. Mensah
Managing Director

Mr. George Yaw Mensah started his professional career in 1993 with Merrill Lynch Asset Management (MLAM) as a Financial Accountant in Princeton, NJ USA. He later joined Prudential Financial in Newark, NJ as Senior Analyst within the Investment Management Research team where he was responsible for ensuring that the firm's portfolio managers have the ability to achieve superior returns in both up or down markets.

Mr. Mensah is a product of New York University (Stern Business School) where he earned an MBA in Finance. He also holds a BSc in Accounting and a minor in French from Montclair State University in New Jersey.

In 2002, he relocated to Ghana to join SIC Insurance Company as the Head of Investments and became the Executive Director of SIC Financial Services, a wholly owned subsidiary of the insurance company in 2006.

Mr. George Yaw Mensah joined African Reinsurance Corporation on April 1, 2010 as Assistant Director in charge of Treasury and Investment, a position he held until his appointment as Managing Director of Ghana Reinsurance Company Ltd. on September 1, 2017.

Mr. Mensah has served on several Boards including Ghana Stock Exchange as a Council Member. Other Board representations include:- NTHC Financial Services, Afram Publications Limited and Starwin Products Limited, a pharmaceutical company in Ghana.

Marian Mensah
Member

Ms. Marian Mensah is a successful financial economist with over a decade's cognate experience. She had her bachelor's degree in Economics and Psychology from University of Ghana, Legon (2000). Additionally, she holds an MA in Economics and Finance from University of Leeds, UK (2003). Also, Marian earned Advanced Securities Certification from Ghana Stock Exchange in 2001. Over the past ten (10) years, Marian has attended several career enhancing courses both locally and abroad. In 2012, she attended a course on Financial Sector Issues and Analysis in Washington D.C and also a course on Macro-Fiscal Modeling and Analysis in Vienna, Austria. Prior to that, she was in IMF institute in Washington D.C. USA for a course on Finance for Macroeconomists. Locally, in 2010 she attended IMF/Bank of Ghana joint course on Applied Inflation Targeting and other IMF organised courses.

Ms. Marian Mensah is currently the head of Capital Market Unit, Financial Sector Division of the Ministry of Finance. She is the principal economics officer responsible for: providing advice, formulating and coordinating policies and strategies for the development of the capital market industry. Marian has also worked with Ministry of Manpower Youth and Employment, as an Economics Planning and Evaluation Officer with the Policy Planning Monitoring and Evaluation Division. Prior to that, she worked as a Senior Economics Officer with the Policy Analysis and Research Division of the Ministry of Finance and Economic Planning.

PROFILE OF DIRECTORS

Franklin Hayford
Member

Mr. Franklin Hayford was appointed as a Director in August 2017. His areas of expertise include Financial Strategy Development, and he has extensive professional experience and significant executive leadership accomplishments in business.

Franklin is a member of the Board of Directors of a number of high profile organizations including Trust Bank Ltd., The Gambia, Bayba Financial Services Ltd., The Gambia, Insurance Company of Africa (Liberia), and the International Bank of Liberia Ltd. He has over the years displayed clearly his unique brand of executive boardroom relationships which is indispensable in influencing key decision-makers at the highest levels within the organisations where he is a member of the Board.

He is currently the Executive Director of Databank Financial Services Ltd. in charge of coordinating day to day operations of the Databank Group, with responsibilities for its strategic business units.
He holds a BSc degree in Management Sciences from the University of Manchester, UK and has over 25years rich experience in the field of Manufacturing and Financial Services.

Francis Sapara-Grant
Member

DR. FRANCIS SAPARA-GRANT is an economist with over twenty-two years' experience in pension scheme administration. He is currently the Chief Executive Officer of GLICO Pensions Trustee Company – one of the leading corporate trustees that has been licensed to administer pension schemes in Ghana. He is also a trustee and Technical Consultant for the Cocoa Abrabopa Pension Scheme, which is a pension scheme designed purposely for an association of over 20,000 cocoa farmers in Ghana.

Prior to his appointment as the Chief Executive Officer of GLICO Pensions, Dr. Sapara-Grant was the Managing Director of SSNIT Informal Sector Fund (SISF), a subsidiary company of the Social Security and National Insurance Trust (SSNIT) and was responsible for establishing the first national pension scheme for workers in the informal sector of Ghana.

Dr. Sapara-Grant holds a Masters' degree in Economics/Statistics from the Odessa Institute of National Economy, Odessa, Ukraine and a PhD in Economics from the St. Petersburg State Engineering Economic University in Russia. He is also a product of Accra Academy where he obtained his secondary education.

Among his other experiences, Dr. Sapara-Grant was a Supervising Board Member of Procredit Savings and Loans (Ghana) Limited– a member of the Procredit Group, which is an international banking group with presence in 21 countries. He was a member

PROFILE OF DIRECTORS

of the implementation Sub-Committee on the Informal Sector of the Presidential Commission on Pensions that designed the three-tier pension scheme for Ghana. He is currently a member of the Informal Sector Working Group which has the responsibility for advising the National Pensions Regulatory Authority of Ghana on the extension of pension coverage to the workforce in the Informal Sector of the economy.

Jennifer Owusu
Member

Mrs. Jennifer Owusu is a lawyer with over 20 years' experience in legal practice.

Jennifer has broad experience in corporate and commercial law, mining and energy, property and regulatory compliance. She is currently the Managing Consultant at Lexcel Consulting Ltd.

Jennifer obtained an LL.B Degree in 1993 from the University of Ghana where she was adjudged the best student in the final LL.B examination and was the proud recipient of two academic awards from the Ghana School of Law when she was called to the Ghana Bar in 1995. She holds a Master's Degree in Public Administration (MPA) from the Ghana Institute of Management and Public Administration (GIMPA) 2010.

Upon her call to the Bar, she joined the offices of Sey and Bossman where she garnered a wealth of experience in privatisation, regulation drafting and in the area of mining and energy, after which she worked with JEO Lawconsult, a legal consulting firm.

In 2010, Jennifer acted as Counsel/Researcher to the Constitution Review Commission (CRC) of Ghana, and worked with a team that successfully organised fifty- eight National Mini Consultations for the CRC.

In 2011, driven by her passion to promote research and to make a difference in the lives of the vulnerable, Jennifer founded the Centre for Legal Advocacy Research Education and Training (CLARiT) an NGO which promotes, among other things, cutting – edge research, awareness training and law and policy development.

Jennifer is a member of the Ghana Bar Association and is also a member of the Board of JCS Investments Ltd.

FINANCIAL HIGHLIGHTS (FIVE YEAR SUMMARY)

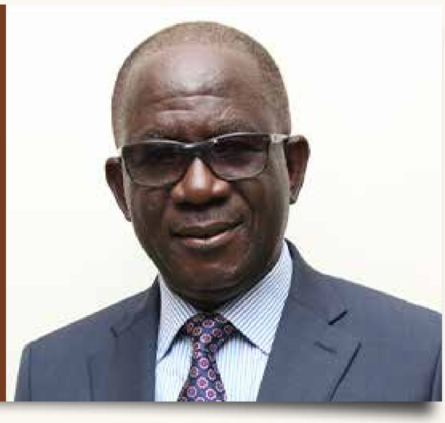
General Business

	2017 Gh¢	2016 Gh¢	2015 Gh¢	2014 Gh¢	2013 Gh¢
Gross Premium Income	130,605,834	114,382,731	95,948,050	68,514,726	63,241,427
Net Premium Written	116,190,128	95,216,640	86,191,294	61,658,941	58,020,877
UnderWriting Profit /Loss	2,903,513	(29,106,494)	(14,898,183)	(18,339,967)	821,216
Investment Income	30,891,142	32,378,985	31,531,282	35,673,552	14,394,794
Management Expenses	31,929,908	24,515,391	33,900,837	30,569,751	17,886,573
Shareholders Fund	232,512,063	217,703,557	210,089,139	172,462,616	115,198,625
Management Expenses To gross premium ratio	24%	21%	35%	45%	28%
Earnings Per share	0.47	0.38	0.75	0.63	0.28

Life Business

	2017 Gh¢	2016 Gh¢	2015 Gh¢	2014 Gh¢	2013 Gh¢
Gross Premium Income	11,794,982	11,170,107	8,446,151	6,274,413	4,580,384
Net Premium Written	8,634,259	8,248,536	6,020,762	4,402,348	4,384,382
UnderWriting Profit /(Loss)	(2,274,991)	3,213,877	2,242,184	(3,384,433)	5,237,912
Investment Income	7,989,555	5,897,815	3,243,770	2,097,769	935,960
Management Expenses	1,061,610	1,094,192	1,263,060	1,099,244	708,236
Life Fund	12,498,827	8,160,221	7,795,069	7,107,876	2,859,537
Management Expenses To gross premium ratio	9%	10%	15%	18%	15%

CHAIRMAN'S STATEMENT



Dear Shareholder, year 2016 was a year of intense competition in the midst of economic challenges for most African countries. Notwithstanding that, your company continued to grow in both the top line and bottom line.

The Global Economy

Global growth for year 2016 was a modest 3.1%, a slight variation from the baseline projection of 3.2%, largely as a result of the United Kingdom's decision to leave the European Union (Brexit) and weaker-than-expected growth in the United States.

Africa

According to A.M. Best (Global Insurance Credit Ratings and Information Services), despite strong average overall GDP growth for the continent, many insurance markets in Africa are small by international standards with Insurance penetration, being less than 1%.

Growth momentum in sub-Saharan Africa remains fragile, with regional growth dipping to 1.4% in the year 2016. A modest recovery in growth of about 2.6% is expected in 2017, but this falls short of past trends. A.M. Best believes there are significant opportunities for direct insurers and reinsurers in key markets in Africa, particularly in fast-developing sub-Saharan markets such as Kenya, Nigeria and Ghana.

Ghana

Conscious efforts are being made to improve insurance penetration through the encouragement and development of Micro-insurance as well as the enforcement of compulsory insurances like the fire insurance for commercial buildings.

The Insurance Awareness Cordinators Group (IACG), formed in May 2015 by the NIC, to undertake a nationwide educational campaign to sensitize Ghanaians on the importance of insurance has started work in earnest.

In line with the Implementation of its Risk Based Supervision regime, during the year under review, the regulator inspected a number of companies to enable it determine their risk ratings, all in an effort to boost the performance of the industry.

2016 Business Performance

Ghana Re's composite gross premium income grew by 13.42% from GH¢125.55 million in 2015 to GH¢142.40 million in 2016. The general business grew by 14.19% whiles the life business increased by 5.55%.

Premium

CHAIRMAN'S STATEMENT

General business gross premium income recorded in 2016 was GH¢130.61 million as compared to GH¢114.38 million in 2015. Fire, as a line of business, continues to be the leader contributing GH¢69.44 million representing 53.2% of the General Business premium income. This was followed by "Miscellaneous Accident" which produced GH¢32.37 million representing 24.8%. "Motor" follows suit with a premium income of GH¢17.36 million representing 13.3%.

Life business gross premium increased from GH¢11.17 million in 2015 to GHS¢11.79 million in 2016, a marginal percentage increase of 5.5%.

Commission paid increased from GH¢35.31 million in 2015 to GH¢38.30 million in 2016. However, commission ratio reduced from 28.12% in 2015 to 26.90% in 2016.

Claims incurred recorded in the year under review reduced from GH¢61.08 million in 2015 to GH¢50.41 million in 2016 with claims ratio decreasing from 59.04% in 2015 to 40.39% in 2016. With the company's bottom line in mind, more prudent and selective underwriting procedures were adopted after the June 3, 2015 flood disaster.

Management expenses on the other hand increased from GH¢25.61 million in 2015 to GH¢32.99 million in 2016 resulting in management expense ratio of 23.17% in 2016 as against 20.40% in 2015. The increase in management expenses was mainly due to bad debt written off.

Investment

Total investment represents 73.16% of total assets of GH¢405.94 million in 2016 compared to 70.58% of 2015 total assets figure of GH¢382.89 million. The investment portfolio comprising mainly money backed instruments yielded an average of 13.09% in 2016 as against 14.16% in 2015.

Profit

Over all, the Company's profit before tax for 2016 was GH¢48.08 million compared with GH¢31.78 million in 2015 representing a percentage increase of 51.29%. Profit after tax was GH¢29.33 million compared to GH¢27.97 million in 2015, indicating a return on equity of 11.36% compared to 11.76% in 2015.

Shareholder's Equity

Ghana Re's shareholders' equity grew by 8.63% from GH¢237.81 million in 2015 to GH¢258.34 million. Total assets to total liabilities ratio was 2.75 in 2016 as compared to 2.64 in 2015.

Dividend

Based on the company's performance, the Board of Directors proposes a dividend of GH¢6 million for the shareholder.

Transfer to Stated Capital

As part of the conscious effort to increase the Company's Stated Capital to enable it meet external capital adequacy and regulatory requirements; provide working capital; participate in other profitable markets in key African regional zones; write emerging and large risks such as Oil & Gas and possibly enhance the company's international risk/credit rating, the Board also recommended for the transfer an amount of GH¢15million from Retained Earnings to Stated capital to increase the latter to GH¢85million.

CHAIRMAN'S STATEMENT

Corporate Social Responsibility

As in previous years, in 2016, the company supported activities of various educational and health institutions in Ghana. We will continue to play our part in upholding our responsibilities towards positive stakeholder development.

Outlook for 2017

Ghana Re is determined to remain as a thoroughbred and stay ahead of competition in the coming year. The company will continue its expansion drive and re-strategize to increase its market share on the African market. A re-capitalization exercise, approved by you, our cherished shareholder, is expected to serve as an impetus to retain more business and to underwrite larger risk such as oil and gas business and other emerging risk.

Our Kenya office has been granted approval by the insurance regulator to convert into a subsidiary company to take advantage of ensuing opportunities in Kenya and other East African markets.

Dear shareholder, your company intends to leverage on the recently introduced local content law within the *Conference Interafricaine Des Marches D'assurances* (CIMA) zone to expand its operations within the francophone region using Cameroon as a hub.

Strategically, your company will enter into healthy partnership with other industry players to provide training and support services for the industry.

The highly skilled professional staff will be offered job-enhancing training programmes to boost performance.

Appreciation

On behalf of the Board, I wish to express my deep appreciation to our shareholder and business partners for their confidence and continued interest in our business. We also thank the former Board members, under the chairmanship of Nana Ansah Sasraku III, for their dedication and commitment. We further commend management and staff for their hard work during the year under review.

To all stakeholders, the Board assures you of its commitment to sustain the company's profitability and remain a market leader in the face of increasing competition.

Thank you.

George Otoo
Chairman

REPORT OF THE 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 2017.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view of Ghana Reinsurance Company Limited, comprising the statement of financial position at 31 December 2017, and the statements of 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 group 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 consolidated and separate 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:

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Profit for the year ended before taxation was	49,431,495	49,528,132	48,082,712
from which is charged taxation of	(15,400,090)	(14,170,821)	(18,750,353)
giving a profit for the year after taxation of	34,031,405	35,357,311	29,332,359
out of which is transferred to contingency reserve in accordance with the Insurance Act 2006 (Act 724) an amount of	(10,652,325)	(10,652,325)	(10,745,957)
resulting in a balance of	23,379,080	24,704,986	18,586,402
which when added to balance brought forward on the retained earnings account of	55,782,751	55,782,751	75,196,349
less loss from Foreign operations	(512,004)	(3,317,490)	-
	78,649,827	77,170,247	93,782,751
Transfer to Stated Capital	(15,000,000)	(15,000,000)	(34,000,000)
Less dividend	(9,000,000)	(9,000,000)	(4,000,000)
leaves a balance to be carried forward on the retained earnings account of	54,649,826	53,170,247	55,782,751

REPORT OF THE DIRECTORS
TO THE MEMBERS OF GHANA REINSURANCE COMPANY LIMITED

NATURE OF BUSINESS
The principal activities of the group are to undertake the business of reinsurance and any other businesses incidental thereto.

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

APPROVAL OF FINANCIAL STATEMENTS
The financial statements were approved by the board of directors on ……………………, 2018 and signed on their behalf by;

……………………………………
DIRECTOR

……………………………………
DIRECTOR

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GHANA REINSURANCE COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Ghana Reinsurance Company Limited ("the Group"), which comprise the statements of financial position at 31 December 2017, and the statements of 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, as set out on pages 9 to 57.

In our opinion, these financial statements give a true and fair view of the consolidated and separate financial position of Ghana Reinsurance Company Limited at 31 December 2017, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 1963 (Act 179) and the Insurance Act, 2006 (Act 724).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Insurance contract liability Refer to Note 27 and 5 to the consolidated and separate financial statements	
The key audit matter	*How the matter was addressed in our audit*
The Group's insurance contract liabilities comprise the 'life fund and 'incurred but not reported (IBNR) provision'. At 31 December 2017, the life fund and IBNR provision amounted to GH¢7.2 million and GH¢ 35 million respectively. These make up 31% of the Group's technical liabilities. The valuation of insurance contract liabilities is a key judgmental area due to the level of subjectivity inherent in the estimation of the effect of uncertain or unknown future events and the resulting potential exposure to large losses.	Our audit procedures included, among others Tested controls over the actuarial reserving process and the data used to perform the actuarial projections to determine the reserve for life fund and IBNR; Reviewed the methodology and key assumptions applied in actuarial projections by assessing their appropriateness based on our cumulative industry knowledge, the Group's historical claims experience and consistency with prior periods; Used our actuarial specialists to support us in the evaluation of insurance liabilities and to challenge the methodology and assumptions made by the Group in calculating the liabilities; Evaluated the quality of prior year's estimates by assessing the outcome of prior period's liabilities; and

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GHANA REINSURANCE COMPANY LIMITED

	Evaluated the adequacy of the Group's disclosures about the degree of estimation and the sensitivity of recognised amounts to changes in assumptions, and assessed whether the disclosures comply with relevant accounting standards.
Revenue recognition	
The key audit matter	*How the matter was addressed in our audit*
The main streams of revenue for the Group include reinsurance premiums, commission and investment income. The net reinsurance premium revenue and commission earned was GH¢ 189 million at 31 December 2017. Investment income included interest on unlisted debt securities which was GH¢ 35million as at the reporting date. The judgement involved in the recognition of reinsurance premiums and the deferring of unearned premium as well as the size of the investment portfolio and valuations, makes revenue recognition a key focus within our audit.	In this area, our audit procedures included, among others: • Tested the Group's key controls over the recognition of reinsurance premium and investment income; • Assessed whether the data for reinsurance premiums received for general business and the life business included all the relevant information through testing a sample of relevant data fields and their aggregate amounts against data in the source systems; • Agreed premium administration data to the general ledger for the general and the life business; • Evaluated the unearned premiums and performed testing to ensure that they have been recorded and reported in the appropriate financial reporting period; • For unquoted debt securities financial investments, we tested the valuation model used by the Directors by comparing the assumptions to external industry data to challenge their appropriateness; and • Evaluated the adequacy of the Group's disclosures on revenue recognition in the financial statements in accordance with the applicable financial reporting framework.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and the Directors' Report as required by the Companies Act, 1963 (Act 179) and the Insurance Act, 2006 (Act 724) but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GHANA REINSURANCE COMPANY LIMITED

give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Insurance Act, 2006 (Act 724), 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.

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

The Directors are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GHANA REINSURANCE COMPANY LIMITED

an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179) and the Insurance Act, 2006 (Act 724)

We have obtained all the information and explanations 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 profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is **Nathaniel Harlley (ICAG/P/1056)**.

....

For and on behalf of:
KPMG: (ICAG/F/2018/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	Note	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Assets				
Property and Equipment	10	11,905,484	10,497,622	11,020,352
Intangible Assets	11	129,495	129,495	258,991
Investment Properties	12	41,659,000	41,659,000	36,350,000
Equity Securities	13(a)	49,045,442	49,045,442	37,805,152
Investment in Subsidiary	17(b)	-	43,173,935	1,073,854
Investment in Associated Companies	17(a)	-	-	3,161,249
Deferred Tax	21	474,927	466,363	5,279,215
Current Tax	20	1,834,341	2,648,362	8,995,239
National Fiscal Stabilization Levy	20	-	-	233,982
Corporate Debt Securities	13(c)	14,156,773	14,156,773	11,262,774
Due from ceding/retroceding companies	18	67,732,324	60,880,800	48,914,779
Inventory	14	119,733	119,733	88,130
Other Accounts Receivable	19	13,759,079	10,317,961	9,575,676
Deferred Acquisition Cost	15	16,778,216	16,192,725	11,783,266
Government Securities	13(d)	67,925,632	65,740,310	89,909,658
Term Deposit	13(b)	158,369,528	115,213,479	98,212,684
Cash and Cash Equivalents	22	49,363,327	48,534,528	32,017,508
Total Assets		493,253,301	478,776,528	405,942,509
Equity				
Stated Capital	28	85,000,000	85,000,000	70,000,000
Capital Surplus	29	46,847,212	45,895,215	36,510,332
Statutory Reserve	30	106,697,296	106,697,296	96,044,971
Retained Earnings		54,649,826	53,170,247	55,782,751
Total Equity		293,194,334	290,762,758	258,338,054
Technical Liabilities				
Provision for Unearned Premium	23	54,183,278	52,277,941	33,470,012
Outstanding Claims	5(b)	68,492,710	63,381,905	48,183,494
Deferred Commission Income	24	2,241,107	2,241,107	1,600,565
Life Fund	27	7,175,015	7,175,015	12,498,827
		132,092,110	125,075,968	95,752,898
Other Liabilities				
Due to Ceding/Retroceding Companies	26	54,183,422	52,195,066	41,272,390
Other Accounts Payable	25	13,235,660	10,194,961	10,579,166
National Fiscal Stabilization Levy	20	547,775	547,775	-
		67,966,857	62,937,802	51,851,556
Total Liabilities		200,058,967	188,013,770	147,604,455
Total Equity and Liabilities		493,253,301	478,776,528	405,942,509

The financial statements were approved by the Board of Directors on .... 2018 and signed on its behalf by:

DIRECTOR .... DIRECTOR ....

The accounting policies and notes set out on pages 15 to 57 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Gross Premiums		193,013,705	173,665,425	142,400,816
Retrocession Premium		(21,924,798)	(20,746,258)	(17,576,429)
Net Premium Written		171,088,907	152,919,167	124,824,387
Unearned Premiums	23	(21,950,993)	(18,492,701)	3,330,193
Net Premium Earned		149,137,914	134,426,466	128,154,580
Commission Income	6(b)	2,001,744	1,901,327	1,736,462
Net Premium and Commission Earned		151,139,658	136,327,793	129,891,042
Underwriting Expense				
Claims Incurred	5(a)	(79,655,146)	(71,184,978)	(50,410,668)
Commission Expense	6(a)	(50,666,023)	(43,971,438)	(38,300,312)
Decrease/(Increase) in Life Fund	27	5,323,812	5,323,812	(4,338,606)
		(124,997,357)	(109,832,604)	(93,049,586)
Foreign Levies and Brokerages		(4,231,688)	(3,974,445)	(3,221,416)
Management Expenses	7	(50,245,056)	(39,971,020)	(32,991,518)
Total Underwriting Expenses		(179,474,101)	(153,778,069)	(129,262,520)
Underwriting Profit/(Loss)		(28,334,443)	(17,450,276)	628,522
Investment Income	8	35,008,682	33,685,834	38,880,697
Exchange Gain	16	11,045,349	10,656,828	5,666,351
		46,054,031	44,342,662	44,547,048
Operating Profit		17,719,588	26,892,386	45,175,570
Other Income	9	31,711,907	22,635,746	1,892,769
Share of (Loss)/Profit from Assoc. Company	17(a)	-	-	1,014,373
Profit before Taxation		49,431,495	49,528,132	48,082,712
Taxation	20(b)	(13,557,830)	(12,328,561)	(16,456,552)
National Fiscal Stabilization Levy	20(a)	(1,842,260)	(1,842,260)	(2,293,801)
Profit after Taxation		34,031,405	35,357,311	29,332,359
Transfer to Contingency		(10,652,325)	(10,652,325)	(10,745,957)
		23,379,080	24,704,986	18,586,402
Other Comprehensive Income:				
Investment in associate – Share of OCI	17(a)(iii)	-	-	(69,949)
Gain/(Loss) on Equity Securities		8,079,041	8,079,041	(4,739,342)
Translation gain on foreign operations		2,257,839	1,305,842	-
Total Comprehensive Income		33,715,960	34,089,869	13,777,111

The accounting policies and notes set out on pages 15 to 57 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2017

Group	Stated Capital GH¢	Retained Earnings GH¢	Capital Surplus GH¢	Statutory Reserve GH¢	Total Equity GH¢
Balance at 1 January 2017	70,000,000	55,782,751	36,510,332	96,044,971	258,338,054
Total comprehensive income for the year					
Profit for the year	-	34,031,405	-	-	34,031,405
Loss from foreign operations	-	(512,005)	-	-	(512,005
Other Comprehensive income, net of tax:					
Investment in associate- Share of OCI	-	-	-	-	-
Unrealised gain/(loss) on equity investments	-	-	8,079,041	-	8,079,041
Translation from foreign operations	-	-	2,257,839	-	2,257,839
Total Comprehensive income for the year	-	33,519,400	10,336,880	-	43,856,280
Regulatory Transfers					
Transfer to contingency reserve	-	(10,652,325)	-	10,652,325	-
Transfer to stated capital	15,000,000	(15,000,000)	-	-	-
Total Transfers to/(from) reserves	15,000,000	(25,652,325)	-	10,652,325	-
Total distribution to owners					
Dividends paid	-	(9,000,000)	-	-	(9,000,000)
Total distribution to owners	-	(9,000,000)	-	-	(9,000,000)
Balance at 31 December 2017	85,000,000	54,649,826	46,847,212	106,697,296	293,194,334

The accounting policies and notes set out on pages 15 to 57 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2017

Company	Stated Capital GH¢	Retained Earnings GH¢	Capital Surplus GH¢	Statutory Reserve GH¢	Total Equity GH¢
Balance at 1 January 2017	70,000,000	55,782,751	36,510,332	96,044,971	258,338,054
Total comprehensive income for the year					
Profit for the year	-	35,357,311	-	-	35,357,311
Loss from foreign operations	-	(3,317,490)	-	-	(3,317,490)
Other Comprehensive income, net of tax:					
Unrealised gain on equity investments	-	-	8,079,041	-	8,079,041
Translation from foreign operations/Earnings	-	-	1,305,842	-	1,305,842
Total Comprehensive income for the year	-	32,039,821	9,384,883	-	41,424,704
Regulatory Transfers					
Transfer to contingency reserve	-	(10,652,325)	-	10,652,325	-
Transfer to stated capital	15,000,000	(15,000,000)	-	-	-
Total Transfers to/(from) reserves	15,000,000	(25,652,325)	-	10,652,325	-
Total distribution to owners					
Dividends paid	-	(9,000,000)	-	-	(9,000,000)
Total distribution to owners	-	(9,000,000)	-	-	(9,000,000)
Balance at 31 December 2017	85,000,000	53,170,247	45,895,215	106,697,296	290,762,758

The accounting policies and notes set out on pages 15 to 57 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2017

Group	Stated Capital GH¢	Retained Earnings GH¢	Capital Surplus GH¢	Statutory Reserve GH¢	Total Equity GH¢
Balance at 1 January 2016	36,000,000	75,196,349	41,319,623	85,299,013	237,814,985
Total comprehensive income for the year					
Profit for the year	-	23,617,796	-	-	23,617,796
Life Business Account	-	5,714,564	-	-	5,714,564
Other Comprehensive income, net of tax:					
Investment in associate- Share of OCI	-	-	(69,949)	-	(69,949)
Unrealised gain/(loss) on equity investments	-	-	(4,739,342)	-	(4,739,342)
Total Comprehensive income for the year	-	29,332,360	(4,809,291)	-	24,523,069
Regulatory Transfers					
Transfer to contingency reserve	-	(10,745,958)	-	10,745,958	-
Transfer to stated capital	34,000,000	(34,000,000)	-	-	-
Total Transfers to/(from) reserves	34,000,000	(44,745,958)	-	10,745,958	-
Total distribution to owners					
Dividends paid	-	(4,000,000)	-	-	(4,000,000)
Total distribution to owners	-	(4,000,000)	-	-	(4,000,000)
Balance at 31 December 2017	70,000,000	55,782,751	36,510,332	96,044,971	258,338,054

The accounting policies and notes set out on pages 15 to 57 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Cash flow from operating activities				
Profit after taxation		34,031,405	35,357,311	29,332,359
Adjustments for:				
Depreciation and Amortisation	10 &11	1,126,805	1,048,850	960,136
Taxation	20(b)	15,400,090	14,170,821	18,750,353
Loss on disposal of PPE	10(b)	61,049	61,049	-
Dividend income		(4,364,962)	(4,364,962)	(6,653,753)
Interest Income		(30,643,720)	(29,320,872)	(31,250,920)
Revaluation Gain on investment property		(5,309,000)	(5,309,000)	(655,000)
Operating profit before working capital		10,301,667	11,643,197	10,483,175
Changes in				
Due from ceding/retroceding companies	18	(18,817,545)	(11,966,021)	(15,576,019)
Deferred commission income		640,542	640,542	439,705
Deferred acquisition cost	15	(4,994,950)	(4,409,459)	(1,630,916)
Other accounts receivable	19	(4,183,403)	(742,285)	(327,799)
Unearned Premium	23	20,713,266	18,807,929	(3,330,193)
Outstanding Claims	5(b)	20,309,216	15,198,411	7,484,803
Life Fund		(5,323,812)	(5,323,812)	4,338,606
Due to ceding/retroceding companies	18	12,911,032	10,922,676	(9,517,650)
Other Accounts payable	25	2,656,494	(384,205)	3,346,245
Inventory	14	(31,603)	(31,603)	32,657
Cash flow from/ (used in) operating activities		34,180,904	34,355,370	(4,257,386)
National Fiscal Stabilisation Levy Paid		(1,060,503)	(1,060,503)	(500,000)
Tax Paid		(1,674,947)	(1,674,947)	(3,290,000)
Net cash from/ (used) in operating activities		31,445,454	31,619,920	(8,047,386)
Cash flow from investing activities				
Movement in Term/Government securities		(33,841,130)	8,578,534	(14,191,059)
Acquisition of Corporate Debt Securities		(2,893,999)	(2,893,999)	(2,743,486)
Acquisition/disposal of Property, Plant and Equipment	10	(1,136,761)	(1,136,761)	(384,848)
Development of Life software	11	-	-	(70,233)
Dividend received		4,364,962	4,364,962	6,511,463
Interest income received		28,407,293	27,084,445	17,936,926
Net cash (used)/flow from investing Activities		(5,099,635)	35,997,181	7,058,763
Cash flow from financing Activities				
Dividend Paid		(9,000,000)	(9,000,000)	(4,000,000)
Investment in subsidiary	17(b)	-	(42,100,081)	-
Net cash used in Financing Activities		(9,000,000)	(51,100,081)	(4,000,000)
Increase/ (decrease) in Cash and Cash Equivalents		17,345,819	16,517,020	(4,988,622)
Cash and cash equivalent 1 January		32,017,508	32,017,508	37,006,130
Cash and Cash Equivalents at 31 December (Note A)		49,363,327	48,534,528	32,017,508
Note A				
Cash and Bank Balances	22	39,572,161	38,743,362	12,813,646
Treasury and Fixed Deposit	22	9,791,166	9,791,166	19,203,862
		49,363,327	48,534,528	**32,017,508**

The accounting policies and notes set out on pages 15 to 57 form an integral part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2016	2015
Cash flow from operating activities	**GH¢**	**GH¢**
Profit after taxation	**29,332,359**	28,656,971
Adjustments for:		
Depreciation	**960,136**	873,342
Taxation	**18,750,353**	3,808,998
Loss on disposal of PPE	-	175,726
Dividend income	**(6,653,753)**	(3,394,656)
Interest Income	**(31,250,920)**	(34,077,778)
Revaluation Gain on investment property	**(655,000)**	(7,447,766)
Operating (loss)/profit before working capital	**10,483,175**	(11,405,163)
Changes in		
Due from ceding companies	**(15,576,019)**	(27,538,058)
Deferred commission	**439,705**	747,088
Deferred acquisition cost	**(1,630,916)**	(232,350)
Other accounts receivable	**(327,799)**	(1,328,587)
Unearned Premium	**(3,330,193)**	6,846,382)
Outstanding Claims	**7,484,803**	3,485,358
Life Fund	**4,338,606**	365,152
Due to ceding companies	**(19,517,650)**	29,347,053
Other Accounts payable	**3,346,245**	1,395,606
Inventory	**32,657**	(120,787)
Cash flow used in/from operating activities	**(4,257,386)**	1,561,694
National Fiscal Stabilisation Levy Paid	**(500,000)**	(4,295,969)
Tax Paid	**(3,290,000)**	(12,739,540)
Net cash (used in)/from operating activities	**(8,047,386)**	(15,473,815)
Cash flow from investing activities		
Proceeds from repayment of loan	-	4,645,284
Proceeds from disposal of shares	-	191,104
Acquisition of Time/Government securities	**(14,191,059)**	(13,042,558)
Acquisition of Corporate Debt Securities	**(2,743,486)**	-
Acquisition of Property, Plant and Equipment	**(384,848)**	(2,022,691)
Development of Life software	**(70,233)**	(318,254)
Dividend received	**6,511,463**	3,394,656
Interest income received	**17,936,926**	30,270,621
Net cash flow used in/from investing Activities	**7,058,763**	23,118,162
Cash flow from financing Activities		
Dividend Paid	**(4,000,000)**	(5,600,000)
Net cash used in Financing Activities	**(4,000,000)**	(5,600,000)
Increase in Cash and Cash Equivalents	**(4,988,622)**	2,049,349
Cash and cash equivalent 1 January	**37,006,130**	34,956,781
Cash and Cash Equivalents at 31 December (Note A)	**32,017,508**	37,006,130
Note A		
Cash and Bank Balances (Note 22)	**12,813,646**	18,298,025
Treasury and Fixed Deposit (Note 22)	**19,203,862**	18,708,105
	32,017,508	37,006,130

The accounting policies and notes set out on pages 22 to 57 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. REPORTING ENTITY

The Ghana Reinsurance Company Limited ("the Company") is incorporated and domiciled in Ghana. 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). These consolidated financial statements comprise the company and its subsidiary (together referred to as "the Group").

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 Basis of consolidation

Business combinations
Business combinations are accounted for using the acquisition method at the acquisition date - i.e. when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they relate to the issue of debt or equity securities.

The consideration transferred does not include amounts that relate to the settlement of pre-existing relationships, such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The financial statements of the subsidiary used to prepare the consolidated financial statements were prepared as of the Company's reporting date.

Non-controlling interests
Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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 on which control commences until the date on which control ceases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES

Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non- controlling interest and other components of the equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in a former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses (except foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

3.2 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.

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.

Foreign operation
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.3 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 calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives of property, plant and equipment at the following annual rates for current and comparatives periods are as follows;

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES - CONT'D)

3.3 Property and equipment

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

Depreciation methods, 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.

3.4 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.

3.5 Intangible Assets

Computer Software
Intangible assets comprise computer software cost. These are measured at cost less accumulated amortization and any accumulated impairment losses. Amortisation is provided for on a straight-line basis, taking into account the residual value and estimated useful life of 3 years.

3.6 Financial Instruments

(i) Non-derivative financial assets

Initial recognition
The company initially recognises financial assets on the trade date. The trade date is the date that the company commits to purchase or sell the asset.

Classification and Measurement
The company classifies its financial assets into the following categories: 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 (ie corporate debts securities and Government securities).

Available-for-sale investments
Available-for-sale financial assets are non-derivative financial assets that 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 capital surplus 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES - CONT'D)

3.6 Financial Instruments

(i) Non-derivative financial assets - cont'd

Loans and receivables comprise cash and cash equivalents, term deposits, due from Retroceding, and other accounts receivables.

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.

(ii) Non-derivative financial liabilities

Initial recognition and measurement

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.

Classification

The company classifies non-derivative financial liabilities into the other liabilities category. Other financial liabilities comprise outstanding claims, due to ceding/retroceding companies and other accounts payables.

Derecognition

Financial liabilities are derecognized when contractual obligations are discharged, cancelled or expire.

(iii) Fair value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date.

The fair value of the company's financial assets is based on quoted bid prices. Where the fair value of a financial asset cannot be measured reliably, the investment is carried at cost less any impairment.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when the company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.7 Impairment of Non-Derivative Financial Assets

Non-Derivative Financial Assets

The company assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset 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 that can be reliably estimated.

Objective evidence that a financial asset is impaired includes the following:

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

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss.

For the purpose of a collective 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

Non-financial assets (other than deferred tax asset, investment property and inventory) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES - CONT'D)

3.7 Impairment of Non-Derivative Financial Assets - cont'd

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.

3.8 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.

3.9 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.

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.

3.10 Stated Capital

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

3.11 Reinsurance Contracts

(i) Classification of Reinsurance Contracts

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

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.

(b) Unearned premiums

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 deferred and recognised 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES - CONT'D)

3.11 Reinsurance Contracts - cont'd

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).

(e) Reinsurance

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

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

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

(f) 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.

(g) 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;

(h) Salvage and subrogation reimbursements

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

3.12 Revenue

The accounting policy in relation to revenue from reinsurance contracts is disclosed in note 3.11.

Interest income and expense

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

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

Dividend income

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

3.13 Employee Benefits

(i) Defined Contribution Plans

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES - CONT'D)

3.13 Employee Benefits - cont'd

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.

(ii) 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.

(iii) Other post-employment obligations

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

3.14 Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates that are enacted or substantively enacted at the reporting date. Temporary differences arise 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 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 arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

3.15 Provisions

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

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

3.16 Dividend Distribution

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

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)]

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - cont'd

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 ma y relate to property, accident, personal accident, motor, liability, marine, and other perils which may arise from an insured event. As such the company is exposed to uncertainty surrounding the timing, frequency and severity of claims under reinsurance contracts. The principal risk is that the frequency and/or severity of claims are greater than expected.

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

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - cont'd

4.1 Management of Reinsurance Risk - (CONT'D)

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

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

The main objective of the underwriting department is to provide a policy framework that ensures that risk assumption and risk retention practice is in line with prudent risk/reward set by the company. Specifically, the department determines the risk- retention policy of the company, which leads to the type of reinsurance undertaken for the year. 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		2017	2016
Motor/Accident	Gross	-	10,500,500
	Net	**90,092,000**	105,005
Fire	Gross	**1,801,840**	84,004,000
	Net	**45,046,000**	1,680,080
Marine	Gross	**1,801,840**	42,002,000
	Net	**100,000**	420,020

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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

4.2 Financial Risk Management – cont'd

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 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 company of counterparties. Such risks are subject to ongoing review and monitoring by the board.

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

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

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

Maximum exposure to credit risk	2017	2017	2016
	Group	Company	Company
	GH¢	GH¢	GH¢
Due from Ceding/Retroceding Companies	67,732,324	60,880,800	48,914,779
Other Accounts Receivable*	13,502,879	10,110,219	9,573,175
Corporate Debt Securities	14,156,773	14,156,773	11,262,774
Government Securities	67,925,632	65,740,310	89,909,658
Term Deposit	158,369,528	115,213,479	98,212,684
Cash and Cash Equivalent	49,351,880	48,523,081	31,917,205
	371,039,016	314,624,662	289,790,275

* All prepayments have been excluded from amounts shown above.
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 companies		
	2017	2017	2016
	Group	Company	Company
	GH¢	GH¢	GH¢
Gross amount	72,925,133	66,073,609	53,124,958
Impaired	(5,192,809)	(5,192,809)	(4,210,179)
Net (Due from ceding/retroceding companies)	67,732,324	60,880,800	48,914,779

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

4.2 Financial Risk Management – cont'd

Ageing of trade and other receivables that were not impaired was as follows:

Due from ceding/retroceding companies:

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
0-90days	33,993,897	29,122,540	28,680,962
90-181 days	28,908,161	26,927,384	20,233,817
Over 180 days	4,830,876	4,830,876	-
	67,732,324	60,880,800	48,914,779

Other receivables:	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
0-90days	3,454,987	3,454,987	7,253,515
90-181 days	8,256,172	4,815,054	180,280
Over 181 days	2,047,920	2,047,920	2,141,881
	13,759,079	10,317,961	9,575,676

(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:

The following are contractual maturities of financial liabilities:

Group

31 December 2017 Non-derivative financial liability	Amount GH¢	1-6mths GH¢	6-12mths GH¢	over 12mths GH¢
Due to Ceding/ Retroceding Companies	54,183,422	24,891,496	18,983,353	10,308,573
Other Accounts Payable	13,235,660	10,767,551	2,468,109	-
Claims Liability	68,492,710	34,110,170	14,075,838	20,306,702
Balance at 31 December 2017	135,911,792	69,769,217	35,527,300	30,615,275

Company

31 December 2017 Non-derivative financial liability	Amount GH¢	1-6mths GH¢	6-12mths GH¢	over 12mths GH¢
Due to Ceding/ Retroceding Companies	52,195,066	22,928,626	18,957,867	10,308,573
Other Accounts Payable	10,194,961	7,726,852	2,468,109	-
Claims Liability	63,381,905	28,999,365	14,075,838	20,306,702
Balance at 31 December 2017	125,771,932	61,645,905	33,648,356	30,477,671

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

4.2 Financial Risk Management – cont'd

31 December 2016

	Amount	1-6mths	6-12mths	over 12mths
Non-derivative financial liability	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Due to Ceding/ Retroceding Companies	41,272,390	11,558,629	12,969,098	16,744,663
Other Accounts Payable	10,579,166	8,659,237	1,238,825	681,104
Claims Liability	48,183,495	3,484,822	7,648,154	37,050,519
Balance at 31 December 2016	**100,035,051**	**23,702,688**	**21,856,077**	**54,476,286**

(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 and liabilities such as premium receivable, reinsurance receivables, and bank balances denominated in foreign currencies.

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

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

2016

Assets	**US$ '000**	**€ '000**	**£ '000**
Term Deposit/Gov't Securities	15,375	1,212	251
Due from ceding and retroceding companies	11,377	1,388	170
Cash and Cash Equivalent	1,788	149	160
Liabilities			
Claims Liability	(860)	(1)	(8)
Due to ceding and retroceding companies	(8,996)	(1,707)	(283)
Net exposure	18,684	1,041	290

The following significant exchange rates applied during the year:

	Average rate		Reporting date rate	
	2017	**2016**	**2017**	**2016**
USD ($ 1)	**4.3983**	3.9890	**4.5046**	4.2000
Euro (€1)	**4.9704**	4.4117	**5.3663**	4.4367
Pound (£1)	**5.6677**	5.4385	**6.0860**	5.1965

(b) Sensitivity Analysis on Currency Risks

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

4.2 Financial Risk Management – cont'd

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

	2017 Statement of Comprehensive income/Equity			2016 Statement of Comprehensive income/Equity		
	% Change	Impact Strengthening	Impact Weakening	% Change	Impact Strengthening	Impact Weakening
US$	±5%	5,260	(5,260)	±5%	4,095	(4,095)
Euro	±5%	604	(604)	±5%	231	(231)
GBP	±5%	(454)	454	±5%	75	(75)

(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		
	2017	2017	2016
Fixed rate instruments:	Group	Company	Company
	GH¢	GH¢	GH¢
Government Securities	63,548,032	63,450,421	87,957,979
Statutory Deposits*	4,377,600	2,289,889	1,951,679
Term deposits	158,369,528	115,213,479	98,212,684
	226,295,160	180,953,789	188,122,342

*Statutory deposit is deposits in an escrow account with the National Insurance Commission held at GCB Bank Limited and Central Bank of Kenya (CBK) 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 does not account 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

4.2 Financial Risk Management – cont'd

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 Accounting classifications and fair values

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The carrying amounts for financial assets and liabilities not measured at fair value are a reasonable approximation of their fair values.

Group

(i) Financial assets measured at fair value

31 December 2017

	Level 1	Level 2	Level 3	Fair Value	Carrying Value
	GH¢	GH¢	GH¢	GH¢	GH¢
Equity Securities	49,045,442	-	-	49,045,442	49,045,442

31 December 2016

	Level 1	Level 2	Level 3	Fair Value	Carrying Value
	GH¢	GH¢	GH¢	GH¢	GH¢
Equity Securities	37,805,152	-	-	37,805,152	37,805,152

(ii) Financial assets not measured at fair value

The following shows the carrying amounts of financial assets and liabilities and does not include fair value information for financial assets and liabilities, as the carrying amounts are reasonable approximation of the fair values.

	31 December 2017 Carrying Amount	31 December 2016 Carrying Amount
	GH¢	GH¢
Loans and receivables		
Due from ceding/retroceding companies	67,732,324	48,914,779
Other Accounts receivable	13,759,079	9,575,676
Statutory deposit	4,377,600	1,951,679
	85,869,003	60,439,633
Held to maturity		
Term deposit	158,369,528	98,212,684
Government Securities	67,925,632	87,957,979
Corporate Debt	14,156,773	11,262,774
	240,451,933	197,433,437

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

4.3 Accounting classifications and fair values - (CONT'D)

(iii) Financial liabilities not measured at fair value

Due to Ceding/ Retro Companies	54,183,422	41,272,390
Claims Liability	68,492,710	48,183,495
Other Accounts Payable	13,235,660	10,579,166
	135,911,792	100,035,051

Company

(i) Financial assets measured at fair value

31 December 2017

	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Fair Value GH¢	Carrying Value GH¢
Equity Securities	49,045,442	37,805,152	-	49,045,442	49,045,442

31 December 2016

	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Fair Value GH¢	Carrying Value GH¢
Equity Securities	37,805,152	-	-	37,805,152	37,805,152

(ii) Financial assets not measured at fair value

	31 December 2017 Carrying Amount GH¢	31 December 2016 Carrying Amount GH¢
Loans and receivables		
Due from ceding/retroceding companies	60,880,800	48,914,779
Other Accounts receivable	10,317,961	9,575,676
Statutory deposit	2,289,889	1,951,679
	73,488,650	60,442,134
Held to maturity		
Term deposit	115,213,479	98,212,684
Government Securities	65,740,310	89,909,658
Corporate Debt	14,156,773	11,262,774
	195,110,562	199,385,116

(iii) Financial liabilities not measured at fair value

Due to Ceding/ Retro Companies	52,195,066	41,272,390
Claims Liability	63,381,905	48,183,494
Other Accounts Payable	10,194,961	10,579,166
	125,771,932	100,035,050

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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

4.3 Fair Values

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, 2017 were classified as follows:

Valuation based on Observable inputs

	Level 1	Level 2	Level 3	2017 Total
	GH¢	GH¢	GH¢	GH¢
Equity Securities	40,933,796	-	8,111,646	49,045,442
	40,933,796	**-**	**8,111,646**	**49,045,442**

	Level 1	Level 2	Level 3	2016 Total
	GH¢	GH¢	GH¢	GH¢
Equity Securities	37,805,152	-	-	37,805,152
	37,805,152	**-**	**-**	**37,805,152**

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¢ 15 million and to maintain a solvency margin of 150%.
- to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders; and
- to provide adequate returns to shareholders by pricing reinsurance and investment contracts commensurately with the level of risk.

4.5 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016; however, the company has not applied these new or amended standards in preparing these financial statements. Those which may be relevant to the company are set out below. The company does not plan to adopt these standards early.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

Standard/Interpretation		Date issued by IASB [1]	Effective date Periods beginning on or after
IFRS 15	Revenue from contracts with customers	May 2014	1 January 2018
IFRS 9	Financial Instruments	July 2014	1 January 2018
IFRS 4 amendments	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	September 2016	1 January 2018
IAS 40 amendment	Transfers of Investment property	December 2016	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Considerations	December 2016	1 January 2018
IFRS 16	Leases	January 2016	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	June 2017	1 January 2019
IFRS 17	Insurance Contracts	May 2017	1 January 2021

IFRS 15 *Revenue from contracts with customers*
This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, and related interpretations.

The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract based five step analysis of transactions to determine whether, how much and when revenue is recognised.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Directors are assessing the impact of IFRS 15.

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

This standard will have a significant impact on the Group, which will include changes in the measurement bases of the Group'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 Group.

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

IFRS 4 provides a temporary exemption that permits, but does not require, the Group/Company to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2021. The Group/Company may apply the temporary exemption from IFRS 9 if, and only if it has not previously applied any version of IFRS 9 and its activities are predominantly connected with insurance at its reporting date. The Group/Company meets both the criteria and has decided to apply the exemption to defer the application of IFRS 9 to 1 January 2021.

Amendments to IAS 40 Transfers of Investment property
The IASB has amended the requirements in IAS 40 Investment property on when a company should transfer a property asset to, or from, investment property.

The amendments apply for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group/Company is yet to assess the effect of the standard on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

IFRIC 22 Foreign Currency Transactions and Advance Considerations
When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for translating the related item.

This has resulted in diversity in practice regarding the exchange rate used to translate the related item. IFRIC 22 clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

IFRS 16 Leases
IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The company has begun assessing the potential impact on the financial statements resulting from the application of IFRS 16. No significant impact is expected for the company's finance leases.

IFRIC 23 Uncertainty over Income Tax Treatments
IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

IFRS 17 Insurance Contracts
IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:- Reinsurance contracts held;- Direct participating contracts; and- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI.

The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.

The standard is effective for annual periods beginning on or after 1 January 2021. Early adoption is permitted.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

5(a). CLAIMS INCURRED

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Gross claims	69,683,265	61,349,642	67,939,936
Retrocession receivable	(5,534,062)	(5,534,062)	(25,014,073)
Movement in estimated claims	7,975,532	7,976,267	(7,165,165)
Movement in IBNR	7,530,411	7,393,131	14,649,969
Total claims Incurred	**79,655,146**	**71,184,978**	**50,410,668**

5(b). OUTSTANDING CLAIMS

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Balance at 1 January	48,183,495	48,183,495	40,698,691
Gross claims incurred net of recoveries	79,655,146	71,184,978	50,410,668
Claims paid net of recoveries	(59,345,931)	(56,157,321)	(42,925,864)
Claims – Foreign operations	-	170,753	-
Balance at 31 December	**68,492,710**	**63,381,905**	**48,183,495**

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 (IBNR). 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.

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Unpaid claims	**33,157,408**	**29,816,537**	22,011,258
Incurred but not reported (IBNR)	**35,335,302**	**33,565,368**	26,172,237
Total outstanding claims	**68,492,710**	**63,381,905**	**48,183,495**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

6(a). COMMISSION EXPENSE

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Commission Expense	55,555,690	48,036,296	39,931,22
Commission Expense released	11,783,266	11,783,266	10,152,350
Deferred Acquisition Costs	(16,672,933)	(16,087,442)	(11,783,266)
Transfer from foreign operations	-	239,318	-
Total	50,666,023	43,971,438	**38,300,312**

6(b). COMMISSION INCOME

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Commission Income	2,642,286	2,541,869	2,176,167
Commission Income released	1,600,565	1,600,565	1,160,860
Deferred Commission Income	(2,241,107)	(2,241,107)	(1,600,565)
Balance at 31 December	2,001,744	1,901,327	**1,736,462**

7. MANAGEMENT EXPENSES

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Directors Emoluments	2,731,825	2,695,024	2,163,597
Staff Costs	14,242,134	13,114,902	13,615,277
Audit Fees	391,363	290,000	250,000
Depreciation/Amortization	1,110,045	1,048,850	960,136
Bad Debt write off	5,192,809	5,192,809	4,406,007
Administrative and other expenses	26,576,880	17,629,435	11,596,501
	50,245,056	39,971,020	**32,991,518**

8. INVESTMENT INCOME

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Interest on Term deposits and T-bills	29,682,076	28,359,228	31,250,921
Rent Income	961,644	961,644	976,023
Dividend Income	4,364,962	4,364,962	6,653,753
	35,008,682	33,685,834	**38,880,697**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

9. OTHER INCOME

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Interest on deposit released	105,660	105,660	107,244
Interest on current account	215,374	215,374	126,043
Gain on Investment Property	5,309,000	5,309,000	655,000
Bad debts recovered	13,973,329	13,973,329	913,795
Sundry income	12,108,544	3,032,383	90,687
	31,711,907	22,635,746	1,892,769

10(a). PROPERTY AND EQUIPMENT

2017 - Group	Capital Work-in-Progress GH¢	Land & Buildings GH¢	Motor Vehicle GH¢	Office Equipment, Furniture & Fitting GH¢	Computers GH¢	Total GH¢
Cost						
Balance at 1 January	412,183	11,702,306	1,107,048	1,258,461	1,194,840	15,674,838
Additions	658,584	1,389,748	373,917	162,751	67,882	2,652,882
Transfer from CWIP	(407,681)	-	-	407,681	-	-
Transfers out - (Kenya)	-	(1,011,478)	(105,104)	(58,120)	(43,570)	(1,218,272)
Transfers in - (Cameroun)	-	-	392,622	364,433	31,708	788,763
Disposals	-	-	(351,186)	-	-	(351,186)
Balance at 31 December	**663,086**	**12,080,576**	**1,417,297**	**2,135,206**	**1,250,860**	**17,547,025**
Depreciation						
Balance at 1 January	-	1,764,827	945,869	945,203	998,587	4,654,486
Charge for the year	-	370,436	161,935	304,576	160,362	997,309
Transfers out - (Kenya)	-	(75,861)	(105,104)	(56,835)	(36,472)	(274,272)
Transfers in - (Cameroun)	-	-	365,087	159,636	15,901	540,624
Disposals	-	-	(276,607)	-	-	(276,607)
Balance at 31 December	**-**	**2,059,402**	**1,091,180**	**1,352,580**	**1,138,378**	**5,641,540**
Carrying Value						
At 31 December 2017	**663,086**	**9,613,946**	**326,117**	**591,737**	**112,482**	**11,905484**
At 31 December 2016	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

10(a). PROPERTY AND EQUIPMENT – CONT'D

2017 - Company	Capital Work-in-Progress	Land & Buildings	Motor Vehicle	Office Equipment, Furniture & Fitting	Computers	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Cost						
Balance at 1 January	412,183	11,702,306	1,107,048	1,258,461	1,194,840	15,674,838
Additions	658,584	-	325,500	138,160	28,047	1,150,291
Transfer from CWIP	(407,681)	-	-	407,681	-	-
Transfers out - (Kenya)	-	(1,011,478)	(105,104)	(58,120)	(43,570)	(1,218,272)
Transfers in - (Cameroun)	-	-	392,622	364,433	31,708	788,763
Disposals	-	-	(351,186)	-	-	(351,186)
Balance at 31 December	**663,086**	**10,690,828**	**1,368,880**	**2,110,616**	**1,211,025**	**16,044,434**
Depreciation						
Balance at 1 January	-	1,764,827	945,869	945,203	998,587	4,654,486
Charge for the year	-	357,985	113,518	296,506	134,571	902,580
Transfers out - (Kenya)	-	(75,861)	(105,104)	(56,835)	(36,472)	(274,272)
Transfers in - (Cameroun)	-	-	365,087	159,636	15,901	540,624
Disposals	-	-	(276,607)	-	-	(276,607)
Balance at 31 December	**-**	**2,046,951**	**1,042,764**	**1,344,510**	**1,112,587**	**5,546,812**
Carrying Value						
At 31 December 2017	**663,086**	**8,643,877**	**326,116**	**766,106**	**98,438**	**10,497,622**
At 31 December 2016	**412,183**	**9,937,479**	**161,179**	**313,258**	**196,253**	**11,020,352**

2016 - Company	Capital Work-in-Progress	Land & Buildings	Motor Vehicle	Office Equipment, Furniture & Fitting	Computers	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Cost						
Balance at 1 January	204,591	11,702,306	1,107,048	1,249,918	1,026,127	15,289,990
Additions	207,592	-	-	8,543	168,713	384,848
Balance at 31 December	**412,183**	**11,702,306**	**1,107,048**	**1,258,461**	**1,194,840**	**15,674,838**
Depreciation						
Balance at 1 January	-	1,442,145	770,473	755,215	856,013	3,823,846
Charge for the year	-	322,682	175,396	189,988	142,574	830,640
Balance at 31 December	**-**	**1,764,827**	**945,869**	**945,203**	**998,587**	**4,654,486**
Carrying Value						
At 31 December 2016	**412,183**	**9,937,479**	**161,179**	**313,258**	**196,253**	**11,020,352**
At 31 December 2015	**204,591**	**10,260,161**	**336,575**	**494,703**	**170,114**	**11,466,144**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

10(b). LOSS ON DISPOSAL

Group	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Disposal proceeds	13,530	13,530	-
Less Carrying Amount:			
Cost	351,186	351,186	-
Accumulated depreciation	(276,607)	(276,607)	-
Carrying Amount	74,579	74,579	-
Loss on disposal	(61,049)	(61,049)	-

11. INTANGIBLE ASSETS

Group	2017 Group	2017 Company	2016 Company
Cost	GH¢	GH¢	GH¢
Balance at 1 January	388,487	388,487	318,254
Additions	-	-	70,233
Balance at 31 December	388,487	388,487	388,487
Amortization			
Balance at 1 January	129,496	129,496	-
Amortization during the year1	129,496	129,496	(129,496)
Balance at 31 December	258,992	258,992	(129,496)
Carrying Amount	129,495	129,495	**258,991**

12. INVESTMENT PROPERTIES

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Balance at 1 January	36,350,000	36,350,000	35,695,000
Revaluation gain	5,309,000	5,309,000	655,000
Balance at 31 December	41,659,000	41,659,000	**36,350,000**

The investment properties are all situated in the developed areas of Accra, the capital city of Ghana. The latest revaluation for the year ended 31 December 2017 was carried out on the No.68 Kwame Nkrumah Avenue, Dome Managerial Estates and Plot 19 Onyasia Crescent by Alex Ezaah, a registered member/surveyor of the Ghana Institution of Surveyors.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. FINANCIAL SECURITIES

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
13 (a) Equity Securities			
Available-for-sale:			
Listed equities	40,933,796	40,933,796	33,151,329
Unlisted equities	8,111,646	8,111,646	4,042,428
Transfer from Associated Company **	-	-	611,395
	49,045,442	**49,045,442**	**37,805,152**
Held-to-Maturity:			
13(b) Term deposit	158,369,528	115,213,479	98,212,684
13(c) Corporate Debt Securities	14,156,773	14,156,773	11,262,774
13(d) Government Securities	**67,925,632**	**65,740,310**	89,909,658
	240,251,933	**195,110,562**	**199,385,116**
13(d) Statutory deposit (Treasury bills)*	**4,377,600**	**2,289,889**	**1,951,679**

* Included in Government Securities are these statutory deposits which are required to be deposited with regulatory bodies overseeing the industry. In Ghana this amount is held with the National Insurance Commission and in Kenya this is held with the Central Bank of Kenya.
** This relates to reclassification of investments held in Unique Life Assurance Company Limited (ULAC) as an associated company to unlisted equity securities as a result of reduction in Ghana Reinsurance's shareholding in the company from 50.65% to 3.94%.

14. INVENTORY

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Stationery	**31,695**	**31,695**	25,436
Spare Parts	**66,124**	**66,124**	44,176
Fuel	**21,914**	**21,914**	18,518
Balance at 31 December	**119,733**	**119,733**	**88,130**

15. DEFERRED ACQUISITION COST

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

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Balance at 1 January	**11,783,266**	**11,783,266**	10,152,350
Commission deferred (Note 6a)	**16,778,216**	**16,087,442**	11,783,266
Commission released (Note 6a)	**(11,783,266)**	**(11,783,266)**	(10,152,350)
Transfer from foreign operations	-	**105,283**	-
Balance at 31 December	**16,778,216**	**16,192,725**	**11,783,266**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

16. EXCHANGE DIFFERENCE

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Exchange Gain	**11,045,349**	**10,656,828**	**5,666,351**

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.

17a. (i) INVESTMENT IN ASSOCIATED COMPANIES

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Balance at 1 January	-	-	2,828,220
Disposal of Shares	-	-	-
Loss on fair valuation of shares	-	-	-
Share of profit/(loss) Note 17a(iii)	-	-	1,014,373
Share of other comprehensive income	-	-	(69,949)
Transfer to unlisted equity securities (Note 13a)	-	-	(611,395)
Balance at 31 December	-	-	**3,161,249**

Ghana Reinsurance Company Limited at the beginning of the year had investments in Donewell Insurance Co. Limited of 20%, this was diluted to 19.45% as a result of Ghana Reinsurance Co. Ltd not taking advantage of a rights issue and share purchase offer during the year 2017. The company therefore lost its significant influence over Donewell Insurance Company Limited as it now represents an ordinary investment.

(ii) Associate company balances

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Donewell Insurance Co. Limited	-	-	3,161,249
	-	-	**3,161,249**

(iii) Summary of financial information of associate company

Ghana Reinsurance Company Limited's interest in Donewell however changed from an investment in associated company (20%) to an ordinary investment (19.45%) during the year 2017 as a result of Ghana Reinsurance Co. Ltd. not taking advantage of a rights issue and share purchase offer during the year 2017.

The following table summarizes the financial information of Donewell Insurance Company Limited included in its own financial statements for the year ended 31 December 2016, when Ghana Reinsurance Company held a 20% interest in Donewell Insurance Company Limited. The table also reconciles the summarised financial information to the carrying amount of Ghana Reinsurance's interest in Donewell Insurance Company Limited for the prior year.

Ghana Reinsurance Company Limited's interest in Donewell however changed from an investment in associated company (20%) to an ordinary investment (19.45%) during the year 2017 as a result of Ghana Reinsurance Co. Ltd not taking advantage of a rights issue and share purchase offer during the year 2017.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

17a. INVESTMENT IN ASSOCIATED COMPANIES - (CONT'D)

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Non-current assets	-	-	13,527,270
Current assets	-	-	27,840,127
Non-current liabilities	-	-	(3,317,119)
Current liabilities	-	-	(18,533,448)
Net assets	-	-	19,516,830
Ghana Reinsurance share of net assets	-	-	3,903,366
Net Insurance Premium	-	-	22,584,789
Profit after taxation	-	-	5,071,865
Ghana Reinsurance share of profit after tax	-	-	1,014,373
Other comprehensive income:			
Fair value loss on available for sale investments	-	-	(95,000)
Revaluation of property, plant and equipment	-	-	(254,747)
Other comprehensive income	-	-	(349,747)
Ghana Reinsurance share of other comprehensive income			**(69,949)**
Ghana Reinsurance share of total comprehensive income Note 17a(i)	-	-	944,424
Balance at beginning of year	-	-	2,216,825
Carrying amount at 31 December	-	-	**3,161,249**

17(b). INVESTMENT IN SUBSIDIARY

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Ghana Re Kenya Plc	-	43,173,935	-
Cameroon Branch Office (formerly Ghana Re Cameroun Plc)	-	-	1,073,854
Investment in subsidiaries	-	43,173,935	**1,073,854**

Ghana Reinsurance Company Limited operated a contact office in Kenya and in June 2016, it incorporated a company [Ghana Re Company (Kenya) Limited]. The company obtained its operating licence in June 2017. Ghana Reinsurance Company Limited holds a 100% shareholding in the new company. Again, Ghana Reinsurance Company Limited also had a subsidiary company, Ghana Reinsurance Company (Cameroun) Limited and in July 2017, the operations of the company was discontinued as a subsidiary and it was converted to a contact office in Cameroun.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

18. DUE FROM CEDING AND RETROCEDING COMPANIES

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Amount due from ceding companies	53,864,882	51,888,917	42,957,472
Amount due from retroceding companies	6,474,395	7,139,584	5,957,307
Transfer from Foreign Operations	5,445,588	5,445,588	-
Net Receivable from ceding and retroceding companies	67,732,324	60,880,800	48,914,779

19. OTHER ACCOUNTS RECEIVABLE

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Staff Debtors	2,675,915	2,549,297	2,346,794
Current accounts with General Business	-	-	16,409
Other Debtors and Prepayments	11,083,164	7,768,664	7,212,473
Investment in subsidiaries	13,759,079	10,317,961	9,575,676

The maximum owed by staff to the company during the year did not exceed GH¢2,549,297 (2016: GH¢2,346,794)

	Balance at 1/1/17 GH¢	Payment GH¢	Charged to P/L GH¢	Translation Difference GH¢	Balance at 31/12/17 GH¢
Income Tax					
Up to 2014	(6,637,284)	-	-	-	(6,637,284)
2015	(11,027,961)	-	-	-	(11,027,961)
2016	8,137,706	-	-	-	8,137,706
2017	-	(1,612,407)	7,453,169	-	5,840,762
Foreign Operations (Branch)	-	(62,540)	534,809	33,845	506,114
Foreign Operations (Subsidiary)*	48,458	-	765,564	-	814,022
Dividend Tax					
2016	532,300	-	-	-	532,300
	(8,946,781)	(1,674,947)	8,753,542	33,845	(1,834,341)

	Balance at 1/1/17 GH¢	Payment GH¢	Charged to P/L GH¢	Balance at 31/12/17 GH¢
National Fiscal Stabilization Levy				
2016	(233,982)	-	-	(233,982)
2017	-	(1,060,503)	1,842,260	781,757
	(233,982)	(1,060,503)	1,842,260	547,775

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

20. TAXATION - (CONT'D)

(a) Income Tax schedule - Company

	Balance at 1/1/17 GH¢	Payment GH¢	Charged to P/L GH¢	Balance at 31/12/17 GH¢
Up to 2014	(6,637,284)	-	-	(6,637,284)
2015	(11,027,961)	-	-	(11,027,961)
2016	8,137,706	-	-	8,137,706
2017	-	(1,612,407)	7,453,169	5,840,762
Foreign operations (Subsidiary/Branch)*	506,115	(62,540)	62,540	506,115
Dividend Tax				
2016	532,300	-	-	532,300
	(8,489,124)*	(1,674,947)	7,515,709	(2,648,362)
National Fiscal Stabilization Levy				
2016	(233,982)	-	-	(233,982)
2017	-	(1,060,503)	1,842,260	781,570
	(233,982)	(1,060,503)	1,842,260	547,775

All tax liabilities are subject to the approval of the Ghana Revenue Authority.
* The opening balance of the company has been impacted by the balances taken over from its subsidiary company in Cameroun

(b) Amount recognised in profit or loss

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Corporate Income Tax	8,753,542	7,515,709	21,967,831
Deferred Tax charge/ (released) (Note 21)	4,804,288	4,812,852	(5,511,280)
Income tax expense	13,557,830	12,328,561	**16,456,551**

(b) Amount recognised in Other Comprehensive Income

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Equity-accounted investees – Share of OCI	-	-	(19,000)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

20. TAXATION - (CONT'D)

(c) Reconciliation of effective tax rate

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Profit before taxation**	32,075,137	32,075,137	42,368,148
Tax at 25% (2016:25%)	8,018,784	8,018,784	10,592,037
Tax effect of:			
Share of profit in associate companies	-	-	(253,593)
Non-deductible Expenses	356,147	356,147	510,408
Tax on Exempt Income	(921,762)	(921,762)	(4,467,795)
Income subjected to tax at a different rate	1,300,373	62,540	532,300
Change in current tax estimate related to prior year	-	-	10,007,325
Change in deferred tax estimate related to prior year	-	-	(464,130)
Balance at 31 December	8,753,542	7,515,709	**16,456,552**
Effective Tax Rate	27%	23%	39%

*This relates to profit before tax for General Business which is subject to tax.

21. DEFERRED TAX

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Revised balance at 1 January	(5,279,215)	(5,279,215)	(232,065)
Charge/ (Release) to income statement (Note 20b)	4,804,288	4,812,852	(5,047,150
Balance at 31 December	(474,927)	(466,363)	**(5,279,215)**

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:

Group	Assets GH¢	2017 Liabilities GH¢	Net GH¢
Property and equipment	-	(1,029,965)	(1,029,965)
Provision for IBNR	8,076,802	-	8,076,802
Unrealised gain on revaluation	-	(6,827,250)	(6,827,250)
Provision for Long Service Award	231,467	-	231,467
Other timing differences	23,873	-	23,873
Net tax (assets)/liabilities	8,332,142	(7,857,215)	**474,927**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

21. DEFERRED TAX - (CONT'D)

Company	2017 Assets GH¢	2017 Liabilities GH¢	2017 Net GH¢	2016 Assets GH¢	2016 Liabilities GH¢	2016 Net GH¢
Property and equipment	-	(1,014,656)	(1,014,656)	-	(958,087)	(958,087)
Provision for IBNR	8,076,802	-	8,076,802	6,401,052	-	6,401,052
Unrealised gain on revaluation	-	(6,827,250)	(6,827,250)	-	(163,750)	(163,750)
Provision for Long Service Award	231,467	-	231,467	-	-	-
Net tax (assets)/liabilities	8,308,269	(7,841,906)	466,363	6,401,052	(1,121,837)	5,279,215

22. CASH AND CASH EQUIVALENTS

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Cash	11,447	11,447	100,303
Bank Balances	39,560,714	38,731,915	12,713,343
	39,572,161	38,743,362	12,813,646
Short term bills (3months)	9,791,166	9,791,166	19,203,862
	49,363,327	48,534,528	32,017,508

23. UNEARNED PREMIUM RESERVE

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Balance at 1 January	33,470,012	33,470,012	36,800,205
Charge/ (release) to income statement	21,161,952	18,492,701	(3,330,193)
Foreign Operations (Branch)	-	315,228	-
Balance at 31 December	54,183,278	52,277,941	33,470,012

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

24. DEFERRED COMMISSION INCOME

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Balance at 1 January	1,600,565	1,600,565	1,160,860
Commission Income Deferred	2,241,107	2,241,107	1,600,565
Commission Income Released	1,600,565	1,600,565	(1,160,860)
Balance at 31 December	2,241,107	2,241,107	1,600,565

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

25. OTHER ACCOUNTS PAYABLE

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Current accounts with General/Life Business	-	-	16,409
Accrued Expenses	4,200,853	4,200,853	5,677,190
Sundry creditors	8,639,078	5,598,379	4,489,838
Staff Welfare Fund	395,729	395,729	395,729
	2,241,107	2,241,107	1,600,565

26. DUE TO CEDING AND RETROCEDING COMPANIES

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Amount due to ceding companies	39,882,644	32,518,435	29,771,363
Amount due to retroceding companies	14,300,778	14,300,778	11,501,027
Transfer from foreign operations	-	5,375,853	-
	54,183,422	52,195,066	41,272,390

27. LIFE FUND

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Balance at 1 January	12,498,827	12,498,827	8,160,221
Transfer from Income Statement	(5,323,812)	(5,323,812)	4,338,606
Balance at 31 December	7,175,015	7,175,015	12,498,827

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 2017 was GH¢ 7,175,015.

28. STATED CAPITAL

	2017		2016	
	No. of Shares	GH¢	No. of Shares	GH¢
Authorised Ordinary Shares				
Number of Ordinary Shares of no par value	1,000,000,000		1,000,000,000	
Issued Ordinary Shares				
Cash	50,000,000	5,300	50,000,000	5,300
Rights issue by special resolution dated June 2010	-	27,994,700	-	27,994,700
Transfer from retained earnings	-	57,000,000	-	42,000,000
	50,000,000	85,000,000	50,000,000	70,000,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

29. CAPITAL SURPLUS

Group

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

	Available For-Sale Reserve GH¢	Revaluation Surplus GH¢	2017 Total GH¢
Balance as at 1 January	28,148,281	8,362,051	36,510,332
Other comprehensive Income:			
Gain on equity securities	-	8,079,041	8,079,041
Translation gain from foreign entities	-	2,224,432	2,224,432
Balance at 31 December	28,148,281	18,665,524	46,813,805

Company

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

	Available For-Sale Reserve GH¢	Revaluation Surplus GH¢	2017 Total GH¢	2016 Total GH¢
Balance as at 1 January	28,148,281	8,362,051	36,510,332	41,319,623
Other comprehensive Income:				
Gain/(Loss) on equity securities	-	8,079,041	8,079,041	(4,739,342)
Translation gain from foreign entity	-	1,305,842	1,305,842	-
Investment in associate- Share of OCI	-	-	-	(69,949)
Balance at 31 December	28,148,281	17,746,934	45,895,215	36,510,332

30. STATUTORY RESERVES

Group and Company

	General Reserve GH¢	Gen. Business Contingency Reserve GH¢	Life Business Contingency Reserve GH¢	Total GH¢
Balance at 1 January 2017	49,689,006	45,820,915	535,050	96,044,971
Transfers from Retained Earnings	4,870,610	5,668,597	113,118	10,652,325
Balance at 31 December 2017	54,559,616	51,489,512	648,168	106,697,296

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

31. RETAINED EARNINGS

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

32. 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:

	2017 Group GH¢	2017 Company GH¢	2016 Company GH¢
Short-term benefit	4,203,950	3,926,998	2,388,967

(ii) Related party transactions

Ghana Reinsurance Company Limited's relationship with Donewell Insurance Company Limited changed from that of an investment in associate to an ordinary investment after its shareholding was diluted to 19.45% (2016: 20%).

The volumes of related party transactions during the year are as follows:

2017

Company	Premium GH¢	Claims GH¢	Commission GH¢	Total GH¢
Donewell Insurance Co. Ltd	1,059,809	(2,577,691)	(349,019)	(1,866,901)

2016

Company	Premium GH¢	Claims GH¢	Commission GH¢	Total GH¢
Donewell Insurance Co. Ltd	791,444	(393,848)	(243,279)	154,317

33. EMPLOYEE BENEFITS OBLIGATIONS

a) Defined Contribution Plans

(i) Social Security

The Group contributes to the defined contribution scheme (the Social Security Fund) on behalf of employees. The Group operates the two tier pension scheme. Contributions by the Group to the mandatory tier one and tier two schemes are determined by law; currently the employer contributes 13% of employee's basic salary while employee contributes 5.5%.

Out of the total contribution of 18.5%, the Group remits 13.5% to Social Security and National Insurance Trust (SSNIT) towards the first tier pension scheme and the remaining 5% to a privately managed scheme under the mandatory second tier.

b) Defined Contribution Plans

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

33. EMPLOYEE BENEFITS OBLIGATIONS - (CONT'D)

a) 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.

34. CONTINGENT LIABILITIES

Pending Legal Claims

There were no legal cases pending against the company as at the reporting date. (2016: Nil)

35. CAPITAL COMMITMENTS

There were no outstanding commitments for capital expenditure at the reporting date. (2016: Nil)

36. COMPARATIVE INFORMATION

The comparative information have been stated, where applicable, to conform to the current year's presentation.
This is the first time the company has prepared group financial statements, thus no comparative results are available for the group.

37. 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 operations are structured along two (2) major lines namely, General business reinsurance and Life reinsurance. The general business is divided into the following segments:

- Marine Cargo
- Marine Hull
- WCA
- Other Accident
- Fire
- Motor
- Aviation
- Life

SCHEDULE TO GENERAL BUSINESS REINSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017

Company	Fire	Motor	W. C. A.	Other Accidents	Marine Cargo	Marine Hull	Aviation	2017 General	2017 Life	2017 Total	2016 Total
Underwriting Income	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Gross Premium	99,748,632	15,849,106	11,311,237	22,003,347	8,744,554	3,934,609	762,177	162,353,662	11,311,763	173,665,425	142,400,816
Retrocession Premium	(16,927,002)	(114,686)	(534,896)	(139,747)	(964,280)	-	(287,554)	(18,968,165)	(1,778,093)	(20,746,258)	(17,576,429)
Net Premiums Retained	**82,821,630**	**15,734,420**	**10,776,341**	**21,863,600**	**7,780,274**	**3,934,609**	**474,623**	**143,385,497**	**9,533,670**	**152,919,167**	**124,824,387**
Change in Reserve for Unexpired Risks	(10,033,375)	1,328,176	67,270	(4,084,335)	(1,503,630)	-	(67,793)	(14,293,687)	(4,199,014)	(18,492,701)	3,330,193
Net Premium Earned	72,788,255	17,062,596	10,843,611	17,779,265	6,276,644	3,934,609	406,830	129,091,810	5,334,656	134,426,466	128,154,580
Commission Income	1,127,078	8,024	115,082	-	48,090	-	59,234	1,357,508	543,819	1,901,327	1,736,462
Net Premium and Commission Earned	**73,915,333**	**17,070,620**	**10,958,693**	**17,779,265**	**6,324,734**	**3,934,609**	**466,064**	**130,449,318**	**5,878,475**	**136,327,793**	**129,891,042**
Gross Claims less Recoveries											
Gross Claims	**34,794,564**	**10,215,659**	**216,249**	**5,798,940**	**4,544,201**	**884,349**	**370,734**	**56,824,696**	**797,780**	**57,622,476**	**67,939,936**
Less Recoveries	(4,085,562)	(294,462)	-	-	(754,896)	-	(254,690)	(5,389,610)	(144,452)	(5,534,062)	(25,014,073)
	30,709,002	9,921,197	216,249	5,798,940	3,789,305	884,349	116,044	51,435,086	653,328	52,088,414	42,925,863
Provision for Outstanding claims											
Movement in the year	(14,360,085)	1,562,686	(48,761)	(547,820)	(1,815,909)	-	(34,655)	(15,244,544)	1,343,267	(13,901,277)	(19,749,980)
IBNR	22,335,204	1,847,490	174,603	4,500,655	3,434,873	-	14,383	32,307,208	690,633	32,997,841	26,172,236
Change in Provision	7,975,119	3,410,176	125,842	3,952,835	1,618,964	-	(20,272)	17,062,664	2,033,900	19,096,564	6,421,804
Underwriting Income											
Claims Incurred less Recoveries	38,684,121	13,331,373	342,091	9,751,775	5,408,269	884,349	95,772	68,497,750	2,687,228	71,184,978	50,410,668
Commission Expense	25,562,032	1,715,884	3,270,018	6,853,826	2,339,821	1,480,949	171,838	41,394,368	2,577,070	43,971,438	38,300,312
Foreign Taxes and Brokerages	2,231,484	922,843	108,035	508,039	169,187	27,127	7,730	3,974,445	-	3,974,445	3,221,416
Management Expenses	18,974,966	4,985,671	4,200,289	5,895,250	3,756,065	680,975	131,912	38,625,128	1,345,892	39,971,020	32,991,518
Increase in Life Fund	-	-	-	-	-	-	-	-	(5,323,812)	(5,323,812)	4,338,606
Total Underwriting Expenses	**85,452,603**	**20,955,771**	**7,920,433**	**23,008,890**	**11,673,342**	**3,073,400**	**407,252**	**152,491,691**	**1,286,378**	**153,778,069**	**129,262,520**
Underwriting Profit/(Loss)	**(11,537,270)**	**(3,885,151)**	**3,038,260**	**(5,229,625)**	**(5,348,608)**	**861,209**	**58,812**	**(22,042,373)**	**4,592,097**	**(17,450,276)**	**628,522**
Investment Income								25,595,009	8,090,825	33,685,834	38,880,697
Exchange Gain								10,656,828	-	10,656,828	5,666,351
Operating Profit								14,209,464	12,682,922	26,892,386	44,547,048
Other Income								22,635,746	-	22,635,746	1,892,769
Share of profit from Associate company								-	-	-	1,014,373
Profit before Tax								36,845,210	12,682,922	49,528,132	48,082,712
Taxation								(12,328,561)	-	(12,328,561)	(16,456,552)
National Fiscal Stabilization Levy								(1,842,260)	-	(1,842,260)	(2,293,801)
Profit after Tax								**22,674,389**	**12,682,922**	**35,357,311**	**29,332,359**
Total Assets								**420,512,248**	**58,264,280**	**478,776,528**	**405,942,509**
Total Liabilities								**168,258,403**	**19,755,367**	**188,013,770**	**147,604,455**