GRC

Ghana Re

GHANA REINSURANCE COMPANY LIMITED

2018 ANNUAL REPORT & FINANCIAL STATEMENTS

GRC

Ghana Re

CORPORATE MISSION

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

Contents

CORPORATE INFORMATION

Board of Directors

George Otoo	Chairman
George Y. Mensah	Managing Director
Franklin Hayford	Member
Francis Sapara-Grant	Member
Jennifer Owusu	Member
Stella Williams	Member *(Appointed: 27/09/2018)*
Lynda Odro	Member *(Appointed: 27/09/2018)*
Marian Mensah	Member *(Resigned: 24/08/2018)*

Secretary/Solicitor

Jessica Allotey (Mrs)

Registered Office

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

Independent Auditor

PricewaterhouseCoopers
Chartered Accounts
No. 12, Airport City
Una Home 3rd Floor
PMB CT42
Cantonments, Accra

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.

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.

PROFILE OF DIRECTORS

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 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.

PROFILE OF DIRECTORS

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.

Stella Williams
Member

Mrs. Stella Williams is currently the Director for Monitoring and Evaluation at the Ministry of Finance. She graduated from the Kwame Nkrumah University of Science and Technology, Ghana in 1986 with a Bachelor's Degree in Planning, and also obtained a Master's Degree in Local and Regional Development from the Institute of Social Studies, Erasmus University, the Netherlands in 1998.

She started her career at the Ministry of Finance in 1989 and has gained extensive experience in Economic Policy Management. She has held positions in various Divisions in the Ministry and was a key player in the development of Ghana's first Public Investment Programme, the development of the Medium Term Expenditure Framework (MTEF) and reforms in Public Financial Management. She was also at one-point Coordinator for the Government's Financial Sector Reform Programme and also played an active role in promoting the Aid Effectiveness Agenda in Ghana.

Before taking up her current position as the Director for Monitoring and Evaluation, she was seconded to the African Development for three years as Senior Advisor to the Executive Director representing, Ghana, Gambia Liberia, Sierra Leone and Sudan.

Mrs. Williams also currently serves as a board member of the Public Procurement Authority and is a Council Member of the Ghana Immigration Service.

She is married with two children.

PROFILE OF DIRECTORS

Lynda Odro
Member

Lynda Odro has recently retired as the Chief Executive Officer of Hollard Insurance Ghana. Until her appointment in 2015 she was the Chief Operations Officer, a position she held for 10 years. She has over 2 decades experience in the Insurance Industry.

She holds an MBA from Ghana Institute of Management and Public Administration (GIMPA); BA (Hons) Economics with Statistics, University of Ghana, Legon and a Diploma in Insurance from the West African Insurance Institute, Gambia. A Certificate in Advance Course; Non –Life Insurance from Swiss Insurance Training Center, Switzerland. She is an associate of the Chartered Insurance Institute, UK.

She has attended several courses in insurance in Switzerland, United Kingdom, Nigeria and South Africa. She also attended courses in Human Resource Development; Staff Appraisal & Performance Planning organized by GIMPA and PWC respectively.

She served on several industry Boards and Committees including The Ghana Oil and Gas Insurance Pool; Member of General Insurance Council of the Ghana Insurers Association; Harmonisation of Regional Convention regulating administration of motor accidents within Ecowas; Executive Committee, West African Insurance Companies Association(WAICA); Chairman of the Marine & Aviation Technical Committee of Ghana Insurers Association.

Lynda was a lecturer at the West African Insurance Institute, Gambia for 7 years. She also lectured at the Ghana Insurance College. She has recently been named one of the top 50 corporate leaders in Ghana by Women Rising and The African Network of Entrepreneurs.

Lynda has been blessed with two sons.

PROFILE OF EXECUTIVE/SENIOR MANAGEMENT

Mrs. Monica Amissah
Deputy Managing Director (Technical)

Mrs. Monica Amissah is a product of the University of Cape Coast and holds a Bachelor of Education (Arts) Honours Degree. She obtained a Diploma in Insurance from the West African Insurance Institute (WAII) in 2002 and Advance Diploma in Insurance from the Chartered Insurance Institute, UK (ACII) in 2009. She is currently a Chartered Insurer with ACII and a member of both the Chartered Insurance Institute of Ghana (CIIG) and the Chartered Insurance Ladies Association of Ghana (CILAG).

With over eighteen years' experience in the reinsurance industry, Mrs Amissah is responsible for all technical activities of Ghana Re including those for the Regional Offices in Kenya and Cameroon. She also chairs the Company's Strategic, Enterprise Risk Management (ERM) as well as Performance Management Committees.

She joined Ghana Re in the year 2000 and rose steadily through the ranks to the position of Head, International Operations in January 2013. In recognition of her exemplary work, in July 2016, she was appointed Acting Deputy Managing Director (DMD)-Technical and made the Substantive DMD-Technical in June 2018.

Mrs. Amissah is currently a member of the ECOWAS Ghana National Bureau's Publicity and Training Committee. She was a Board Member of the Ghana Agricultural Insurance Pool (GAIP) from 2013 until 2015, when the membership was reconstituted, and Secretary for the Marine Offices Association (Ghana) for the years 2008 and 2009. She also chaired the Resolutions Committee for the WAICA Conference held in Accra in April 2015.

FINANCIAL HIGHLIGHTS (FIVE YEAR SUMMARY)

General Business

	2018 Gh¢	2017 Gh¢	2016 Gh¢	2015 Gh¢	2014 Gh¢
Gross Premium Income	**187,156,766**	181,701,942	130,605,834	114,382,731	95,948,050
Net Premium Written	**162,980,779**	161,555,237	116,190,128	95,216,640	86,191,294
UnderWriting Profit /Loss	**5,266,673**	(32,926,540)	2,903,513	(29,106,494)	(14,898,183)
Investment Income	**19,721,260**	26,917,857	30,891,142	32,378,985	31,531,282
Management Expenses	**42,083,693**	48,899,164	31,929,908	24,515,391	33,900,837
Shareholders Fund	**281,026,375**	254,685,421	232,512,063	217,703,557	210,089,139
Management Expenses To gross premium ratio	**22%**	27%	24%	21%	35%
Earnings Per share	**0.50**	0.43	0.47	0.38	0.75

Life Business

	2018 Gh¢	2017 Gh¢	2016 Gh¢	2015 Gh¢	2014 Gh¢
Gross Premium Income	**18,502,675**	11,311,763	11,794,982	11,170,107	8,446,151
Net Premium Written	**16,727,696**	9,533,670	8,634,259	8,248,536	6,020,762
UnderWriting Profit / (Loss)	**5,197,514**	4,592,097	(2,274,991)	3,213,877	2,242,184
Investment Income	**8,441,974**	8,090,825	7,989,555	5,897,815	3,243,770
Management Expenses	**1,118,703**	1,345,892	1,061,610	1,094,192	1,263,060
Life Fund	**51,480,379**	7,175,015	12,498,827	8,160,221	7,795,069
Management Expenses To gross premium ratio	**6%**	12%	9%	10%	15%

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I welcome you to the 16th Annual General Meeting of your Company. It is my pleasure to present to you the Annual Report including the Financial Statements of Ghana Reinsurance Company Limited (Ghana Re) for the year ended 31st December, 2018.

Dear Shareholder, for the year 2018, Ghana Re (Kenya) Limited began full year of operations as a Subsidiary Company while Ghana Re – Cameroon remains a branch office. For this reason, the presentation of the Financial Statements contain information on Ghana Re, Group consolidated accounts for year 2018.

The Global Economy

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of year 2018, reflecting a confluence of factors affecting major economies. Global growth is now projected to slow from 3.6% in 2018 to 3.3% in 2019, before returning to 3.6% in 2020. The International Monetary Fund cut its outlook for global growth to the lowest since the financial crisis in 2009 amid a bleaker outlook in most major advanced economies and signs that higher tariffs are weighing on trade. *(Source: IMF World Economic Outlook Update, April 2, 2019)*.

Africa

Growth within the Sub-Saharan region is set to pick up from 3.0% in 2018 to 3.5% in 2019, before stabilizing at close to 4.0% over the medium term. According to the International Monetary Fund (IMF), these region wide numbers mask considerable differences in the growth performance and prospects of countries across the region. About half of the region's countries are expected to grow at 5.0% or more, which would see per capita incomes rise faster than the rest of the world on average over the medium term. For the remaining countries, improvements in living standards will be slower. Notwithstanding these different economic prospects and policy priorities, countries share the challenge of strengthening their resilience and creating higher, more inclusive and durable growth.

Ghana

Ghana's economy continued to expand, albeit at a slower pace than 2017. Year 2018 ended with a real GDP growth rate of 6.3%. The government continued with the fiscal consolidation efforts in 2018 despite difficulties on the revenue side. Ghana's fiscal deficit for the period January-September 2018 was 3.0% of GDP, just above the target of 2.6%.

Year 2018 ended with an inflation rate of 9.4%. The inflation rate was driven by moderation in both food and non-food inflation, the relative stability of the cedi as well as the ongoing fiscal consolidation. *(Source: Ghana Statistical Service)*.

91-day Treasury bill rate recorded in December 2018 was 14.6% whiles 182-day Treasury bill rate was 15.0%. (Source: Bank of Ghana).

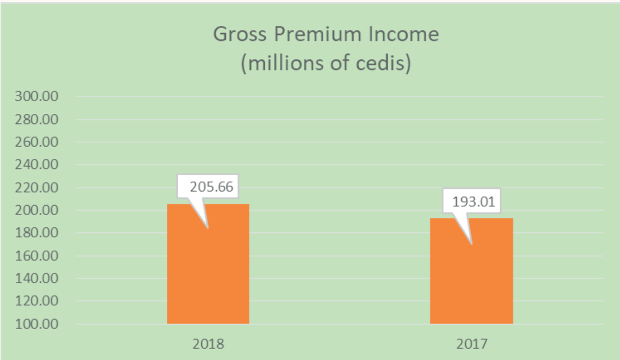
2018 Business Performance

Premium Income

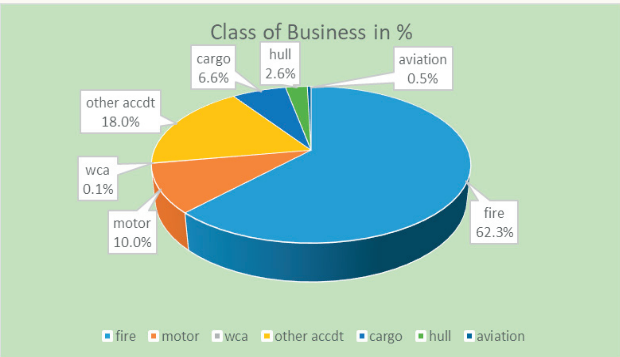
Group total gross premium income was

CHAIRMAN'S STATEMENT

GH¢205.66m for year 2018 as compared to GH¢193.01m recorded in 2017. This shows a growth rate of 6.6% in 2018.



General business gross premium income recorded in 2018 was GH¢187.16m. 'Fire', as a line of business, continues to be the leader, contributing 62.3% of the General Business premium income. This was followed by 'Other Accidents' 18.0% and 'Motor' 10.0%.



Life business gross premium increased from GH¢11.31m in 2017 to GHS¢18.50m in 2018, an increase of 63.6%.

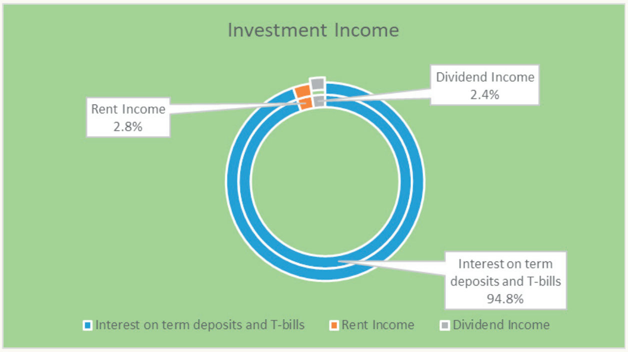
Commission paid by the Group in year 2018 was GH¢62.69m. In 2017, an amount of GH¢50.67m was paid as commissions. The commission ratio for years 2018 and 2017 were 34.9% and 29.6% respectively.

Group claims incurred recorded in the year under review was GH¢76.32m. This compares favourably to the amount of GH¢79.66 million paid in 2017. Claims ratio in 2018 was 42.5% as against 46.6% in 2017.

Management expenses for the Group was GH¢43.20m in 2018 as against GH¢45.05m in 2017. This showed a reduction in management expenses ratio from 26.3% in 2017 to 24.0% in 2018. We will continue to take the necessary steps to improve upon our efficiency.

Investment Income

Investment Income for the Group was GH¢28.16m in 2018 as against GH¢35.01m in 2017. Average interest rates were considerably lower in year 2018 compared to the previous year, as part of the government's attempt to control cost of borrowing and improve the economic conditions of the country. Going forward we will continue to re-align our investment portfolio more towards medium to long term government bonds to ensure stability and better returns.



Investment Portfolio

The Group's total investment portfolio represent 70.21% of total assets of GH¢512.66 million in 2018 and 69.12% of 2017 total assets of GH¢493.25 million. The investment portfolio comprising mainly money backed instruments yielded an average of 7.82% in 2018 and 10.27% in 2017.

Profit

Gross profit for the Group stood at GH¢53.03m compared to GH¢49.43m in 2017. Net profit went up from GH¢34.03m in 2017 to GH¢38.63m in 2018. Return on Equity went down marginally from 17.9% in 2017 to 16.9% in 2018.

CHAIRMAN'S STATEMENT

Shareholder's Equity
Shareholders' equity was GH¢332.51m in 2018 as against GH¢293.19m in 2017. Total assets to total liabilities ratio was 2.8 in 2018 compared to 2.5 in 2017.

Dividend
Based on the Company's performance in 2018, the Board of Directors proposes a total and final dividend of GH¢9m to be paid to the shareholder for 2018.

Transfer to Stated Capital
Dear shareholder, with your approval, we seek to increase the Company's Stated Capital in response to the increase in minimum capital requirement for insurance and reinsurance companies by the Regulator. This will also enable us write more of emerging and large risks such as Oil & Gas and enhance the company's international credit/risk rating. The Board therefore recommends a transfer of an amount of GH¢25.00m from Income Surplus to Stated capital to increase the latter to GH¢125.00m.

Corporate Social Responsibility
As in previous years, the company supported activities of selected educational and health institutions in Ghana. Ghana Re will continue to contribute to such institutions in its quest to improve the overall well-being of society and in pursuit of our stakeholder development agenda.

Outlook for 2019
Ghana Re's strategy is to expand its reach both domestically and internationally as well as position its brand among the top ten African Reinsurers to ensure growth in both premium and profit. Your company will seek to generate and increase revenues from Oil and Gas, Re-takaful, special risks and other emerging risks.

Our Kenya subsidiary after obtaining an operating licence in July 2017 intensified its efforts to take advantage of business opportunities in Kenya and other East African markets. This is expected to boost the business performance of the Group.

Dear shareholder, with a branch office in Cameroon, your company will continue to leverage on the local content law within the CIMA zone to serve and enhance business relationship with members within the Francophone zone.

In the ensuing years, your company will continue to strengthen beneficial strategic alliances with selected insurance and reinsurance companies and seek new strategic partners as and when necessary.

The company will continue to undertake human capital development not only for its staff but for the entire industry to promote professionalism and good business relationship.

Board Changes
In the course of the year, we had changes in Board composition. Ms Mirian Mensah resigned and two appointments were made namely, Mrs. Stella Williams, who had served the board in previous years and Mrs Lynda Odro, an astute Insurance Underwriter who was the Managing Director of Hollard Insurance Ghana until her retirement in April, 2018.

We thank Marian for her invaluable services to the company and welcome Stella and Lynda to the Board.

Appreciation
On behalf of the Board, I wish to sincerely thank our shareholder, insurance companies and brokers and all stakeholders for their continued interest and support for our business. We commend management and staff for their hard work and dedication.

The Board is committed to ensuring sustained growth and profitability and continue to contribute to the country's development.

Thank you.

Chairman

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

The Directors present their annual report together with the audited financial statements of Ghana Reinsurance Company Limited (the 'Company') and its subsidiary (together the 'Group') for the year ended 31 December 2018.

Statement of directors' responsibilities
The Directors are responsible for the preparation of financial statements for each financial period which gives a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit or loss and cash flows for that period. In preparing these financial statements, the Directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS), and complied with the requirements of the Companies Act, 1963 (Act 179), and the Insurance Act, 2006 (Act 724).

The Directors are responsible for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group. The Directors are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have made an assessment of the Company and its Group's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

Nature of business
The principal activities of the Company and its subsidiary continued to be the business of reinsurance and any other businesses incidental thereto. There has not been any change in the Group's business activities from that carried out in previous year.

Financial results
The financial results for the year ended 31 December 2018 are set out below:

	The Group 2018	The Company 2018
Profit before income tax	53,026,570	51,783,856
from which is deducted national fiscal stabilisation levy of	(2,589,193)	(2,589,193)
and income tax expense of	(11,809,532)	(11,310,253)
giving a profit after income tax for the year of	38,627,845	37,884,410
which is added to the balance brought forward on income surplus account of	54,649,826	53,170,247
resulting in a balance of	93,277,671	91,054,657
from which is deducted:		
- transfer to contingency reserve of;	(7,576,882)	(7,576,882)
- transfer to stated capital of; and	(15,000,000)	(15,000,000)
- dividend paid for 2017 of	(6,000,000)	(6,000,000)
leaving income surplus account balance carried forward of	**64,700,789**	**62,477,775**

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

Subsidiary
Ghana Reinsurance Company (Kenya) Limited, a company incorporated in Kenya, is a wholly owned subsidiary of the Company. The results of the subsidiary have been incorporated in the Group's financial statements.

Dividend
The directors will recommend the payment of a dividend for the year ended 31 December 2018 at the next Annual General Meeting. Dividend per share of GH¢0.12 amounting to GH¢6,000,000 was approved at the 2017 Annual General Meeting, and paid during the year.

Auditor
Messrs KPMG resigned as auditor of the Company following mandatory rotation of auditors. The Company appointed Messrs PricewaterhouseCoopers in January 2019 as auditor of the Company following receipt of the required approval from the regulatory authorities. PricewaterhouseCoopers has expressed willingness to continue in office in accordance with Section 134 (5) of the Companies Act, 1963 (Act 179).

Approval of the financial statements
The financial statements of the Company and its subsidiary (together the 'Group') were approved by the Board of Directors on 23rd May 2019 and were signed on their behalf by:

....	....
George Otoo	George Y. Mensah
Board Chairman	Managing Director

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

Report on the Audit of the Financial Statements

Opinion
In our opinion, the accompanying financial statements give a true and fair view of the financial position of Ghana Reinsurance Company Limited (the "Company") and its subsidiary (together the "Group") as at 31 December 2018, and of the financial performance and the cash flows of the Company standing alone and the Group for the year then ended 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).

What we have audited
We have audited the financial statements of Ghana Reinsurance Company Limited (the "Company") and its subsidiary (together the "Group") for the year ended 31 December 2018.

The financial statements on pages 9 to 63 comprise:

- the separate and consolidated statements of financial position as at 31 December 2018;
- the separate and consolidated statements of comprehensive income for the year then ended;
- the separate and consolidated statements of changes in equity for the year the ended;
- the separate and consolidated statements of cash flows for the year then ended; and
- the notes to the separate and consolidated financial statements, which include a summary of significant accounting policies.

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 financial statements section of our report.

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

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GHANA REINSURANCE COMPANY LIMITED

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Valuation of insurance contract liabilities
<table>
<tr><td></td><td>GH¢</td><td>GH¢</td></tr>
<tr><td>Non-life insurance contract liabilities (Outstanding claims)</td><td>89,729,535</td><td>84,178,472</td></tr>
<tr><td>Life insurance contract liabilities (Life fund)</td><td>11,672,500</td><td>11,672,500</td></tr>
</table>
The estimation of insurance contract liabilities involves significant degree of judgement 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 losses.
For non-life insurance contract liabilities, estimates have to be made for the expected ultimate cost of all future payments in respect of incurred claims at the reporting date. These include incurred but not reported (IBNR) claims. The cost of outstanding claims is determined using a range of standard actuarial claims estimation techniques. Underlying these methods are explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. The main assumption is that claims settlement patterns in the past will remain the same in future.
The valuation of IBNR is carried out by an independent actuary engaged by the Group.
For life insurance contract liabilities, assumptions that are considered as most significant in carrying the actuarial estimation of life insurance contract liabilities include mortality and morbidity, persistency, renewal expenses, interest rate, investment return rate and inflation rate. An independent actuary engaged by the Group carries out the valuation.
Notes 3.1 and 4.1.1 set out the critical estimates and judgement exercised in calculating insurance contract liabilities. Unpaid claims and related incurred but not reported (IBNR) are disclosed in note 23 while the actuarial liabilities of life assurance policies is disclosed in note 25 to the financial statements.
</td><td>
We obtained an understanding and tested selected controls in place over the underwriting of policies, and claims process.
We obtained the actuarial valuation report from management and assessed the competence, independence and objectivity of management's independent actuarial experts.
We assessed the integrity of extracted data by comparing data inputs used in carrying the estimation of insurance contract liabilities to data recorded in the financial accounting systems.
We evaluated the assumptions applied in management's actuarial projections by assessing their reasonableness based on our cumulative industry expertise and the Group's historical claims settlement patterns.
We assessed reasonableness of assumption in respect of mortality and morbidity, persistency, interest rate, rate of return on investment and inflation rate by comparing to an independent source for reasonableness. We assessed the basis for renewal expenses assumptions and ascertained its reasonableness by comparing percentage of renewal expenses to actual data on gross premium and expenses.
We evaluated whether the Group's actuarial methodologies used in carrying out the estimation of liabilities are consistent with those used in the industry and with prior periods.
We checked the appropriateness of relevant disclosures in the financial statements.
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GHANA REINSURANCE COMPANY LIMITED

Other information

The directors are responsible for the other information. The other information comprises the Report of the Directors but does not include the separate and consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Profile of Directors, Financial Highlights and the Chairman's Statement, which are expected to be made available to us after that date.

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

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

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

When we read the Profile of Directors, Financial Highlights and the Chairman's Statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that 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 separate and consolidated financial statements, the directors are responsible for assessing the Company and 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 Company and/or 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 financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated 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 separate and consolidated financial statements.

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

Auditor's responsibilities for the audit of the financial statements (continued)

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

- Identify and assess the risks of material misstatement of the 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 the directors;
- 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 separate and consolidated 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
iii) the Group's balance sheet (statement of financial position) and Group's profit and loss account (part of the statement of comprehensive income) are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Oseini Amui (ICAG/P/1139).

Pricewaterhousecoopers

PricewaterhouseCoopers (ICAG/F/2019/028)
Chartered Accountants
Accra, Ghana
30 May 2019

pwc

STATEMENT OF FINANCIAL POSITION

(All amounts are in Ghana cedis)

		The Group		The Company	
	Note	**2018**	**2017**	**2018**	**2017**
Assets					
Property and equipment	5	12,982,116	11,905,485	11,096,750	10,497,622
Intangible assets	6	-	129,495	-	129,495
Investment properties	7	46,553,000	41,659,000	46,553,000	41,659,000
Investment in subsidiary	8	-	-	43,173,935	43,173,935
Deferred income tax asset	9	4,301,008	474,927	3,856,665	466,363
Current income tax asset	10	1,947,005	1,834,341	1,259,269	2,648,362
Due from ceding and retroceding companies	11	75,087,945	67,732,323	70,083,309	60,880,800
Other assets	12	12,633,593	13,878,812	12,230,017	10,437,694
Deferred acquisition cost	13	11,389,679	16,778,216	10,343,011	16,192,725
Investment securities					
- Available for sale securities	14	47,759,694	49,045,442	47,759,694	49,045,442
- Held to maturity	14	256,097,332	240,451,933	211,981,604	195,110,562
Cash and cash equivalents	15	43,909,639	49,363,327	36,557,922	48,534,528
Total Assets		512,661,011	493,253,301	494,895,176	478,776,528
Equity					
Stated capital	16	100,000,000	85,000,000	100,000,000	85,000,000
Capital surplus account	17	8,362,051	8,362,051	8,362,051	8,362,051
Available for sale reserve	18	38,102,825	36,227,322	39,408,667	37,533,164
Foreign currency translation reserve	19	7,066,911	2,257,839	-	-
Statutory reserve	20	114,274,178	106,697,296	114,274,178	106,697,296
Income surplus account	21	64,700,789	54,649,826	62,477,775	53,170,247
Total Equity		332,506,754	293,194,334	324,522,671	290,762,758
Technical Liabilities					
Provision for unearned premium	22	36,737,928	54,183,278	33,769,860	52,277,941
Outstanding claims	23	89,729,535	68,492,710	84,178,472	63,381,905
Deferred commission income	24	1,367,429	2,241,107	1,367,429	2,241,107
Life fund	25	11,672,500	7,175,015	11,672,500	7,175,015
		139,507,392	132,092,110	130,988,261	125,075,968
Other Liabilities					
Due to ceding and retroceding companies	26	32,275,462	54,183,422	31,656,448	52,195,066
Other liabilities	27	8,371,403	13,783,435	7,727,796	10,742,736
		40,646,865	67,966,857	39,384,244	62,937,802
Total Liabilities		180,154,257	200,058,967	170,372,505	188,013,770
Total Equity and Liabilities		512,661,011	493,253,301	494,895,176	478,776,528

The notes on pages 29 to 74 form an integral part of these financial statements.

The financial statements on pages 21 to 74 were approved by the Board of Directors on 23rd May, 2019 and signed on its behalf:

....

George Otoo
Board Chairman

George Y. Mensah
Managing Director

STATEMENT OF COMPREHENSIVE INCOME
(All amounts are in Ghana cedis)

		The Group		The Company	
	Note	2018	2017	2018	2017
Gross premiums		205,659,441	193,013,705	185,391,289	173,665,425
Retrocession premium		(25,950,966)	(21,924,798)	(23,593,897)	(20,746,258)
Net premium written		179,708,475	171,088,907	161,797,392	152,919,167
Unearned premiums	22	17,672,290	(21,950,993)	18,508,081	(18,492,701)
Net premium earned		197,380,765	149,137,914	180,305,473	134,426,466
Commission income	28	3,506,113	2,001,744	3,480,400	1,901,327
Net premium and commission earned		200,886,878	151,139,658	183,785,873	136,327,793
Net claims incurred	29	(76,320,918)	(79,655,146)	(67,619,162)	(71,184,978)
Net commission expense	30	(62,686,323)	(50,666,023)	(56,608,635)	(43,971,438)
(Increase)/decrease in life fund	25	(4,497,485)	5,323,812	(4,497,485)	5,323,812
Foreign levies and brokerage fees		(3,715,569)	(4,231,688)	(3,715,569)	(3,974,445)
Management expenses	31	(43,202,396)	(45,052,247)	(38,115,280)	(34,778,211)
Total Underwriting Expenses		(190,422,691)	(174,281,292)	(170,556,131)	(148,585,260)
Underwriting profit/(loss)		10,464,187	(23,141,634)	13,229,742	(12,257,467)
Investment income	32	28,163,234	35,008,682	23,782,997	33,685,834
Exchange gains	33	7,477,442	11,045,349	7,477,442	10,656,828
Other income	34	6,921,707	26,519,098	7,293,675	17,442,937
Profit before income tax		53,026,570	49,431,495	51,783,856	49,528,132
National fiscal stabilisation levy	35	(2,589,193)	(1,842,260)	(2,589,193)	(1,842,260)
Income tax expense	36	(11,809,532)	(13,557,830)	(11,310,253)	(12,328,561)
Profit for the year		38,627,845	34,031,405	37,884,410	35,357,311
Other comprehensive income:					
Items that may be reclassified subsequently to profit and loss:					
Gain on equity securities		1,875,503	8,079,041	1,875,503	9,384,883
Exchange difference on translation foreign operations		4,809,072	2,257,839	-	-
		6,684,575	10,336,880	1,875,503	9,384,883
Total comprehensive income		**45,312,420**	**44,368,285**	**39,759,913**	**44,742,194**

The notes set out on pages 29 to 74 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2018

The Group

Year ended 31 December 2018	Stated Capital	Income surplus account	Foreign currency translation reserve	Capital surplus account	Available for sale reserve	Statutory reserve	Total
Balance at 1 January	85,000,000	54,649,826	2,257,839	8,362,051	36,227,322	106,697,296	293,194,334
Profit for the year	-	38,627,845	-	-	-	-	38,627,845
Other comprehensive income	-	-	4,809,072	-	1,875,503	-	6,684,575
Total comprehensive income	-	38,627,845	4,809,072	-	1,875,503	-	45,312,420
Transfer to contingency reserve	-	(7,576,882)	-	-	-	7,576,882	-
Transfer to stated capital	15,000,000	(15,000,000)	-	-	-	-	-
Dividends for 2017 paid	-	(6,000,000)	-	-	-		(6,000,000)
Balance at 31 December	100,000,000	64,700,789	7,066,911	8,362,051	38,102,825	114,274,178	332,506,754

The notes set on pages 29 to 74 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2018

The Group

Year ended 31 December 2017	Stated Capital	Income surplus account	Foreign currency translation reserve	Capital surplus account	Available for sale reserve	Statutory reserve	Total
Balance at 1 January	70,000,000	55,782,751	-	8,362,051	28,148,281	96,044,971	258,338,054
Profit for the year	-	34,031,405	-	-	-	-	34,031,405
Loss from foreign operations	-	(512,005)	-	-	-	-	(512,005)
Other comprehensive income	-	-	2,257,839	-	8,079,041	-	10,336,880
Total comprehensive income	-	33,519,400	2,257,839	-	8,079,041	-	43,856,280
Transfer to contingency reserve	-	(10,652,325)	-	-	-	10,652,325	-
Transfer to stated capital	15,000,000	(15,000,000)	-	-	-	-	-
Dividend for 2016 paid	-	(9,000,000)	-	-	-	-	(9,000,000)
Balance at 31 December	85,000,000	54,649,826	2,257,839	8,362,051	36,227,322	106,697,296	293,194,334

The notes set on pages 29 to 74 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2018

The Company

Year ended 31 December 2018	Stated Capital	Income surplus account	Capital surplus account	Available for sale reserve	Statutory reserve	Total
Balance at 1 January	85,000,000	53,170,247	8,362,051	37,533,164	106,697,296	290,762,758
Profit for the year	-	37,884,410	-	-	-	37,884,410
Other comprehensive income	-	-	-	1,875,503	-	1,875,503
Total comprehensive income	-	37,884,410	-	1,875,503		39,759,913
Transfer to contingency reserve	-	(7,576,882)	-	-	7,576,882	-
Transfer to stated capital	15,000,000	(15,000,000)	-	-	-	-
Dividends for 2018 paid	-	(6,000,000)	-	-	-	(6,000,000)
Balance at 31 December	100,000,000	62,477,775	8,362,051	39,408,667	114,274,178	324,522,671

The notes set on pages 29 to 74 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2018

The Company

Year ended 31 December 2017	Stated Capital	Income surplus account	Capital surplus account	Available for sale reserve	Statutory reserve	Total
Balance at 1 January	70,000,000	55,782,751	8,362,051	28,148,281	96,044,971	258,338,054
Profit for the year	-	35,357,311	-	-	-	35,357,311
Loss from foreign operations	-	(3,317,490)	-	-	-	(3,317,490)
Other comprehensive income	-	-	-	9,384,883	-	9,384,883
Total comprehensive income	-	32,039,821	-	9,384,883-		41,424,704
Transfer to contingency reserve	-	(10,652,325)	-	-	10,652,325	-
Transfer to stated capital	15,000,000	(15,000,000)	-	-	-	-
Dividend for 2016 paid	-	(9,000,000)	-	-	-	(9,000,000)
Balance at 31 December	85,000,000	53,170,247	8,362,051	37,533,164	106,697,296	290,762,758

The notes set on pages 29 to 74 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(All amounts are in Ghana cedis)

	The Group		The Company	
Cash flows from operating activities	2018	2017	2018	2017
Profit before income tax	53,026,570	49,431,495	51,783,856	**49,528,132**
Adjustment for:				
Depreciation and amortisation	1,166,790	1,126,805	1,118,362	1,032,076
Loss on sale of property and equipment	855	61,049	-	61,049
Impairment of property and equipment	248,559	-	248,559	-
Fair value gains on investment property	(4,894,000)	(5,309,000)	(4,894,000)	(5,309,000)
Net exchange differences	4,655,916	2,276,375	-	-
Operating cash flows before changes in working capital	54,204,690	47,586,724	48,256,777	45,312,257
Changes in due from ceding and retroceding companies	(7,355,622)	(18,817,544)	(9,202,509)	(11,966,021)
Changes in other assets	1,245,219	(4,215,006)	(1,792,323)	(773,888)
Changes in deferred acquisition cost	5,388,537	(4,994,950)	5,849,714	(4,409,459)
Changes in provision for unearned premium	(17,445,350)	20,443,266	(18,508,081)	18,537,929
Changes in outstanding claims	21,236,825	20,579,215	20,796,567	15,468,410
Changes in deferred commission income	(873,678)	640,542	(873,678)	640,542
Changes in life fund	4,497,485	(5,323,812)	4,497,485	(5,323,812)
Changes in due to ceding and retroceding companies	(21,907,960)	12,911,032	(20,538,617)	10,922,676
Changes in other liabilities	(5,501,225)	2,656,494	(3,104,133)	(384,205)
Changes in net operating assets:				
Net sale of equity securities	3,161,251	296,574	3,161,251	296,574
Net purchase of equity securities	-	(3,457,823)	-	(3,457,823)
Net purchase of held to maturity securities	(15,645,399)	(36,584,091)	(16,871,042)	6,394,144
Cash generated from operations	21,004,773	31,720,621	11,671,411	71,257,324
National fiscal stabilisation levy paid	(2,500,000)	(1,060,503)	(2,500,000)	(1,060,503)
Income tax paid	(15,749,861)	(1,674,947)	(13,311,463)	(1,674,947)
Net cash flows from/(used in) operating activities	2,754,912	28,985,171	(4,140,052)	68,521,874
Cash flows from investing activities				
Purchase of property and equipment	(2,208,600)	(2,652,882)	(1,836,554)	(1,150,291)
Acquisition of subsidiary	-	-	-	(41,868,093)
Proceeds from sale of property and equipment	-	13,530	-	13,530
Net cash used in investing activities	(2,208,600)	(2,639,352)	(1,836,554)	(43,004,854)
Cash flows from financing activities				
Dividend paid	(6,000,000)	(9,000,000)	(6,000,000)	(9,000,000)
Net cash used in financing activities	(6,000,000)	(9,000,000)	(6,000,000)	(9,000,000)
Net (decrease)/increase in cash and cash equivalents	(5,453,688)	17,345,819	(11,976,606)	16,517,020
Cash and cash equivalents at start of year	49,363,327	32,017,508	48,534,528	32,017,508
Cash and cash equivalents at end of year	43,909,639	49,363,327	36,557,922	48,534,528

The notes set on pages 29 to 74 form an integral part of these financial statements.

NOTES

1. Reporting entity

Ghana Reinsurance Company Limited ("the Company") is a private company limited liability company incorporated and domiciled in Ghana. The Company's principal business is underwriting reinsurance business. The Company operates under the provisions of the Companies Act, 1963 (Act 179) and the Insurance Act, 2006 (Act 724). The registered office of the Company is Plot 24, Sudan Road, Ridge, Accra.

2. Summary of significant accounting policies

The significant accounting policies adopted by the Company in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179), and the Insurance Act, 2006 (Act 724).

2.1.2 Basis of measurement
The financial statements have been prepared under the historical cost convention except for the following:
- 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; and
- investment properties, and certain property plant and equipment are measured fair value.

2.1.3 Use of estimates and judgement
The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1.4 New and amended standards adopted by the Company
IFRS 15, 'Revenue from contracts with customers'
The Company adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. No adjustments were passed on adoption on IFRS 15 since there were no material effect on revenue recognised by the Company on the adoption of this standard.

2.1.5 New and amended standards not yet adopted by the Company
IFRS 9, 'Financial Instruments'
IFRS 9 Financial Instruments (issued in July 2014) – This standard will replace IAS 39 (and all the previous versions of IFRS 9) is effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition:
- IFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.
- For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.
- For the impairment of financial assets, IFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognised.
- For hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and nonfinancial risk exposures.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.5 New and amended standards not yet adopted by the Company (continued)
IFRS 9, 'Financial Instruments' (continued)
- The derecognition provisions are carried over almost unchanged from IAS 39.

Management has assessed the effects of applying the new standard on the Company's financial statements and has identified the following areas are likely to be affected:
- Changes in the classification of financial assets.
- The introduction of the expected versus the incurred model of estimating the credit risk and use of forward looking information.
- 12 months credit loss computed for stage 1 assets and the lifetime expected credit loss for stage 2 and stage 3 assets.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IFRS 4 titled Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued in September 2016) - The amendments, applicable to annual periods beginning on or after 1 January 2018, include:
- An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (the "overlay approach").
- An optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (the "deferral approach").

The Company is in the process of implementing IFRS 9 in conjunction with the implementation of IFRS 17 and has decided to apply the optional temporary exemption from applying IFRS 9, in order to implement it in conjunction with IFRS 17 Insurance Contracts in 2021. An assessment of the Company's eligibility to apply this exemption can be found in Note 40.

On 14 November 2018 the IASB voted to propose a deferral of the effective date of IFRS 17 until 1 January 2022, with a corresponding one-year extension to the temporary exemption for reinsurers to apply IFRS 9. The proposed deferral is subject to public consultation, which is expected to take place in 2019.

2.1.6 New standards and interpretations issued but not yet effective IFRS 16, 'Leases'
IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The standard is effective for annual reporting periods commencing 1 January 2019.

The Company is in the process of reviewing all leasing arrangements in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Company's operating leases.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.6 New standards and interpretations issued but not yet effective (continued)

IFRS 17, 'Insurance contracts'
The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

The general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin.

The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

Interpretation 23, Uncertainty over Income Tax Treatments
The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:
- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation is effective for annual periods commencing on or after 1 January 2019.

Annual Improvements to IFRS Standards 2015-2017 Cycle
The following improvements were finalised in December 2017 and effective for reporting periods commencing on or after 1 January 2019:

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.6 New standards and interpretations issued but not yet effective (continued)

- IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

2.2 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.3 Principles of consolidation and equity accounting

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.3 Principles of consolidation and equity accounting (continued)

The acquisition method of accounting is used to account for business combinations by the group (refer to note 2.2 above).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet, as appropriate, in instances where the subsidiaries are not wholly owned by the Group.

Associates
Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Equity method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.8.

Changes in ownership interests
The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the parent.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.3 Principles of consolidation and equity accounting (continued)

Changes in ownership interests (continued)
If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.4 Foreign currency translation

Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ghana cedi (GH¢), which is Company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at exchange rates ruling at the dates of initial recognition.

Group companies
The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Property and equipment

Initial recognition
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 capitalised 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).

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.5 Property and equipment (continued)

Changes in ownership interests (continued) The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

Subsequent costs
The cost of replacing part of an item of property or equipment is recognised 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 recognised in profit or loss as incurred.

Depreciation
Depreciation is calculated to write off the cost of items of property and equipment less their estimated resi dual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The assets' residual values, and useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

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.

Derecognition
An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

Revaluation
Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as capital surplus account in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the capital surplus account directly in equity. All other decreases are charged to profit or loss.

When revalued assets are sold, the amounts included in the capital surplus account are transferred to the income surplus account.

2.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.6 Investment property (continued)

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable.

The fair value of investment property reflects among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the statement of financial position is added back to arrive at the carrying value of the investment property for accounting purposes.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised when they have been disposed.

Where the Company disposes off a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the profit or loss within net gain from the fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

2.7 Intangible assets

Intangible assets comprise computer software cost. These are measured at cost less accumulated amortisation 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.

2.8 Impairment of non-financial assets

Non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. For the purpose of measuring recoverable amounts, assets are compared at the lowest levels for which there are separately identifiable cash-

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

generating units (CGUs). The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGUs). An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses for potential reversals when events or circumstances may indicate such consideration is appropriate. The increased carrying amount of an asset or a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.9 Income tax

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

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss.

Deferred income tax
Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss.

The measurement of deferred income tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to taxes levied by the same tax authority.

A deferred income tax asset is recognised for tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.10 Financial instruments

2.10.1 Non-derivative financial assets

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

2.10.1 Non-derivative financial assets (continued)

Classification and measurement
The Group classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The Group 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. The classification is summarised in the table as follows:

Class (as determined by the Company)		Subclasses
Loans and receivables	Cash and cash equivalents	
	Due from ceding and retroceding companies	
	Other receivables (excluding non-financial assets)	
Held-to-maturity investments	Government securities, term deposits and corporate debt securities	Unlisted
Available-for-sale financial assets	Investment securities - equity securities	Listed
		Unlisted

(i) 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.

(ii) Held-to-maturity financial assets
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity other than:
- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available for sale; and
- those that meet the definition of loans and receivables.

(iii) Available-for-sale investments
Available-for-sale assets are non-derivative financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

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 recognised in other comprehensive income and presented in capital surplus in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Derecognition
Financial assets are derecognised 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

2.10.2 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 Group 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 derecognised when contractual obligations are discharged, cancelled or expire.

2.10.3 Determination of fair value

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 Group has access at that date.

The fair value of the Group'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.

2.10.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when the Group 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.

2.10.5 Impairment of non-derivative financial assets

The Group 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; and
- 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 amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

In the case of equity investments classified as available for sale, 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 recognised in the profit or loss.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.11 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.

2.12 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. Ordinary shares are classified as stated capital in equity

2.13 Reinsurance contracts

Classification of reinsurance contracts
The Group issues contracts which transfer reinsurance risk or financial risk or both. Reinsurance contracts are those the Group assumes and cedes reinsurance in the normal course of business, with retention limits varying by line of business. Under reinsurance contracts, the Group 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.

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

Recognition and measurement

(i) 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 recognised as an expense.

(ii) 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.

(iii) 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.

Outstanding claims comprises the Group's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at the reporting date, whether reported or not. Related anticipated reinsurance recoveries are disclosed separately as assets. Adjustments to the amounts of claims provisions established in prior years are reflected in the period in which the adjustments are made and disclosed separately, if material.

(iv) Receivables and payables related to reinsurance contracts
Receivables from and payables to ceding and retroceding entities under reinsurance contracts are recognised when due.

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 Group may not recover all amounts due and that there is a reliably measurable impact on the amounts that the Group will receive from the reinsurer. Impairment losses are recognised in profit or loss.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.13 Reinsurance contracts (continued)

(v) Commissions payable and receivable
The Group 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 Group. 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 recognised as deferred acquisition asset.

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

(vi) Deferred acquisition costs
Commissions and other acquisition costs that vary with and are related to securing reinsurance contracts and renewing existing contracts are capitalised. The deferred acquisition expense is subsequently amortised over the terms of the policies as premium is earned.

(vii) Salvage and subrogation reimbursements

Some reinsurance contracts permit the Group to sell property acquired in settling a claim. The Group 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 tt When a receivable is impaired, the Group 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.

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

2.14 Employee benefits

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 profit or loss in the periods during which services are rendered by employees.

The Group contributes to the statutory Social Security & National Insurance Trust (SSNIT) in Ghana. This is a defined contribution plan and is registered under the National Pensions Act, 2008 (Act 766). The Group'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 Group 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.

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 Group 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.14 Employee benefits (continued)

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

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

2.16 Provisions

Provisions are recognised when the Group 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.

2.17 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.18 Dividend distribution

Dividend distribution to the shareholders of Ghana Reinsurance Company Limited is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

3. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates, judgement and assumptions, which, could materially affect the actual results and reported amounts of assets and liabilities within the next financial year. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of uncertain future events that are believed to be reasonable under the circumstances. Unless otherwise stated, no material changes to assumptions occurred during the year.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying values of the assets and liabilities within the next financial year are discussed below.

3.1 The ultimate liability arising from claims made under reinsurance contracts

The estimation of the ultimate liability arising from claims made under reinsurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

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 Group's estimates and assumptions are reviewed and updated and as new information becomes available.

NOTES (continued)

3. Critical accounting estimates and judgements (continued)

3.1 The ultimate liability arising from claims made under reinsurance contracts (continued)

The underlying assumptions applied in the process of determining ultimate liabilities (technical liabilities) under insurance contracts are disclosed in note 4.1.1.

3.2 Held-to-maturity financial assets

In accordance with IAS 39 guidance, the Group classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such assets to maturity. If the Group fails to keep these assets to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to classify the entire class as available-for-sale. The assets would therefore be measured at fair value instead of amortised cost. If all held-to-maturity assets were to be so reclassified, the carrying value would reduce by GH¢3,374,148 (2017: GH¢11,126,893), with a corresponding entry in the fair value reserve in shareholders' equity.

3.3 Impairment of available for-sale equity investments

The Group determines that an available-for-sale equity investment is impaired when there has been a significant or prolonged decline in its fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

The Group did not suffer impairment during the year on available for sale investment securities charged to profit or loss (2017: Nil).

3.4 Income taxes

Significant estimates are required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions.

3.5 Fair value of unquoted equity investments

The fair value of equity investment with no quoted prices or observable market data are estimated based on appropriate assumptions including the cost less impairment.

4. Insurance and financial risk management

4.1 Reinsurance risk management

4.1.1 Exposure to reinsurance risk

The Group underwrites risks that natural persons, corporate or other entities wish to transfer to an insurer. Such risks may relate to property, accident, personal accident, motor, liability, marine, and other perils which may arise from an insured event. As such the Group 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.

NOTES (continued)

4. Insurance and financial risk management (continued)

4.1 Reinsurance risk management (continued)

Frequency and severity of claims
The principal risk in the business is the possibility that the insured event will occur with the likelihood that the actual claims will exceed the amount of reinsurance premiums and reserves available.

The possibility of such occurrences cannot be eliminated. The only option is to minimise the financial consequences of each occurrence as far as possible. The Group has endeavoured to achieve this by putting in place reinsurance programmes that provide protection for individual risks and catastrophic events. The Group has subsequently entered into retrocession arrangements with reputable retrocessionaires. The objective is to make sure that the Group is adequately protected against all the liabilities assumed from its business transactions.

The retrocession arrangements however do not discharge the Group of its obligations to the ceding companies and consequently the Group has put in place a business review structure that ensures control of risk quality and conservative use of treaty limits, terms and conditions. Finally as part of its annual renewals, the financial condition of each retrocessionaire is reviewed and as a result, the programme is placed with a select group of financially secure and experienced companies in the world market.

Sources of uncertainty in the estimation of future claim payments
Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour. The Company uses appropriate base tables of standard mortality according to the type of contract being written. Statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not the case, the best estimate of future mortality is based on standard industry tables adjusted for the Company's overall experience.

In the case of general business, the estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The liability for these contracts comprise a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period.

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. The main assumption underlying this technique is that the Group's past claims development experience be used to project future claims development and hence ultimate claims costs.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Process used to decide on assumptions
For long-term insurance contracts with fixed and guaranteed terms, estimates are made in two stages. At inception of the contract, the Company determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions.

Subsequently, new estimates are developed at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered

NOTES (continued)

4. Insurance and financial risk management (continued)

4.1 Reinsurance risk management (continued)

4.1.1 Exposure to reinsurance risk (continued)

adequate. If the liabilities are not adequate, the assumptions are altered ('unlocked') to reflect the latest current estimates; no margin is added to the assumptions in this event.

Assumptions and estimates of contract holder liabilities
The main assumptions used relate to mortality, investment returns, expenses, lapse and discount rates. The Company bases mortality on the Actuarial Society of South Africa's Standard of Actuarial practice 104(SAP104) and 1985-1990 Ultimate Mortality Table (SA85-90 mortality table) which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. A margin for adverse deviation is included in the assumptions.

(a) Mortality
Mortality assumptions are based on 120% of SA85-90. Annual mortality investigations are carried out.

(b) Persistency
Lapse and surrender rates are based on the Company's historical experience of lapses and surrenders. When appropriate, account is also taken of expected future trends. Experience is analysed by product type as well as policy duration.

(c) Discount rate
Discount rates are based on current market risk rates, adjusted for the Company's own risk exposure.

(d) Expenses
Assumptions on renewal expenses are based on 10% of the gross premium.

(e) Investment returns
Market-related information is used to derive assumptions in respect of investment returns, discount rates used in calculating contract holder liabilities and renewal expense inflation. Interest rate of 12% per annum has been applied in the long-term rate of return.

(f) Withdrawals
Withdrawals comprise lapses and surrenders. Allowance for policies to exit by lapse has been made for the Company risk, Term Assurance and Disability at the following rates, which are based on the pricing lapse assumptions:

	Lapse rates
Year 0	15%
Year 1	10%
Year 2	5%

Assumptions and estimates of contract holder liabilities (continued)

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 Group 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 Group's reinsurance portfolio.

The Group 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 Group are described below. The Group:

NOTES (continued)

4. Insurance and financial risk management (continued)

4.1 Reinsurance risk management (continued)

4.1.1 Exposure to reinsurance risk (continued)

(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 Group limits its exposure to reinsurance risk through setting clearly defined underwriting strategies and limits, application of appropriate risk assessment techniques, and centralised management of reinsurance.

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

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

Ongoing review and analysis of underwriting information enables the Group to monitor its risks and take timely corrective action. The ability to adjust premiums allows the Group 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

NOTES (continued)

4. Insurance and financial risk management (continued)

4.1 Reinsurance risk management (continued)

4.1.2 Limiting exposure to reinsurance risk (continued)

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 Group has implemented an integrated risk management framework to manage risk in accordance with the company's risk appetite. The Group's reinsurance is managed by the underwriting department of the respective companies. The objectives and responsibilities of the department is approved by the board of directors of the respective companies.

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 Group. Specifically, the department determines the risk-retention policy of the Group, 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.

(ii) Reinsurance strategy
The Group 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 Group's capital. This cover is placed on the local and international reinsurance market. The Group'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 Group is in the business of assuming levels of risk, which are deemed prudent in relation to risks/rewards and the Group'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 of the respective companies.

Underwriting limits are in place to enforce appropriate risk selection criteria. Reinsurance contracts also entitle the Group 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			
Class of business		**The Group**		**The Company**	
		2018	**2017**	**2018**	**2017**
Non-marine	Gross	103,691,029	91,444,857	101,976,160	90,092,000
	Net	3,527,779	3,165,767	1,812,910	1,801,840
Marine	Gross	45,283,726	45,051,677	45,232,000	45,046,000
	Net	1,864,636	1,807,517	1,812,910	1,801,840

NOTES (continued)

4. Insurance and financial risk management (continued)

4.1 Reinsurance risk management (continued)

4.1.2 Limiting exposure to reinsurance risk (continued)

(v) Claims

The Group's outstanding claims provision includes notified claims as well as those claims 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 Group employs staff experienced in claims handling and rigorously applies standardised policies and procedures around claims assessment. In addition, the Group utilises the services of specialised 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.

4.2 Financial risk management

The Group is exposed to a variety of financial risks which include credit risk, liquidity risk and market risk.

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group, 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.

The Group'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 directors of the respective entities for the necessary action to be taken. The management team reports regularly to the board of directors on their activities.

4.2.1 Credit risk

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

- amounts due from reinsurance contract holders;
- amounts due from reinsurance intermediaries;
- investments securities; and
- cash at bank

The Group 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 for each entity.

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 Group remains liable for the payment to the policyholder. The Group monitors the financial condition of re-insurers on an ongoing basis and reviews its reinsurance arrangements periodically.

NOTES (continued)

4. Insurance and financial risk management (continued)

4.2 Financial risk management (continued)

4.2.1 Credit risk (continued)

Financial assets are placed with reputable financial institutions. The Group has policies which limit exposure to any one financial institution.

The carrying amount of financial assets represents the maximum credit exposure. The amount that represent the maximum exposure to credit risk are made up of as follows:

	The Group		The Company	
	2018	2017	2018	2017
Due from ceding and retroceding companies	75,087,945	67,732,323	70,083,309	60,880,800
Other assets (excluding non-financial assets)	8,791,503	13,502,879	8,579,882	10,110,219
Investments securities	303,857,026	289,497,375	259,741,298	244,156,004
Cash and cash equivalents	43,909,639	49,351,880	36,557,922	48,523,081
	431,646,113	**420,084,457**	**374,962,411**	**363,670,104**

Investment securities and cash and cash equivalents are neither past due nor impaired.

The credit quality analysis of gross amounts due from ceding and retroceding companies are set out below:

	The Group		The Company	
	2018	2017	2018	2017
Neither past due nor impaired	36,014,163	33,993,897	31,009,527	29,122,540
Past due but not impaired	39,073,782	33,738,426	39,073,782	31,758,260
Impaired	7,394,110	5,192,809	5,841,619	5,192,809
	82,482,055	**72,925,132**	**75,924,928**	**66,073,609**

The net amount due from ceding and retroceding companies as presented in the statement of financial position was arrived after providing for impaired amount due from ceding and retroceding companies as follows:

	The Group		The Company	
	2018	2017	2018	2017
Gross amount	82,482,055	72,925,132	75,924,928	66,073,609
Allowance for impairment	(7,394,110)	(5,192,809)	(5,841,619)	(5,192,809)
Net amount	**75,087,945**	**67,732,323**	**70,083,309**	**60,880,800**

The ageing analysis of due from ceding and retroceding companies are as follows:

	The Group		The Company	
	2018	2017	2018	2017
0 – 90 days	36,014,164	33,993,897	31,009,496	29,122,540
91 – 180 days	39,073,781	33,738,427	39,073,781	31,758,260
Over 180 days	7,394,110	5,192,809	5,841,651	5,192,809
	82,482,055	**72,925,133**	**75,924,928**	**66,073,609**

NOTES (continued)

4. Insurance and financial risk management (continued)

4.2 Financial risk management (continued)

4.2.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations from its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group's management maintains flexibility in funding by maintaining availability under committed credit lines. All liquidity policies and procedures are subject to review and approval by the board of directors of the respective entities.

Management performs cash flow forecasting and monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below analyses the Group financial obligations that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

The Group	Amount	1 – 6 months	6 – 12 months	over 12 months
At 31 December 2018				
Due to ceding and retroceding companies	32,275,461	10,081,733	12,145,488	10,048,240
Other liabilities	8,371,403	5,881,427	845,623	1,644,353
Outstanding claims	89,729,535	22,729,681	18,767,935	48,231,918
	130,376,399	**38,692,841**	**31,759,046**	**59,924,511**
At 31 December 2017				
Due to ceding and retroceding companies	54,183,422	24,891,496	18,983,353	10,308,573
Other liabilities	13,783,435	11,315,326	2,468,109	-
Outstanding claims	68,492,710	34,110,170	14,075,838	20,306,702
	136,459,567	**70,316,992**	**35,527,300**	**30,615,275**

The Company	Amount	1 – 6 months	6 – 12 months	over 12 months
At 31 December 2018				
Due to ceding and retroceding companies	31,656,449	9,551,206	12,145,488	9,959,755
Other liabilities	7,727,796	4,546,124	713,563	2,468,109
Outstanding claims	84,178,472	19,399,040	16,547,514	48,231,918
	123,562,717	**33,496,370**	**29,406,565**	**60,659,782**

NOTES (continued)

4. Insurance and financial risk management (continued)

4.2 Financial risk management (continued)

4.2.2 Liquidity risk (continued)

At 31 December 2017				
Due to ceding and retroceding companies	52,195,066	22,928,626	18,957,867	10,308,573
Other liabilities	10,742,736	8,274,627	2,468,109	-
Outstanding claims	63,381,905	28,999,365	14,075,838	20,306,702
	126,319,707	**60,202,618**	**35,501,814**	**30,615,275**

4.2.3 Market risks

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimising on the return on the risk.

Foreign currency risk
Foreign exchange risk arises from future investment transactions and recognised assets and liabilities. The Group's policy is to record transactions in foreign currencies at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All gains or losses on changes in currency exchange rates are accounted for in profit or loss.

The Group undertakes certain transactions denominated in foreign currencies, mainly the US Dollar (USD), Euro (EUR) and the British pounds (GBP). This results in exposures to exchange rate fluctuations. The balances impacted in this regard are investment securities, due from ceding and retroceding companies, due to ceding and retroceding companies, outstanding claims, bank balances and various accruals denominated in foreign currency. Exchange rate exposures are managed within approved policy parameters utilising matching of assets and liabilities.
Exposure to foreign currency risk at the reporting date are set out as follows:

The Group	**USD**	**EUR**	**GBP**
At 31 December 2018			
Financial assets			
Investment securities	10,740,826	755,275	253,027
Due from ceding and retroceding companies	13,357,742	2,437,053	238,450
Cash and cash equivalents	3,791,787	441,245	269,051
Financial liabilities			
Outstanding claims	(1,923,602)	-	(3,144)
Due to ceding and retroceding companies	(9,857,604)	(2,169,458)	(413,111)
Net exposure	**16,109,149**	**1,464,115**	**344,273**
At 31 December 2017			
Financial assets			
Investment securities	**18,541,000**	**754,000**	**251,000**
Due from ceding and retroceding companies	**11,070,000**	**1,661,000**	**184,000**
Cash and cash equivalents	**4,337,000**	**149,000**	**163,000**

NOTES (continued)

4. Insurance and financial risk management (continued)

4.2 Financial risk management (continued)

4.2.3 Market risks (continued)

	USD	EUR	GBP
Financial liabilities			
Outstanding claims	**(1,749,000)**	**-**	**(8,000)**
Due to ceding and retroceding companies	**(8,765,000)**	**(311,000)**	**(2,083,000)**
Net exposure	**23,434,000**	**2,253,000**	**(1,493,000)**

The Company	**USD**	**EUR**	**GBP**
At 31 December 2018			
Financial assets			
Investment securities	10,409,402	755,276	253,027
Due from ceding and retroceding companies	13,357,742	2,437,053	238,450
Cash and cash equivalents	3,154,834	441,245	269,051
Financial liabilities			
Outstanding claims	(1,923,602)	-	(3,144)
Due to ceding and retroceding companies	(9,857,604)	(2,169,458)	(413,111)
Net exposure	**15,140,772**	**1,464,116**	**344,273**
At 31 December 2017			
Financial assets			
Investment securities	**18,541,000**	**754,000**	**251,000**
Due from ceding and retroceding companies	**11,070,000**	**1,661,000**	**184,000**
Cash and cash equivalents	**4,337,000**	**149,000**	**163,000**
Financial liabilities			
Outstanding claims	**(1,749,000)**	**-**	**(8,000)**
Due to ceding and retroceding companies	**(8,765,000)**	**(311,000)**	**(2,083,000)**
Net exposure	**23,434,000**	**2,253,000**	**(1,493,000)**

The following table shows the effect of a strengthening or weakening of Ghana cedis against all other currencies on the Company's profit or loss. This sensitivity analysis indicates the potential impact on profit or loss based upon the foreign currency exposures recorded at 31 December and it does not represent actual or future gains or losses.

At the reporting date, if the Ghana cedi had strengthened/weakened by 5% with all other variables held constant, post tax profit for the reported period and equity would have increased/decreased by amounts as set out below:

NOTES (continued)

4. Insurance and financial risk management (continued)

4.2 Financial risk management (continued)

4.2.3 Market risks (continued)

The Group

	2018			2017		
		Profit or loss/Equity			Profit or loss/Equity	
	% Change	Impact Strengthening	Impact Weakening	% change	Impact Strengthening	Impact Weakening
USD	±5%	3,764,040	(3,764,040)	±5%	7,404,604	(7,404,604)
EUR	±5%	404,881	(404,881)	±5%	604,000	(604,000)
GBP	±5%	105,627	(105,627)	±5%	(454,000)	454,000

The Company

	2018			2017		
		Profit or loss/Equity			Profit or loss/Equity	
	% Change	Impact Strengthening	Impact Weakening	% change	Impact Strengthening	Impact Weakening
USD	±5%	3,660,600	(3,660,600)	±5%	5,260,000	(5,260,000)
EUR	±5%	404,881	(404,881)	±5%	604,000	(604,000)
GBP	±5%	105,627	(105,627)	±5%	(454,000)	454,000

Interest rate risk
The Group 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.

The Group's interest-bearing financial instruments at the reporting date are set out as follows:

	The Group		The Company	
	2018	2017	2018	2017
Government securities	105,258,953	67,925,632	63,212,022	65,740,310
Corporate debt securities	31,881	14,156,773	31,881	14,156,773
Term deposits	150,806,498	158,369,528	148,737,701	115,213,479
	256,097,332	**240,451,933**	**211,981,604**	**195,110,562**

Price risk
The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the statement of financial position as available for sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio in accordance with limits set by the board of directors.

Significant percentage of the Group's equity investments are publicly traded, mainly on the Ghana Stock Exchange.

NOTES (continued)

4. Insurance and financial risk management (continued)

4.3 Fair values

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The table below sets out analyses of financial instruments measured at fair value at the reporting date.

The Group and the Company	2018	2017
Available for sale equity securities:		
Quoted equity securities (Level 1)	42,809,299	40,933,796
Unquoted equity securities (Level 3)	4,950,395	8,111,646
	47,759,694	**49,045,442**

The fair value hierarch for financial instruments measured at fair value are defined as follows:

- **Level 1** - Inputs that are quoted market prices (unadjusted) in active markets for identical instruments. This level includes securities listed on the Ghana Stock Exchange.
- **Level 2** - Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- **Level 3** - Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

This hierarchy requires the use of observable market data when available. The Company considers relevant observable market prices in its valuation where possible.

4.3.2 Financial instruments not measured at fair value
The following table sets out the fair values of financial instruments not measured at fair values in the statement of financial position and their respective level in the fair value hierarchy:

NOTES (continued)

4. Insurance and financial risk management (continued)

4.3 Fair values (continued)

The Group	2018 Carrying amount	2018 Fair value	2017 Carrying amount	2017 Fair value
Financial assets				
Due from ceding and retroceding companies	75,087,945	75,087,945	67,732,323	67,732,323
Other assets (excluding non-financial assets)	8,791,503	8,791,503	**13,502,879**	13,502,879
Investment securities - HTM	256,097,332	252,723,184	**240,451,933**	229,325,040
Cash and cash equivalents	43,909,639	43,909,639	**49,363,327**	49,363,327
Total financial assets	**383,886,419**	**380,512,271**	**371,050,462**	**359,923,569**
Financial Liabilities				
Due to ceding and retroceding companies	**32,275,462**	**32,275,462**	**54,183,422**	**54,183,422**
Other liabilities	**1,790,061**	**1,790,061**	**13,235,660**	**13,235,660**
Outstanding claims	**89,729,535**	**89,729,535**	**68,492,710**	**68,492,710**
Total financial liabilities	**123,795,058**	**123,795,058**	**135,911,792**	**135,911,792**

The Company	2018 Carrying amount	2018 Fair value	2017 Carrying amount	2017 Fair value
Financial assets				
Due from ceding and retroceding companies	70,083,309	70,083,309	60,880,800	60,880,800
Other assets (excluding non-financial assets)	8,579,882	8,579,882	**10,317,961**	10,317,961
Investment securities - HTM	211,981,604	208,047,629	**195,110,562**	183,983,669
Cash and cash equivalents	36,557,922	36,557,922	**48,534,528**	48,534,528
Total financial assets	**327,202,717**	**323,268,742**	**314,843,851**	**303,716,958**
Financial Liabilities				
Due to ceding and retroceding companies	**31,656,448**	**31,656,448**	**52,195,066**	**52,195,066**
Other liabilities	**626,149**	**626,149**	**10,194,961**	**10,194,961**
Outstanding claims	**84,178,472**	**84,178,472**	**63,381,905**	**63,381,905**
Total financial liabilities	**116,461,069**	**116,461,069**	**125,771,932**	**125,771,932**

4.4 Capital Management

The Company's capital comprises ordinary share capital raised through direct investment, earnings retained (income surplus account) including current year's profit and various statutory reserves the Company is required to maintain.

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

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Insurance and financial risk management (continued)

4.4 Capital Management (continued)

- 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¢40 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.

5. Property and equipment

The Group

Year ended 31 December 2018	Land and buildings	Motor vehicles	Equipment, furniture and fittings	Computers	Capital work-in-progress	Total
At 1 January 2018	12,080,576	1,417,297	2,135,206	1,250,860	663,086	17,547,025
Additions	2,006	1,223,307	213,400	333,708	436,179	2,208,600
Reclassification	75,862	-	(80,623)	4,761	-	-
Impairment	-	(287,518)	(226,975)	-	-	(514,493)
Disposal	-	-	(1,444)	-	-	(1,444)
Exchange differences	139,787	18,870	3,027	4,538	-	166,222
At 31 December 2018	12,298,231	2,371,956	2,042,591	1,593,867	1,099,265	19,405,910
At 1 January 2018	2,059,402	1,091,180	1,352,580	1,138,378	-	5,641,540
Charge for the year	335,377	277,507	146,211	278,200	-	1,037,295
Reclassifications	75,859	-	(96,429)	20,570	-	-
Impairment	-	(259,982)	(5,952)	-		(265,934)
Disposals	-	-	(589)	-	-	(589)
Exchange differences	1,980	5,499	962	3,041	-	11,482
At 31 December 2018	2,472,618	1,114,204	1,396,783	1,440,189	-	6,423,794
Net book amount At 31 December 2018	9,825,613	1,257,752	645,808	153,678	1,099,265	12,982,116
Year ended 31 December 2017						
Cost						
At 1 January 2017	11,702,306	1,107,048	1,258,461	1,194,840	412,183	15,674,838
Additions	1,389,748	373,917	162,751	67,882	658,584	2,652,882
Transfers	-	-	407,681	-	(407,681)	-
Transferred to Kenya	(1,011,478)	(105,104)	(58,120)	(43,570)	-	(1,218,272)
Transferred from Cameroun	-	392,622	364,433	31,708	-	788,763
Disposals	-	(351,186)	-	-	-	(351,186)
At 31 December 2017	12,080,576	1,417,297	2,135,206	1,250,860	663,086	17,547,025

NOTES (continued)

(All amounts are in Ghana cedis unless otherwise stated)

5. Property and equipment (continued)

	Land and buildings	Motor vehicles	Equipment, furniture and fittings	Computers	Capital work-in-progress	Total
Accumulated depreciation						
At 1 January 2017	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
Transferred to Kenya	(75,861)	(105,104)	(56,835)	(36,472)	-	(274,272)
Transferred from Cameroun	-	365,087	159,636	15,901	-	540,624
Disposals	-	(276,607)	-	-	-	(276,607)
At 31 December 2017	2,059,402	1,091,180	1,352,580	1,138,378	-	5,641,540
Net book amount At 31 December 2017	10,021,174	326,117	782,626	112,482	663,086	11,905,485

The Company

Year ended 31 December 2018	**Land and buildings**	**Motor vehicles**	**Equipment, furniture and fittings**	**Computers**	**Capital work-in-progress**	**Total**
Cost						
At 1 January 2018	10,690,828	1,368,880	2,110,615	1,211,025	663,086	16,044,434
Additions	-	881,264	198,463	320,648	436,179	1,836,554
Reclassifications	75,862	-	(80,623)	4,761	-	-
write offs	-	(287,518)	(226,975)	-	-	(514,493)
At 31 December 2018	10,766,690	1,962,626	2,001,480	1,536,434	1,099,265	17,366,495
Accumulated depreciation						
At 1 January 2018	2,046,951	1,042,764	1,344,510	1,112,587	-	5,546,812
Charge for the year	317,575	262,115	141,962	267,215	-	988,867
Reclassifications	75,859	-	(96,429)	20,570	-	-
Write offs	-	(259,982)	(5,952)	-	-	(265,934)
At 31 December 2018	2,440,385	1,044,897	1,384,091	1,400,372	-	6,269,745
Net book amount At 31 December 2018	8,326,305	917,729	617,389	136,062	1,099,265	11,096,750
Year ended 31 December 2017						
Cost						
At 1 January	11,702,306	1,107,048	1,258,461	1,194,840	412,183	15,674,838
Additions	-	325,500	138,160	28,047	658,584	1,150,291
Transfers	-	-	407,681	-	(407,681)	-
Transferred to Kenya	(1,011,478)	(105,104)	(58,120)	(43,570)	-	(1,218,272)
Transferred from Cameroun	-	392,622	364,433	31,708	-	788,763
Disposals	-	(351,186)	-	-	-	(351,186)
At 31 December 2017	10,690,828	1,368,880	2,110,615	1,211,025	663,086	16,044,434

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

5. Property and equipment (continued)

	Land and buildings	Motor vehicles	Equipment, furniture and fittings	Computers	Capital work-in-progress	Total
Accumulated depreciation						
At 1 January 2017	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
Transferred to Kenya	(75,861)	(105,104)	(56,835)	(36,472)	-	(274,272)
Transferred from Cameroun	-	365,088	159,636	15,901	-	540,625
Disposals	-	(276,607)	-	-	-	(276,607)
At 31 December 2017	2,046,951	1,042,764	1,344,510	1,112,587	-	5,546,812
Net book amount At 31 December 2017	8,643,877	326,116	766,105	98,438	663,086	10,497,622

Reclassifications and write offs represent adjusting entries passed to align asset register to the books.

5. Property and equipment (continued)

Loss on disposal of property and equipment

	The Group		The Company	
	2018	2017	2018	2017
Cost	**1,444**	351,186	-	351,186
Accumulated depreciation	**(589)**	(276,607)	-	(276,607)
Net book amount	**855**	74,579	-	74,579
Proceeds on disposal	-	(13,530)	-	(13,530)
Loss on disposal	**855**	**61,049**	-	**61,049**

6. Intangible assets

Cost				
At 1 January and 31 December	388,487	388,487	388,487	388,487
Amortisation				
At 1 January	258,992	129,496	258,992	129,496
Charge for the year	129,495	129,496	129,495	129,496
At 31 December	388,487	258,992	388,487	258,992
Net book amount At 31 December	-	**129,495**	-	**129,495**

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

7. Investment properties

	The Group		The Company	
	2018	2017	2018	2017
At 1 January	41,659,000	36,350,000	41,659,000	36,350,000
Fair value gains	4,894,000	5,309,000	4,894,000	5,309,000
At 31 December	**46,553,000**	**41,659,000**	**46,553,000**	**41,659,000**

Investment properties are situated in Accra, the capital city of Ghana. The latest revaluation for the year ended 31 December 2018 was carried out by an independent valuer, by K. K. Serbeh, a registered surveyor and a member of the Ghana Institution of Surveyors.

The valuation of the property is 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.

8. Investment in subsidiary

	The Group		The Company	
	2018	2017	2018	2017
Ghana Re Kenya Plc	-	-	**43,173,935**	43,173,935

The Company wholly owns Ghana Reinsurance Company (Kenya) Limited, a company incorporated in Kenya. Ghana Reinsurance Company (Kenya) Limited is licensed to reinsure general classes of business as licensed by the Insurance Regulatory Authority of Kenya.

9. Deferred income tax

	The Group		The Company	
	2018	2017	2018	2017
At 1 January	(474,927)	(5,279,215)	(466,363)	(5,279,215)
(Credited)/charged to profit or loss (Note 36)	(3,808,115)	4,804,288	(3,390,302)	4,812,852
Exchange differences	(17,966)	-	-	-
At 31 December	**(4,301,008)**	**(474,927)**	**(3,856,665)**	**(466,363)**

Deferred income tax (assets)/liabilities are attributable to the following:

	The Group		The Company	
Deferred income tax assets	2018	2017	2018	2017
Incurred but not reported (IBNR) claims	(12,813,257)	(8,076,802)	(12,813,257)	(8,076,802)
Provision for long service award	(231,467)	(231,467)	(231,467)	(231,467)
Other timing differences	(492,005)	(10,050)	-	-
Property and equipment – on historical cost	-	-	(13,823)	-
	(13,536,729)	**(8,332,142)**	**(13,044,724)**	**(8,308,269)**

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

9. Deferred income tax (continued)

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
Deferred income tax liabilities				
Property and equipment – on historical cost	1,146,967	1,014,656	1,137,309	1,014,656
Fair value gains on investment properties	8,050,750	6,827,250	8,050,750	6,827,250
Unrealised exchange gain	38,004	15,309	-	-
	9,235,721	7,857,215	9,188,059	7,841,906
Net deferred income assets	**(4,301,008)**	**(474,927)**	**(3,856,665)**	**(466,363)**

10. Current income tax

The Group

Year ended 31 December 2018	**At 1 January**	**Charge for the year**	**Payments during the year**	**Translation difference**	**At 31 December**
Year of assessment					
Up to 2017	(1,834,341)	-	-	-	(1,834,341)
2018	-	15,617,647	(15,749,861)	19,551	(112,663)
	(1,834,341)	**15,617,647**	**(15,749,861)**	**19,551**	**(1,947,004)**
Year ended 31 December 2017					
Year of assessment					
Up to 2016	(8,946,781)	-	-	-	(8,946,781)
2017	-	8,753,542	(1,674,947)	33,845	7,112,440
	(8,946,781)	**8,753,542**	**(1,674,947)**	**33,845**	**(1,834,341)**

The Company

Year ended 31 December 2018					
Year of assessment					
Up to 2017	(2,648,362)	-	-	-	(2,648,362)
2018	-	14,700,555	(13,311,463)	-	1,389,093
	(2,648,362)	**14,700,555**	**(13,311,463)**	**-**	**(1,259,269)**
Year ended 31 December 2017					
Year of assessment					
Up to 2016	(8,489,124)	-	-	-	(8,489,124)
2017	-	7,515,709	(1,674,947)	-	5,840,762
	(8,489,124)	**7,515,709**	**(1,674,947)**	**-**	**(2,648,362)**

All tax liabilities are subject to the approval of the tax authorities.

NOTES (continued)

(All amounts are in Ghana cedis unless otherwise stated)

11. Due from ceding and retroceding companies

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
Due from ceding companies	32,515,823	61,257,929	28,272,829	53,741,216
Due from retroceding companies	42,572,122	6,474,395	41,810,480	7,139,584
	75,087,945	**67,732,324**	**70,083,309**	**60,880,800**

12. Other assets

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
Staff debtors	4,055,757	2,675,915	3,940,014	2,549,297
Other debtors and prepayments	8,446,138	11,083,164	8,158,305	7,768,664
Other consumables	131,698	119,733	131,698	119,733
	12,633,593	**13,878,812**	**12,230,017**	**10,437,694**

The maximum owed by staff to the Company during the year did not exceed GH¢4,055,759 (2017: GH¢2,675,915).

13. Deferred acquisition cost

Deferred acquisition cost represents commission expense relating to unexpired tenure of risk on written premiums:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
At 1 January	16,778,216	11,783,266	16,192,725	11,783,266
Commission deferred (Note 30)	11,389,679	16,778,216	10,343,011	16,192,725
Exchange differences	355,894	105,283	-	-
Commission released (Note 30)	(17,134,110)	(11,888,549)	(16,192,725)	(11,783,266)
At 31 December	**11,389,679**	**16,778,216**	**10,343,011**	**16,192,725**

14. Investment securities

Available for sale financial assets

The Company's investments in equity securities are classified as available for sale financial assets. The movement during the year is as follows:

The Group and the Company	**Quoted equity securities**	**Unquoted equity securities**	**Total**
At 1 January	40,933,796	8,111,646	49,045,442
Disposals	-	(3,161,251)	(3,161,251)
Changes in fair values	1,875,503	-	1,875,503
At 31 December	**42,809,299**	**4,950,395**	**47,759,694**

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

14. Investment securities (continued)

Available for sale financial assets (continued)

The Group and the Company	Quoted equity securities	Unquoted equity securities	Total
At 1 January	33,151,329	4,653,823	37,805,152
Additions	-	3,457,823	3,457,823
Disposals	(296,574)	-	(296,574)
Changes in fair values	8,079,041	-	8,079,041
At 31 December	**40,933,796**	**8,111,646**	**49,045,442**

Held to maturity financial assets

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
Term deposits	150,806,498	158,369,528	148,737,701	115,213,479
Corporate debt securities	31,881	14,156,773	31,881	14,156,773
Government securities	105,258,953	67,925,632	63,212,022	65,740,310
	256,097,332	**240,451,933**	**211,981,604**	**195,110,562**
Statutory deposits (included in Government Securities)	**5,011,762**	**4,377,600**	**2,606,762**	**2,289,889**

Government Securities include 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, the amount is held with the Central Bank of Kenya.

15. Cash and cash equivalents

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
Cash balances	-	11,447	-	11,447
Bank balances	34,394,733	39,560,714	29,111,814	38,731,915
Bank and cash balances	34,394,733	39,572,161	29,111,814	38,743,362
Treasury bills:				
- maturing within 91days of purchase	9,514,906	9,791,166	7,446,108	9,791,166
	43,909,639	**49,363,327**	**36,557,922**	**48,534,528**

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

16. Stated capital

The Group and the Company

The authorised shares of the Company is 1,000,000,000 ordinary share of no par value out of which 50,000,000 ordinary shares were issued as follows.

	2018		2017	
	No. of shares '000	Proceeds	No. of shares '000	Proceeds
Issued for cash	50,000	28,000,000	50,000	28,000,000
Transfer from income surplus account	-	72,000,000	-	57,000,000
	50,000	**100,000,000**	**50,000**	**85,000,000**

The movement in stated capital during the year is as follows:

	2018		2017	
	No. of shares '000	Proceeds	No. of shares '000	Proceeds
At 1 January	50,000	85,000,000	50,000	75,000,000
Transfer from income surplus account	-	15,000,000	-	15,000,000
At 31 December	**50,000**	**100,000,000**	**50,000**	**85,000,000**

In accordance with Section 66 (c) of the Companies Act, 1963 (Act 179), the Company, by a special resolution dated 27 September 2018, resolved to transfer GH¢15 million from income surplus account to stated capital.

17. Capital surplus account

Capital surplus account represents unrealised appreciation in the value of landed property arising from revaluation. Capital surplus is not available for distribution.

18. Available for sale reserve

Available for sale reserve represents the cumulative unrealised gains or losses arising from changes in the fair values of the Company's investments in equity securities. The cumulative unrealised gains or losses are reclassified to profit or loss when the investment is derecognised. The reserve is not available for distribution. The movement in available for sale reserve are shown in the statement of changes in equity on pages 11 to 14 of these financial statements.

19. Foreign currency translation reserve

Exchange differences arising on translation of Ghana Reinsurance Company (Kenya) Limited, a foreign controlled entity, are recognised in other comprehensive income as described in note 2.3 (c) and accumulated in foreign currency translation reserve in equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of. The reserve is not available for distribution. The movement in foreign currency translation reserve are shown in the statement of changes in equity on pages 11 and 12 of these financial statements.

20. Statutory reserve

In accordance with the Insurance Act, 2006 (Act 724), the Company sets aside on an annual basis, a contingency reserve of not less than 3% of gross premiums or 20% of net profit, whichever is greater. The reserve is to be accumulated until it reaches the minimum paid up capital or 50% of net written premiums, whichever is greater.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

20. Statutory reserve (continued)

The movement in statutory reserve during the year is as follows:

The Group and the Company

Year ended 31 December 2018	Life business contingency reserve	General contingency reserve	Total
At 1 January 2018	648,168	106,049,128	106,697,296
Transfer from income surplus account	2,594,293	4,982,589	7,576,882
At 31 December 2018	**3,242,461**	**111,031,717**	**114,274,178**
Year ended 31 December 2017			
At 1 January 2017	535,050	95,509,921	96,044,971
Transfers from income surplus account	113,118	10,539,207	10,652,325
At 31 December 2017	**648,168**	**106,049,128**	**106,697,296**

21. Income surplus account

The income surplus account represents the amount available for distribution to the members of the Company, subject to restrictions imposed by Companies Act, 1963 (Act 179) and the Insurance Act, 2006 (Act 724). Movements in the income surplus account are shown in the statement of changes in equity on pages 11 to 14 of these financial statements.

22. Provision for unearned premium

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
At 1 January	54,183,278	33,470,012	52,277,941	33,470,012
Foreign operations (Branch)	-	(1,237,727)	-	315,228
(Released)/charged to profit or loss	(17,672,290)	21,950,993	(18,508,081)	18,492,701
Exchange differences	226,940	-	-	-
At 31 December	**36,737,928**	**54,183,278**	**33,769,860**	**52,277,941**

Unearned premium represent the liability for reinsurance business contracts where the Group's obligations have not expired at the reporting date.

23. Outstanding claims

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
At 1 January	68,492,710	48,183,495	63,381,905	48,183,495
Foreign operations (Branch)	-	-	-	170,753
Gross claims incurred	76,320,918	79,655,146	67,619,162	71,184,978
Exchange differences	(2,519,670)	110,940	-	-
Claims paid net of recoveries	(52,564,423)	(59,456,871)	(46,822,595)	(56,157,321)
At 31 December	**89,729,535**	**68,492,710**	**84,178,472**	**63,381,905**

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

23. Outstanding claims (continued)

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.

Estimates are reviewed regularly and updated if new information becomes available. Outstanding claims at the reporting date comprise:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
Unpaid claims	33,487,417	33,157,408	32,580,361	29,816,537
Incurred but not reported (IBNR)	56,242,118	35,335,302	51,598,111	33,565,368
Total outstanding claims	**89,729,535**	**68,492,710**	**84,178,472**	**63,381,905**

24. Deferred commission income

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
At 1 January	2,241,107	1,600,565	2,241,107	1,600,565
Commission income deferred	1,367,429	2,241,107	1,367,429	2,241,107
Commission income released	(2,241,107)	(1,600,565)	(2,241,107)	(1,600,565)
At 31 December	**1,367,429**	**2,241,107**	**1,367,429**	**2,241,107**

25. Life fund

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 movement in actuarial liabilities of the life assurance policies is as follows:

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
At 1 January	7,175,015	12,498,827	7,175,015	12,498,827
Charged/(released) to profit or loss	4,497,485	(5,323,812)	4,497,485	(5,323,812)
At 31 December	**11,672,500**	**7,175,015**	**11,672,500**	**7,175,015**

26. Due to ceding and retroceding companies

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
Due to ceding companies	15,564,954	39,882,644	15,564,952	37,894,288
Due to retroceding companies	16,710,508	14,300,778	16,091,496	14,300,778
	32,275,462	**54,183,422**	**31,656,448**	**52,195,066**

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

27. Other liabilities

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
Accrued expenses	3,374,891	4,200,853	3,190,390	4,200,853
Sundry creditors	4,359,544	9,034,807	3,900,438	5,994,108
National stabilisation levy (Note 35)	636,968	547,775	636,968	547,775
	8,371,403	**13,783,435**	**7,727,796**	**10,742,736**

28. Commission income

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
Commission income	2,632,435	2,642,286	2,606,722	2,541,869
Commission income released (Note 24)	2,241,107	1,600,565	2,241,107	1,600,565
Deferred commission income (Note 24)	(1,367,429)	(2,241,107)	(1,367,429)	(2,241,107)
	3,506,113	**2,001,744**	**3,480,400**	**1,901,327**

29. Claims incurred

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
Gross claims paid	80,127,471	69,683,265	74,385,643	61,349,642
Changes in outstanding claims	2,469,375	7,975,532	1,618,191	7,976,267
Gross change in incurred but not reported	21,553,240	7,530,411	19,007,622	7,393,131
Gross claim incurred	104,150,086	85,189,208	95,011,456	76,719,040
Less retrocession recoverable	(27,829,168)	(5,534,062)	(27,392,294)	(5,534,062)
	76,320,918	**79,655,146**	**67,619,162**	**71,184,978**

30. Commission expense

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
Commission expense	56,941,892	55,555,690	50,758,921	48,380,897
Deferred acquisition costs released	17,134,110	11,888,549	16,192,725	11,783,266
Deferred acquisition costs	(11,389,679)	(16,778,216)	(10,343,011)	(16,192,725)
	62,686,323	**50,666,023**	**56,608,635**	**43,971,438**

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

31. Management expenses

	The Group		The Company	
	2018	2017	2018	2017
Directors emoluments	2,466,073	2,731,825	2,210,119	2,695,024
Staff costs	15,037,711	14,242,134	13,096,885	13,114,902
Auditors' remuneration	415,474	391,363	281,609	290,000
Depreciation and amortisation	1,037,286	1,110,045	988,867	1,048,850
Net irrecoverable debt	3,144,475	-	1,653,309	-
Administrative and other expenses	21,101,377	26,576,880	19,884,491	17,629,435
	43,202,396	**45,052,247**	**38,115,280**	**34,778,211**

32. Investment income

	The Group		The Company	
	2018	2017	2018	2017
Interest on investment securities	26,686,337	29,682,076	22,306,100	8,359,228
Rent income	791,581	961,644	791,581	961,644
Dividend income	685,316	4,364,962	685,316	4,364,962
	28,163,234	**35,008,682**	**23,782,997**	**33,685,834**

33. Exchange gains

	The Group		The Company	
	2018	2017	2018	2017
Net exchange gains	**7,477,442**	**11,045,349**	**7,477,442**	**10,656,828**

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.

34. Other income

	The Group		The Company	
	2018	2017	2018	2017
Interest on bank deposits	123,466	105,660	123,466	105,660
Interest on current account	119,193	215,374	119,193	215,374
Fair value gains on investment properties	4,894,000	5,309,000	4,894,000	5,309,000
Net bad debts recovered	-	8,780,520	-	8,780,520
Sundry income	1,785,048	12,108,544	2,157,016	3,032,383
	6,921,707	**26,519,098**	**7,293,675**	**17,442,937**

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

35. National fiscal stabilisation levy

The Group and the Company

Year ended 31 December 2018	**At 1 January**	**Charge for the year**	**Payments during the year**	**At 31 December**
Year of assessment				
Up to 2017	547,775	-	-	547,775
2018	-	2,589,193	(2,500,000)	89,193
	547,775	**2,589,193**	**(2,500,000)**	**636,968**

Year ended 31 December 2017				
Year of assessment				
Up to 2016	(233,982)	-	-	(233,982)
2017	-	1,842,260	(1,060,503)	781,757
	(233,982)	**1,842,260**	**(1,060,503)**	**547,775**

National fiscal stabilisation levy is assessed under the National Fiscal Stabilisation Act, 2013 (Act 862) at 5% on the accounting profit before tax.

36. Income tax expense

Income tax comprise:	**The Group**		**The Company**	
	2018	**2017**	**2018**	**2017**
Current income tax (Note 10)	15,617,647	8,753,542	14,700,555	7,515,709
Deferred income tax (Note 9)	(3,808,115)	4,804,288	(3,390,302)	4,812,852
	11,809,532	**13,557,830**	**11,310,253**	**12,328,561**

The tax on the profit before tax differs from the theoretical amount that would arise using the statutory income tax rate applicable to profits as follows:

	The Group		**The Company**	
	2018	**2017**	**2018**	**2017**
Profit before income tax	53,026,570	49,431,495	51,783,856	49,528,132
Tax charged at enacted tax rate	13,256,643	12,357,874	12,945,964	12,382,033
Difference in oversea tax rate	62,135	23,374	-	-
Expenses not deductible for tax purposes	173,365	2,098,344	46,900	868,290
Income exempt from tax	(1,682,611)	(921,762)	(1,682,611)	(921,762)
	11,809,532	**13,557,830**	**11,310,253**	**12,328,561**

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

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

37. Related party transactions

The Company holds 100% shareholding in Ghana Reinsurance Company (Kenya) Limited, a company incorporated in Kenya.

(i) Transactions with related parties

	The Group		The Company	
	2018	2017	2018	2017
Ghana Reinsurance Company (Kenya) Limited:				
Premium	-	-	698,553	-
Claims	-	-	-	-
Brokerage fees	-	-	(69,855)	-
	-	-	628,698	-

(ii) Year end balances arising from related parties

The Company

(a) Amounts due to related parties

	2018	2017
Ghana Reinsurance Company (Kenya) Limited	**117,303**	**-**

(b) Amounts due from related parties

Ghana Reinsurance Company (Kenya) Limited	-	2,019,364

(iii) Key management personnel compensation

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

	The Group		The Company	
	2018	2017	2018	2017
Short-term benefit	**4,693,048**	**4,203,950**	**4,426,567**	**3,926,998**

38. Contingent liabilities

Pending legal claims
There were no legal cases pending against the Group as at the reporting date (2017: Nil).

39. Capital commitments

There were no outstanding commitments for capital expenditure at the reporting date (2017: Nil).

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

40. Additional disclosures required by IFRS 4 amended when applying the temporary exemption from IFRS 9

The Amendments to IFRS 4 titled Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts provides that a reinsurer may apply the temporary exemption/deferral approach from IFRS 9 if, and only if:

a) the entity has not previously applied any version of IFRS 9; other than only the requirements for the presentation of gains and losses on financial liabilities as at fair value through profit or loss; and
b) The entity assesses whether the carrying amount of its liabilities arising from contracts within IFRS 4's scope is significant, compared to the total carrying amount of all of its liabilities; and
c) The entity's activities are predominantly connected with reinsurance at its annual reporting date that immediately precedes 1 April 2016, or at a subsequent annual reporting date. The reinsurer compares the total carrying amount of its liabilities connected with reinsurance with the total carrying amount of all of its liabilities. In addition to liabilities arising directly from contracts within IFRS 4's scope.

The Group has not previously applied any version of IFRS 9 and hence meet condition (a) above.

In assessing if the Group's activities are predominantly connected with reinsurance, the standard states that a reinsurer's activities are predominantly connected with reinsurance if, and only if:
a) the carrying amount of its liabilities arising from contracts within the scope of IFRS 4, is significant compared to the total carrying amount of all its liabilities; and
b) the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is:
   - greater than 90 per cent; or
   - less than or equal to 90 per cent but greater than 80 per cent, and the reinsurer does not engage in a significant activity unconnected with insurance.

The Group carried out an assessment of its business activities to determine the proportion of its liabilities arising from contracts within the scope of *IFRS 4 Insurance Contracts* as summarised below:

	The Group		The Company	
Description	**2018**	**2017**	**2018**	**2017**
Liabilities arising from contracts within the scope of IFRS 4:				
Provision for unearned premium	36,737,928	54,183,278	33,769,860	52,277,941
Outstanding claims	89,729,535	68,492,710	84,178,472	63,381,905
Deferred commission income	1,367,429	2,241,107	1,367,429	2,241,107
Life fund	11,672,500	7,175,015	11,672,500	7,175,015
Due to ceding and retroceding companies	32,275,462	54183422	31,656,448	52195066
Total liabilities arising from insurance contracts	**171,782,854**	**186,275,532**	**162,644,709**	**177,271,034**
Total liabilities	**180,154,257**	**200,058,967**	**170,372,505**	**188,013,770**
Liabilities arising from contracts within the scope of IFRS 4 as a percentage of total liabilities	**95%**	**93%**	**95%**	**94%**

As summarised above, the Group's liabilities arising from contracts within the scope of IFRS 9 have been significant and hence meets condition (b) above. The reinsurance related liabilities have been greater than 80 per cent and the Group does not engage in a significant activity unconnected with reinsurance as per revenue summary below:

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

40. Additional disclosures required by IFRS 4 amended when applying the temporary exemption from IFRS 9 (continued)

	The Group		The Company	
Description	**2018**	**2017**	**2018**	**2017**
Revenue from reinsurance activities	200,886,878	151,139,658	183,785,873	136,327,793
Revenue from investment and other activities	42,562,383	72,061,124	38,554,114	58,468,109
Total income	**243,449,261**	**223,200,782**	**222,339,987**	**194,795,902**
Income from insurance activities as percentage of total income	**83%**	**68%**	**83%**	**70%**

Based on the assessment above, the Group meets all the conditions for deferral.

Fair value disclosures

The Group's financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on principal amount outstanding are as follows:

- Due from ceding and retroceding companies
- Other receivables
- Investment securities (mainly term deposits, corporate debt securities and government securities)

Due from ceding and retroceding companies, and other receivables are short term in nature and are receivable within 12 months from the end of the reporting period and as such the carrying amount of these financial assets are deemed to be a reasonable approximation of their fair values.

The fair value of investment securities held to maturity (HTM) is disclosed below:

	Fair value The Group		Fair value The Company	
	2018	**2017**	**2018**	**2017**
Investments - HTM	**252,723,184**	**229,325,040**	**208,047,629**	**183,983,669**

The Group's financial assets with contractual terms that do not give rise to cash flows that are solely payments of principal and interest are financial assets that meet the definition of held for trading in line with IFRS 9, or that is managed and whose performance is evaluated on a fair value basis are as follows:

	Fair value The Group		Fair value The Company	
	2018	**2017**	**2018**	**2017**
Quoted equity securities	**42,809,299**	40,933,796	**42,809,299**	40,933,796
Unquoted equity securities	**4,950,395**	8,111,646	**4,950,395**	8,111,646

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

41. 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 Group's business segments.

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

The Group's operations are structured as, General business reinsurance and Life reinsurance. The general business is divided into the following segments: Marine Cargo, Marine Hull, Workmen Compensation Assistance (WCA), Other Accident, Fire, Motor and Aviation, Life.

NOTES (continued)

(All amounts are in Ghana cedis unless otherwise stated)

The Company

Year ended 31 December 2018	Fire	Motor	W. C. A.	Other Accidents	Marine Cargo	Marine Hull	Aviation	Total General Business	Total Life Business	Total Combined Business
Gross premiums	103,882,056	16,747,901	130,060	30,017,271	10,962,068	4,381,351	767,907	166,888,614	18,502,675	185,391,289
Retrocession premium	(19,305,865)	(20,571)	(275,036)	(384,847)	(1,494,767)	(114,935)	(222,897)	(21,818,918)	(1,774,979)	(23,593,897)
Net Premiums written	84,576,191	16,727,330	(144,976)	29,632,424	9,467,301	4,266,416	545,010	145,069,696	16,727,696	161,797,392
Unearned premiums	11,560,375	261,451	(15,965)	4,861,126	509,003	-	100,329	17,276,319	1,231,762	18,508,081
Net premium earned	96,136,566	16,988,781	(160,941)	34,493,550	9,976,304	4,266,416	645,339	162,346,015	17,959,458	180,305,473
Commission income	2,464,988	5,250	(5,000)	155,254	90,565	-	68,011	2,779,068	701,332	3,480,400
Net premium and commission earned	98,601,554	16,994,031	(165,941)	34,648,804	10,066,869	4,266,416	713,350	165,125,083	18,660,790	183,785,873
Underwriting expense:										
Net claims incurred	(34,992,868)	(12,408,667)	299,572	(13,512,864)	(3,244,696)	190,251	(231,482)	(63,900,754)	(3,718,408)	(67,619,162)
Net commission expense	(35,556,947)	(2,114,159)	(29,049)	(10,504,614)	(2,763,597)	(1,303,308)	(208,281)	(52,479,955)	(4,128,680)	(56,608,635)
Increase in life fund	-	-	-	-	-	-	-	-	(4,497,485)	(4,497,485)
Foreign taxes and brokerage fees	(2,051,628)	(907,204)	(1,210)	(469,155)	(214,891)	(66,840)	(4,641)	(3,715,569)	-	(3,715,569)
Management expense	(22,965,876)	(3,729,529)	(28,962)	(6,684,437)	(2,441,103)	(975,667)	(171,003)	(36,996,577)	(1,118,703)	(38,115,280)
Total underwriting expenses	(95,567,319)	(19,159,559)	240,351	(31,171,070)	(8,664,287)	(2,155,564)	(615,407)	(157,092,855)	(13,463,276)	(170,556,131)
Underwriting profit/(loss)	3,034,235	(2,165,528)	74,410	3,477,734	1,402,582	2,110,852	97,943	8,032,228	5,197,514	13,229,742
Investment Income								15,341,023	8,441,974	23,782,997
Exchange Gain								7,477,442	-	7,477,442
Other Income								7,293,675	-	7,293,675
Profit before income tax								38,144,368	13,639,488	51,783,856
National fiscal stabilisation levy								(2,589,193)	-	(2,589,193)
Income tax expense								(11,310,253)	-	(11,310,253)
Profit for the year								24,244,922	13,639,488	37,884,410

NOTES (continued)

(All amounts are in Ghana cedis unless otherwise stated)

The Company

Year ended 31 December 2017	Fire	Motor	W. C. A.	Other Accidents	Marine Cargo	Marine Hull	Aviation	Total General Business	Total Life Business	Total Combined Business
Gross premiums	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
Retrocession premium	(16,927,002)	(114,686)	(534,896)	(139,747)	(964,280)	-	(287,554)	(18,968,165)	(1,778,093)	(20,746,258)
Net Premiums written	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
Unearned premiums	(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)
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
Commission income	1,127,078	8,024	115,082	-	48,090	-	59,234	1,357,508	543,819	1,901,327
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
Underwriting expense:										
Net claims incurred	(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)
Net 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)
Increase in life fund	-	-	-	-	-	-	-	-	5,323,812	5,323,812
Foreign taxes and brokerage fees	(2,231,484)	(922,843)	(108,035)	(508,039)	(169,187)	(27,127)	(7,730)	(3,974,445)	-	(3,974,445)
Management expense	(16,334,995)	(4,337,961)	(3,654,611)	(5,129,372)	(3,268,098)	(592,507)	(114,775)	(33,432,319)	(1,345,892)	(34,778,211)
Total underwriting expenses	(82,812,632)	(20,308,061)	(7,374,755)	(22,243,012)	(11,185,375)	(2,984,932)	(390,115)	(147,298,882)	(1,286,378)	(148,585,260)
Underwriting profit/(loss)	(8,897,299)	(3,237,441)	3,583,938	(4,463,747)	(4,860,641)	949,677	75,949	(16,849,564)	4,592,097	(12,257,467)
Investment Income								25,595,009	8,090,825	33,685,834
Exchange Gain								10,656,828	-	10,656,828
Other Income								17,442,937	-	17,442,937
Profit before income tax								36,845,210	12,682,922	49,528,132
National fiscal stabilisation levy								(1,842,260)	-	(1,842,260)
Income tax expense								(12,328,561)	-	(12,328,561)
Profit for the year								22,674,389	12,682,922	35,357,311


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