GHANA REINSURANCE COMPANY LIMITED

2019 ANNUAL REPORT & FINANCIAL STATEMENTS

GRC

Ghana Re

CORPORATE MISSION

"To deliver customer satisfaction and corporate profitability through continuous improvement in service delivery by maintaining a highly professional and motivated workforce"

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
Lynda Odro	Member

Secretary/Solicitor

Jessica Allotey (Mrs)

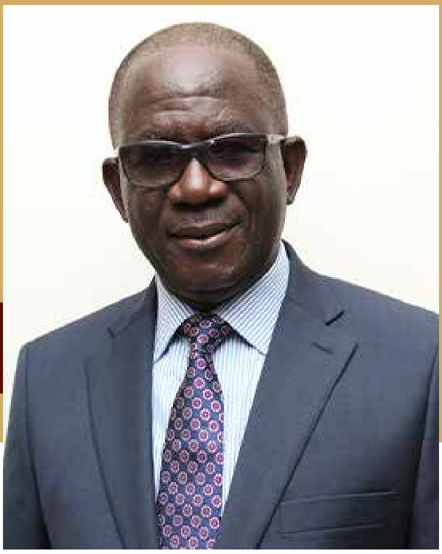
Registered Office

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

Independent Auditor

PricewaterhouseCoopers
Chartered Accountants
PwC Tower
A4 Rangoon Lane, Cantonments City
PMB CT42,
Cantonments, Accra
Ghana

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

PROFILE OF DIRECTORS

boardroom relationships which is indispensable in influencing key decision-makers at the highest levels within the organisations where he is a member of the Board.

He is currently the Executive Director of Databank Financial Services Ltd. in charge of coordinating day to day operations of the Databank Group, with responsibilities for its strategic business units.

He holds a BSc degree in Management Sciences from the University of Manchester, UK and has over 25years rich experience in the field of Manufacturing and Financial Services.

Francis Sapara-Grant
Member

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

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

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

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

PROFILE OF DIRECTORS

Jennifer Owusu
Member

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

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

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

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

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

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

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

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.

PROFILE OF DIRECTORS

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 Bank 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.

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

Monica Amissah (Mrs)
Deputy Managing Director (Technical)

Mrs. Monica Amissah, who is a product of both University of Ghana and University of Cape Coast, holds a Master of Arts degree in Marketing Strategy and a Bachelor of Arts (Education) honours degree. She obtained a Diploma in Insurance from the West African Insurance Institute (WAII) in 2002 and Advanced Diploma in Insurance from the Chartered Insurance Institute, UK (ACII) in 2009. She is currently a Fellow of the Chartered Insurance Institute of Ghana (FCIIG), a chartered Insurer with CII London as well as a member of both the Chartered Insurance Institute of Ghana (CIIG) and the Chartered Insurance Ladies Association of Ghana (CILAG).

With over nineteen years' experience in the reinsurance industry, Mrs Amissah oversees all technical activities of Ghana Re including those for the Regional Offices in Kenya and Cameroon. She also chairs the Company's Strategic, Performance Management and Enterprise Risk 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 an Examiner of the West African Insurance Institute (WAII) and a member of the following Insurance Industry bodies; Chartered Insurance Institute of Ghana (CIIG) Reinsurance Programme Review Committee, Ghana Insurers Association (GIA)'s Conference Planning Committee and ECOWAS Browncard 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 (THREE YEAR SUMMARY)

Group
(All amounts are in thousands of Ghana cedis)

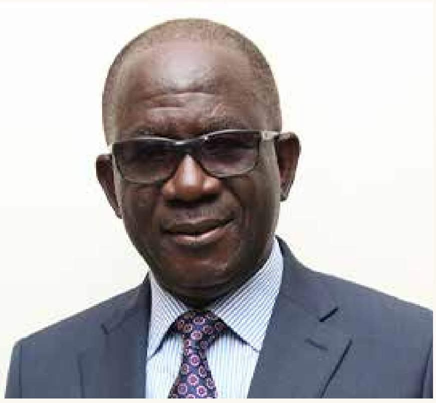
	2019 Gh¢	2018 Gh¢	2017 Gh¢
Gross Premium Income	**253,371**	205,659	193,014
Net Premium Income	**216,277**	179,708	171,089
Underwriting Profit / (Loss)	**(5,535)**	10,464	(23,142)
Investment Income	**29,375**	28,163	35,009
Management Expense	**41,343**	43,202	45,052
Shareholders Fund	**365,181**	332,507	293,194
Management Expenses To gross premium ratio	**16%**	21%	23%
Earnings Per share	**0.60**	0.77	0.68

Company
(All amounts are in thousands of Ghana cedis)

	2019 Gh¢	2018 Gh¢	2017 Gh¢
Gross Premium Income	**222,370**	185,391	173,665
Net Premium Written	**188,252**	161,797	152,919
UnderWriting Profit /(Loss)	**(6,515)**	13,230	(12,257)
Investment Income	**25,205**	23,783	33,686
Management Expense	**36,019**	38,115	34,778
Shareholders Fund	**345,118**	324,523	290,763
Management Expenses To gross premium ratio	**16%**	21%	20%
Earnings Per Share	**0.53**	0.76	0.71

CHAIRMAN'S STATEMENT

Distinguished shareholder, it is my pleasure to welcome you to the 17th Annual General Meeting of your company. On behalf of the Board of Directors, I present to you the Annual Report including the Financial Statements of Ghana Reinsurance Group (Ghana Re) for the year ended 31st December 2019.



THE ECONOMY

Global

Over the past year, global growth has witnessed a sharp decline. Among advanced economies, the weakening has been broad based, affecting major economies like the United States and the Euro zone as well as smaller Asian advanced economies. The slowdown in activity has been even more pronounced across emerging markets and developing economies such as Brazil, India and Mexico. Global growth for year 2019 was projected at 3.0%, the weakest since year 2009. Except in Sub-Saharan Africa, most countries are expected to register per capita growth lower than their median rate during the past 25 years. *(Source: IMF's World Economic Outlook Update, October, 2019).*

Africa

Africa's economic growth remained stable in year 2019 at 3.4% and was on course to pick up to 3.9% in year 2020 and 4.1% in year 2021, according to the African Development Bank's January 2020 African Economic Outlook. The slower than expected growth was partly due to the moderate expansion of the continent's "big five" — Nigeria, South Africa, Egypt, Algeria and Morocco – whose joint growth was at an average rate of 3.1%, compared with the average 4.0% for the rest of the continent. Growth fundamentals are improving, with a gradual shift from private consumption toward investment and exports. For the first time in a decade, investment accounted for more than half of the continent's growth, with private consumption accounting for less than one third.

Undoubtedly, the outbreak of the Covid-19 pandemic will adversely impact the continent's economies and retard the pace of growth.

Ghana

According to Ghana Statistical Service, Ghana's economy continued to expand in year 2019, with provisional real gross domestic product (GDP) growth rate of 6.5%. This compares favourably with year 2018 GDP growth rate of 6.3%.

The high growth momentum since year 2017 has consistently placed Ghana among Africa's fastest-growing economies. Improvements in the macroeconomic environment were accompanied by expansion in domestic demand due to increased private consumption. The industrial sector, with average annual growth exceeding 10.0%, was a major driver of growth in the three years to 2019. *(Source: African Development Bank's African Economic Outlook 2020).*

As at year end 2019, inflation rate recorded was 7.9% whilst 91-day and 182-day Treasury bill registered rates of 14.7% and 15.1% respectively. *(Source: Bank of Ghana).*

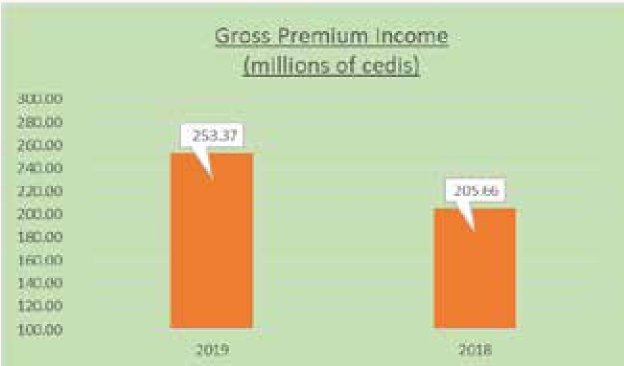
2019 GROUP BUSINESS PERFORMANCE

Premium Income

Total gross premium income was GH¢253.37m for year 2019 as compared to GH¢205.66m recorded

CHAIRMAN'S STATEMENT

in year 2018, thus a growth rate of 23.2%.



General business gross premium income recorded in year 2019 was GH¢230.85m. 'Fire', as a line of business, continues to be the leader, contributing 62.4% of the General Business premium income. 'Other Accidents' and 'Motor' businesses contributed 20.7% and 7.8% respectively.

With a percentage increase of 21.7%, Life business gross premium moved from GH¢18.50m in year 2018 to GHS¢22.52m in year 2019.

Commissions, Claims and Management Expenses

Commission expense incurred in year 2019 was GH¢67.25m, an increase of GH¢4.56m over year 2018 figure of GH¢62.69m. The commission ratio for year 2019 was 26.5% as against 30.5% in year 2018. The improvement in commission ratio is due largely to the increase in gross premium.

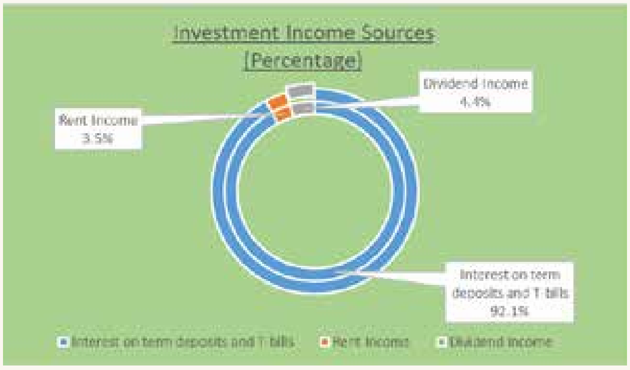
Net claims incurred in the year under review was GH¢104.48m. Claims incurred for year 2018 was GH¢76.32 million. Claims ratio in year 2019 was 49.6% as against 38.7% in year 2018. This significant rise in claims affected the level of profitability achieved in year 2019.

Management expenses was GH¢41.43m in year 2019 as against GH¢43.20m in year 2018. Management expense ratio declined from 21.9% in year 2018 to 19.7% in year 2019.

We will continue to improve on our operational efficiency going forward.

Investment Income

Investment Income realised during the period under review was GH¢29.38m as against GH¢28.16m in year 2018. Interest on term deposits and treasury bills contributed 92.1% of total investment income.



Investment Portfolio

As at end of year 2019, total investment portfolio across the Group represented 64.0% of total assets of GH¢585.33m as against 70.2% in year 2018. The investment portfolio yielded an average return of 8.0% in year 2019 same as year 2018. Ghana Re will continue to re-align its investment portfolio to optimize yield whilst ensuring adequate liquidity and preservation of capital.

Profit

Profit before tax recorded for year 2019 was GH¢40.80m compared to GH¢53.03m in year 2018 whilst Profit after tax was GH¢30.16m as against GH¢38.63m recorded in year 2018. As

CHAIRMAN'S STATEMENT

indicated earlier, higher than expected claims affected our profitability in year 2019. Return on Equity reduced from 16.9% in year 2018 to 11.7% in year 2019 whilst Return on Assets reduced from 10.5% in year 2018 to 7.4% in year 2019.

Shareholder's Equity

Shareholder's equity grew from GH¢332.51m in year 2018 to GH¢365.18m in year 2019. Total assets to total liabilities ratio was 2.7 in year 2019 compared to 2.8 in year 2018.

Dividend

Based on the Company's performance in year 2019, the Board of Directors recommends for your approval, a dividend of GH¢0.18 per share amounting to GH¢9.00m to be paid to the shareholder for year 2019.

Corporate Social Responsibility

Ghana Re supported activities of selected educational and health institutions in Ghana to the tune of GH¢171,141 during the period under review. The company aims to sustain the regular contributions made to these institutions in its quest to improve the overall well-being of society.

OUTLOOK FOR 2020

Ghana Re's Response to Covid-19 Pandemic

Dear shareholder, in support of the laudable effort being made by the government towards curtailing the spread of the Covid-19 pandemic, your company donated an amount of GH¢100,000 to the Covid-19 National Trust Fund in April 2020.

With the onset of the Covid-19 pandemic and as part of measures to ensure business continuity and profitability, Ghana Re, activated its Business Continuity Plan and accelerated the company's information technology infrastructure upgrade. With approximately 40% of premium generated from the international market, the Group has intensified its business promotional activities via electronic communication in the face of global restrictions on movement. Ghana Re has retained all staff and implemented an action plan that ensures social distancing and healthy working environment. With a strong balance sheet and good retrocession arrangement coupled with prudent management practices, the company is well positioned to meet its claims and other financial obligations.

It is worth highlighting that, at this point, there is no indication that the going concern status of the company is threatened in any way.

Dear Shareholder, notwithstanding the pandemic, your company will continue to leverage on good customer service, claim settlement record and resilient business promotional activities to maintain profitable operations.

The company will employ and continually improve on its technical expertise and information technology systems to enhance the turnaround time for service delivery. We seek to capitalize on our strong financial base and unblemished reputation to increase acceptances of non-traditional insurance products, forge strategic partnerships and position the company in the face of growing competition.

APPRECIATION

On behalf of the Board, I wish to sincerely thank you, our shareholder, for your continuous support. To our cherished partners: Insurance and Reinsurance Companies, Brokers, Regulators and all other stakeholders, we are indeed grateful for your loyalty.

We commend management and staff for their continued dedication and loyalty to the company. The Board will continue to play its supervisory role and support management to achieve set objectives and enhance the networth of the company.

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 2019.

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, 2019 (Act 992), 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 the Group 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 2019 are set out below:

	The Group 2019	The Company 2019
Profit before income tax	40,799	35,595
from which is deducted national fiscal stabilisation levy of	(1,780)	(1,780)
and income tax expense of	(8,858)	(7,264)
giving a profit after income tax for the year of	30,161	26,551
which is added to the balance brought forward on retained earnings account of	64,701	62,478
resulting in a balance of	94,862	89,029
from which is deducted:		
- transfer to contingency reserve of;	(6,220)	(6,220)
- transfer to stated capital of; and	(25,000)	(25,000)
- dividend paid for 2018 of	(9,000)	(9,000)
leaving retained earnings account balance carried forward of	**54,642**	**48,809**

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 2019 at the next Annual General Meeting. Dividend per share of GH¢0.18 amounting to GH¢9,000,000 in respect of the year ended 31 December 2018 was approved at the 2018 Annual General Meeting held on 27 June 2019 and paid during the year.

Corporate social responsibilities
The Company spent GH¢171,141 on corporate social responsibilities during the year.

Auditors' remuneration
The independent auditors' remuneration is set out in note 31 on page 64 of these financial statements.

Capacity of directors
The Company ensures that only fit and proper persons are appointed to the Board after obtaining the necessary approval from the Regulator, National Insurance Commission. Relevant training and capacity building programs are put in place to enable the directors discharge their duties.

Auditor
The auditor, PricewaterhouseCoopers, will continue in office in accordance with Section 139 (5) of the Companies Act, 2019 (Act 992).

....
George Otoo
Board Chairman

....
George Y. Mensah
Managing Director

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

Report on the Audit of the Financial Statements

Our 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 2019, 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, 2019 (Act 992) and the Insurance Act, 2006 (Act 724).

What we have audited
We have audited the financial statements Ghana Reinsurance Company Limited and its subsidiary for the year ended 31 December 2019.

The financial statements comprise:

- the separate and consolidated statements of financial position as at 31 December 2019;
- 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 then 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 Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA) and the independence requirements of section 143 of the Companies Act, 2019 (Act 992) that are relevant to our audit of the separate and consolidated financial statements. We have fulfilled our other ethical responsibilities in accordance with the Code..

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company and Group's financial statements of the current period. These matters were addressed in the context of our audit of the Company's 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

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities GH¢ GH¢ Non-life insurance contract liabilities (Outstanding claims) 106,278 95,498 Life insurance contract liabilities (Life fund) 15,132 15,132 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 the Chain Ladder, Loss Ratio and Cape Cod 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.	We obtained an understanding of 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. With the support of our actuarial experts, we assessed the Group's estimates and evaluated whether the Group's actuarial methodologies were consistent with prior periods. We evaluated the reasonableness of assumptions applied in management's projections by comparing with our own expectations based on our industry knowledge and the Group's historical claims pattern. We assessed reasonableness of assumptions in respect of mortality and morbidity, persistency, interest rate, rate of return on investment and inflation rate by comparing to independent external sources. 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 checked the appropriateness of relevant disclosures in the financial statements.

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 Corporate Information and 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 Profile of Directors, Financial Highlights and 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 Profile of Directors, Financial Highlights and 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, 2019 (Act 992) 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, 2019 (Act 992) 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 statement of financial position and the Group's 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/2020/028)
Chartered Accountants
Accra, Ghana
June 2020

pwc

STATEMENT OF FINANCIAL POSITION
(All amounts are in thousands of Ghana cedis)

		The Group		The Company	
	Note	2019	2018	2019	2018
Assets					
Property and equipment	6	12,928	12,982	10,711	11,097
Investment properties	7	46,553	46,553	46,553	46,553
Investment in subsidiary	8	-	-	43,174	43,174
Deferred income tax assets	9	11,272	4,301	10,323	3,857
Current income tax assets	10	-	1,947	-	1,259
Due from ceding and retroceding companies	11	115,221	75,088	96,081	70,083
Other assets	12	13,002	12,633	13,576	12,230
Deferred acquisition cost	13	13,740	11,390	11,638	10,343
Investment securities					
- Available for sale	14	50,804	47,760	50,804	47,760
- Held to maturity	14	263,813	256,097	206,332	211,981
Cash and cash equivalents	15	57,999	43,910	52,420	36,558
Total Assets		**585,332**	**512,661**	**541,612**	**494,895**
Equity					
Stated capital	16	125,000	100,000	125,000	100,000
Capital surplus account	17	8,362	8,362	8,362	8,362
Available for sale reserve	18	41,147	38,103	42,453	39,409
Foreign currency translation reserve	19	15,536	7,067	-	-
Statutory reserve	20	120,494	114,274	120,494	114,274
Retained earnings	21	54,642	64,701	48,809	62,478
Total Equity		**365,181**	**332,507**	**345,118**	**324,523**
Technical Liabilities					
Provision for unearned premium	22	44,362	36,738	36,196	33,770
Outstanding claims	23	106,278	89,730	95,498	84,178
Deferred commission income	24	1,610	1,367	1,610	1,367
Life fund	25	15,132	11,673	15,132	11,673
		167,382	**139,508**	**148,436**	**130,988**
Other Liabilities					
Due to ceding and retroceding companies	26	40,722	32,275	38,734	31,656
Current income tax liability	10	2,448	-	1,747	-
Other liabilities	27	9,599	8,371	7,577	7,728
		52,769	**40,646**	**48,058**	**39,384**
Total Liabilities		**220,151**	**180,154**	**196,494**	**170,372**
Total Equity and Liabilities		**585,332**	**512,661**	**541,612**	**494,895**

The notes on pages 29 to 71 form an integral part of these financial statements.

The financial statements on pages 21 to 71 were approved by the Board of Directors on 29 May 2020 and signed on its behalf:

George Otoo
Board Chairman

George Y. Mensah
Managing Director

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

	Note	The Group 2019	The Group 2018	The Company 2019	The Company 2018
Gross premiums		253,371	205,659	222,370	185,391
Retrocession premium		(37,094)	(25,951)	(34,118)	(23,594)
Net premium written		216,277	179,708	188,252	161,797
Unearned premiums	22	(5,798)	17,672	(2,426)	18,508
Net premium earned		210,479	197,380	185,826	180,305
Commission income	28	5,149	3,506	5,063	3,481
Net premium and commission earned		215,628	200,886	190,889	183,786
Net claims incurred	29	(104,479)	(76,321)	(94,663)	(67,619)
Net commission expense	30	(67,251)	(62,686)	(58,630)	(56,609)
Increase in life fund	25	(3,459)	(4,497)	(3,459)	(4,497)
Foreign levies and brokerage fees		(4,540)	(3,716)	(4,633)	(3,716)
Management expenses	31	(41,434)	(43,202)	(36,019)	(38,115)
Total Underwriting Expenses		(221,163)	(190,422)	(197,404)	(170,556)
Underwriting (loss)/profit		(5,535)	10,464	(6,515)	13,230
Investment income	32	29,375	28,164	25,205	23,783
Exchange gains	33	15,808	7,477	15,808	7,477
Other income	34	1,151	6,922	1,097	7,293
Profit before income tax		40,799	53,027	35,595	51,783
National fiscal stabilisation levy	35	(1,780)	(2,589)	(1,780)	(2,589)
Income tax expense	36	(8,858)	(11,810)	(7,264)	(11,310)
Profit for the year		30,161	38,628	26,551	37,884
Other comprehensive income: *Items that may be reclassified subsequently to profit and loss:*					
Fair value gain on equity securities	14	3,044	1,876	3,044	1,876
Exchange difference on translation foreign operations		8,469	4,809	-	-
		11,513	6,685	3,044	1,876
Total comprehensive income		**41,674**	**45,313**	**29,595**	**39,760**

The notes on pages 29 to 71 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
(All amounts are in thousands of Ghana cedis)

The Group

Year ended 31 December 2019	Stated Capital	Retained earnings	Foreign currency translation reserve	Capital surplus account	Available for sale reserve	Statutory reserve	Total
Balance at 1 January	100,000	64,701	7,067	8,362	38,103	114,274	332,507
Profit for the year	-	30,161	-	-	-	-	30,161
Other comprehensive income	-	-	8,469	-	3,044	-	11,513
Total comprehensive income	-	30,161	8,469	-	3,044	-	41,674
Regulatory reserves and other transfers							
Transfer to contingency reserve	-	(6,220)	-	-	-	6,220	-
Transactions with owners							
Capitalisation of retained earnings (Note 16)	25,000	(25,000)	-	-	-	-	-
Dividends for 2018 paid (Note 40)	-	(9,000)	-	-	-	-	(9,000)
Balance at 31 December	125,000	54,642	15,536	8,362	41,147	120,494	365,181

The notes on pages 29 to 71 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
(All amounts are in thousands of Ghana cedis)

The Group

Year ended 31 December 2018	Stated Capital	Retained earnings	Foreign currency translation reserve	Capital surplus account	Available for sale reserve	Statutory reserve	Total
Balance at 1 January	85,000	54,650	2,258	8,362	36,227	106,697	293,194
Profit for the year	-	38,628	-	-	-	-	38,628
Other comprehensive income	-	-	4,809	-	1,876	-	6,685
Total comprehensive income	-	38,628	4,809	-	1,876	-	45,313
Regulatory reserves and other transfers							
Transfer to contingency reserve	-	(7,577)	-	-	-	7,577	-
Transactions with owners							
Capitalisation of retained earnings (Note 16)	15,000	(15,000)	-	-	-	-	-
Dividends for 2018 paid (Note 40)	-	(6,000)	-	-	-	-	(6,000)
Balance at 31 December	100,000	64,701	7,067	8,362	38,103	114,274	332,507

The notes on pages 29 to 71 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
(All amounts are in thousands of Ghana cedis)

The Company

Year ended 31 December 2019	Stated Capital	Retained earnings	Capital surplus account	Available for sale reserve	Statutory reserve	Total
Balance at 1 January	100,000	62,478	8,362	39,409	114,274	324,523
Profit for the year	-	26,551	-	-	-	26,551
Other comprehensive income	-	-	-	3,044	-	3,044
Total comprehensive income	-	26,551	-	3,044	-	29,595
Regulatory reserves and other transfers						
Transfer to contingency reserve	-	(6,220)	-	-	6,220	-
Transactions with owners						
Capitalisation of retained earnings (Note 16)	25,000	(25,000)	-	-	-	-
Dividends for 2018 paid (Note 40)	-	(9,000)	-	-	-	(9,000)
Balance at 31 December	125,000	48,809	8,362	42,453	120,494	345,118

The notes on pages 29 to 71 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
(All amounts are in thousands of Ghana cedis)

The Company

Year ended 31 December 2018	Stated Capital	Retained earnings	Capital surplus account	Available for sale reserve	Statutory reserve	Total
Balance at 1 January	85,000	53,171	8,362	37,533	106,697	290,763
Profit for the year	-	37,884	-	-	-	37,884
Other comprehensive income	-	-	-	1,876	-	1,876
Total comprehensive income	-	37,884	-	1,876	-	39,760
Regulatory reserves and other transfers						
Transfer to contingency reserve	-	(7,577)	-	-	7,577	-
Transactions with owners						
Capitalisation of retained earnings (Note 16)	15,000	(15,000)	-	-	-	-
Dividends for 2018 paid (Note 40)	-	(6,000)	-	-	-	(6,000)
Balance at 31 December	100,000	62,478	8,362	39,409	114,274	324,523

The notes on pages 29 to 71 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(All amounts are in thousands of Ghana cedis)

	The Group		The Company	
Cash flows from operating activities	2019	2018	2019	2018
Profit before income tax	40,799	53,027	35,595	**51,783**
Adjustment for:				
Depreciation on property and equipment	1,312	1,037	1,163	988
Amortisation of intangible assets	-	130	-	130
Loss on sale of property and equipment	-	1	-	-
Impairment of property and equipment	-	249	-	249
Fair value gains on investment property	-	(4,894)	-	(4,894)
Net exchange differences	1,192	4,656	-	-
Operating cash flows before changes in working capital	43,303	54,206	36,758	48,256
Changes in due from ceding and retroceding companies	(40,133)	(7,355)	(25,998)	(9,202)
Changes in other assets	(1,275)	1,245	(1,346)	(1,792)
Changes in deferred acquisition cost	(2,350)	5,389	(1,295)	5,850
Changes in provision for unearned premium	7,624	(17,445)	2,426	(18,508)
Changes in outstanding claims	16,548	21,237	11,320	20,797
Changes in deferred commission income	243	(874)	243	(874)
Changes in life fund	3,459	4,497	3,459	4,497
Changes in due to ceding and retroceding companies	8,447	(21,908)	7,078	(20,539)
Changes in other liabilities	1,020	(5,501)	41	(3,104)
Changes in net operating assets:				
Proceeds from equity securities	-	3,161	-	3,161
Proceeds from held to maturity securities	446	-	5,649	-
Purchase of held to maturity securities	-	(15,646)	-	(16,871)
Cash generated from operations	37,332	21,006	38,335	11,671
National fiscal stabilisation levy paid	(1,972)	(2,500)	(1,972)	(2,500)
Income tax paid	(11,361)	(15,750)	(10,724)	(13,311)
Net cash flows from/(used in) operating activities	23,999	2,756	25,639	(4,140)
Cash flows from investing activities				
Purchase of property and equipment	(910)	(2,209)	(777)	(1,837)
Net cash used in investing activities	(910)	(2,209)	(777)	(1,837)
Cash flows from financing activities				
Dividend paid	(9,000)	(6,000)	(9,000)	(6,000)
Net cash used in financing activities	(9,000)	(6,000)	(9,000)	(6,000)
Net increase/(decrease) in cash and cash equivalents	14,089	(5,453)	15,862	(11,977)
Cash and cash equivalents at start of year	43,910	49,363	36,558	48,535
Cash and cash equivalents at end of year	57,999	43,910	52,420	36,558

The notes on pages 29 to 71 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, 2019 (Act 992) and the Insurance Act, 2006 (Act 724). The registered office of the Company is Plot 24, Sudan Road, Ridge, Accra. The separate and consolidated financial statements comprise the financial statements of the Company standing alone and its subsidiary (together the "Group") for the year ended 31 December 2019.

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, 2019 (Act 992), 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.

The financial statements have been prepared on the basis that the Company and its subsidiary will continue to operate as a going concern.

2.1.4 New and amended standards adopted by the Company
IFRS 16 – Leases
The Group adopted IFRS 16 - Leases from 1 January 2019 which resulted in changes in accounting policies. No adjustments were passed on adoption on IFRS 16 since there were no material effect on the Group on the adoption of this standard.

Interpretation 23, Uncertainty over Income Tax Treatments
The interpretation which became effective 1 January 2019 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.4 New and amended standards adopted by the Group (continued)
The Company has considered the guidance included within the interpretation and concluded that the prescribed approach does not have a material impact on the Company and the Group.

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.
- 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.

2.1.5 New and amended standards and interpretations not yet adopted by the Group

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 2019. 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 non¬financial risk exposures.
- The derecognition provisions are carried over almost unchanged from IAS 39.

Management has assessed the effects of applying the new standard on the Company and the Group'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:

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.5 New and amended standards and interpretations not yet adopted by the Group (continued)

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (continued)

- 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 2023. An assessment of the Company's eligibility to apply this exemption can be found in Note 42.

On 17 March 2020, the IASB announced a deferral of the effective date of IFRS 17 until 1 January 2023, with a corresponding extension to the temporary exemption for reinsurers to apply IFRS 9 to the same date. The Board expects to issue the amendments to IFRS 17 in the second quarter of 2020.

2.1.6 New standards and interpretations issued but not yet effective

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.

Definition of a Business –Amendments to IFRS 3
The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions. The effective date is on or after 1 January 2020.

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)

Definition of Material – Amendments to IAS 1 and IAS 8
The IASB has made amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which use a consistent definition of materiality throughout International Financial Reporting Standards and the *Conceptual Framework for Financial Reporting*, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:
- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The effective date is on or after 1 January 2020.

2.2 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.

The acquisition method of accounting is used to account for business combinations by the Group.

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 statement of financial position, 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Principles of consolidation and equity accounting (continued)

Equity method (continued)
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 2.7.

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.

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.

2.3 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.3 Foreign currency translation (continued)

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 statement of financial position,
- 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.

2.4 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).

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 residual 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 and equipment at the following annual rates for current and comparatives periods are as follows:

Buildings	-	3%
Equipment, furniture and fittings	-	15% to 20%
Computer	-	33.3%
Motor vehicles	-	25%

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Property and equipment (continued)

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 retained earnings.

2.5 Investment property

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

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 Group 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 Group 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.5 Investment property (continued)

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.

2.6 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.

2.7 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-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 Group 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.

2.8 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 recognised 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.8 Income tax (continued)

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 Group 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.

2.9 Financial instruments

2.9.1 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.

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 assets (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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial instruments (continued)

2.9.1 Non-derivative financial assets (continued)

(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 Available for sale reserves 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 Group transfers substantially all the risks and rewards of ownership. Any interest in the transferred financial assets that is created or retrieved by the Group is recognised as a separate asset or liability.

2.9.2 Non-derivative financial liabilities

Initial recognition and measurement
Non-derivative financial liabilities 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 liabilities 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 financial 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.

2.9.3 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial instruments (continued)

2.9.4 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.

2.9.5 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 Group.

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 Group 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.

2.10 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.

2.11 Stated capital

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

2.12 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.12 Reinsurance contracts (continued)

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 and 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. 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.

(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 measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property. When a receivable is impaired, the Group reduces the carrying amount

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.12 Reinsurance contracts (continued)

Recognition and measurement (continued)

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.

2.13 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 Company contributes to a defined contribution plan.

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.

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.

2.14 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.

2.15 Leases

The Group changed its accounting policy for leases where the Group is the lessee. Under IFRS 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the entity. The Group had no significant lease arrangements during the year and for prior periods.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.16 Dividend distribution

Dividend to the shareholders 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 as new information becomes available.

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¢6,595,102 (2018: GH¢3,374,148), 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 (2018: Nil).

NOTES (continued)

3. Critical accounting estimates and judgements (continued)

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.

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 Group 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 Group'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

NOTES (continued)

4. Insurance and financial risk management (continued)

4.1 Reinsurance risk management (continued)

4.1.1 Exposure to reinsurance risk (continued)

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 incurred but not reported (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 judgement 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 Group 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 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 Group 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 Group'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 Group'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 Group'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

NOTES (continued)

4. Insurance and financial risk management (continued)

4.1 Reinsurance risk management (continued)

4.1.1 Exposure to reinsurance risk (continued)

Assumptions and estimates of contract holder liabilities (continued)

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 Group risk, Term Assurance and Disability at the following rates, which are based on the pricing lapse assumptions:

	Lapse rates
Year 1	15%
Year 2	10%
Year 3	5%

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:

(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.

NOTES (continued)

4. Insurance and financial risk management (continued)

4.1 Reinsurance risk management (continued)

4.1.1 Exposure to reinsurance risk (continued)

(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 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 Group's risk appetite. The Group's reinsurance is managed by the underwriting departments 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.

NOTES (continued)

4. Insurance and financial risk management (continued)

4.1 Reinsurance risk management (continued)

4.1.2 Limiting exposure to reinsurance risk (continued)

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			
Class of business		**The Group**		**The Company**	
		2019	**2018**	**2019**	**2018**
Non-marine	Gross	**110,228**	103,691	**110,009**	101,976
	Net	**2,936**	3,528	**2,934**	1,813
Marine	Gross	**48,924**	45,284	**48,893**	45,232
	Net	**1,957**	1,865	**1,956**	1,813

(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 Group'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.

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

4. Insurance and financial risk management (continued)

4.2 Financial risk management (continued)

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 group 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 Group'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.

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	
	2019	**2018**	**2019**	**2018**
Due from ceding and retroceding companies	**115,221**	75,088	**96,081**	70,083
Other assets (excluding non-financial assets)	**12,554**	8,791	**13,240**	8,580
Investments securities	**314,617**	303,857	**257,136**	259,741
Cash and cash equivalents	**57,994**	43,910	**52,415**	36,558
	500,386	431,646	**418,872**	374,962

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	
	2019	2018	2019	2018
Neither past due nor impaired	48,663	36,014	29,523	31,009
Past due but not impaired	66,558	39,074	66,558	39,074
Impaired	9,355	7,394	6,460	5,842
	124,576	82,482	102,541	75,925

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:

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

4. Insurance and financial risk management (continued)

4.2 Financial risk management (continued)

4.2.1 Credit risk (continued)

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
Gross amount	124,576	82,482	102,541	75,925
Allowance for impairment	(9,355)	(7,394)	(6,460)	(5,842)
Net amount	115,221	75,088	96,081	70,083

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
0 – 90 days	48,663	36,014	29,523	31,009
91 – 180 days	66,558	39,074	66,558	39,074
Over 180 days	9,355	7,394	6,460	5,842
	124,576	82,482	102,541	75,925

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

At 31 December 2019	Amount	1 – 6 months	6 – 12 months	over 12 months
Due to ceding and retroceding companies	40,722	9,735	19,367	11,620
Other liabilities (excluding non-financial liabilities)	7,781	3,311	3,642	828
Outstanding claims	106,278	10,140	46,998	49,140
	154,781	**23,186**	**70,007**	**61,588**

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

4. Insurance and financial risk management (continued)

4.3 Financial risk management (continued)

4.2.2 Liquidity risk (continued)

At 31 December 2018	Amount	1 – 6 months	6 – 12 months	over 12 months
Due to ceding and retroceding companies	32,275	10,082	12,145	10,048
Other liabilities (excluding non-financial liabilities)	7,734	5,244	846	1,644
Outstanding claims	89,730	22,730	18,768	48,232
	129,739	**38,056**	**31,759**	**59,924**

The Company

At 31 December 2019	Amount	1 – 6 months	6 – 12 months	over 12 months
Due to ceding and retroceding companies	38,734	7,747	19,367	11,620
Other liabilities (excluding non-financial liabilities)	5,759	2,174	3,041	544
Outstanding claims	95,498	6,232	43,562	45,704
	139,991	**16,153**	**65,970**	**57,868**

At 31 December 2018	Amount	1 – 6 months	6 – 12 months	over 12 months
Due to ceding and retroceding companies	31,656	9,551	12,145	9,960
Other liabilities (excluding non-financial liabilities)	7,091	3,909	714	2,468
Outstanding claims	84,179	19,399	16,548	48,232
	122,926	**32,859**	**29,407**	**60,660**

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.

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

4. Insurance and financial risk management (continued)

4.3 Financial risk management (continued)

4.2.3 Market risks (continued)

Exposure to foreign currency risk at the reporting date are set out as follows:

The Group

	USD	EUR	GBP
At 31 December 2019			
Financial assets:			
Investment securities	28,322	1,603	1,923
Due from ceding and retroceding companies	47,686	8,700	850
Cash and cash equivalents	17,923	5,150	1,876
Financial liabilities:			
Outstanding claims	(11,092)	(3,189)	(8)
Due to ceding and retroceding companies	(12,438)	(2,169)	-
Net exposure	**70,401**	**10,095**	**4,641**
At 31 December 2018			
Financial assets:			
Investment securities	10,741	755	253
Due from ceding and retroceding companies	13,358	2,437	238
Cash and cash equivalents	3,792	441	269
Financial liabilities:			
Outstanding claims	(1,924)	-	(3)
Due to ceding and retroceding companies	(9,858)	(2,169)	(413)
Net exposure	**16,109**	**1,464**	**344**

The Company

	USD	EUR	GBP
At 31 December 2019			
Financial assets:			
Investment securities	28,322	1,603	1,923
Due from ceding and retroceding companies	39,765	7,255	708
Cash and cash equivalents	17,923	5,150	1,876
Financial liabilities:			
Outstanding claims	(10,480)	(3,120)	(8)
Due to ceding and retroceding companies	(11,830)	(2,127)	-
Net exposure	**63,700**	**8,761**	**4,499**
At 31 December 2018			
Financial assets:			
Investment securities	10,409	755	253
Due from ceding and retroceding companies	13,358	2,437	238
Cash and cash equivalents	3,155	441	269
Financial liabilities:			
Outstanding claims	(1,924)	-	(3)
Due to ceding and retroceding companies	(9,858)	(2,169)	(413)
Net exposure	**15,140**	**1,464**	**344**

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

4. Insurance and financial risk management (continued)

4.2 Financial risk management (continued)

4.2.3 Market risks (continued)

The following table shows the effect of a strengthening or weakening of Ghana cedis against all other currencies on the Group'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:

The Group

			2019			2018
	% Change	Impact Strengthening	Impact Weakening	% change	Impact Strengthening	Impact Weakening
USD	±5%	(3,185)	3,185	±5%	(3,764)	3,764
EUR	±5%	(505)	505	±5%	(405)	405
GBP	±5%	(232)	232	±5%	(106)	106

The Company

			2019			2018
	% Change	Impact Strengthening	Impact Weakening	% change	Impact Strengthening	Impact Weakening
USD	±5%	(3,185)	3,185	±5%	(3,661)	3,661
EUR	±5%	(438)	438	±5%	(405)	405
GBP	±5%	(225)	225	±5%	(106)	106

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	
	2019	2018	2019	2018
Government securities	136,760	105,259	80,475	63,212
Corporate debt securities	39	32	39	32
Term deposits	127,014	150,806	125,818	148,737
	263,813	**256,097**	**206,332**	**211,981**

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)
(All amounts are in thousands of Ghana cedis unless otherwise stated)

4. Insurance and financial risk management (continued)

4.3 Capital management

The Company's capital comprises ordinary share capital raised through direct investment, earnings retained 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:

- 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 Group'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. 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

	2019	2018
Available for sale equity securities:		
Quoted equity securities (Level 1)	45,057	42,809
Unquoted equity securities (Level 3)	5,747	4,951
	50,804	**47,760**

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 Group considers relevant observable market prices in its valuation where possible.

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

5. Fair values (continued)

5.1 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:

The Group

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Due from ceding and retroceding companies	115,221	115,221	75,088	75,088
Other assets (excluding non-financial assets)	12,554	12,554	8,792	8,792
Investment securities - HTM	263,813	257,218	256,097	252,723
Cash and cash equivalents	57,999	57,999	43,910	43,910
Total financial assets	**449,587**	**442,992**	**383,887**	**380,513**
Financial liabilities				
Due to ceding and retroceding companies	40,722	40,722	32,275	32,275
Other liabilities	7,781	7,781	1,790	1,790
Outstanding claims	106,278	106,278	89,730	89,730
Total financial liabilities	**154,781**	**154,781**	**123,795**	**123,795**

The Company

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Due from ceding and retroceding companies	96,081	96,081	70,083	70,083
Other assets (excluding non-financial assets)	13,240	13,240	8,580	8,580
Investment securities – HTM	206,332	201,174	211,982	208,048
Cash and cash equivalents	52,420	52,420	36,558	36,558
Total financial assets	**368,073**	**362,915**	**327,203**	**323,269**
Financial liabilities				
Due to ceding and retroceding companies	38,734	38,734	31,656	31,656
Other liabilities	5,759	5,759	626	626
Outstanding claims	95,498	95,498	84,179	84,179
Total financial liabilities	**139,991**	**139,991**	**116,461**	**116,461**

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

6. Property and equipment

The Group

Year ended 31 December 2019

	Land and buildings	Motor vehicles	Equipment, furniture and fittings	Computers	Capital work-in- progress	Total
At 1 January 2019	12,298	2,372	2,043	1,593	1,099	**19,405**
Additions	-	180	159	221	350	**910**
Transfers	-	-	640	436	(1,076)	**-**
Exchange differences	284	76	8	18	4	**390**
At 31 December 2019	12,582	2,628	2,850	2,268	377	**20,705**
At 1 January 2019	2,472	1,114	1,397	1,440	-	**6,423**
Charge for the year	338	376	279	319	-	**1,312**
Exchange differences	8	21	3	10	-	**42**
At 31 December 2019	2,818	1,511	1,679	1,769	-	**7,777**
Net book amount						
At 31 December 2019	**9,764**	**1,117**	**1,171**	**499**	**377**	**12,928**
Year ended 31 December 2018						
Cost						
At 1 January 2018	12,081	1,417	2,135	1,251	663	17,547
Additions	2	1,224	213	334	436	2,209
Reclassification	76	-	(81)	5	-	-
Impairment	-	(288)	(227)	-	-	(515)
Disposal	-	-	(2)	-	-	(2)
Exchange differences	139	19	5	3	-	166
At 31 December 2018	**12,298**	**2,372**	**2,043**	**1,593**	**1,099**	**19,405**
At 1 January 2018	2,060	1,091	1,353	1,139	-	5,643
Charge for the year	335	278	146	278	-	1,037
Reclassifications	76	-	(96)	20	-	-
Impairment	-	(260)	(6)	-		(266)
Disposals	-	-	(1)	-	-	(1)
Exchange differences	1	5	1	3	-	10
At 31 December 2018	**2,472**	**1,114**	**1,397**	**1,440**	**-**	**6,423**
Net book amount						
At 31 December 2018	**9,826**	**1,258**	**646**	**153**	**1,099**	**12,982**

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

6. Property and equipment (continued)

The Company

Year ended 31 December 2019

	Land and buildings	Motor vehicles	Equipment, furniture and fittings	Computers	Capital work-in- progress	Total
Cost						
At 1 January 2019	10,767	1,963	2,001	1,536	1,099	**17,366**
Additions	-	180	148	140	309	**777**
Reclassifications	-	-	640	436	(1,076)	**-**
At 31 December 2019	10,767	2,143	2,789	2,112	332	**18,143**
Accumulated depreciation						
At 1 January 2019	2,440	1,045	1,384	1,400	-	**6,269**
Charge for the year	318	279	273	293	-	**1,163**
At 31 December 2019	**2,758**	**1,324**	**1,657**	**1,693**	**-**	**7,432**
Net book amount						
At 31 December 2019	**8,009**	**819**	**1,132**	**419**	**332**	**10,711**
Year ended 31 December 2018						
Cost						
At 1 January 2018	10,691	1,369	2,111	1,210	663	16,044
Additions	-	882	198	321	436	1,837
Reclassifications	76	-	(81)	5	-	-
Impairment	-	(288)	(227)	-	-	(515)
At 31 December 2018	**10,767**	**1,963**	**2,001**	**1,536**	**1,099**	**17,366**
Accumulated depreciation						
At 1 January 2018	2,047	1,043	1,344	1,113	-	5,547
Charge for the year	317	262	142	267	-	988
Reclassifications	76	-	(96)	20	-	-
Impairment	-	(260)	(6)	3	-	10
At 31 December 2018	**2,440**	**1,045**	**1,384**	**1,400**	**-**	**6,269**
Net book amount						
At 31 December 2018	**8,327**	**918**	**617**	**136**	**1,099**	**11,097**

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

NOTES (continued)

(All amounts are in thousands of Ghana cedis unless otherwise stated)

6. Property and equipment (continued)

Loss on disposal of property and equipment

There were no disposals of property and equipment in 2019 (2018: The loss on disposal of property and equipment amount to GH¢1,000).

7. Investment properties

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
At 1 January	46,553	41,659	46,553	41,659
Fair value gains (Note 34)	-	4,894	-	4,894
At 31 December	**46,553**	**46,553**	**46,553**	**46,553**

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 directors have performed an internal valuation and confirmed that there are no material changes in the value of the investment properties as at 31 December 2019.

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	
	2019	**2018**	**2019**	**2018**
Ghana Reinsurance Company (Kenya) Limited	-	-	43,174	43,174

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

9. Deferred income tax

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
At 1 January	(4,301)	(475)	(3,857)	(467)
Credited to profit or loss (Note 36)	(6,855)	(3,808)	(6,466)	(3,390)
Exchange differences	(116)	(18)	-	-
At 31 December	**(11,272)**	**(4,301)**	**(10,323)**	**(3,857)**

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

9. Deferred income tax (continued)

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

	The Group		The Company	
Deferred income tax assets	**2019**	**2018**	**2019**	**2018**
Incurred but not reported (IBNR) claims	(19,412)	(12,813)	(19,412)	(12,813)
Provision for long service award	(232)	(232)	(232)	(232)
Other timing differences	(899)	(492)	-	-
Property and equipment – on historical cost	(68)	-	-	-
	(20,611)	**(13,537)**	**(19,644)**	**(13,045)**
Deferred income tax liabilities				
Property and equipment – on historical cost	1,270	1,147	1,270	1,137
Fair value gains on investment properties	8,051	8,051	8,051	8,051
Unrealised exchange gain	18	38	-	-
	9,339	9,236	9,321	9,188
Net deferred income tax assets	**(11,272)**	**(4,301)**	**(10,323)**	**(3,857)**

10. Current income tax

The Group

Year ended 31 December 2019

Year of assessment	At 1 January	Charge for the year	Payments during the year	Translation difference	At 31 December
Up to 2018	(1,947)	-	-	-	(1,947)
2019	-	15,713	(11,361)	43	4,395
	(1,947)	**15,713**	**(11,361)**	**43**	**2,448**

Year ended 31 December 2018

Year of assessment	At 1 January	Charge for the year	Payments during the year	Translation difference	At 31 December
Up to 2017	(1,834)	-	-	-	(1,834)
2018	-	15,618	(15,750)	19	(113)
	(1,834)	**15,618**	**(15,750)**	**19**	**(1,947)**

The Company

Year ended 31 December 2019

Year of assessment	At 1 January	Charge for the year	Payments during the year	Translation difference	At 31 December
Up to 2018	(1,259)	-	-	-	(1,259)
2019	-	13,730	(10,724)	-	3,006
	(1,259)	**13,730**	**(10,724)**	**-**	**1,747**

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

10. Current income tax (continued)

The Company (continued)

Year ended 31 December 2018

Year of assessment	At 1 January	Charge for the year	Payments during the year	Translation difference	At 31 December
Up to 2017	(2,648)	-	-	-	(2,648)
2018	-	14,700	(13,311)	-	1,389
	(2,648)	**14,700**	**(13,311)**	**-**	**(1,259)**

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

11. Due from ceding and retroceding companies

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
Due from ceding companies	50,205	32,516	33,005	28,273
Due from retroceding companies	65,016	42,572	63,076	41,810
	115,221	**75,088**	**96,081**	**70,083**

12. Other assets

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
Staff debtors	4,561	4,056	4,341	3,940
Other debtors and prepayments	8,273	8,446	9,067	8,158
Other consumables	168	131	168	132
	13,002	**12,633**	**13,576**	**12,230**

The maximum owed by staff during the year did not exceed GH¢4,561,000 (2018: GH¢4,056,000).

13. Deferred acquisition cost

Deferred acquisition cost represents commission expense relating to unexpired tenure of risk on written premiums. The movement in deferred acquisition cost during the year and prior year is as follows:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
At 1 January	11,390	16,778	10,343	16,193
Commission deferred (Note 30)	13,740	11,390	11,638	10,343
Exchange differences	23	356	-	-
Commission released (Note 30)	(11,413)	(17,134)	(10,343)	(16,193)
At 31 December	**13,740**	**11,390**	**11,638**	**10,343**

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

14. Investment securities

Available for sale financial assets
The Group'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
Year ended 31 December 2019			
At 1 January	42,809	4,951	**47,760**
Changes in fair values	2,248	796	**3,044**
At 31 December	**45,057**	**5,747**	**50,804**
Year ended 31 December 2018			
At 1 January	40,933	8,112	**49,045**
Disposals	-	(3,161)	**(3,161)**
Changes in fair values	1,876	-	**1,876**
At 31 December	**42,809**	**4,951**	**47,760**

Held to maturity financial assets

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
Term deposits	127,014	150,806	125,818	148,737
Corporate debt securities	39	32	39	32
Government securities	136,760	105,259	80,475	63,212
	263,813	**256,097**	**206,332**	**211,981**
Statutory deposits (included in Government securities)	**7,398**	**5,012**	**4,548**	**2,607**

Statutory deposits are held to meet the requirements of the regulatory authority. The deposits are not available for the Company's operation.

15. Cash and cash equivalents

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
Cash balances	5	-	5	-
Bank balances	44,260	34,395	42,573	29,112
Bank and cash balances	44,265	34,395	42,578	29,112
Treasury bills:				
- maturing within 91 days of purchase	**13,734**	**9,515**	**9,842**	**7,446**
	57,999	**43,910**	**52,420**	**36,558**

NOTES (continued)

(All amounts are in thousands of 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:

	2019		2018	
	No. of Shares '000	Proceeds	No. of Shares '000	Proceeds
Issued for cash	50,000	28,000	50,000	28,000
Capitalisation of retained earnings	-	97,000	-	72,000
	50,000	**125,000**	**50,000**	**100,000**

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

	2019		2018	
	No. of Shares '000	**Proceeds**	**No. of Shares '000**	**Proceeds**
At 1 January	50,000	100,000	50,000	85,000
Capitalisation of retained earnings	-	25,000	-	15,000
At 31 December	**50,000**	**125,000**	**50,000**	**100,000**

In accordance with Section 68 (1) (c) of the Companies Act, 2019 (Act 992), the Company, by a special resolution dated 27 June 2019, resolved to capitalise retained earnings of GH¢25 million.

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 12 to 15 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 2.4 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 12 and 13 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 thousands of 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 2019

	Life business contingency reserve	General contingency reserve	Total
At 1 January 2019	3,242	111,032	**114,274**
Transfer from retained earnings account	225	5,995	**6,220**
At 31 December 2019	**3,467**	**117,027**	**120,494**
Year ended 31 December 2018			
At 1 January 2018	648	106,049	**106,697**
Transfer from retained earnings account	2,594	4,983	**7,577**
At 31 December 2018	**3,242**	**111,032**	**114,274**

21. Retained earnings

Retained earnings represents the amount available for distribution to the members of the Company, subject to restrictions imposed by Companies Act, 2019 (Act 992) and the Insurance Act, 2006 (Act 724). Movements in the retained earnings are shown in the statement of changes in equity on pages 12 to 15 of these financial statements.

22. Provision for unearned premium

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
At 1 January	36,738	54,183	33,770	52,278
Charged /(released) to profit or loss	5,798	(17,672)	2,426	(18,508)
Exchange differences	1,826	227	-	-
At 31 December	**44,362**	**36,738**	**36,196**	**33,770**

Unearned premium represents 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	
	2019	**2018**	**2019**	**2018**
At 1 January	89,730	68,493	84,178	63,382
Gross claims incurred	147,627	104,150	137,811	95,011
Exchange differences	1,965	(2,785)	-	-
Claims paid during the year	(133,044)	(80,128)	(126,491)	(74,215)
At 31 December	**106,278**	**89,730**	**95,498**	**84,178**

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

23. Outstanding claims (continued)

Outstanding claims at the reporting date comprise:

	The Group		The Company	
	2019	2018	2019	2018
Unpaid claims	21,760	33,488	17,852	31,605
Incurred but not reported (IBNR)	84,518	56,242	77,646	52,573
Total outstanding claims	**106,278**	**89,730**	**95,498**	**84,178**

24. Deferred commission income

At 1 January	1,367	2,241	1,367	2,241
Charged/(released) to profit or loss	243	(874)	243	(874)
At 31 December	**1,610**	**1,367**	**1,610**	**1,367**

25. Life fund

The Company carries out an annual actuarial valuation of the life fund. The movement in actuarial liabilities of the life assurance policies is as follows:

	The Group		The Company	
	2019	2018	2019	2018
At 1 January	11,673	7,176	11,673	7,176
Charged to profit or loss	3,459	4,497	3,459	4,497
At 31 December	**15,132**	**11,673**	**15,132**	**11,673**

26. Due to ceding and retroceding companies

Due to ceding companies	25,932	15,564	25,932	15,565
Due to retroceding companies	14,790	16,711	12,802	16,091
	40,722	**32,275**	**38,734**	**31,656**

27. Other liabilities

Accrued expenses	3,642	3,374	3,041	3,191
Sundry creditors	5,512	4,360	4,091	3,900
National stabilisation levy (Note 35)	445	637	445	637
	9,599	**8,371**	**7,577**	**7,728**

28. Commission income

Commission income	5,392	2,632	5,306	2,607
(Charge)/release to profit and loss (Note 24)	(243)	874	(243)	874
	5,149	**3,506**	**5,063**	**3,481**

NOTES (continued)

(All amounts are in thousands of Ghana cedis unless otherwise stated)

29. Claims incurred

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
Gross claims paid	133,044	80,128	126,491	74,386
Changes in outstanding claims	(9,883)	2,469	(13,753)	1,618
Gross change in incurred but not reported	**24,466**	**21,553**	**25,073**	**19,007**
Gross claim incurred	147,627	104,150	137,811	95,011
Less retrocession recoverable	(43,148)	(27,829)	(43,148)	(27,392)
	104,479	**76,321**	**94,663**	**67,619**

30. Commission expense

Commission expense	69,578	56,942	59,925	50,759
Deferred acquisition costs released	11,413	17,134	10,343	16,193
Deferred acquisition costs	(13,740)	(11,390)	(11,638)	(10,343)
	67,251	**62,686**	**58,630**	**56,609**

31. Management expenses

Directors emoluments	2,970	2,466	2,717	2,210
Staff costs	18,329	15,038	15,748	13,097
Auditors' remuneration	698	415	508	282
Depreciation and amortisation	1,312	1,037	1,163	989
Net irrecoverable debt	3,168	3,145	2,197	1,653
Administrative and other expenses	14,957	21,101	13,686	19,884
	41,434	**43,202**	**36,019**	**38,115**

32. Investment income

Interest on investment securities	27,061	26,686	22,891	22,306
Rent income	1,013	793	1,013	792
Dividend income	1,301	685	1,301	685
	29,375	**28,164**	**25,205**	**23,783**

33. Exchange gains

Net exchange gains	**15,808**	**7,477**	**15,808**	**7,477**

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 Ghana cedis.

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

34. Other income

	The Group		The Company	
	2019	2018	2019	2018
Interest on deposits released	153	124	153	124
Interest on current account	148	120	148	119
Fair value gains on investment properties (Note 7)	-	4,894	-	4,894
Sundry income	850	1,784	796	2,156
	1,151	**6,922**	**1,097**	**7,293**

35. National fiscal stabilisation levy

The Group and the Company

Year ended 31 December 2019

Year of assessment	At 1 January	Charge for the year	Payments during the year	At 31 December
Up to 2018	637	-	-	637
2019	-	1,780	(1,972)	(192)
	637	1,780	(1,972)	445

Year ended 31 December 2018

Year of assessment	At 1 January	Charge for the year	Payments during the year	At 31 December
Up to 2017	548	-	-	548
2018	-	2,589	(2,500)	89
	548	2,589	(2,500)	637

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	
	2019	2018	2019	2018
Current income tax (Note 10)	15,713	15,618	13,730	14,700
Deferred income tax (Note 9)	(6,855)	(3,808)	(6,466)	(3,390)
	8,858	**11,810**	**7,264**	**11,310**

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

36. Income tax expense (continued)

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	
	2019	**2018**	**2019**	**2018**
Profit before income tax	**40,799**	**53,027**	**35,595**	**51,783**
Tax charged at enacted tax rate	10,200	13,257	8,899	12,946
Difference in oversea tax rate	260	62	-	-
Expenses not deductible for tax purposes	324	174	291	47
Income exempt from tax	(1,926)	(1,683)	(1,926)	(1,683)
	8,858	**11,810**	**7,264**	**11,310**

All tax liabilities are subject to the approval of the tax authority in the respective jurisdictions.

37. Related party transactions

The Company wholly owns Ghana Reinsurance Company (Kenya) Limited. These are related party transactions arising from the Company's shareholding and directorship.

(i) Transactions with related parties

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
Ghana Reinsurance Company (Kenya) Limited:				
Premium	-	-	740	699
Brokerage fees	-	-	(93)	(70)
	-	**-**	**647**	**629**

(ii) Year end balances arising from related parties

The Company

(a) Amounts due to related parties

	2019	2018
Ghana Reinsurance Company (Kenya) Limited	-	**117**

(b) Amounts due from related parties

Ghana Reinsurance Company (Kenya) Limited	**906**	**-**

(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:

NOTES (continued)

(All amounts are in thousands of Ghana cedis unless otherwise stated)

37. Related party transactions (continued)

	The Group		The Company	
	2019	2018	2019	2018
Short-term benefits	5,721	4,693	4,973	4,427

38. Contingent liabilities

Pending legal claims
There were no legal cases pending against the Group as at the reporting date (2018: Nil).

39. Capital commitments

There were no outstanding commitments for capital expenditure at the reporting date (2018: Nil).

40. Dividends

	The Group		The Company	
	2019	2018	2019	2018
At 1 January	-	-	-	-
Dividend declared for 2017	-	6,000		6,000
Dividend declared for 2018	9,000	-	9,000	-
Payment	(9,000)	(6,000)	(9,000)	(6,000)
At 31 December	-	-	-	-

The directors will recommend the payment of dividend for the year ended 31 December 2019 at the next Annual General Meeting. The Company paid, during the year, dividend per share of GH¢0.18 amounting to GH¢9 million in respect of the year ended 31 December 2018 which was approved at the Annual General Meeting held on 27 June 2019.

41. Subsequent events

It is envisioned that the COVID 19 pandemic will most likely have an impact on the economy and as a result the Incurred but not reported (IBNR) provisions and the Life Fund will be impacted. The Company is, however, not able to produce a reliable estimate of this impact at this point.

The directors are not aware of any other material events that have occurred between the date of the statement of financial position and the date of this report.

42. 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.

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

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

The Group has not previously applied any version of IFRS 9 and hence meets 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	**2019**	**2018**	**2019**	**2018**
Liabilities arising from contracts within the scope of IFRS 4:				
Provision for unearned premium	44,362	36,738	36,196	33,770
Outstanding claims	106,278	89,730	95,498	84,178
Deferred commission income	1,610	1,367	1,610	1,367
Life fund	15,132	11,673	15,132	11,673
Due to ceding and retroceding companies	40,722	32,275	38,734	31,656
Total liabilities arising from insurance contracts	208,104	171,783	187,170	162,644
Total liabilities	**220,151**	**180,154**	**196,494**	**170,372**
Liabilities arising from contracts within the scope of IFRS 4 as a percentage of total liabilities	**95%**	95%	**95%**	95%

As summarised above, the Group's liabilities arising from contracts within the scope of IFRS 4 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:

Description	The Group		The Company	
	2019	**2018**	**2019**	**2018**
Revenue from reinsurance activities	215,628	200,886	190,889	183,786
Revenue from investment and other activities	46,334	42,563	42,110	38,553
Total income	**261,962**	**243,449**	**232,999**	**222,339**
Income from insurance activities as percentage of total income	**82%**	83%	**82%**	83%

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

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

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		Fair value	
	The Group		The Company	
	2019	2018	2019	2018
Investment securities (held to maturity)	**257,218**	252,723	**201,174**	208,048

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		Fair value	
	The Group		The Company	
	2019	2018	2019	2018
Quoted equity securities	**45,057**	42,809	**45,057**	42,809
Unquoted equity securities	**5,747**	4,951	**5,747**	4,951

(All amounts are in thousands of Ghana cedis unless otherwise stated)

43. Reinsurance business segments (continued)

The Company

Year ended 31 December 2019	Fire	Motor	W. C. A.	Other Accidents	Marine Cargo	Marine Hull	Aviation	Total General Business	Total Life Business	Total Combined Business
Gross premiums	126,393	16,203	362	38,180	11,869	5,637	1,202	199,846	22,524	222,370
Retrocession premium	(25,821)	(17)	-	(1,076)	(759)	(305)	(633)	(28,611)	(5,507)	(34,118)
Net Premiums written	100,572	16,186	362	37,104	11,110	5,332	569	171,235	17,017	188,252
Unearned premiums	(4,552)	(1,170)	48	(245)	1,438	-	(70)	(4,551)	2,125	(2,426)
Net premium earned	96,020	15,016	410	36,859	12,548	5,332	499	166,684	19,142	185,826
Commission income	3,355	5	-	101	(37)	-	143	3,567	1,496	5,063
Net premium and commission earned	99,375	15,021	410	36,960	12,511	5,332	642	170,251	20,638	190,889
Underwriting expense:										
Net claims incurred	(54,159)	(25,836)	156	(16,901)	7,844	1,604	(236)	(87,528)	(7,135)	(94,663)
Net commission expense	(35,415)	(1,234)	(14)	(12,081)	(3,270)	(1,595)	(239)	(53,848)	(4,782)	(58,630)
Increase in life fund	-	-	-	-	-	-	-	-	(3,459)	(3,459)
Foreign taxes and brokerage fees	(2,777)	(866)	-	(663)	-	-	(7)	(4,313)	(320)	(4,633)
Management expense	(22,235)	(2,850)	(64)	(6,717)	(2,088)	(992)	(211)	(35,157)	(862)	(36,019)
Total underwriting expenses	(114,586)	(30,786)	78	(36,362)	2,486	(983)	(693)	(180,846)	(16,558)	(197,404)
Underwriting profit/(loss)	(15,211)	(15,765)	488	598	14,997	4,349	(51)	(10,595)	4,080	(6,515)
Investment Income								15,794	9,411	25,205
Exchange Gain								15,808	-	15,808
Other Income								1,080	17	1,097
Profit before income tax								22,087	13,508	35,595
National fiscal stabilisation levy								(1,780)	-	(1,780)
Income tax expense								(7,264)	-	(7,264)
Profit for the year								13,043	13,508	26,551

(All amounts are in thousands of Ghana cedis unless otherwise stated)

43. Reinsurance business segments (continued)

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	16,748	130	30,018	10,962	4,381	768	166,889	18,502	185,391
Retrocession premium	(19,306)	(21)	(275)	(385)	(1,495)	(115)	(223)	(21,820)	(1,774)	(23,594)
Net Premiums written	84,576	16,727	(145)	29,633	9,467	4,266	545	145,069	16,728	161,797
Unearned premiums	11,561	262	(16)	4,861	509	-	100	17,277	1,231	18,508
Net premium earned	96,137	16,989	(161)	34,494	9,976	4,266	645	162,346	17,959	180,305
Commission income	2,465	5	(5)	155	91	-	68	2,779	702	3,481
Net premium and commission earned	98,602	16,994	(166)	34,649	10,067	4,266	713	165,125	18,661	183,786
Underwriting expense:										
Net claims incurred	(34,993)	(12,409)	300	(13,513)	(3,245)	190	(231)	(63,901)	(3,718)	(67,619)
Net commission expense	(35,557)	(2,114)	(29)	(10,505)	(2,764)	(1,303)	(208)	(52,480)	(4,129)	(56,609)
Increase in life fund	-	-	-	-	-	-	-	-	(4,497)	(4,497)
Foreign taxes and brokerage fees	(2,052)	(907)	(1)	(469)	(215)	(67)	(5)	(3,716)	-	(3,716)
Management expense	(22,966)	(3,730)	(29)	(6,684)	(2,441)	(976)	(171)	(36,997)	(1,118)	(38,115)
Total underwriting expenses	(95,568)	(19,160)	241	(31,171)	(8,665)	(2,156)	(615)	(157,094)	(13,462)	(170,556)
Underwriting profit/(loss)	3,034	(2,166)	75	3,478	1,402	2,110	98	8,031	5,199	13,230
Investment Income								15,341	8,442	23,783
Exchange Gain								7,477	-	7,477
Other Income								7,293	-	7,293
Profit before income tax								38,142	13,641	51,783
National fiscal stabilisation levy								(2,589)	-	(2,589)
Income tax expense								(11,310)	-	(11,310)
Profit for the year								24,243	13,641	37,884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