GHANA REINSURANCE COMPANY LIMITED

2020 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"

CONTENT

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	Akosua Boahemaa Baah-Frimpong
Registered office	Plot 24, Sudan Road Ridge, Accra P. O. Box AN 7509 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

George Yaw 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
Director

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

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

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

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

Francis Sapara-Grant
Director

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

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

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

Among his other experiences, Dr. Sapara-Grant was a Supervising Board Member of Procredit Savings and Loans (Ghana) Limited– a member of the Procredit Group, which is an international banking group with presence in 21 countries. He was a member of the implementation Sub-Committee on the Informal Sector of the Presidential Commission on Pensions that designed the three-tier pension scheme for Ghana. He is currently a member of the Informal Sector Working Group which has the responsibility for advising the National Pensions Regulatory Authority of Ghana on the extension of pension coverage to the workforce in the Informal Sector of the economy.

Jennifer Owusu
Director

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 fiftyeight 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
Director

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

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

Lynda Odro

Director

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.

PROFILE OF EXECUTIVES / 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.

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.

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.

Mr. Joseph Adom

Deputy Managing Director, Finance & Administration

Mr. Joseph Adom is a chartered accountant by profession and a Fellow Member of Association of Chartered Certified Accountants (ACCA, UK). He holds an Executive MBA degree in Banking and Finance from Paris Graduate School of Management (PGSM).

He has twenty-one (21) years of progressive professional working experience, fifteen of which has been in Insurance Industry. He began his professional accountancy career as an audit trainee with Enoch Dodoo and Co, a Local accountancy firm where he was part of the team of external auditors that audited the Bank of Ghana in 2000.

His career in the Insurance industry started in April 2005 with Unique Insurance Company, where he rose to the position of Finance Manager. He joined Equity Assurance Company Ltd (now Sunu Assurances Ghana Ltd) in May 2010 as Chief Finance Officer. Joseph has attended several conferences and training programs both home and abroad in November 2014.

Joseph was appointed as the first Chief Finance Officer of GN Reinsurance Company when the company began operations, until his resignation in August 2020.

He joined Ghana Reinsurance Comapany Limited in September 2020 as Deputy Managing Director, Finance and Administration.

FINANCIAL HIGHLIGHTS
(THREE YEAR SUMMARY)

GROUP (All amount in thousands of Ghana Cedis)	2020 GH₵	2019 GH₵	2018 GH₵
Gross Premium Income	**311,560**	253,371	205,659
Net Premium Income	**278,982**	216,277	179,708
Underwriting Profit / (Loss)	**9,883**	(5,535)	10,464
Investment Income	**37,473**	29,375	28,164
Management Expense	**56,194**	41,434	43,202
Shareholders Fund	**387,756**	365,181	332,507
Management Expense to Gross premium Ratio	**18%**	16%	21%
Earnings Per Share	**0.84**	0.60	0.77

COMPANY	2020 GH₵	2019 GH₵	2018 GH₵
Gross Premium Income	**253,365**	222,370	185,391
Net Premium Income	**226,216**	188,252	161,797
Underwriting Profit / (Loss)	**4,310**	(6,515)	13,230
Investment Income	**32,328**	25,205	23,783
Management Expense	**47,954**	36,019	38,115
Shareholders Fund	**364,465**	345,118	324,523
Management Expense to Gross premium Ratio	**19%**	16%	21%
Earnings Per Share	**0.68**	0.53	0.76

CHAIRMAN'S STATEMENT

Distinguished shareholder, it is my pleasure to welcome you on behalf of the Board of Directors to the 18th Annual General Meeting of your company, and to present to you the Annual Report including the Financial Statements of Ghana Reinsurance Group (Ghana Re) for the year ended 31st December 2020.

THE ECONOMY

Global

High uncertainty surrounds the global economic outlook, primarily related to the COVID-19 pandemic. IMF estimates that the global economy contraction of -3.3% in 2020, could have been three times as large if not for the extraordinary policy support which various governments put in place. The impact of the contraction has been particularly large for countries that rely on tourism, commodity exports and those with limited policy space to respond. Moreover COVID-19 induced contraction has had adverse effect on employment and incomes particularly in developing countries. High debt to GDP ratios has characterised this contraction in economic activities, thereby reducing the fiscal space for most countries. The global economy is projected to grow at 6% in 2021, this depends on the race between the virus and vaccines. Greater progress with vaccinations can uplift the forecast, while new virus variants that evade vaccines can lead to a sharp downgrade. *(Source: IMF's World Economic Outlook Update, April, 2021).*

Africa

IMF estimates the region's GDP contracted by 1.9% in 2020, due to the COVID-19 pandemic; this however is better than the projected contraction of 3% in October 2020. On debt seventeen countries were either in debt distress or at high risk of debt distress in 2020. The Group of Twentys' (G20) Debt Service Suspension Initiative has delivered valuable liquidity support, providing $1.8 billion in assistance from June-December 2020, and offering $4.8 billion in potential savings over January-June 2021.

Looking ahead the region will grow by 3.4% in 2021, up from 3.1% projected in October 2020. This growth would be supported by improved export and commodity prices along with a recovery in both private consumption and investment. The region's per capita output is not expected to return to 2019 levels until after 2022. In many countries per capita incomes will not return to pre-crisis levels before 2025. To recover grounds lost during the crisis, the region faces additional external funding needs of $425 billion over 2021-2025. (Source: IMF's World Economic Outlook Update, April, 2021).

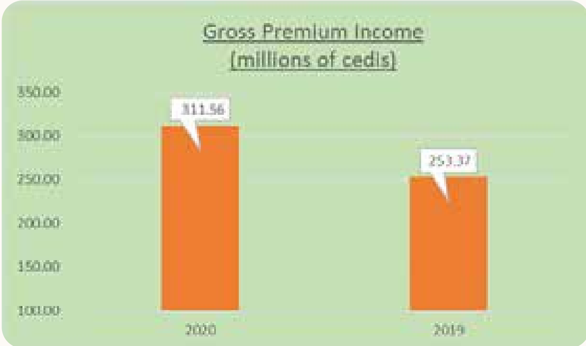
Ghana

Amidst the COVID-19 pandemic Ghana's, gross domestic product growth rate for year 2020 was 0.4%, compared with 6.5% for same period 2019. Inflation rate recorded as at year end 2020 was 10.4%. Monetary Policy Rate (MPR) for year end 2020 was 14.5%. Interest rates in the money market generally trended downward in 2020 on year-on-year basis. The 91-day and 182-day treasury bill rates declined from 14.69% and 15.5% in December 2019 to 14.08% and 14.13% respectively in December 2020. Similarly, the rate on the 364-day instrument decreased to 16.98% from 17.88% over the same comparative periods. Rates on the secondary bond market have also broadly declined except for rates on the 5-year and 20-year, which increased by 35 basis points and 18 basis points respectively to settle at 19.85% and 22.28% respectively. 2021 Budget statement is targeting a GDP growth rate of 5%, inflation rate of 8% plus/minus 2% and Gross international reserves cover of not less than 4 months imports. (Source: Ministry of Finance, 2021 Budget statement and Economic policy).

2020 GROUP BUSINESS PERFORMANCE

Premium Income

Total gross premium income recorded for 2020 was GH₵311.56m compared to 2019 figure of GH₵253.37m this represents a growth rate of 23%.



General business gross premium income recorded in 2020 was GH₵286.39m which represents 92% of total gross premium income. 'Fire', dominated the line of business, by contributing 47.7% of the General Business premium income. 'Other Accidents' and 'Motor' businesses contributed 26.2% and 9.2% respectively.

With a growth of 12%, Life business gross premium increased from GH₵22.52m in 2019 to GHS₵25.17m in 2020. The life business contributed 8% of the total gross premium income.

Commissions, Claims and Management Expenses

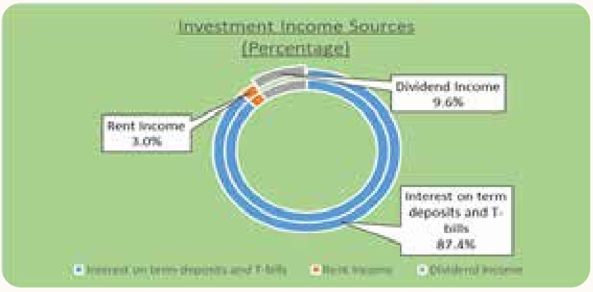
Commission expense incurred in year 2020 was GH₵73.03m, an increase of 8.6% over year 2019 figure of GH₵67.25m. The commission ratios for years 2020 and 2019 were 23.4% and 26.5% respectively.

Net claims incurred in the year under review was GH₵110.54m compared with 2019 figure of GH₵104.48 million, an uptick of 5.8%. Claims ratio in 2020 was 43% compared with 49.6% in 2019.

Management expenses grew from 2019 figure of GH₵41.43m to GH₵56.19m in 2020, an increase of 35.6%. Management expense ratio increased from 19.7% in 2019 to 21.9% in 2020, largely because of impairment provision.

Investment Income

Investment Income realised during the year under review was GH₵37.47m compared with GH₵29.37m in 2019, an increase of 27.6%. Interest on term deposits and treasury bills contributed 87.4% of total investment income.



Investment Portfolio

Total investment portfolio represented 61.6% of total assets of GH₵680.41m compared with 64.0% in 2019. The investment portfolio, comprising mainly money market instruments, yielded an average return of 9.4% in 2020 compared with 8.0% in 2019. The re-alignment of the investment portfolio to optimize yield whiles ensuring adequate liquidity and preservation of capital, is yielding results.

Profit

Profit before tax recorded for year 2020 was GH₵55.79m compared with GH₵40.80m in 2019 whiles Profit after tax was GH₵41.94m as against GH₵30.16m recorded in 2019. Return on Equity increased from 11.7% in 2019 to 14.8% in 2020.

We will continue to ensure the shareholder receive good return on its investment.

Shareholder's Equity

Shareholder's equity grew from GH₵365.18m in 2019 to GH₵387.76m in 2020. Total assets to total liabilities ratio was 2.3 in 2020 compared to 2.6 in 2019.

Dividend

Based on the performance of the company in 2020, the Board of Directors proposes a total and final dividend of GH₵10.00m to be paid to the shareholder for 2020.

Corporate Social Responsibility

The company spent a total of GH₵220,000 on corporate social responsibility during the year under review. This amount went to support the activities of selected educational and health institutions. The company will continue to give back to society by providing the needed support on an annual basis to these important institutions in our country.

OUTLOOK FOR 2021

3 Year Strategic Plan

The company has developed a strategic plan that will guide its operation for years 2021-2023. The three- year strategic plan is anchored on these four strong pillars:

I. Expand into new markets and products.

II. Enhance operational excellence.

III. Identify and develop key talents within the company.

IV. Enhance shareholder value by increasing average return on equity to a minimum of 20%.

In a bid to improve the North Africa market, your company has started the process of establishing an office in Morocco, the office hopefully will become operational in the last quarter of 2021.

On enhancing operational excellence, your company will continue to use Information Technology to leverage on performance. The company will ensure that it implements cloud computing solutions to ensure that staff can access the office environment wherever they find themselves. Additionally, the company will ensure there is a reduction in the amount of papers usage by gradually moving in the direction of a paperless office.

The Human Capital is the most valuable resource we have in the company therefore we will identify, develop and retain these resources by offering training and competitive remuneration package.

Finally, our distinguished shareholder, having invested in this company you deserve a commensurate reward for the risk thereof, your company will ensure that the return on equity at the end of the three years of this strategic plan will reach our target of 20%. The attainment of this goal will ensure that dividend payment will be enhanced and the shareholder value represented by the Net Assets improved upon.

APPRECIATION

To our loyal partners, insurance and reinsurance companies, brokers, Regulator and all other stakeholders, who supported us during this COVID-19 pandemic, we say we are grateful for your support and we look forward to strengthening this relationship in the year 2021. We appreciate the contribution of management and staff who work hard to realise this performance. To you our cherished shareholder we cannot thank you enough for your unwavering support.

Finally, as Board of Directors we are pivotal in the corporate governance structure of this company. We therefore pledge to continue to guide management, through effective supervision that will enhance shareholder value.

Thank you.

Chairman

REPORT OF THE DIRECTORS

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 2020.

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's and its subsidiary'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 the previous year.

Financial results

The financial results for the year ended 31 December 2020 are set out below:

	The Group 2020 GH¢'000	The Company 2020 GH¢'000
Profit before income tax	**55,790**	45,002
from which is deducted national fiscal stabilisation levy of	**(2,250)**	(2,250)
and income tax expense of	**(11,601)**	(8,622)
giving a profit after income tax for the year of	**41,939**	34,130
which is added to the balance brought forward on retained earnings of	**54,642**	48,809
resulting in a balance of	**96,581**	82,939
from which is deducted:		
- transfer to contingency reserve of;	**(8,692)**	(8,692)
- dividend paid for 2019 of	**(9,000)**	(9,000)
leaving retained earnings carried forward of	**78,889**	65,247

The directors will recommend the payment of a **dividend** for the year ended 31 December 2020 at the next Annual General Meeting.

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 2020 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 2019 was approved at the 2019 Annual General Meeting held on 2 July 2020 and paid during the year.

Corporate social responsibilities

The Company spent GH₵220,000 on corporate social responsibilities during the year.

Auditors' remuneration

The independent auditors' remuneration is set out in note 31 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).

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George Otoo	George Y. Mensah
Board Chairman	Managing Director

Date: 12th May, 2021

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 2020, 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 2020.

The financial statements comprise:

- the separate and consolidated statements of financial position as at 31 December 2020;
- 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 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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Valuation of insurance contract liabilities</td><td></td></tr>
<tr><td>
<table>
<tr><th></th><th>The Group
GH¢'000</th><th>The Company
GH¢'000</th></tr>
<tr><td>Outstanding claims</td><td>138,278</td><td>117,244</td></tr>
<tr><td>Life fund</td><td>20,029</td><td>20,029</td></tr>
</table>
The estimation of insurance contract liabilities involves significant degree of judgement due to the level of subjectivity inherent in the estimation of the effect of uncertain or unknown future events and the resulting potential exposure to losses.
The valuation of the incurred but not reported (IBNR) and the life fund is carried out by an independent actuary engaged by the Group.
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 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.
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.
The estimation of insurance contract liabilities is therefore considered as a key audit matter for the Group and the Company based on the level of complexity and significant management judgement involved.
Notes 3.1 and 4.1.1 set out the critical estimates and judgement exercised in calculating insurance contract liabilities. Unpaid claims and related IBNR are disclosed in note 23 while the actuarial liabilities of life assurance policies is disclosed in note 25 to the financial statements.
</td><td>
We obtained an understanding of, and evaluated controls in place over the underwriting of policies and claims process and tested selected controls.
We obtained the actuarial valuation reports 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 reasonable and 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, investment return rate 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.
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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, and 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.

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, actions taken to eliminate threats or safeguards applied.

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.

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 Michael Asiedu-Antwi (ICAG/P/1138).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2021/028)
Chartered Accountants
Accra, Ghana
21 May 2021

pwc

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

		The Group		The Company	
Assets	Note	**2020**	2019	**2020**	2019
Property and equipment	6	**12,410**	12,928	**10,439**	10,711
Investment properties	7	**46,553**	46,553	**46,553**	46,553
Investment in subsidiary	8	**-**	-	**43,174**	43,174
Deferred tax assets	9	**13,884**	11,272	**12,422**	10,323
Due from ceding and retroceding companies	11	**122,619**	115,221	**88,123**	96,081
Other assets	12	**9,819**	13,002	**9,612**	13,576
Deferred acquisition cost	13	**22,077**	13,740	**18,977**	11,638
Investment securities					
- Available for sale	14	**45,093**	50,804	**45,093**	50,804
- Held to maturity	14	**317,239**	263,813	**255,594**	206,332
Cash and cash equivalents	15	**90,714**	57,999	**87,215**	52,420
Total assets		**680,408**	**585,332**	**617,202**	**541,612**
Equity					
Stated capital	16	**125,000**	125,000	**125,000**	125,000
Capital surplus account	17	**8,362**	8,362	**8,362**	8,362
Available for sale reserve	18	**35,364**	41,147	**36,670**	42,453
Foreign currency translation reserve	19	**10,955**	15,536	**-**	-
Statutory reserve	20	**129,186**	120,494	**129,186**	120,494
Retained earnings	21	**78,889**	54,642	**65,247**	48,809
Total equity		**387,756**	**365,181**	**364,465**	**345,118**
Technical Liabilities					
Provision for unearned premium	22	**65,884**	44,362	**54,876**	36,196
Outstanding claims	23	**138,278**	106,278	**117,244**	95,498
Deferred commission income	24	**2,401**	1,610	**2,401**	1,610
Life fund	25	**20,029**	15,132	**20,029**	15,132
		226,592	167,382	**194,550**	148,436
Other liabilities					
Due to ceding and retroceding companies	26	**49,673**	40,722	**45,665**	38,734
Current tax liabilities	10	**4,829**	2,448	**3,578**	1,747
Other liabilities	27	**11,558**	9,599	**8,944**	7,577
		66,060	52,769	**58,187**	48,058
Total liabilities		**292,652**	220,151	**252,737**	196,494
Total equity and liabilities		**680,408**	585,332	**617,202**	541,612

The notes on pages 17 to 63 form an integral part of these financial statements.

The financial statements on pages 10 to 63 were approved by the Board of Directors on 12th May, 2021 and signed on their behalf:

....
George Otoo
Board Chairman

....
George Y. Mensah
Managing Director

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

		The Group		The Company	
	Note	**2020**	2019	**2020**	2019
Gross premiums		**311,560**	253,371	**253,365**	222,370
Retrocession premium		**(32,578)**	(37,094)	**(27,149)**	(34,118)
Net premium written		**278,982**	216,277	**226,216**	188,252
Unearned premiums	22	**(21,954)**	(5,798)	**(18,680)**	(2,426)
Net premium earned		**257,028**	210,479	**207,536**	185,826
Commission income	28	**4,607**	5,149	**4,309**	5,063
Net premium and commission earned		**261,635**	215,628	**211,845**	190,889
Net claims incurred	29	**(110,538)**	(104,479)	**(92,161)**	(94,663)
Net commission expense	30	**(73,031)**	(67,251)	**(55,327)**	(58,630)
Increase in life fund	25	**(4,897)**	(3,459)	**(4,897)**	(3,459)
Foreign levies and brokerage fees		**(7,092)**	(4,540)	**(7,196)**	(4,633)
Management expenses	31	**(56,194)**	(41,434)	**(47,954)**	(36,019)
Total underwriting expenses		**(251,752)**	(221,163)	**(207,535)**	(197,404)
Underwriting profit/(loss)		**9,883**	(5,535)	**4,310**	(6,515)
Investment income	32	**37,473**	29,375	**32,328**	25,205
Exchange gains	33	**7,697**	15,808	**7,627**	15,808
Other income	34	**737**	1,151	**737**	1,097
Profit before income tax		**55,790**	40,799	**45,002**	35,595
National fiscal stabilisation levy	35	**(2,250)**	(1,780)	**(2,250)**	(1,780)
Income tax expense	36	**(11,601)**	(8,858)	**(8,622)**	(7,264)
Profit for the year		**41,939**	30,161	**34,130**	26,551
Other comprehensive income:					
Items that may be reclassified subsequently to profit and loss:					
Fair value (loss)/gain on equity securities	14	**(5,783)**	3,044	**(5,783)**	3,044
Exchange difference on translation of foreign operations		**(4,581)**	8,469	**-**	-
		(10,364)	11,513	**(5,783)**	3,044
Total comprehensive income		**31,575**	**41,674**	**28,347**	**29,595**

The notes on pages 17 to 63 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 2020	**Stated capital**	**Retained earnings**	**Foreign currency translation reserve**	**Capital surplus account**	**Available for sale reserve**	**Statutory reserve**	**Total**
Balance at 1 January 2020	125,000	54,642	15,536	8,362	41,147	120,494	**365,181**
Profit for the year	-	41,939	-	-	-	-	**41,939**
Other comprehensive income	-	-	(4,581)	-	(5,783)	-	**(10,364)**
Total comprehensive income	-	41,939	(4,581)	-	(5,783)	-	**31,575**
Regulatory reserves and other transfers:							
Transfer to contingency reserve	-	(8,692)	-	-	-	8,692	**-**
Transactions with owners:							
Dividends for 2019 paid (Note 40)	-	(9,000)	-	-	-	-	**(9,000)**
Balance at 31 December 2020	**125,000**	**78,889**	**10,955**	**8,362**	**35,364**	**129,186**	**387,756**

The notes on pages 17 to 63 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 2019	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 2019	**125,000**	**54,642**	**15,536**	**8,362**	**41,147**	**120,494**	**365,181**

The notes on pages 17 to 63 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 2020	**Stated capital**	**Retained earnings**	**Capital surplus account**	**Available for sale reserve**	**Statutory reserve**	**Total**
Balance at 1 January 2020	125,000	48,809	8,362	42,453	120,494	345,118
Profit for the year	-	34,130	-	-	-	34,130
Other comprehensive income	-	-	-	(5,783)	-	(5,783)
Total comprehensive income	-	34,130	-	(5,783)	-	28,347
Regulatory reserves and other transfers:						
Transfer to contingency reserve	-	(8,692)	-	-	8,692	-
Transactions with owners:						
Dividends for 2019 paid (Note 40)	-	(9,000)	-	-	-	(9,000)
Balance at 31 December 2020	**125,000**	**65,247**	**8,362**	**36,670**	**129,186**	**364,465**

The notes on pages 17 to 63 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 2019	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 2019	**125,000**	**48,809**	**8,362**	**42,453**	**120,494**	**345,118**

The notes on pages 17 to 63 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	**2020**	2019	**2020**	2019
Profit before income tax	**55,790**	40,799	**45,002**	35,595
Adjustment for:				
Depreciation on property and equipment	**1,443**	1,312	**1,271**	1,163
Loss on disposal of property and equipment	**81**	-	**81**	-
Asset write offs	**62**	-	**62**	-
Net exchange differences	**(4,412)**	1,192	**-**	-
Operating cash flows before changes in working capital	**52,964**	43,303	**46,416**	36,758
Changes in due from ceding and retroceding companies	**(7,398)**	(40,133)	**7,958**	(25,998)
Changes in other assets	**3,183**	(1,275)	**3,964**	(1,346)
Changes in deferred acquisition cost	**(8,337)**	(2,350)	**(7,339)**	(1,295)
Changes in provision for unearned premium	**21,522**	7,624	**18,680**	2,426
Changes in outstanding claims	**32,000**	16,548	**21,746**	11,320
Changes in deferred commission income	**791**	243	**791**	243
Changes in life fund	**4,897**	3,459	**4,897**	3,459
Changes in due to ceding and retroceding companies	**8,951**	8,447	**6,931**	7,078
Changes in other liabilities	**1,268**	1,020	**676**	41
Changes in net operating assets:				
Proceeds from held to maturity securities	**-**	446	**-**	5,649
Purchase of equity securities	**(72)**	-	**(72)**	-
Purchase of held to maturity securities	**(53,426)**	-	**(49,262)**	-
Cash generated from operations	**56,343**	37,332	**55,386**	38,335
National fiscal stabilisation levy paid	**(1,559)**	(1,972)	**(1,559)**	(1,972)
Income tax paid	**(11,849)**	(11,361)	**(8,890)**	(10,724)
Net cash flows from operating activities	**42,935**	23,999	**44,937**	25,639
Cash flows from investing activities				
Purchase of property and equipment	**(1,274)**	(910)	**(1,196)**	(777)
Proceeds from disposal of property and equipment	**54**	-	**54**	-
Net cash used in investing activities	**(1,220)**	(910)	**(1,142)**	(777)
Cash flows from financing activities				
Dividend paid	**(9,000)**	(9,000)	**(9,000)**	(9,000)
Net cash used in financing activities	**(9,000)**	(9,000)	**(9,000)**	(9,000)
Net increase in cash and cash equivalents	**32,715**	14,089	**34,795**	15,862
Cash and cash equivalents at start of year	**57,999**	43,910	**52,420**	36,558
Cash and cash equivalents at end of year	**90,714**	57,999	**87,215**	52,420

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 2020.

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 Group

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.

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.

Amendments to IFRS 7, IFRS 9 and IAS 39

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms.

The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The above amendment did not have any material impact on the results or the financial position of the Company and for the Group for the year ended 31 December 2020.

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

IFRS 9, 'Financial Instruments'

The Group continues to defer the application of IFRS 9 Financial Instruments. The Company has applied the temporary exemption available to companies whose activities are predominantly connected with insurance to defer the application of IFRS 9 until IFRS 17 is adopted.

The Group will continue to apply IAS 39 during this period and will provide the additional disclosures required to enable users of financial statements to make comparisons with companies that have adopted IFRS 9.

The expected impact is still being assessed. Refer to Note 43 for further details on the temporary exemption qualification.

IFRS 17, 'Insurance contracts'

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.
An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

The Group has instituted an IFRS 17 project implementation plan under the supervision of the Executive Committee, who coordinate the activities of senior finance, actuarial and information technology executives from impacted business areas.

The Standard was originally effective 1 January 2021, but extended to 1 January 2023 by the IASB in March 2020.

Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The amendment is mandatory for financial periods commencing 1 January 2022.

Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

The amendment is effective 1 January 2022.

Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The amendment is effective on 1 January 2022.

Annual Improvements to IFRS Standards 2018–2020

The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The above annual improvements are effective 1 January 2022.

Amendments to IFRS 10 and IAS 28

The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company on the current or future reporting periods and on foreseeable future transactions.

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.

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 2.5.

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.

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%
Computers	-	33.3%
Motor vehicles	-	25%

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

Derecognition

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

Revaluation

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

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

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 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.

Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable quarterly, semi-annually or annually. Lease payments for some contracts include inflationary increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

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.

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 Group)		**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	Investment securities - equity securities	Listed
		Unlisted

(i) Loans and receivables

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

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

(ii) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available for sale; and
- those that meet the definition of loans and receivables.

(iii) Available-for-sale investments

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

Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in "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.

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.

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.

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 cost.

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 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.

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 mandatory 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 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.

Dividend income

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

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 are 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 reclassify 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₵8,057,179 (2019: GH₵6,595,102), 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 (2019: Nil).

3.4 Income taxes

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

3.5 Fair value of unquoted equity investments

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

4. Insurance and financial risk management

4.1 Reinsurance risk management

4.1.1 Exposure to reinsurance risk

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

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 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 Heavy. 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 in calculating contract holder liabilities and renewal expense inflation. Interest rate of 11.42% 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.

(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.

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.

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

		Maximum insured loss			
Class of business		**The Group**		**The Company**	
		2020	2019	**2020**	2019
Non-marine	Gross	**128,438**	110,228	**128,234**	110,009
	Net	**3,422**	2,936	**3,420**	2,934
Marine	Gross	**57,022**	48,924	**56,993**	48,893
	Net	**2,281**	1,957	**2,280**	1,956

(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.

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.

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

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 risk exposure. The amount that represent the maximum exposure to credit risk comprise of:

	The Group		The Company	
	2020	2019	**2020**	2019
Due from ceding and retroceding companies	**122,619**	115,221	**88,123**	96,081
Other assets (excluding non-financial assets)	**9,377**	12,386	**9,303**	13,072
Investments securities	**362,332**	314,617	**300,687**	257,136
Cash and cash equivalents (excluding cash balances)	**90,706**	57,994	**87,209**	52,415
	585,034	500,218	**485,322**	418,704

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	
	2020	2019	**2020**	2019
Neither past due nor impaired	**49,517**	48,663	**27,747**	29,523
Past due but not impaired	**70,708**	66,558	**60,376**	66,558
Impaired	**18,390**	9,355	**10,203**	6,460
	138,615	124,576	**98,326**	102,541

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

	The Group		The Company	
	2020	2019	**2020**	2019
Gross amount	**138,615**	124,576	**98,326**	102,541
Allowance for impairment	**(15,996)**	(9,355)	**(10,203)**	(6,460)
Net amount	**122,619**	115,221	**88,123**	96,081

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

	The Group		The Company	
	2020	2019	**2020**	2019
0 – 90 days	**49,517**	48,663	**27,747**	29,523
91 – 180 days	**32,918**	41,097	**22,586**	41,097
Over 180 days	**56,180**	34,816	**47,993**	31,921
	138,615	124,576	**98,326**	102,541

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 2020	**Amount**	**1 - 6 months**	**6 - 12 months**	**over 12 months**
Due to ceding and retroceding companies	**49,673**	12,637	23,695	13,341
Other liabilities (excluding non-financial liabilities)	**4,316**	4,316	-	-
Outstanding claims	**138,278**	9,291	65,052	63,935
	192,267	**26,244**	**88,747**	**77,276**
At 31 December 2019				
Due to ceding and retroceding companies	40,722	9,735	19,367	11,620
Other liabilities (excluding non-financial liabilities)	5,957	5,957	-	-
Outstanding claims	106,278	10,140	46,998	49,140
	152,957	25,832	66,365	60,760

The Company

At 31 December 2020	**Amount**	**1 - 6 months**	**6 - 12 months**	**over 12 months**
Due to ceding and retroceding companies	**45,665**	9,525	23,585	12,555
Other liabilities (excluding non-financial liabilities)	**3,985**	3,985	-	-
Outstanding claims	**117,244**	8,207	55,105	53,932
	166,894	**21,717**	**78,690**	**66,487**
At 31 December 2019				
Due to ceding and retroceding companies	38,734	7,747	19,367	11,620
Other liabilities (excluding non-financial liabilities)	4,536	4,536	-	-
Outstanding claims	95,498	6,232	43,562	45,704
	138,768	18,515	62,929	57,324

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), the Kenyan Shillings (KES) and the British pounds (GBP). This results in exposures to exchange rate fluctuations. The balances impacted in this regard are investment securities, due from ceding and retroceding companies, due to ceding and retroceding companies, outstanding claims, bank balances and various accruals denominated in foreign currency. Exchange rate exposures are managed within approved policy parameters utilising matching of assets and liabilities.

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

The Group

At 31 December 2020	**USD**	**EUR**	**GBP**	**KES**
Financial assets:				
Investment securities	55,119	1,767	2,000	57,205
Due from ceding and retroceding companies	50,748	9,258	904	-
Cash and cash equivalents	50,867	8,490	1,783	355
Total financial assets	**156,734**	**19,515**	**4,687**	**57,560**
Financial liabilities:				
Outstanding claims	31,389	4,425	2,489	277
Due to ceding and retroceding companies	15,172	3,338	636	-
Total financial liabilities	**46,561**	**7,763**	**3,125**	**277**
Net exposure	**110,173**	**11,752**	**1,562**	**57,283**
At 31 December 2019				
Financial assets:				
Investment securities	28,322	1,603	1,923	57,481
Due from ceding and retroceding companies	47,686	8,700	850	19,140
Cash and cash equivalents	17,923	5,150	1,876	1,263
Total financial assets	93,931	15,453	4,649	77,884
Financial liabilities:				
Outstanding claims	11,092	3,189	8	10,780
Due to ceding and retroceding companies	12,438	2,169	-	1,988
Total financial liabilities	23,530	5,358	8	12,768
Net exposure	70,401	10,095	4,641	65,116

The Company

At 31 December 2020	**USD**	**EUR**	**GBP**	**KES**
Financial assets:				
Investment securities	50,678	1,767	2,000	-
Due from ceding and retroceding companies	36,471	6,654	650	-
Cash and cash equivalents	47,723	8,490	1,783	-
Total financial assets	**134,872**	**16,911**	**4,433**	**-**
Financial liabilities:				
Outstanding claims	26,614	3,752	2,110	234
Due to ceding and retroceding companies	13,947	3,069	584	-
Total financial liabilities	**40,561**	**6,821**	**2,694**	**234**
Net exposure	**94,311**	**10,090**	**1,739**	**(234)**
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	-
Total financial assets	86,010	14,008	4,507	-
Financial liabilities:				
Outstanding claims	10,480	3,120	8	-
Due to ceding and retroceding companies	11,830	2,127	-	-
Total financial liabilities	22,310	5,247	8	-
Net exposure	63,700	8,761	4,499	-

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

	2020			2019		
	% Change	**Impact Strengthening**	**Impact Weakening**	% change	Impact Strengthening	Impact Weakening
USD	**±5%**	**(5,509)**	**5,509**	±5%	(3,185)	3,185
EUR	**±5%**	**(588)**	**588**	±5%	(505)	505
GBP	**±5%**	**(78)**	**78**	±5%	(232)	232
KES	**±5%**	**(2,864)**	**2,864**	±5%	(3,256)	3,256

The Company

	2020			2019		
	% Change	**Impact Strengthening**	**Impact Weakening**	% change	Impact Strengthening	Impact Weakening
USD	**±5%**	**(4,716)**	**4,716**	±5%	(3,185)	3,185
EUR	**±5%**	**(504)**	**504**	±5%	(438)	438
GBP	**±5%**	**(87)**	**87**	±5%	(225)	225
KES	**±5%**	**12**	**(12)**	±5%	-	-

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	
	2020	2019	**2020**	2019
Government securities	**200,489**	136,760	**144,401**	80,475
Corporate debt securities	**45**	39	**45**	39
Term deposits	**116,705**	127,014	**111,148**	125,818
	317,239	263,813	**255,594**	206,332

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.

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

	2020	2019
Available-for-sale equity securities:		
Quoted equity securities (Level 1)	**39,274**	45,057
Unquoted equity securities (Level 3)	**5,819**	5,747
	45,093	50,804

The fair value hierarchy 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.

5.1 Financial instruments not measured at fair value

The table below 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

	2020		2019	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Due from ceding and retroceding companies	**122,619**	**122,619**	115,221	115,221
Other assets (excluding non-financial assets)	**9,377**	**9,377**	12,386	12,386
Investment securities - HTM	**317,239**	**309,308**	263,813	257,218
Cash and cash equivalents	**90,714**	**90,714**	57,999	57,999
Total financial assets	**539,949**	**532,018**	449,419	442,824
Financial liabilities				
Due to ceding and retroceding companies	**49,673**	**49,673**	40,722	40,722
Other liabilities	**4,316**	**4,316**	5,957	5,957
Outstanding claims	**138,278**	**138,278**	106,278	106,278
Total financial liabilities	**192,267**	**192,267**	152,957	152,957
The Company				
Financial assets				
Due from ceding and retroceding companies	**88,123**	**88,123**	96,081	96,081
Other assets (excluding non-financial assets)	**9,303**	**9,303**	13,072	13,072
Investment securities – HTM	**255,594**	**249,204**	206,332	201,174
Cash and cash equivalents	**87,215**	**87,215**	52,420	52,420
Total financial assets	**440,235**	**433,845**	367,905	362,747
Financial liabilities				
Due to ceding and retroceding companies	**45,665**	**45,665**	38,734	38,734
Other liabilities	**3,985**	**3,985**	4,536	4,536
Outstanding claims	**117,244**	**117,244**	95,498	95,498
Total financial liabilities	**166,894**	**166,894**	138,768	138,768

6. Property and equipment

The Group

Year ended 31 December 2020	**Land and buildings**	**Motor vehicles**	**Equipment, furniture and fittings**	**Computers**	**Capital work-in-progress**	**Total**
Cost						
At 1 January 2020	12,582	2,628	2,850	2,268	377	**20,705**
Additions	-	392	201	308	373	**1,274**
Disposal	-	(180)	-	-	-	**(180)**
Write offs	-	-	(62)	(4)	-	**(66)**
Exchange differences	(125)	(34)	(5)	(12)	(3)	**(179)**
At 31 December 2020	**12,457**	**2,806**	**2,984**	**2,560**	**747**	**21,554**
Accumulated depreciation						
At 1 January 2020	2,818	1,511	1,679	1,769	-	**7,777**
Charge for the year	339	432	295	377	-	**1,443**
Disposal	-	(45)	-	-	-	**(45)**
Write offs	-	-	(3)	(1)	-	**(4)**
Exchange differences	(4)	(15)	(2)	(6)	-	**(27)**
At 31 December 2020	**3,153**	**1,883**	**1,969**	**2,139**	**-**	**9,144**
Net book amount At 31 December 2020	**9,304**	**923**	**1,015**	**421**	**747**	**12,410**
Year ended 31 December 2019						
Cost						
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
Accumulated depreciation						
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

The Company

	Land and buildings	Motor vehicles	Equipment, furniture and fittings	Computers	Capital work-in-progress	Total
Cost						
At 1 January 2020	10,767	2,143	2,789	2,112	332	**18,143**
Additions	-	392	176	255	373	**1,196**
Disposals	-	(180)	-	-	-	**(180)**
Write offs	-	-	(62)	(4)	-	**(66)**
At 31 December 2020	**10,767**	**2,355**	**2,903**	**2,363**	**705**	**19,093**
Accumulated depreciation						
At 1 January 2020	2,758	1,324	1,657	1,693	-	**7,432**
Charge for the year	318	332	288	333	-	**1,271**
Disposal	-	(45)	-	-	-	**(45)**
Write offs	-	-	(3)	(1)	-	**(4)**
At 31 December 2020	**3,076**	**1,611**	**1,942**	**2,025**	**-**	**8,654**
Net book amount At 31 December 2020	**7,691**	**744**	**961**	**338**	**705**	**10,439**
Year ended 31 December 2019						
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

Disposal of property and equipment

The Group and the Company

	2020	2019
Cost	**180**	-
Accumulated depreciation	**(45)**	-
Carrying amount	**135**	-
Proceeds from disposal	**(54)**	-
Loss on disposal	**81**	**-**

7. Investment properties

The Group and the Company

At 1 January and 31 December	46,553	46,553

Investment properties are situated in Accra, the capital city of Ghana. The latest revaluation was carried out on 5 March 2019 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 fair value of the investment properties at 31 December 2020.

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	
	2020	2019	**2020**	2019
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 tax

	The Group		The Company	
	2020	2019	**2020**	2019
At 1 January	**(11,272)**	(4,301)	**(10,323)**	(3,857)
Credited to profit or loss (Note 36)	**(2,687)**	(6,855)	**(2,099)**	(6,466)
Exchange differences	**75**	(116)	**-**	-
At 31 December	**(13,884)**	(11,272)	**(12,422)**	(10,323)

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

	The Group		The Company	
	2020	2019	**2020**	2019
Deferred tax assets				
Incurred but not reported (IBNR) claims	**(19,026)**	(19,412)	**(19,026)**	(19,412)
Provision for long service award	**(232)**	(232)	**(232)**	(232)
Other timing differences	**(4,012)**	(899)	**(2,551)**	-
Property and equipment – on historical cost	**(45)**	(68)	**-**	-
	(23,315)	(20,611)	**(21,809)**	(19,644)
Deferred tax liabilities				
Property and equipment – on historical cost	**1,336**	1,270	**1,336**	1,270
Fair value gains on investment properties	**8,051**	8,051	**8,051**	8,051
Unrealised exchange gains	**44**	18	**-**	-
	9,431	9,339	**9,387**	9,321
Net deferred tax assets	**(13,884)**	(11,272)	**(12,422)**	(10,323)

10. Current tax

The Group

Year ended 31 December 2020	**At 1 January**	**Charge for the year**	**Payments during the year**	**Translation difference**	**At31 December**
Year of assessment					
Up to 2019	2,448	-	-	-	**2,448**
2020	-	14,288	(11,849)	(58)	**2,381**
	2,448	14,288	(11,849)	(58)	**4,829**

Year ended 31 December 2019					
Year of assessment					
Up to 2018	(1,947)	-	-	-	(1,947)
2019	-	15,713	(11,361)	43	4,395
	(1,947)	15,713	(11,361)	43	2,448

The Company

Year ended 31 December 2020	At 1 January	Charge for the year	Payments during the year	Translation difference	At 31 December
Year of assessment Up to 2019	1,747	-	-	-	1,747
2020	-	10,721	(8,890)	-	1,831
	1,747	10,721	(8,890)	-	3,578
Year of assessment					
Up to 2018	(1,259)	-	-	-	(1,259)
2019	-	13,730	(10,724)	-	3,006
	(1,259)	13,730	(10,724)	-	1,747

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

11. Due from ceding and retroceding companies

	The Group		The Company	
	2020	2019	**2020**	2019
Due from ceding companies	**112,432**	50,205	**80,407**	33,005
Due from retroceding companies	**10,187**	65,016	**7,716**	63,076
	122,619	115,221	**88,123**	96,081

12. Other assets

	The Group		The Company	
	2020	2019	**2020**	2019
Staff debtors	**4,244**	4,561	**4,172**	4,341
Other debtors	**5,133**	7,825	**5,131**	8,731
Prepayments	**203**	448	**145**	336
Other consumables	**239**	168	**164**	168
	9,819	13,002	**9,612**	13,576

The maximum amount owed by staff of the Group during the year did not exceed GH¢4,561,000 (2019: GH¢4,561,000).

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 is as follows:

	The Group		The Company	
	2020	2019	**2020**	2019
At 1 January	**13,740**	11,390	**11,638**	10,343
Commission deferred (Note 30)	**22,077**	13,740	**18,977**	11,638
Exchange differences	**(146)**	23	**-**	-
Commission released (Note 30)	**(13,594)**	(11,413)	**(11,638)**	(10,343)
At 31 December	**22,077**	13,740	**18,977**	11,638

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 2020			
At 1 January	45,057	5,747	**50,804**
Additions	-	72	**72**
Changes in fair values	(5,783)	-	**(5,783)**
At 31 December	**39,274**	**5,819**	**45,093**
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**

Held to maturity financial assets

	The Group		The Company	
	2020	2019	**2020**	2019
Term deposits	**158,078**	127,014	**152,521**	125,818
Corporate debt securities	**45**	39	**45**	39
Government securities	**159,116**	136,760	**103,028**	80,475
	317,239	263,813	**255,594**	206,332
Statutory deposits (included in Government securities)	**7,866**	7,398	**5,213**	4,548

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	
	2020	**2019**	2020	2019
Cash balances	**8**	**5**	6	5
Bank balances	**80,511**	**44,260**	79,088	42,573
Cash and bank balances	**80,519**	**44,265**	79,094	42,578
Treasury bills:				
- maturing within 91 days of purchase	**10,195**	**13,734**	8,121	9,842
	90,714	**57,999**	87,215	52,420

16. Stated capital

The Group and the Company

The authorised shares of the Company is 1,000,000,000 ordinary shares of no par value out of which 50,000,000 ordinary shares have been issued as follows:

	2020		2019	
	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**	-	97,000
	50,000	**125,000**	50,000	125,000

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

	2020		2019	
	No. of Shares '000	**Proceeds**	No. of Shares '000	Proceeds
At 1 January	**50,000**	**125,000**	50,000	100,000
Capitalisation of retained earnings	**-**	**-**	-	25,000
At 31 December	**50,000**	**125,000**	50,000	125,000

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 2.3 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.

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

The Group and the Company

Year ended 31 December 2020	**Life business contingency reserve**	**General contingency reserve**	**Total**
At 1 January	3,467	117,027	**120,494**
Transfer from retained earnings	1,846	6,846	**8,692**
At 31 December	5,313	123,873	**129,186**
Year ended 31 December 2019			
At 1 January	3,242	111,032	**114,274**
Transfer from retained earnings	225	5,995	**6,220**
At 31 December	3,467	117,027	**120,494**

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	
	2020	2019	**2020**	2019
At 1 January	**44,362**	36,738	**36,196**	33,770
Charged to profit or loss	**21,954**	5,798	**18,680**	2,426
Exchange differences	**(432)**	1,826	**-**	-
At 31 December	**65,884**	44,362	**54,876**	36,196

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	
	2020	2019	**2020**	2019
At 1 January	**106,278**	89,730	**95,498**	84,178
Gross claims incurred (Note 29)	**122,108**	147,627	**103,668**	137,811
Exchange differences	**(429)**	1,965	**-**	-
Claims paid during the year (Note 29)	**(89,679)**	(133,044)	**(81,922)**	(126,491)
At 31 December	**138,278**	106,278	**117,244**	95,498
Unpaid claims	**47,974**	21,760	**41,139**	17,852
Incurred but not reported (IBNR)	**90,304**	84,518	**76,105**	77,646
Total outstanding claims	**138,278**	106,278	**117,244**	95,498

24. Deferred commission income

At 1 January	**1,610**	1,367	**1,610**	1,367
Charged to profit or loss	**791**	243	**791**	243
At 31 December	**2,401**	1,610	**2,401**	1,610

25. Life fund

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

	The Group		The Company	
	2020	2019	**2020**	2019
At 1 January	**15,132**	11,673	**15,132**	11,673
Charged to profit or loss	**4,897**	3,459	**4,897**	3,459
At 31 December	**20,029**	15,132	**20,029**	15,132

26. Due to ceding and retroceding companies

Due to ceding companies	**39,446**	25,932	**39,446**	25,932
Due to retroceding companies	**10,227**	14,790	**6,219**	12,802
	49,673	40,722	**45,665**	38,734

27. Other liabilities

Accrued expenses	**7,242**	3,642	**4,959**	3,041
Sundry creditors	**3,180**	5,512	**2,849**	4,091
National stabilisation levy (Note 35)	**1,136**	445	**1,136**	445
	11,558	9,599	**8,944**	7,577

28. Commission income

Commission income	**5,398**	5,392	**5,100**	5,306
Charged to profit and loss (Note 24)	**(791)**	(243)	**(791)**	(243)
	4,607	5,149	**4,309**	5,063

29. Net claims incurred

	The Group		The Company	
	2020	2019	**2020**	2019
Gross claims paid	**89,679**	133,044	**81,922**	126,491
Changes in outstanding claims	**26,070**	(9,883)	**23,287**	(13,753)
Gross change in incurred but not reported	**6,359**	24,466	**(1,541)**	25,073
Gross claim incurred	**122,108**	147,627	**103,668**	137,811
Less retrocession recoverable	**(11,570)**	(43,148)	**(11,507)**	(43,148)
	110,538	104,479	**92,161**	94,663

30. Commission expense

Commission expense	**81,514**	69,578	**62,666**	59,925
Deferred acquisition costs released	**13,594**	11,413	**11,638**	10,343
Deferred acquisition costs	**(22,077)**	(13,740)	**(18,977)**	(11,638)
	73,031	67,251	**55,327**	58,630

31. Management expenses

Directors emoluments	**2,230**	2,155	**1,922**	1,902
Staff costs	**21,573**	17,348	**18,304**	14,767
Auditors' remuneration	**741**	698	**529**	508
Depreciation and amortisation	**1,442**	1,312	**1,271**	1,163
Net irrecoverable debt	**17,778**	3,168	**14,629**	2,197
Administrative and other expenses	**12,430**	16,753	**11,299**	15,482
	56,194	41,434	**47,954**	36,019

32. Investment income

Interest on investment securities	**32,758**	27,061	**27,613**	22,891
Rent income	**1,120**	1,013	**1,120**	1,013
Dividend income	**3,595**	1,301	**3,595**	1,301
	37,473	29,375	**32,328**	25,205

33. Exchange gains

Net exchange gains	**7,697**	15,808	**7,627**	15,808

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.

34. Other income

	The Group		The Company	
	2020	2019	**2020**	2019
Interest on bank deposits	**75**	153	**75**	153
Interest on current account	**178**	148	**178**	148
Loss on disposal of property and equipment (Note 6)	**(81)**	-	**(81)**	-
Sundry income	**565**	850	**565**	796
	737	1,151	**737**	1,097

35. National fiscal stabilisation levy

The Group and the Company

Year ended 31 December 2020	**At 1 January**	**Charge for the year**	**Payments during the year**	**At 31 December**
Year of assessment				
Up to 2019	445	-	-	**445**
2020	-	2,250	(1,559)	**691**
	445	2,250	(1,559)	**1,136**
Year ended 31 December 2019				
Year of assessment				
Up to 2018	637	-	-	**637**
2019	-	1,780	(1,972)	**(192)**
	637	1,780	(1,972)	**445**

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	
	2020	2019	**2020**	2019
Current tax (Note 10)	**14,288**	15,713	**10,721**	13,730
Deferred tax (Note 9)	**(2,687)**	(6,855)	**(2,099)**	(6,466)
	11,601	8,858	**8,622**	7,264

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	
	2020	2019	**2020**	2019
Profit before income tax	**55,790**	40,799	**45,002**	35,595
Tax charged at enacted tax rate at 25% (2019:25%)	**13,948**	10,200	**11,251**	8,899
Difference in oversea tax rate	**-**	260	**-**	-
Change in tax rate on timing difference brought forward	**150**	-		
Expenses not deductible for tax purposes	**215**	324	**83**	291
Income exempt from tax	**(2,712)**	(1,926)	**(2,712)**	(1,926)
	11,601	8,858	**8,622**	7,264

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 party

	The Company	
	2020	2019
Ghana Reinsurance Company (Kenya) Limited:		
Premiums received on behalf of the parent	**1,773**	2,444
Claims paid on behalf of the parent	**388**	2,273
Other operating expenses settled on behalf of the parent	**104**	68
Premium	**829**	740
Brokerage fees	**(104)**	(93)
	725	647

(ii) Year end balances arising from related party

The Company

(a) Amounts due to related party

Ghana Reinsurance Company (Kenya) Limited	**747**	-

(b) Amounts due from related party

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 include the following:

	The Group		The Company	
	2020	2019	**2020**	2019
Short-term benefits	**7,300**	5,721	**6,536**	4,973

38. Contingent liabilities

Pending legal claims

As at the reporting date, the Company had a certain pending legal suit in respect of claims arising in the ordinary course of business. Management has assessed the likelihood of the pending legal suit resulting in financial commitments and payments by the Company and has concluded that the suit is not probable. No provision has been made in the financial statements following professional advice and management's assessment of the legal proceedings (2019: Nil).

39. Capital commitments

There were no outstanding commitments for capital expenditure at the reporting date (2019: Nil).

40. Dividends

	The Group		The Company	
	2020	2019	**2020**	2019
At 1 January	**-**	-	**-**	-
Dividend declared for 2018	**-**	9,000	**-**	9,000
Dividend declared for 2019	**9,000**	-	**9,000**	-
Payment	**(9,000)**	(9,000)	**(9,000)**	(9,000)
At 31 December	**-**	**-**	**-**	**-**

The directors will recommend the payment of dividend for the year ended 31 December 2020 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 2019 which was approved at the Annual General Meeting held on 2 July 2020.

41. Subsequent events

Following the outbreak of the COVID-19 pandemic, the board has taken a number of measures to monitor and mitigate the effects of the pandemic on the Group's operations, such as safety and health measures for the people (eg. social distancing and working from home as and when required). At this stage, the impact of the pandemic and the actions taken by the Government to contain it has not significantly affected the Group's ability to continue as a going concern.

The directors are not aware of any material events that have occurred between the date of the statement of financial position and the date of approval of the financial statements by the directors that may require adjustment of, or disclosure in, the financial statements.

42. Comparatives

Comparative figures, where necessary, have been reclassified to conform to changes in classifications in the current financial year.

43. 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 Group 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;

b) The Group 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 Group's activities are predominantly connected with reinsurance at its annual reporting date that immediately precedes 1 April 2016, or at a subsequent annual reporting date. The reinsurer compares the total carrying amount of its liabilities connected with reinsurance with the total carrying amount of all of its liabilities, in addition to liabilities arising directly from contracts within IFRS 4's scope.

The Group has not previously applied any version of IFRS 9 and hence 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	**2020**	2019	**2020**	2019
Liabilities arising from contracts within the scope of IFRS 4:				
Provision for unearned premium	**65,884**	44,362	**54,876**	36,196
Outstanding claims	**138,278**	106,278	**117,244**	95,498
Deferred commission income	**2,401**	1,610	**2,401**	1,610
Life fund	**20,029**	15,132	**20,029**	15,132
Due to ceding and retroceding companies	**49,673**	40,722	**45,665**	38,734
Total liabilities arising from insurance contracts	**276,265**	208,104	**240,215**	187,170
Total liabilities	**292,652**	220,151	**252,737**	196,494
Liabilities arising from contracts within the scope of IFRS 4 as a percentage of total liabilities	**94%**	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:

	The Group		The Company	
Description	**2020**	2019	**2020**	2019
Revenue from reinsurance activities	**261,635**	215,628	**211,845**	190,889
Revenue from investment and other activities	**45,907**	46,334	**40,692**	42,110
Total income	**307,542**	261,962	**252,537**	232,999
Income from insurance activities as percentage of total income	**85%**	82%	**84%**	82%

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

Fair value disclosures

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

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

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

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

	Fair value The Group		Fair value The Company	
	2020	2019	**2020**	2019
Investment securities (held to maturity)	**309,308**	257,218	**249,204**	201,174

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 IAS 39, or that is managed and whose performance is evaluated on a fair value basis are as follows:

	Fair value The Group		Fair value The Company	
	2020	2019	**2020**	2019
Quoted equity securities	**39,274**	45,057	**39,274**	45,057
Unquoted equity securities	**5,819**	5,747	**5,819**	5,747

44. Reinsurance business segments

The Company

Year ended 31 December 2020	Fire	Motor	WCA	Other Accident	Marine Cargo	Marine Hull	Aviation	Total General Business	Total Life Business	Total Combined Business
Gross premiums	107,796	23,070	833	51,623	18,330	25,085	1,458	**228,195**	**25,170**	**253,365**
Retrocession premium	(19,324)	-	-	(201)	(1,230)	(332)	(754)	**(21,841)**	**(5,308)**	**(27,149)**
Net premium written	88,472	23,070	833	52,422	17,100	24,753	704	**206,354**	**19,862**	**226,216**
Unearned premiums	(10,129)	(2,077)	(115)	(5,507)	(579)	(220)	(274)	**(18,901)**	**221**	**(18,680)**
Net premium earned	**78,343**	**20,993**	**718**	**45,915**	**16,521**	**24,533**	**430**	**187,453**	**20,083**	**207,536**
Commission income	2,976	-	5	29	(62)	-	108	**3,056**	**1,253**	**4,309**
Net premium and commission earned	**81,319**	**20,993**	**723**	**45,944**	**16,459**	**24,533**	**538**	**190,509**	**21,336**	**211,845**
Underwriting expenses										
Net claims incurred	(50,257)	(10,680)	(1,204)	(23,144)	(3,532)	2,315	(145)	**(86,647)**	**(5,514)**	**(92,161)**
Net commission expense	(31,744)	(2,032)	(272)	(12,592)	(2,898)	(1,201)	(161)	**(50,900)**	**(4,427)**	**(55,327)**
Increase in life fund	-	-	-	-	-	-	-	**-**	**(4,897)**	**(4,897)**
Foreign taxes and brokerage fees	(3,808)	(1,242)	(33)	(1,673)	(345)	(92)	(3)	**(7,196)**	**-**	**(7,196)**
Management expense	(24,935)	(4,329)	(226)	(9,617)	(2,492)	(946)	(275)	**(42,820)**	**(5,134)**	**(47,954)**
Total underwriting expenses	**(110,744)**	**(18,283)**	**(1,735)**	**(47,026)**	**(9,267)**	**76**	**(584)**	**(187,563)**	**(19,972)**	**(207,535)**

The Company

Year ended 31 December 2020	Fire	Motor	WCA	Other Accident	Marine Cargo	Marine Hull	Aviation	Total General Business	Total Life Business	Total Combined Business
Underwriting profit/(loss)	(29,425)	2,710	(1,012)	(1,082)	7,192	24,609	(46)	2,946	1,364	4,310
Investment income								21,725	10,603	32,328
Exchange gains								7,627	-	7,627
Other income								737	-	737
Profit before income tax								33,035	11,967	45,002
National fiscal stabilisation levy								(1,652)	(598)	(2,250)
Income tax expense								(6,484)	(2,138)	(8,622)
Profit for the year								24,899	9,231	34,130

The Company

Year ended 31 December 2019	Fire	Motor	WCA	Other Accident	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 premium 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)

The Company

Year ended 31 December 2019	Fire	Motor	WCA	Other Accident	Marine Cargo	Marine Hull	Aviation	Total General Business	Total Life Business	Total Combined Business
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 gains								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