LIVE, LET STAR

Annual Report & Financial Statements | 2014

CONTENT

Who We Are

Star Assurance is a privately owned Insurance Company incorporated in August 1984 to carry out corporate and retail insurance businesses in Ghana. It commenced business in April 1985.

Star, which started business as a composite company had to hive off its life insurance operation by setting up a subsidiary company, StarLife Assurance, in compliance with the Insurance Law 2006, Act 724. Star Assurance consequently underwrites only general business products including Motor, Fire, Marine, Aviation, Accident, Travel Insurance, etc.

Within Thirty (30) years of its operations, Star Assurance has emerged as the biggest indigenous private insurance enterprise in terms of assets and indeed among the first three insurance companies in Ghana in terms of premium income.

The Company has seventeen (17) branch offices in seven (7) out of the ten (10) regional capitals with the remaining three (3) serviced by our Agency offices. We therefore have representation in all the regions of Ghana.

The company is rated in the A category by Global Credit Rating of South Africa. Star Assurance is also a member of “Ghana Club 100”– a group of the top 100 blue chip companies in Ghana.

VISION

The company was founded on a vision 'Partnering with you to be the definition of insurance and the creator of delightful experiences.'

MISSION

To optimize resources in order to give clients increased satisfaction, employees optimized human potential and shareholders maximum value.

The company intends to achieve this through:

- Making customer satisfaction our topmost priority.
- Providing a congenial work environment for our staff.
- Investing in the development of our staff and thereby boosting productivity.
- Motivating staff and sales representatives for higher performance by providing the appropriate incentives.
- Providing innovative products to meet the changing needs and wants of the insuring public.
- Improving the company's productivity through computerization of its key business processes.

OUR VALUES

PROFESSIONALISM
We apply our deep skills and expertise and broad capabilities to consistently deliver reliable services to our customers and ensure their needs are being met.

INNOVATION
We are dedicated to continually improving our products, operations and performance in order to deliver innovative solutions and extraordinary services to exceed the highest expectations of our customers.

TEAMWORK
We build mutually beneficial relationships among staff, agents, brokers and other partners who share similar values and work in tandem to achieve high performance, excellence and superior business results.

OWNERSHIP
Enterprise culture is the philosophy through which the management and staff develop a high sense of ownership by consistently making decisions in the best interest of the company and its customers.

WINNING SPIRIT
We are action-oriented, constantly striving to deliver results, create possibilities and build a brighter future for all stakeholders.

OUR PRODUCTS

- Marine (Cargo and Hull)
- Travel
- Office Comprehensive
- Workmen's Compensation
- Personal Accident
- Bankers Indemnity
- Motor Insurance
- Erection All Risk
- Fire and Allied Perils
- Homeowners' Comprehensive
- Electronic Equipment Insurance
- Burglary (Theft)
- Contractors' All Risk
- Fidelity Guarantee
- Money Insurance
- Plant All Risk
- Public Liability
- Bid Bond
  - -Advance Mobilization
  - -Performance Bond
  - -Custom Warehousing Bond

Board of Directors

The Directors who held office during the year were as follows:

■ Alex G. Buabeng	-	Board Chairman
■ Kofi Duffuor	-	Managing Director
■ Samuel Kwaku Ocran	-	Deputy Managing Director
■ Boatemaa D. Barfour-Awuah (Mrs.)	-	Executive Director
■ Andrews K. Basoah	-	Member
■ Solomon Adiyiah	-	Member
■ Juliana Asante (Mrs.)	-	Member

Executive Management

■ Kofi Duffuor	-	Managing Director
■ Samuel Kwaku Ocran	-	Deputy Managing Director
■ Boatemaa D. Barfour-Awuah (Mrs.)	-	Executive Director (Finance & Administration)
■ Emmanuel Baiden	-	General Manager (Finance)

Departmental & Branch Heads

■ Yaw Adom-Boateng	-	Chief Manager (Underwriting)
■ Adelaide Agyemang Boakye (Mrs.)	-	Chief Manager (Credit & Claims)
■ Thompson Agbesi	-	Technical Operations
■ Toni J.C. Bakawu	-	Information Technology
■ Henrietta Denanyoh (Mrs.)	-	Human Resources
■ Summers Darko (Mrs.)	-	Legal
■ Esther Baffour-Awuah (Mrs.)	-	Claims
■ Esther Yirenkyiwah Opoku (Ms.)	-	Reinsurance
■ William Larmie	-	Credit Control
■ Justice Amoah Nyarko	-	Business Development
■ Samuel Abrokwah	-	Audit and Investigations
■ Justice Frank Offei	-	Accounts
■ Joseph Antwi	-	Agency / Ring Road
■ Nana Serwaa Abrahams (Mrs.)	-	Broker Relations
■ Cathrine Danquah (Ms.)	-	Retail / SME
■ Ann Marian Owusu (Mrs.)	-	Corporate Relations
■ Eldon Otu	-	Kumasi
■ Solomon Aboagye	-	Takoradi
■ Felix Afrifa	-	Sunyani
■ Alphonso N. A. Nunoo	-	Koforidua
■ Philip Nanabanyin Dennis	-	Tema
■ Francis Gelli	-	Ho
■ Nuru-deen Abdulai	-	Tamale
■ Nicholas Afrifa	-	Nkawkaw
■ Armstrong Amenyah	-	Spintex
■ Michael Adomako	-	Madina
■ Solomon Amo Badu	-	Dansoman
■ Ivy Sarpong (Ms)	-	Achimota
■ Joseph Donkor	-	Darkuman

Company Secretary

Mrs. Summers Darko
P.O. Box AN 7532
Accra-North

Solicitors

Law Associates Inc.
Tornado Chambers,
P. O. Box 01185,
Christianborg, Accra.

Auditors

PKF (Accountants &
Business Advisors)
P. O. Box GP 1219,
Accra.

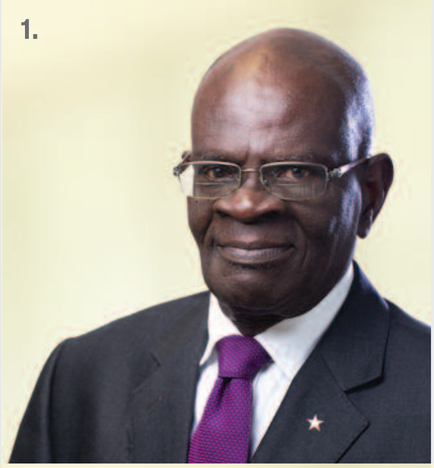
Registered Office

1st Floor, Stanbic Heights Building,
215 South Liberation Link,
Airport City, Accra
Tel: 233 028 9353537 / 028 9353539 /
0302 245906 / 030 2245908
Fax: +233 0302 230624

Bankers

- Barclays Bank of Ghana Limited
- National Investment Bank Limited
- NatWest Bank - London
- uniBank Ghana Limited
- Ghana International Bank - London

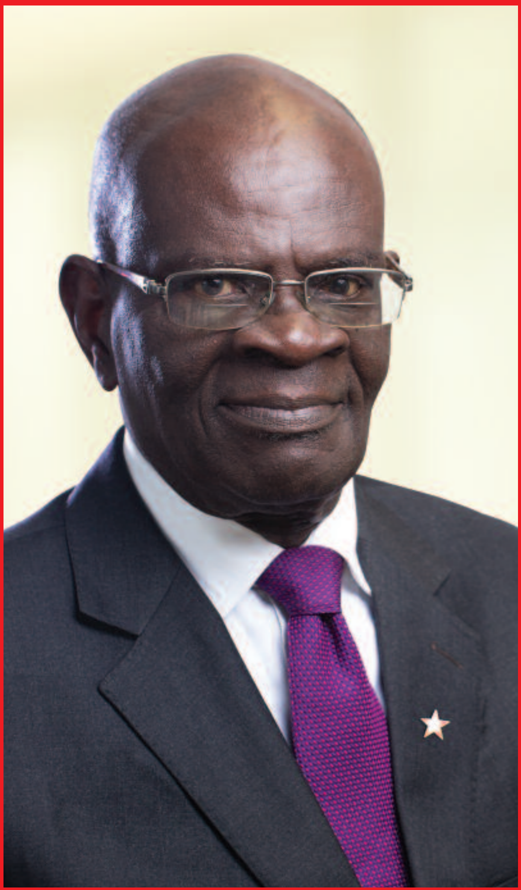
Board of Directors



1. Alex G. Buabeng	Board Chairman
2. Kofi Duffuor	Managing Director
3. Samuel Kwaku Ocran	Deputy Managing Director
4. Boatemaa D. Barfour-Awuah (Mrs.)	Executive Director
5. Andrews K. Basoah	Member
6. Solomon Adiyiah	Member
7. Juliana Asante (Mrs.)	Member

Chairman's Statement

Distinguished Shareholders, fellow Board Members it is with much pleasure I welcome you to this year's Annual General Meeting. I also consider it a great honour to present the Annual Report and Financial Statements of your Company for the year ended 31 December, 2014.



ECONOMIC REVIEW

The year 2014 started with great expectations as the world's economic pundits and policymakers projected the global economic growth to scale up to 3.7% but unfortunately missed the mark. The economic growth stalled at 3.3% reflecting a continuing post-financial crisis pattern of slow recovery.

These obstructions occurred as a result of the heightened geopolitical conflicts in different parts of the world, the emerging market slowdown, Europe's unsettled great recession woes and most recently, the eruption of the Ebola pandemic in West Africa.

Ghana's overall macroeconomic conditions declined in 2014 with large twin-deficits lingering, fuelling government debt and inflation, creating a sharp depreciation of its currency, and a weaker pace of economic growth. The macroeconomic challenges continued to be driven by high wage bill and rising interest costs, and a declining fiscal deficit to 7% of GDP by close of the year 2014 from 10.4% in 2013. Despite the slight increase in the revenue, interest cost increased to 6.2% of GDP from 4.6%.

The real GDP growth thus slowed down sharply to an estimated 4.2% in 2014 from 7.3% in 2013 as domestic activities were hampered by the gas supply volatility from Nigeria, and a sharp fall in the currency coupled with a rising inflation, which required policy tightening.

Inflation trended up from the beginning of the year, peaking at 17% in December 2014 compared to 13.5% in December 2013, following the price adjustments in the petroleum and utilities as government removed the subsidies on petroleum products.

To tackle the structural imbalances, the government recently announced a fiscal stabilization strategy and reached an agreement

CHAIRMAN'S STATEMENT

with the IMF about a new program. If realized, the program should support fiscal adjustment for the 2015-2017 periods.

Nevertheless during the last quarter of the year, the gross international reserves level was boosted by the Ghana Cocoa Board (Cocobod) loan of $1.7 billion. Ghana also issued a Eurobond of $1 billion in September immediately after announcing the start of the IMF talks but still had to pay a premium of 100 -150 basis points over the comparable sovereign bonds of Kenya, Zambia and Tanzania. Despite these two inflows, the Ghanaian cedi recovered only slightly finishing the year with 31.2% depreciation against the US dollar on the inter bank market in 2014 compared to 14.6% in 2013 and 17.5% in 2012.

INDUSTRY DEVELOPMENT

The Ghanaian insurance market is a thriving one with huge potential for growth especially in the General Insurance business. In 2013, the insurance sector contributed less than 2% to GDP which is expected to increase with the sensitization programme initiated by National Insurance Commission (NIC). This will hopefully help educate the public on the need to obtain insurance policies.

With the successful implementation of the No Premium No Cover policy in 2014 requiring insurance companies to stop underwriting on credit, the industry is experiencing a healthier competition, very beneficial to consumers as well as insurance companies. This experience has given consumers more choice, boosted product innovation, as well as increased productivity and efficiency in the insurance sector.

As globalization is driving insurance business today, insurance companies are forming strategic alliances with banks. This approach, coupled with a number of regulatory guidelines being introduced by the National Insurance Commission (NIC) in a bid to boost confidence and trust to grow the industry, is expected to increase insurance contribution to GDP from the current 1.5%.

Among other strategic moves, the regulator has been championing micro-insurance – which targets low-income economic sectors – as a strategy to improve penetration, claim payment guidelines, and increased minimum capital required to operate from GH¢5million to GH¢15 million to pave room for mergers and acquisitions so as to strengthen the financial stability of the industry.

BUSINESS PERFORMANCE

In spite of the unfavourably challenging operating environment, Star Assurance had an impressive year in 2014 as indicated in the company's performance. Key performance indicators clearly show that the strategy adopted in 2014 was a huge success.

The 2014 financial performance was in no doubt very inspiring, a real reflection of the company's strong and resolute strategies being pursued over the years.

Gross Premium Written (GPW) grew by 25% from GH¢ 57.9 million in 2013 to GH¢ 72.3 million in 2014 while Net Income posted a growth of 22% from GH¢45.5 million to GH¢ 55.3 million.

The company suffered a profit setback following National Insurance Commission's directive to all insurance companies to purge their Balance Sheet of all Outstanding Premium Debts.

Consequently a total of GH¢8.8 million was written off as bad debts resulting in a profit dip by 80% from GH¢5.6 million in 2013 to GH¢1.1 million.

In spite of the above setback, Total Assets for the year grew by 36% from GH¢70.9 million in 2013 to GH¢96.4 million in 2014.

Shareholders' Funds or Net Assets increased by 66% from GH¢32.1 million to GH¢53.4 million. We achieved this with the tremendous assistance and support of you, our shareholders who agreed to shore up the company's Equity through fresh injection of GH¢21 million and Income Surplus transfer of GH¢7 million.

The Board, in the course of the year also resolved to dispose of its strategic equity investments in its related companies to improve the solvency margin on the back of the Regulator's new risk based supervision and solvency framework.

CHAIRMAN'S STATEMENT

CORPORATE GOVERNANCE

At Star, our business model is based on the principle of balancing risks with earnings to ensure an appropriate risk adjusted return to our shareholders. The company assumes various risks in providing our clients with products and services they need.

Our strategy and business model is therefore based on a risk appetite set and approved at the Board level. This principle has informed the foundation of the corporate governance laid and risk management framework used in determining our business objectives.

As a corporate entity, we are proactive in understanding and managing the risks we are exposed to and ensure that capital is allocated to businesses where the most value can be added for the risks assumed.

BRANCH NETWORK EXPANSION

In our resolve to bring our services closer to the doorstep of our clients, your company added three new branches located at Tamale, Dansoman and Darkuman both in Accra; during the year. We intend to continue this path by opening more branches in 2015 and the subsequent years.

The company also relocated its corporate head office into the Stanbic Heights Building at the Airport City in Accra. This is in line with our brands building strategy.

OUTLOOK FOR 2015

Due to the fiscal challenges and lower commodity prices hurting government revenues from gold and oil, economic growth is projected at 3.9% in 2015 from an expected growth of 6.9% in 2014.

At Star Assurance, the key focus in 2015 will be on driving growth and efficiencies in the economic environment as well as the competitive market through penetration and market development, while simultaneously improving relationship with our stakeholders to create a stronger foundation needed for sustainable profitable growth.

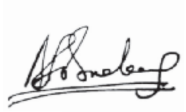
We will continue to optimise resources in order to give our clients satisfaction, optimise the human potentials of our valued employees and provide maximum value for our shareholders as enshrined in our mission statement.

CONCLUSION

Although 2014 was a tough year, your Company once again put a smile on the faces of all our stakeholders and this is something I am exceptionally proud of. In 2013, we were trying to raise a bar, but in 2014 we did manage to deliver above that bar despite the strong headwinds.

I believe strongly that our promises are only as good as the people who make them - namely the human assets. I would therefore like to thank each and every member of staff who rose above adversity in 2014 and helped us break records. It is this culture that has made Star Assurance the successful and sustainable financial services group that it is today.

I would also like to express my gratitude to our clients and shareholders for their continuous commitment to the company. A very big thank you also goes to my management team for their unwavering support and to my colleague members of the Board for their expert guidance and long-term vision.



Thank you.


Offering
Full Cover
Contractors All Risk
Have your peace of mind to work!
Have your peace of mind with our Contractors All Risk Policy. It provides indemnity to the insured against loss or damage to the contract works, the insured's plant and machinery and liability to third parties in respect of death, bodily injury or property damage.
With this you concentrate on the design and execution of the project whiles we take care of the risk
Speak to us now!
Star Assurance
...your solid partner
Tel: 0302 245906/8
www.starassurance.com


STAR E-Insurance
www.starassurance.com
09:41
Star Assurance
Sign In
3 Quick Steps to purchase insurance and make claims online
Go online 01
Log on to www.customers.starassurance.com 02
Follow prompts 03
Possible Anywhere, Anytime
@starassuranceGh
facebook.com/starassuranceGh
WhatsApp: 0501 409080
LinkedIn: Star Assurance Co. Ltd
Tel: 0302 245906/8
Star Assurance
...your solid partner

EXECUTIVE MANAGEMENT

KOFI DUFFUOR [Managing Director]

Kofi had his insurance training in the United Kingdom and has been in the insurance industry for over twenty years.He is well oriented in marketing. He holds a Master of Business Administration degree in Entrepreneurial Management from the University of Ghana. He is a Chartered Insurer and a Fellow of the Insurance Institute (FCII) - UK. He is also a Fellow of the Insurance Institute of Ghana (FIIG). He is a member of the Executive Council of Ghana Insurers Association. He has attended several conferences and seminars at home and abroad in insurance management and financial management. Prior to his appointment as Managing Director in 2001, he was the General Manager in charge of Finance and Administration. He is currently the Board Chairman of WAICA Reinsurance Corporation PLC, headquartered in Freetown, Sierra Leone.

SAMUEL OCRAN [Deputy Managing Director]

Sam graduated from the School of Administration, University of Ghana with a BSc. Admin. (Insurance Option). He also holds a Master of BusinessAdministration (Marketing Option) degree from the same University. He is a Chartered Insurer and a Fellow of the Chartered Insurance Institute (UK). He is a member of the Chartered Institute of Marketing (UK). Prior to joining Star Assurance Company Limited, he was with the prestigious African Reinsurance Corporation in Lagos, Nigeria. Mr. Ocran is also an adjunct lecturer in insurance at the University of Ghana Business School.

BOATEMAA D. BARFOUR-AWUAH (Mrs.) [Executive Director]

Boatemaa graduated from the University of Leicester, U.K. with a BA (Hons) in History and Politics. She also holds an Msc in Management and an Msc in Accounting and Finance from the University of Southampton. Boatemaa is a Chartered Insurer and an Associate member of the Chartered Insurance Institute, U.K. Mrs. Barfour-Awuah was employed as a Legal and Administrative Assistant in September 2001 and has risen through the ranks through her continuous dedication and commitment to excellent professional standards. In 2009 she was made the Executive Director.

EMMANUEL BAIDEN [General Manager- Finance]

Emmanuel had his accountancy training from the Institute of Professional Studies, Legon. He is a Chartered Accountant and a member of the Institute of Chartered Accountants (Ghana). He also holds a Master's degree in Finance from the University of Ghana. He has several years of working experience. Before joining Star Assurance Company Limited, he had worked for Ghana Postal Services Company Limited, Ghana Commercial Bank and Akuaba Toys & Furniture Company. He has attended several seminars and conferences both in Ghana and Abroad on Finance and Insurance.

Managing Director's Review

We are in the business of building legacies. For almost 30 years now, we have been partnering with our clients and other stakeholders to be the definition of insurance and the creator of delightful experiences. Indeed 2014 saw another remarkable performance and success in the management and operations of the company.

With the level of competition being experienced in the industry coupled with the No Premium No Cover, your company was able to increase its business volumes, increase the scale of our operations and finally enhance our ability to underwrite risks that previously were considered too large through the help of our international partners.

The Star brand is strongly positioned and better differentiated based on the value that we offer our clients and this has reflected in the growth of our Shareholders' Funds over the last five years. This is evidenced by the current rating of the company which improved from A- to A. Your company remains resolute in its business operation and continues to be the preferred Insurance Company in Ghana.

OPERATING ENVIRONMENT

Ghana registered relatively commendable economic growth in 2014. However, the economy faced major challenges in the form of sharp currency depreciation, deepening energy crisis, deteriorating macroeconomic imbalance, and rising inflation and interest rates.

Gross Domestic Product in 2014 recorded a growth rate of 4.2%. Service sector recorded highest growth of 5.7%. Although it is a decline from 10% in 2013, the sector remains the largest with its share of GDP declining slightly from 49.8% in 2013 to 49.6% in 2014. Financial and Insurance subsector recorded growth rate of 22.6%, contributing about 7.3% of GDP. Headline inflation rose steadily during the year to peak at 17% at the end of the year compared to 13.5% in 2013.

High growth rates over recent years have been accompanied by the build-up of macroeconomic imbalances. In 2014 current account and fiscal deficits widened to 9.2% and 10.4% of GDP respectively, and the rate of inflation averaged 17.0%. By the end of December 2014, foreign reserves were at 3.2 months of import cover,

MANAGING DIRECTOR'S REVIEW

thanks to inflows from the Eurobond of USD 1 billion and a cocoa syndicated loan of USD 1.7 billion. The Cedi depreciated by over 30% compared to a depreciation of 4.1% during the corresponding period in 2013. The continued growth in the budget deficit resulted in public debt increasing from 55.8% of GDP in December 2013 to 67.1% of GDP by the end of December 2014.

INDUSTRY DEVELOPMENTS

During the year, the National Insurance Commission introduced "No Premium, No Cover" (NPNC) directive.

The NPNC Directive took effect from April 1, 2014 to ensure that no insurance company sold insurance on credit as was previously the practice. This practice resulted in insurance companies accumulating huge premiums debts on their books. Consequently, your company had to write off a total of GH¢8.7 million being outstanding premium as at 31 December 2014.

In an effort to curb the persistent depreciation of the Cedi, the Bank of Ghana issued a directive which sought to reduce the use of foreign currencies in transacting business in Ghana. This impacted negatively on insurance business as clients who had alternative arrangements resorted to such arrangements.

OPERATING PERFORMANCE

In spite of the numerous challenges that faced both the industry and the company in particular, Gross Premium Written grew significantly by 25% from GH¢58 million to GH¢72 million in 2014. This growth also represents about three fold from GH¢28 million five years ago. Net Premium Written however increased marginally from GH¢36 million in 2013 to GH¢41 million in 2014. Net Income recorded in 2014 was GH¢55 million compared to GH¢46 million in 2013, representing a growth of 20% which was driven by Investment Income which grew by 124% from GH¢3.4 million in 2013 to GH¢7.6 million in 2014. Total Expenses which included both Underwriting Expenses and Other Operating Expenses recorded an increase of 25% from GH¢38 million to GH¢48 million. Net Profit before Tax however dipped from GH¢6.4 million in 2013 to GH¢2.4 million in 2014 as a result of the bad debts write off of GH¢8.7 million.

Total Assets which increased by 36% from GH¢71 million in 2013 to GH¢ 97 million in 2014 also registered 162% growth over the last five years. Shareholders' Funds grew by 66% from GH¢32 million in 2013 to GH¢53 million in 2014.

To improve the company's Capital Adequacy and Solvency, there was additional capital of GH¢14 million introduced by Shareholders. The company also disposed of some of its investment properties and unlisted shares that yielded cash revenue of GH¢26 million which have been invested in shorter term liquid securities.

OPERATING FOCUS

During the period of 2014, the company relocated its corporate head office successfully, from Kokomlemle into the Stanbic Heights building at the Airport City as planned. We embarked on our expansion drive through the establishment of three branches at Darkuman and Dansoman in Accra and Tamale in the Northern Region.

To continue pursuing our RSME growth strategies, the company is in the process of opening ten (10) new branches in the Greater Accra and Ashanti Regions. This strategy would be backed with RSME business awareness among staff; recruiting and training of Direct Sales Officers to beef up the RSME team; and finally with improved quality service delivery, more referrals based on customer satisfaction are expected.

Managing an efficient business also requires stringent risk management, compliance and corporate governance strategies and policies. The continuous risk awareness training programmes organized for the members of staff has improved early identification of potential events that are likely to cause operational surprises and losses to the Company.

Notwithstanding, the insurance industry faced challenges in areas such as regulatory reforms, inflation and volatility in currency exchange rates.

The strategies adopted by the Board and Management to deal with these challenges

MANAGING DIRECTOR'S REVIEW

included:

- Focus on niches with expanding market opportunities,
- Quick response to competition,
- Development of efficient distribution alternatives,
- Enhanced and embedded risk and capital management frameworks,
- Development and upgrading of insurance talent through training.

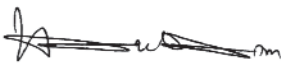
In addition, our focus on pre-loss risk surveys increased tremendously leading to improved product pricing, efficient management of reinsurance placements and a reduction in the number of incidents that might lead to a claim. Likewise, our focus on post-loss risk surveys did contribute to the prompt payment of legitimate claims.

The drive for marketing communication continued and intensified with emphasis on brand visibility and credibility in the Ghanaian Insurance Industry. Refreshing and sustainable branding at various branches and selected agency offices showed our enthusiasm and commitment to present Star Assurance as a major contender in the market. We have also supported the visibility drive for the Star Assurance brand with the distribution of various marketing collaterals and souvenirs to our cherished clients.

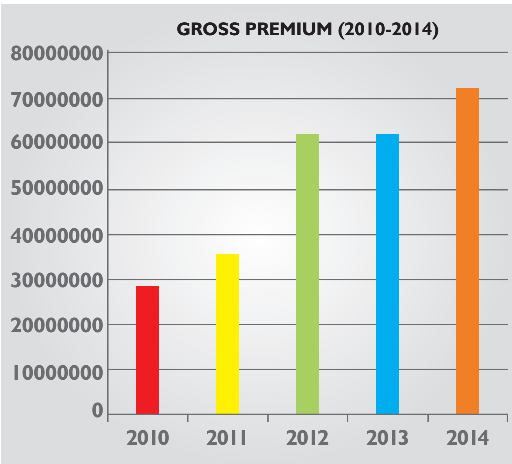
30TH ANNIVERSARY CELEBRATIONS

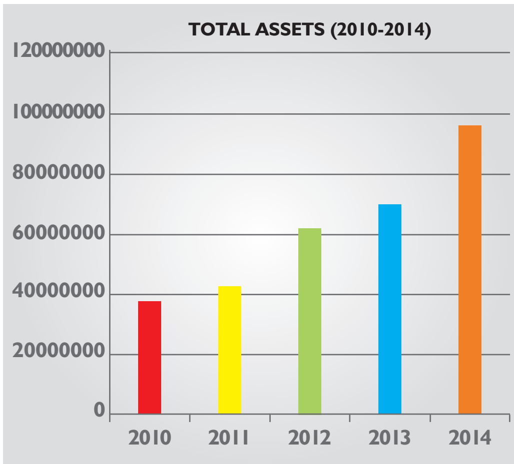
As the year 2014 marked the last campaign for the 'Let go, let Star' tag line, which had been running for the past four years, the year 2015 would see the launching of a new slogan "Live, Let Star" as the company marks its 30th Anniversary.

I say Ayekoo to all our cherished clients for your commitment and support to the success of the Company. To the rest of our stakeholders, thank you so much for the hard work you have exhibited throughout the thirty years of our existence.

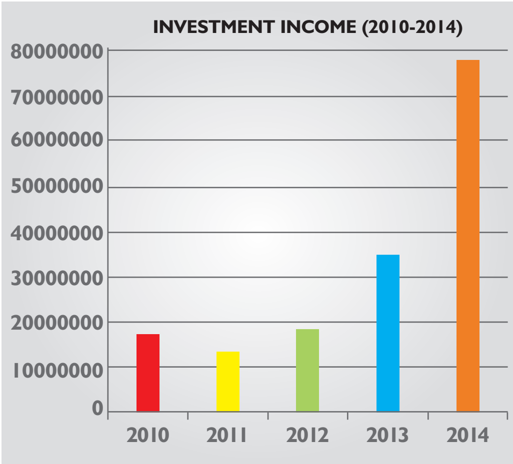


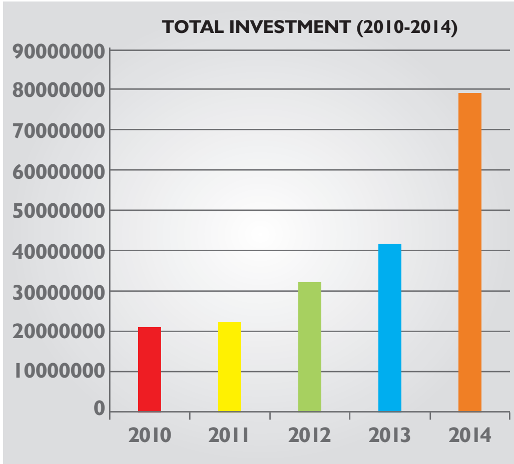
Thank you.

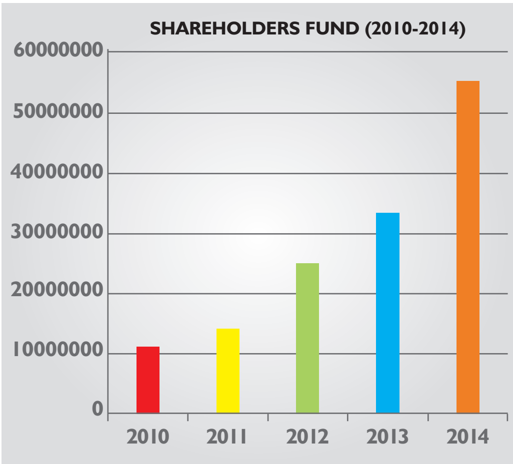


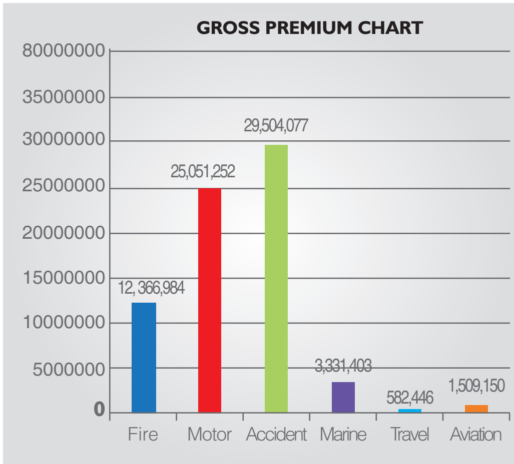


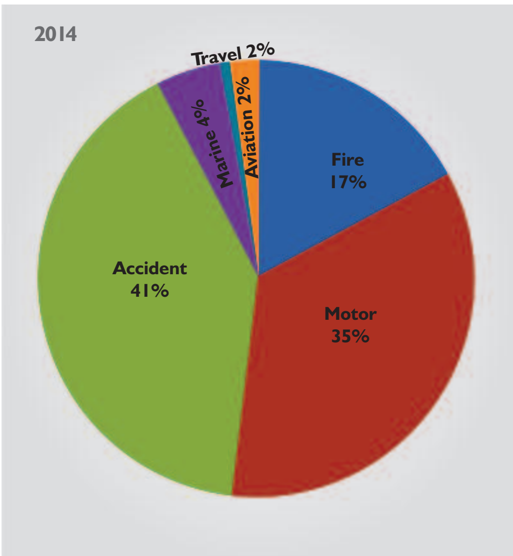
MANAGING DIRECTOR'S REVIEW

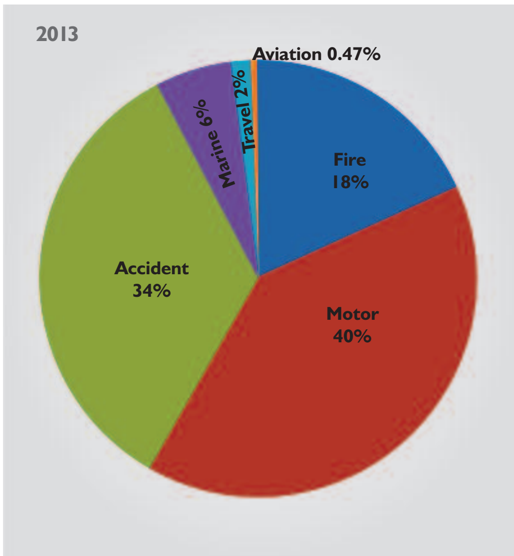












DIRECTORS' REPORT

In accordance with the requirements of Section 132 of the Companies Code, we the Board of Directors of Star Assurance Company Limited, submit herewith our Annual Report on the state of affairs of the Company for the year ended 31st December, 2014.

	Dec-14 Gh¢	Dec-13 Gh¢
1. Accounts		
Gross Premium	**72,345,212**	57,948,908
Reinsurance Premium	**(30,892,333)**	(21,516,193)
Profit before Statutory Bad Debts & Tax	**6,021,264**	6,432,964
less Statutory Bad Debts of;	**(3,666,570)**	0
Corporate tax provision of	**(1,107,867)**	(670,818)
and National Fiscal Stabilisation Levy	**(117,735)**	(151,571)
leaving Net Profit after Tax of	**1,129,092**	5,610,575
which is added overprovision of Tax of	0	1,233,254
and Income Surplus Account brought forward from the previous year	**11,555,834**	7,537,429
making a total Income Surplus of	**12,684,926**	14,381,258
from which are deducted		
Dividend paid of;	**0**	(1,086,957)
a transfer to Contingency Reserve of	**(2,170,356)**	(1,738,467)
and a transfer to Stated capital of	**(7,662,609)**	0
leaving a net balance on the Income Surplus Account which is carried to the Statement of Financial Position	**2,851,960**	**11,555,834**

2. Principal Activity
The principal activity of the Company during the year was in accordance with the Regulations of the Company. This represents no change from the activities carried out for the previous year.

3. Other Matters
The Directors confirm that no matters have arisen since 31 December, 2014 which materially affect the Financial Statements of the Company for the Year ended on that date.

BOARD CHAIRMAN

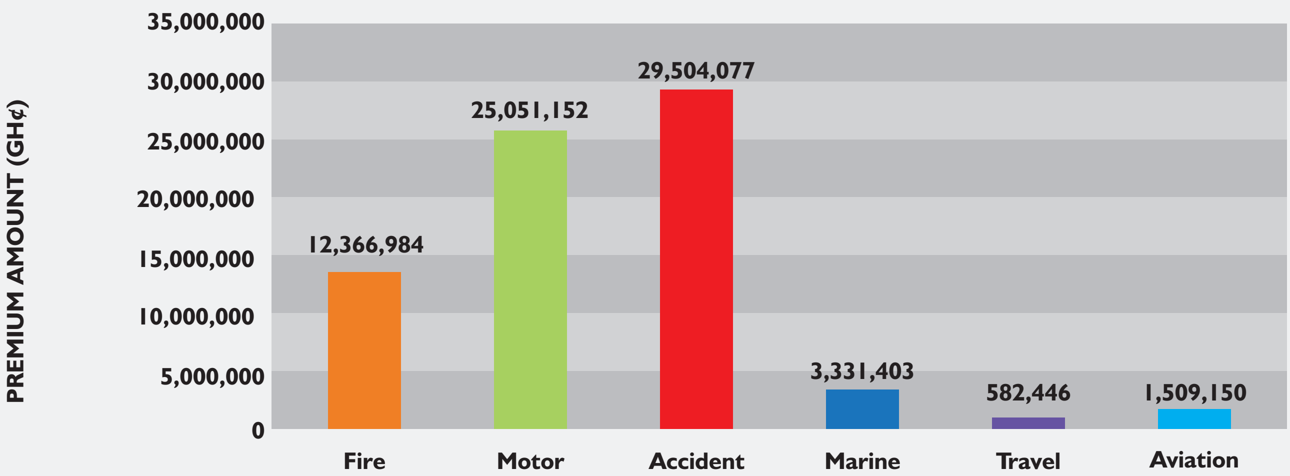
MANAGING DIRECTOR

Dated: 12th May, 2015

FINANCIAL HIGHLIGHTS (SUMMARY)

POLICY TYPE	FIRE Gh¢	MOTOR Gh¢	ACCIDENT Gh¢	MARINE Gh¢	TRAVEL Gh¢	AVIATION Gh¢	TOTAL Gh¢
Insurance Premium Revenue	12,366,984	25,051,152	29,504,077	3,331,403	582,446	1,509,150	72,345,212
Net Underwriting Income	5,649,535	23,709,276	12,467,300	884,223	482,312	76,964	43,269,609
Management Expenses	4,275,241	8,660,132	10,199,499	1,151,659	201,351	521,710	25,009,592
Underwriting Profit	(2,156,734)	1,354,931	(5,231,054)	(1,051,606)	193,217	(444,746)	(7,335,991)

GROSS PREMIUM CHART



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STAR ASSURANCE COMPANY LIMITED ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014

Report on the Financial Statements

We have audited the accompanying financial statements of Star Assurance Company Limited which comprise the Statement of Financial Position as of December 31, 2014,the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Insurance Act, 2006 (Act 724). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Star Assurance Company Limited as of December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, 1963 (Act 179) and the Insurance Act, 2006 (Act 724).

Report on Other Legal and Regulatory Requirements

The Companies Act, 1963, (Act 179) requires that in carrying out our audit we consider and report to you 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 purpose of our audit.

ii) In our opinion proper books of accounts have been kept by the Company so far as appears from our examination of those books, and

iii) The Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.

In accordance with section 78(1)(a) of the Insurance Act, 2006, (Act 724), the Company has kept accounting records that are sufficient to explain its transactions and financial position with respect to its insurance business and any other business that it carries on.

SIGNED BY: GEORGE EKOW MENSSHAN
(ICAG/P/1090)
FOR AND ON BEHALF OF PKF (ICAG/F/2015/039)
CHARTERED ACCOUNTANTS
FARRAR AVENUE

PKF
....

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2014

	Notes	Dec-14 Gh¢	Dec-13 Gh¢
Assets			
Property, Plant & Equipment	15	2,689,720	1,433,024
Intangible Assets	16	257,313	428,615
Investment Properties	17	4,490,724	15,099,506
Available-for-sale Equity Investments	18	8,037,014	10,580,819
Insurance Receivables		0	16,626,761
Amount due from Reinsurers		4,797,776	6,625,004
Loans and Receivables	19	3,894,305	2,802,214
Available-for-sale Debt Investment	20	67,092,467	15,859,409
Cash and Bank Balances	21	5,183,388	1,499,243
Total Assets		**96,442,707**	**70,954,595**
Equity and Liabilities			
Stated Capital	22	40,235,000	12,235,000
Available-for-sale Reserve	23	573,591	724,988
Contingency Reserve	24	9,724,169	7,553,813
Income Surplus	25	2,851,960	11,555,834
Total Equity		**53,384,720**	**32,069,635**
Liabilities			
Insurance Claims Liability	26	7,363,153	5,036,656
Amount due to Re-insurers		5,568,120	8,340,138
Creditors and Accruals	28	5,978,882	4,665,288
Provision for Unearned Premiums	27	18,827,533	16,623,535
Borrowings	30	4,415,748	3,345,330
Deferred tax liability	31	645,469	331,296
Taxation	14	90,353	434,155
National Fiscal Stabilisation Levy	29	168,729	108,562
Total Liabilities		**43,057,987**	**38,884,960**
Total Equity and Liabilities		**96,442,707**	**70,954,595**

Approved by the Board on 12th May, 2015.

BOARD CHAIRMAN

MANAGING DIRECTOR

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2014

	Notes	Dec-14 Gh¢	Dec-13 Gh¢
Insurance Premium Revenue	5	72,345,212	57,948,908
Insurance Premium Ceded to Reinsurers	5	(30,892,333)	(21,516,193)
Premium Retained		**41,452,879**	36,432,715
Less Unearned Premium Provision		(2,203,998)	(326,443)
Net Premium Earned		**39,248,881**	**36,106,272**
Reinsurance Commission	7	1,512,847	3,271,747
Investment Income	8	7,550,930	3,395,640
Other Income	9	7,018,319	2,753,276
Net Income		**55,330,977**	**45,526,935**
Underwriting Expenses			
Commission Expense	10	11,785,969	9,821,164
Claims And Loss Adjustment Expenses	11	13,810,041	10,789,377
Claims And Loss Adjustments Expenses Recovered		(2,507,882)	(1,692,726)
Net Insurance Expenses		**23,088,128**	**18,917,815**
Operating Expenses	12	25,009,591	19,512,184
Total Expenses		**48,097,719**	**38,429,999**
Results Of Operating Activities		**7,233,258**	7,096,935
Finance Cost	13	(1,211,994)	(663,971)
Profit before Statutory Bad Bebts & Taxation		**6,021,264**	**6,432,964**
Statutory Bad Debts		(3,666,570)	0
Income Tax Expense	14	(1,107,867)	(670,818)
National Fiscal Stabilisation Levy	29	(117,735)	(151,571)
Profit for the Period		**1,129,091**	**5,610,575**
Revaluation Gains / (Loss) On Available-For-Sale Assets	18	(151,397)	567,192
Total Comprehensive Income		**977,694**	**6,177,767**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2014

	Stated Capital Gh¢	Available-for sale Reserve Gh¢	Contingency Reserve Gh¢	Income Surplus Gh¢	Total Gh¢
Dec-14					
Balance at 1 January 2014	**12,235,000**	**724,988**	**7,553,813**	**11,555,834**	**32,069,635**
Comprehensive Income					
Profit for the Year	0	0	0	1,129,091	1,129,091
Other Comprehensive Income					
Gains on Available-for-Sale Assets	0	(151,397)	0	0	(151,397)
Total other Comprehensive Income	**0**	**(151,397)**	**0**	**0**	**(151,397)**
Transaction with Equity Holders					
Issue of shares for cash	14,000,000	0	0	0	14,000,000
Issue of shares for Other Considerations	6,950,400	0	0	0	6,950,400
Dividend Paid	0	0	0	0	0
Transfers within equity					
Transfer to / (from) Contingency Reserve	0	0	2,170,356	(2,170,356)	0
Transfer to Stated Capital	7,049,600	0	0	(7,662,609)	(613,009)
Total Transfers within Equity	**7,049,600**	**0**	**2,170,356**	**(9,832,965)**	**(613,009)**
Balance at 31 December 2014	**40,235,000**	**573,591**	**9,724,169**	**2,851,960**	**53,384,720**
Dec-13					
Balance at 1 January 2013	**12,235,000**	**157,796**	**5,815,346**	**7,537,429**	**25,745,571**
Comprehensive Income					
Profit for the Year	0	0	0	5,610,575	5,610,575
Overprovision on Final Tax as at 2012	0	0	0	1,233,254	1,233,254
Other Comprehensive Income					
Gains on Available-for-sale assets	0	567,192	0	0	567,192
Total Other Comprehensive Income	**0**	**567,192**	**0**	**0**	**567,192**
Transaction with Equity holders					
Dividend Paid	0	0	0	(1,086,957)	(1,086,957)
Transfers within Equity					
Transfer to / (from) Contingency Reserve	0	0	1,738,467	(1,738,467)	0
Total transfers within equity	**0**	**0**	**1,738,467**	**(1,738,467)**	0
Balance at 31 December 2013	**12,235,000**	**724,988**	**7,553,813**	**11,555,834**	**32,069,635**

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER 2014

	Notes	Dec-14 Gh¢	Dec-13 Gh¢
Reconciliation of Operating Income to Cash Flow from Operating Activities			
Profit before tax		6,021,264	6,432,964
Adjustments for:			
Depreciation Charges		850,777	429,781
Amortisation of Intangible Assets		171,302	194,088
Revaluation Gain on Investment Properties		(6,046,468)	(2,601,719)
Interest and Amortisation on Borrowing		1,070,418	505,587
Statutory Bad Bebts Provision		(3,666,570)	0
Investment Income		(7,550,930)	(3,395,640)
Operating Profit before working capital changes		**(9,150,207)**	**1,565,061**
Decrease in Insurance Receivables		16,626,761	2,408,257
Decrease in Amount due from Re-insurers		1,827,227	(2,307,906)
Increase in Loans and Receivables		(1,092,091)	(660,044)
Increase in Provision for Unearned Premium		2,203,997	326,443
Increase in Insurance Claims Liabilities		2,326,497	1,010,301
Increase in Creditors and Accruals		700,587	614,300
Decrease in Amount due to Re-insurers		(2,772,018)	2,019,311
Cash Inflow from Operating Activities		**10,670,753**	**4,975,723**
Return on Investment and Servicing of Finance			
Investment Income		7,550,930	3,395,640
Taxation			
Corporate Tax Paid		(1,137,496)	(1,045,031)
National Fiscal Stabilisation Levy Paid		(57,568)	(56,515)
Net Cash Inflow from Operating Activities		**17,026,619**	**7,269,817**
Investing Activities			
Acquisition of Property and equipment		(2,107,475)	(851,220)
Proceeds from Sale of Investment Property		17,000,000	0
Proceeds from sale of Unlisted Investment		9,442,808	0
Acquisition of Available-for-sale financial assets		(100,000)	0
Acquisition of Investment Property		(344,750)	(1,190,700)
Intangible Assets		0	(177,053)
Net cash flow from investing activities		**23,890,583**	**(2,218,973)**
Financing Activities			
Issue of Shares		14,000,000	0
Dividend Paid		0	(1,086,957)
Net cash flow from financing activities		**14,000,000**	(1,086,957)
Increase in Cash and Cash Equivalents		**54,917,202**	**3,963,890**
Cash and Cash Equivalents 1 January		**17,358,652**	**13,394,762**
Cash and Cash Equivalents 31 December	33	**72,275,854**	**17,358,652**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 CORPORATE INFORMATION

Star Assurance Company Limited, a company limited by shares was incorporated in Ghana under the Companies Code, 1963 (Act 179) and the Insurance Act 2006 (Act 724). The company is permitted by its regulations to carry on, inter alia, the business of non-life insurance business, including fire, motor, general accident, marine, travel and aviation. The registered office of the company is the First Floor of the Stanbic Heights Building, 215 South Liberation Link - Airport City, Accra - Ghana

1.2 Statement Of Compliance

The financial statements have been prepared in accordance with all International Financial Reporting Standards, including International Accounting Standards and Interpretations issued by the International Accounting Standard Board and its Committees, as required by the Institute of Chartered Accountants (Ghana) and the National Insurance Commission.

1.3 Basis Of Preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as defined by IAS 1. Additional information required by the Companies Code, 1963 (Act 179) and the Insurance Act, 2006 (724) are included where appropriate. They have been prepared on a historical cost basis except for the following assets and liabilities that are stated at their fair values: financial instruments that are fair value through profit or loss; financial instruments classified as available-for-sale; investment properties and property, plant and equipment. The financial statements are presented in Ghana Cedis (GH¢).

The following accounting standards, interpretations and amendments to published accounting standards that impact the operations of the Company were adopted:

IFRS 4 Insurance Contracts
IFRS 7 Financial Instruments: Disclosures
IAS 1 Presentation of Financial Statements
IAS 2 Inventories
IAS 7 Statement of Cash Flows
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 Events after the Reporting Period
IAS 12 Income Taxes
IAS 16 Property, Plant and Equipment
IAS 17 Leases
IAS 18 Revenue
IAS 19 Employee Benefits
IAS 21 The Effects of Changes in Foreign Exchange Rates
IAS 23 Borrowing Costs
IAS 24 Related Party Disclosures
IAS 26 Accounting and Reporting by Retirement Benefit Plans
IAS 27 Consolidated and Separate Financial Statements
IAS 28 Investments in Associates
IAS 32 Financial Instruments: Presentation
IAS 36 Impairment of Assets
IAS 37 Provisions, Contingent Liabilities and Contingent Assets
IAS 39 Financial Instruments: Recognition and Measurement
IAS 40 Investment Property

2 AMENDMENTS TO IFRSS AND THE NEW INTERPRETATIONS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

2.1 Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The company has applied the amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the company's financial statements.

2.2 Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The company has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the company's financial statements.

2.3 Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The company has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the company's financial statements.

2.4 Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The company has applied the amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The amendments have been applied retrospectively.

As the company does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the company's financial statements.

2.5 IFRIC 21 Levies

The company has applied IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

IFRIC 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the company's financial statements.

2.6 New IFRSs and amendments not yet effective

The standards listed below are not yet effective for any reporters but are available for early adoption.

2.6.1 IFRS 9 Financial Instruments (replaces IAS 39)

IFRS 9 Financial Instruments was published in November 2009 and contained requirements for financial assets. Requirements for financial liabilities were added to IFRS 9 in October 2010. Most of the requirements for financial liabilities were carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.

The IASB decided that a mandatory date of 1 January 2015 would not allow sufficient time for entities to prepare to apply the new Standard because the impairment phase of the IFRS 9 project has not yet been completed. Accordingly, the IASB decided that a new date should be decided upon when the entire IFRS 9 project is closer to completion. The amendments made to IFRS 9 in November 2013 remove the mandatory effective date from IFRS 9. However, entities may still choose to apply IFRS 9 immediately.

In February 2014, while finalizing redeliberations on the impairment project and limited amendments to classification and measurement requirements for IFRS 9, the IASB tentatively decided to require an entity to apply IFRS 9 for annual periods beginning on or after 1 January 2018.

2.6.2 IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective. IFRS 15 is effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- **Step 1:** Identify the contract(s) with a customer.
- **Step 2:** Identify the performance obligations in the contract.
- **Step 3:** Determine the transaction price.
- **Step 4:** Allocate the transaction price to the performance obligations in the contract.
- **Step 5:** Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

2.6.3 IFRS 15 Revenue from Contracts with Customers

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the company performs a detailed review.

2.6.4 Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation. A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

The directors of the company do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the company's financial statements.

2.6.5 Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- when the intangible asset is expressed as a measure of revenue; or
- when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted. Currently, the company uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively.

The directors of the company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the company's financial statements.

2.6.6 Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The amendments apply for annual periods beginning on or after 1 January 2016 with earlier application permitted.

The directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 41 will have a material impact on the company's financial statements as the company is not engaged in agricultural activities

3.USE OF ESTIMATES AND JUDGEMENT

The preparation of financial statements in conformity with IFRSs requires Management to make judgement, certain critical accounting estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and the associated assumptions are based on historical experience and other factors that are reasonable under the circumstances, the results of which form the basis of making judgement about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the company will ultimately pay for such claims. For example insurance contracts are sold out to different insured who are exposed to diverse insurance risks.

3.2 Impairment of available-for-sale financial assets

The company assesses at each reporting date whether there is objective evidence that available-for-sale financial assets are impaired and impairment loss determined when the fair value of the asset is significantly less than its carrying amount shown in the books of the company. This determination of what is significant requires judgement. In making this judgement, the company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. 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 financing and operational cash flows.

3.3. Fair value of financial instruments

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the company under the International Financial Reporting Standards (IFRSs) are set out below:

4.1 Revenue recognition

- Insurance premium revenue

Premiums arising from insurance contracts are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before the deduction of premium payable to reinsurers and commissions payable to intermediaries but exclude cancellations and refunds.

- Commission income

Commission income consists primarily of reinsurance and profit commissions. Commission income is generally recognised on an accrual basis when the service has been provided.

- Interest income

Interest income for financial assets that are not classified as fair value through profit or loss is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

- Dividend income

Dividend income for Available-For-Sale Equities is recognised when the right to receive payment is established – this is the ex-dividend date for equity securities.

- Rental income

Rental income is recognised on an accrual basis.

4.2 Insurance contracts

The Company undertakes non-life insurance contracts. An insurance contract is a contract under which the Company accepts significant insurance risk from insured (policyholder) by agreeing to compensate the insured if an uncertain future event (the insured event) occurs. The insurance contracts are broadly categorised into casualty, property and personal accident.

Under casualty insurance contracts, the

company protects the policyholders against claims for causing harm to third parties as a result of legitimate activities of the policyholders.

Property insurance contracts mainly compensate policyholders for damage suffered to their properties or for the value of property lost or for the loss of earnings caused by the inability of the policyholder to use the insured properties in their business activities (business interruption cover).

Under personal accident insurance contracts, the Company mainly compensates the policyholders for bodily injuries suffered by them or their family members or employees.

The major lines of businesses involved in the above categories are motor, fire, marine and aviation and other accidents.

- Claims and loss adjustment recoveries

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation payable to claimants when the insured event occurs.
Claims incurred are expenses for the year which comprise; provision for claims reported during the year pending settlement; claims reported and settled in the year whether paid during the year or not; and a provision for claims incurred but not reported (IBNR).

Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the reporting date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed and include a provision for IBNR claims. IBNR claims are computed at 20% of outstanding claims at the end of the last preceding year.

Claims paid represent all payments made during the year, whether arising from events during that year or prior years.

- Liability adequacy test of insurance liabilities

An insurance liability is insurer's net contractual obligations under an insurance contract. At each reporting date, the Company performs a liability adequacy test on its insurance liabilities less related deferred acquisitions costs and intangible assets to ensure that the carrying value is adequate, using current estimates of future cash flows, taking into account the relevant investment returns. If that assessment shows that the carrying amount of the liability is inadequate, any deficiency is recognised as an expense to the statement of comprehensive income initially by writing off the intangible assets and subsequently by recognising an additional liability for claims provision or recognising a provision for unexpired risks.

At each reporting date, liability adequacy tests are performed to ensure the adequacy of all insurance contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss.

In determining the adequacy of unearned premium, the liability adequacy test on unexpired risk premium is determined by computing the premium unearned on each policy at the reporting date. However, for line of businesses which are managed together, unexpired risk provision is assessed in aggregate.

Liability adequacy test in respect of claims is determined by taking the settled amount for each claim, agreed with the claimant. The sum insured is considered the best test for non-settled claims and 20% provision for estimated claims unreported at the reporting date.

- Receivables and payables related to reinsurance contracts

Receivable and payables arising from insurance and reinsurance contracts are recognised when due and measured at amortised cost using the effective interest rate method. These include amounts due to and from agents, brokers, policyholders and reinsurers. The Company assesses at each reporting date, whether there is any objective evidence that insurance receivable is impaired. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognises that impairment loss in the statement of comprehensive income. Receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after its initial recognition (a loss event) and that loss event has an impact on the estimated future cash flows which can be estimated reliably.

■ Salvage and subrogation

Some insurance contracts permit the Company to sell damaged property acquired in settling a claim known as salvage. The company assumes the right of ownership of the property after the related claim has been adjusted and settled to the mutual satisfaction of the company and the claimant.

Income from the salvage property is recognised at the point of sale. This is at the point where the inflow of the economic benefit embodiment becomes probable and can be measured reliably.

Under subrogation, the company may have the right to pursue third parties for payment of some or all cost of certain claims payable if it is proved beyond reasonable doubt that the third party caused the accident. Income from subrogation is recognised when the third party agrees to the amount recoverable or when a judgement is given in favour of the company.

4.3 Current taxation

The Company provides for income taxes at the current tax rates on its taxable profits. Current tax is the expected tax payable on the taxable income for the year, using tax rates (and laws) that have been enacted or substantially enacted by the reporting date, and any adjustment to tax payable in respect of previous years.

4.4 Deferred taxation

Deferred tax is the amount of income tax (tax asset or tax liability) recoverable or payable in future periods in respect of taxable temporary differences. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred 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.

4.5 Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes the purchase prices of items of property, plant and equipment and directly attributable cost of acquisition.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increase in the carrying amount arising on revaluation of asset is credited directly to equity under the heading of revaluation surplus. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. On the other hand, a decrease in the carrying amount of an asset as a result of a revaluation is recognised in profit or loss. However, a decrease is debited directly to equity under the heading of revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Each year, the difference between depreciation based on the revaluation carrying amount of the asset and depreciation based on the asset's original cost, net of any related deferred income tax, is transferred from the revaluation surplus to retained earnings.

Land is not depreciated. Depreciation on other assets is computed using the straight-line method to allocate the depreciable amounts over the assets' useful lives, at the following annual rates:

Motor Vehicle	**25%**
Furniture and equipments	**20%**
Library books	**20%**
Computer Hardware	**25%**
Freehold building	**5%**

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of assets is the greater of their net selling price and value in use. The impairment losses are recognised in the statement of comprehensive income.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount. These are included in profit or loss. When revalued assets are sold, the amount included in the revaluation surplus is transferred to income surplus.

4.6 Investment properties

Investment properties are properties owned or leased by the Company which are held for long-term rental income and for capital appreciation other than properties held for use in the production or supply of service or for administrative purposes; or for sale in the ordinary course of business. Investment property is measured initially at its cost including transaction costs. The initial cost of a property interest held under a lease and classified as an investment property is the lower of the fair value of the property and the present value of the minimum lease payments. After initial recognition, the Company measures its investment properties using the fair value model with which investment properties are measured at values that reflect market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment property are recognised in profit or loss for the period in which they arise.

Transfers from investment properties are made when the Company commences owner-occupation or commences development with a view to sale. And transfers to investment properties are made when the Company ends owner-occupation or commences an operating lease to another party. When the Company transfers investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting in accordance with IAS 16 or IAS 2 is its fair value at the date of change in use. On the other hand when the Company transfers previously occupied property to investment property it applies IAS 16 up to the date of change in use. The Company treats any difference at that date between the carrying amount of the property in accordance with IAS 16 and its fair value in the same way as a revaluation in accordance with IAS 16.

Investment properties are derecognised and eliminated from the statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment properties are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss (unless IAS 17 requires otherwise on a sale and leaseback) in the period of the retirement or disposal.

4.7 Financial Assets and Financial Liabilities

- Categorisation of financial assets and financial liabilities.

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivable; available-for-sale financial assets; and held-to-maturity investments. Financial liabilities are classified as either held at fair value through profit or loss, or amortised cost. Management determines the categorisation of its financial assets and financial liabilities at initial recognition.

- Financial Assets and Financial Liabilities at Fair Value through Profit or Loss

Financial asset or liability at fair value through profit or loss is a financial asset or financial liability that meets either of the following conditions:

- Held for trading

A financial asset or financial liability is classified as held for trading if it is: acquired or incurred principally for the purpose of selling or repurchasing in the near future; or part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

- Designated at fair value through profit or loss

Upon initial recognition as financial asset or financial liability, it is designated by the Company as at fair value through profit or loss except for investments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

- Loans and receivables

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

- Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated on initial recognition as available-for-sale and are held for an indefinite period of time and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

- Held-to-maturity investment

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity.

- Initial recognition of financial assets and financial liabilities

The Company recognises a financial asset or financial liability on its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument subject to the provisions in respect of regular way purchases or sales of a financial asset which state that, 'a regular way purchase or sale of financial assets is recognised and derecognised using either trade date or settlement date accounting'.

- Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or where the Company has transferred substantially all the risks and rewards of ownership. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset.

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or where the Company has transferred substantially all the risks and rewards of ownership. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset.

A financial liability (or part of a financial liability) is removed from the Company's statement of financial position when, and only when, it is extinguished – ie when the obligation specified in the contract is: discharged; cancelled; or expired.

- Initial Measurement of Financial Assets and Financial Liabilities

When a financial asset or financial liability is recognised initially, the Company measures it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

When the Company uses settlement date accounting for an asset that is subsequently measured at cost or amortised cost, the asset is recognised initially at its fair value on the trade date.

- Subsequent measurement of financial assets

After initial recognition, the Company measures financial assets, including derivatives that are assets, at their fair value, without any deduction for transaction costs it may incur on sale or other disposal, except for the following financial assets: loans and receivables, which shall be measured at amortised cost using the effective interest method; held-to-maturity investments, which shall be measured at amortised cost using the effective interest method; and investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost.

■ Subsequent measurement of financial liabilities

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest method, except for: financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are measured at fair value except for a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, which are measured at cost; and financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing involvement approach.

■ Gains and losses

The Company recognises a gain or loss arising from a change in the fair value of a financial asset or financial liability that is not part of a hedging relationship as follows: a gain or loss on a financial asset or financial liability classified as at fair value through profit or loss are recognised in profit or loss; a gain or loss on an available-for-sale financial asset are recognised directly in equity, through the statement of changes in equity except for impairment losses and foreign exchange gains and losses until the financial asset is derecognized, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss.

Interest calculated using effective interest method is recognised in profit or loss; dividends on an available-for-sale equity instrument are recognised in profit or loss when the Company's right to receive payment is established;

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

■ Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayment, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

■ Fair value measurement

The determination of fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices or dealer price quotations. If the market for a financial asset or a financial liability is not actively traded or unlisted security, the Company establishes fair value by using valuation techniques. These techniques include the use of arms' length transactions, discounted cash flow analysis, and valuation models and techniques commonly used by market participants.

The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors that market participants take into account when entering into a transaction. Management believe that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value in the statement of financial position.

■ Offsetting

Financial assets and financial liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expense are presented on the net basis only when permitted by the accounting standards or interpretation, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

■ Impairment of financial assets

The Company assesses at each reporting date, whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a loss event) and that loss event(s) has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather, the combined effect of several events may have caused the impairment. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

i. financial difficulty of the issuer or the obligor;
ii. a breach of contract, such as a default or delinquency in interest or principal payment;
iii. the lender (the Company), for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Company would not otherwise consider;
iv. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
v. the disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including:

a. adverse changes in the payment status of borrowers in the group (eg an increased number of delayed payments); or
b. national or local economic conditions that correlate with defaults in the group (eg an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, a decrease in oil prices for loan assets to oil companies, or adverse changes in the industry conditions that affect the borrowers in the group).

A provision for credit losses is established if there is objective evidence that the Company will be unable to collect all amounts due on a claim according to the original contractual term.

An allowance for credit loss is reported as a reduction in carrying value of a claim on the statement of financial position, whereas for an off-balance sheet item such as a commitment, a provision for credit loss is reported in other liabilities. Additions to provisions for credit losses are made through credit loss expense.

Provision for credit losses is based on the following principles:

Counterparty-specific – A claim is considered as a loss when management determines that it is probable that the Company will not be able to collect all amounts due according to the original contractual terms.

ndividual credit exposures are evaluated based on the borrower's character, overall financial condition, resources and payment record, prospects of support from financially responsible guarantor and cash collaterals.

An impaired asset refers to an asset where there is no longer reasonable assurance of timely collection of the full amount of principal and interest due to deterioration in the credit quality of the counterparty. An asset is impaired if the estimated recoverable amount of an asset is less than its carrying amount shown in the books of the Company. Impairment is measured and a provision for credit losses is established for the difference between the carrying amount and its estimated recoverable value.

Estimated recoverable amount is measured by discounting the expected future cash flows at the effective interest rate inherent in the asset. When the amount and timing of future cash flows cannot be estimated with reasonable reliability, estimated, recoverable amounts may be measured at either:

- The fair value of any security underlying the assets, net of expected costs of recovery and any amount legally required to be paid to the borrowers; or

- Observable market prices for the assets.

Upon impairment the accrual of interest income based on the original terms of the claim is discontinued until the asset has been written down to its estimated recoverable amount. Interest income thereafter is recognised.
A write-off is made when all or part of a claim is deemed uncollectible or forgiven. Write-offs are charged against previously established allowances for credit losses or directly to credit loss expense and reduce the principal amount of a claim.

NOTES TO THE FINANCIAL STATEMENTS

4.8 Investments
Investments are recognised on a trade date basis and are classified as held-to-maturity or available-for-sale. Investments with fixed maturity dates, where management has both the intent and ability to hold to maturity are classified as held-to-maturity. Investments intended to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in the market, are classified as available-for-sale.

Investments are initially measured at cost. Available-for-sale investments are subsequently re-measured at fair value based on quoted prices. Fair values for unlisted securities are estimated using market values of the underlying securities or appropriate valuation methods.

Held-to-maturity investments are carried at amortised cost less any provision for impairment. Amortised cost is calculated on the effective interest method.

4.9 Cash and cash equivalents
For the purposes of statement of cash flows cash and cash equivalents include cash, non-restricted balances with banks and other financial institutions, short-term highly liquid investments maturing in three months or less from the date of acquisition and bank overdrafts.

4.10 Dividends distribution on ordinary shares
Dividends on ordinary shares distributed to the Company's shareholders are recognised in the statement of changes in equity as owner changes in equity in the period in which such dividends are approved by the shareholders.

Dividends for the period that are declared after the reporting date are dealt with in the subsequent events notes.

Interim dividends are recognised when paid.

4.11Translation of foreign currencies
The Company's functional currency is the Ghana Cedi. In preparing the statement of financial position of the Company, transactions in currencies other than Ghana Cedis are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of comprehensive income. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in shareholders' equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in the shareholders' equity.

4.12 Leases
Leases are tested to determine whether the lease is finance or operating lease and treated accordingly.

Finance leases - leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at inception of the lease at the lower of the fair value of the lease property, plant and equipment and the present value of minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The corresponding rental obligations, net of finance charges, are included on other long term borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases – leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into operating lease are also spread on a straight-line basis over the lease term.

4.13 Provision

Provisions for restructuring costs, legal claims and similar events are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

4.14 Financial guarantee

Financial guarantees are contracts that require the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the term of a debt instrument.

Financial guarantees are initially recognised at fair value, and the fair value is amortised over the life of the financial guarantee. The financial guarantees are subsequently carried at the higher of the amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

4.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as non-current liabilities where the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

4.16 Impairment of non-financial assets

The carrying amount of the Company's non-financial assets other than deferred tax 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in the statement of comprehensive income.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.17 Employee benefits

- Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate fund and has no legal or contractual obligation to pay further contributions if the fund does not hold sufficient asset to pay all employee benefits relating to employee service in the current and prior periods.

Obligation for contributions to defined contribution plans are recognised as an expense in the statement of comprehensive income when they are due.

- Short-term benefits

Short-term employee benefits are amount payable to employees that fall due wholly within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term employee benefits are recognised as an expense in the period when the economic benefit is given, as an employment cost. Unpaid short-term employee benefits as at the end of the accounting period are recognised as an accrued expense and any short-term benefit paid in advance are recognised as prepayment to the extent that it will lead to a future cash refund a reduction in future cash payment.

Wages and salaries payable to employees are recognised as an expense in the statement of comprehensive income at gross. The Company's contribution to social security fund is also charged as an expense.

■ Termination Benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptance can be estimated reliably.

4.18 Events after the reporting date

The Company adjusts the amounts recognised in its financial statements to reflect events that provide evidence of conditions that existed at the reporting date.

Where there are material events that are indicative of conditions that arose after the reporting date, the Company discloses, by way of note, the nature of the event and the estimate of its financial effect, or a statement that such an estimate cannot be made.

4.19 Stated capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. All shares are issued at no par value.

4.20 Contingency reserve

In accordance with the industry's legal and regulatory frameworks, a contingency reserve is established and maintained in respect of each class of reinsurance business, to cover fluctuations in securities and variations in statistical estimates. The Company maintains contingency reserve which is not less than 3% of the total premiums or 20% of the net profits whichever is the greater and such amount shall accumulate until it reaches the minimum paid-up capital or 50% of the net premiums whichever is the greater.

4.21 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring it to usable stage. These costs are amortised over their estimated useful lives. The current computer software acquired is amortised over five (5) years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

The Company has exposure to the following risks from its underwriting activities and financial instruments:

i. Insurance risk

ii Financial risks, namely: credit risk; liquidity risk; market risk; and operational risk.

This note presents information about the Company's exposure to each of the risks, the Company's objective, policies and processes for identifying, evaluating and mitigating such risks.

The Board is ultimately responsible for the Company's risk management, and through its Sub-Committee on risk management has put in place:

5.1 Insurance and financial risk management framework

The Board of Directors has formally established an Enterprise Risk Management (ERM) framework with the aim of enabling management to effectively identify, evaluate and mitigate existing and emerging risks which can potentially prevent the company's ability to maximize stakeholders' value and achieve its business objectives. The framework establishes a culture of continuously strengthening the risk management processes by institutionalizing the elements of risk management into the flow of business processes which cascades into a dedicated Central Risk Management function.

i. Corporate strategic objectives to which

management should align its risk management processes;
ii. The company's risk appetite and risk tolerance limits; and
iv. Risk Management Department (RMD).
iv.Internal Audit
v. Credit Control

The company's risk governance structure consists of four main levels, namely the Board of Directors through its Sub-Committee on risk and audit, EMC on risk, Risk Management Department and Operational Units. At the third level are also Investment Team, Information Technology (IT) Strategy Committee and Audit and Investigation. The Board of Directors is responsible for setting the tone for risk management by:

i. Approving the business objective of the Company;
ii. Approving the ERM framework; and
i**ii.** Giving directives to management on the basis of its decisions on risk management.

The EMC reports to the Board of Directors through the Board Sub-Committee on risk. The EMC is responsible for drawing up the ERM framework for the Boards approval. It also exercises oversight role on the risk management functions by ensuring that the Board's risk directives are adhered to.

The roles of the RMD include:
i. Review effectiveness of the risk management process throughout the company,

ii. Report directly to both the Deputy Managing Director (DMD) and Board Sub Committee on Risk and Audit,

iii. Facilitate communication within the operational units on common risk issues,
iv.Conduct risk assessment workshops to deepen the awareness of the need to assess risk and more importantly to manage risks in the company,

iv. Roll out a 3 year business plan balancing opportunities and risks, and

v. Develop an underwriting directive manual with periodic reports to all stakeholders depicting among others areas like retention per risk, accumulation, underwriting limits, recoveries, tolerance limits, categorization of risk detailing basis to use i.e. sum insured probable maximum loss, estimated maximum loss, unacceptable risks etc.

The Internal Audit and Investigation also examines and expresses their opinion on the adequacy and compliance of risk control processes and makes recommendation for improvement.

The company's risks are assessed and reported on both quantitative and qualitative bases for control and decision making purposes.

5.2 Insurance risk
Insurance risk arises from claims and underwriting profit experience being adversely different from those anticipated in the premiums rating and reinsurance programme. The insurance risks under any insurance contract are the risk of the insured event occurring and the uncertainty of the amount of the resulting claim. Essentially, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefits payments may exceed the carrying amount of the insurance liabilities. This occurs when the frequency or severity of claims payments are greater than estimated. When accepting risks, the Company strictly follows its underwriting directive manual as well as the principle of professionalism and prudence.

To mitigate the uncertainty of timing and amount of claims liability, the Company identifies, assesses and manages certain potential risks such as mispricing, inadequate policy data, inadequate or ambiguous policy wordings, failure in claim settlement procedure, accumulation (insuring same event through various policyholders), inadequate reserving etc.

To manage such risks effectively, adequate control mechanisms specifically designed to address each risk are spelt out in the company's ERM programme.

5 Management of insurance and financial risks (continued)

Further mitigating measure taken by the company is to hedge against its risk by entering into reinsurance arrangements under facultative and treaty with reputable reinsurance companies. The reinsurance arrangements do not relieve the Company of its obligation to the policyholders. Hence if the reinsurer default on their obligations to the Company, this risk mitigation measure would be ineffective. As a result, the Company ensures that the financial conditions of reinsurers are reviewed annually and placements are carefully made with companies who are financially sound, credible and experienced in the industry.

The Underwriting Department further ensures that the Company is not exposed to concentration risk. The Department does this by identifying the various clientele segments within the insurance industry and their unique risk levels and assigning acceptable maximum loss to each segment. Among other criteria, this guides the Company to identify risks that should be ceded to reinsurers, retained or rejected entirely. The following table discloses the concentration of insurance liabilities by industry sector in which the policyholders operate and by the maximum insured loss limit (gross and net of reinsurance) that may arise from in-force insurance contracts if the loss event occurs

5.2.1 Maximum Insured Loss

As at 31 December 2014	Fire	Motor	Accident	Marine	Travel	Aviation	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
By currency:							
Ghana Cedi	1,261,031,560	351,672,111	1,938,197,246	0	6,068,000	0	3,556,968,917
US Dollar	1,338,779,118	121,942,235	5,546,475,123	185,022,500	0	875,000,000	8,067,218,976
GB Pound	3,390,083	112,000	202,139,737	0	0	0	205,641,820
Euro	0	9,611,446	35,724,641	0	0	0	45,336,087
	2,603,200,761	**483,337,792**	**7,722,536,747**	**185,022,500**	**6,068,000**	**875,000,000**	**11,875,165,800**
By geographical area:							
Accra Region	2,488,117,319	421,226,132	7,533,095,994	185,022,500	5,217,000	875,000,000	11,507,678,945
Other Regions	115,083,441	62,111,662	189,440,752	0	851,000	0	367,486,855
	2,603,200,760	**483,337,794**	**7,722,536,746**	**185,022,500**	**6,068,000**	**875,000,000**	**11,875,165,800**

5.2.3 Claims Development Table

The table below shows the development of claims settled over a period of 9 years on gross basis. The first column of each year shows the amount settled in the loss year and the subsequent colum(s) show(s) the cumulative amount settled. The amounts are stated in Ghana Cedis.

Loss Year	12	24	36	48	60	72	84	96	108
2006	264,245	605,008	1,023,465	1,386,727	1,544,696	1,633,096	1,669,296	1,701,371	1,701,371
2007	697,340	1,638,468	2,132,238	2,538,117	2,747,519	2,791,128	2,796,428	2,878,941	
2008	838,456	1,842,945	2,373,058	2,766,590	2,917,170	3,003,901	3,029,401		
2009	1,776,662	3,731,936	4,644,566	4,949,687	5,221,826	5,280,883			
2010	1,677,976	3,607,990	4,381,698	4,812,045	5,156,177				
2011	3,002,837	7,107,364	8,074,067	8,636,853					
2012	2,674,391	2,716,710	6,018,946						
2013	5,213,266	8,677,132							
2014	7,571,036								

5.3 Financial Risk

In its normal course of business, the Company uses primary and secondary financial instruments such as cash and cash equivalents, equity securities, corporate and government debt securities, and receivables. These instruments expose the Company to financial risks such as credit risk, liquidity risk, market risk, and operational risk.

5.3.1 Credit Risk

Credit risk is the risk of financial loss to the Company if policyholders, intermediaries and reinsurers or counterparties to insurance asset or financial instrument fail to meet their contractual obligations.

The Company assesses the credit risk profile of the above parties and counterparties and limit its exposures to certain corporate entities, individuals or a group of them. Such risks are regularly reviewed by the Risk Management Department (RMD) and limits on the level of credit risk reviewed and approved by the Board of Directors through its Committee on Risk Management.

The objectives of the Credit Control Department include daily monitoring of cash inflows from premium receivable from retail, corporate and broker clients.

A portfolio impairment provisions is held to cover the inherent risk of losses, which although not identified, are known through experience to be present in any asset portfolio. The portfolio impairment provision is set with reference to the past experience and judgmental factors such as the economic environment and the trends in key portfolio indicators.

Set out below is an analysis of various credit exposures of insurance assets that are neither past due nor impaired, the ageing of assets that are past due but not impaired and assets that have been impaired:

Insurance assets that are neither past due nor impaired, past due but not impaired and impaired are summarised as follows:

	Receivables arising from direct insurance contracts		**Receivables arising from reinsurance contracts**	
	Dec-14	Dec-13	**Dec-14**	Dec-13
	GH¢	GH¢	**GH¢**	GH¢
Neither past due nor impaired	**0**	4,361,607	**4,797,776**	6,625,004
Past due but not impaired	**0**	12,265,154	**0**	0
Impaired	**0**	5,844,152	**0**	0
Gross	**0**	22,470,913	**4,797,776**	6,625,004
Less impairement loss	**0**	5,844,152	**0**	0
Net	**0**	16,626,761	**4,797,776**	6,625,004

Insurance assets past due but not impaired are analysed as follows:

	Dec-14	Dec-13	**Dec-14**	Dec-13
	GH¢	GH¢	**GH¢**	GH¢
Up to 30 days	**0**	1,126,116	**479,778**	2,981,252
31 to 60 days	**0**	1,273,235	**0**	2,650,001
61 to 90 days	**0**	1,962,256	**0**	993,751
Over 90 days	**0**	12,265,154	**4,317,999**	0
	0	16,626,761	**4,797,776**	6,625,004

5.3.2 Liquidity Risk
Liquidity risk is the possibility of the Company not being able to meet its financial obligations as and when they fall due. This could arise if it is difficult to convert other assets to cash, or when there are unexpected large claim obligation or when there is a serious timing mismatch between cash collection and disbursement or when there is a decline in cash in-flow due to reduced premium production coupled with high commitment cost.

It is the policy of the Company to maintain adequate liquidity at all times, and for all currencies so as to be in a position to meet all obligations (including claims payments) as and when they fall. The Company is also committed to increasing annual productivity by attracting and retaining mutually profitable clients. Again, the Company strictly follows the solvency regulatory framework drawn up by the National Insurance Commission (NIC) which has the objective of, among others, ensuring appropriate asset spread, good yield, and safety of the investments of insurance companies as well as ensuring appropriate asset liability matching.

5.3.3 Market Risk
The Company recognises market risk as the exposure created by potential changes in market prices and rates. The Company is exposed to market risk arising principally from client driven financial transactions, and investing activities. Market risk is governed by the Company's Executive Management Committee (EMC) subject to the Board of directors' approval of policies, procedures and levels of risk appetite. The EMC provides market risk oversight and guidance on policy setting. Policies cover both the trading and non-trading books of the Company.

The RMD also approves the limits within delegated authorities and monitors exposures against these limits. Additional limits are placed on specific instruments and currency concentrations where appropriate.

5.3.4 Foreign Exchange Exposure
The Company's foreign exchange exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange exposures are principally derived from client driven transactions. Most of the company's transactions are denominated in US Dollars, Euros and Pound Sterling in addition to the Cedi. Though the company does not hedge foreign exchange exposure, it monitors constantly the assets and liabilities denominated in foreign currencies to address any mismatch as and when it occurs. Concentration of foreign currency denominated assets and liabilities are disclosed below.

Currency exposure at year-end in cedi-equivalents of the following major foreign currencies at 31 December 2014:

	USD GH¢	GBP GH¢	Euro GH¢	Total GH¢
Assets				
Due from reinsurers	1,715,194	53,276	284,125	2,052,595
Cash & cash equivalents	3,455,905	172,596	57,953	3,686,454
Available For Sale Equity Investment	7,004,400	0	0	7,004,400
Investment Properties	2,880,045	1,610,677	0	4,490,722
	15,055,544	**1,836,549**	**342,078**	**17,234,171**
Liabilities				
Due to reinsurers	1,546,255	10,959	45,963	1,603,177
	1,546,255	**10,959**	**45,963**	**1,603,177**

Sensitivity analysis
The Company used 39.35% average rate of change in foreign exchange to demonstrate the effect of changes in foreign exchange rates on profit after tax and shareholders' fund. At the reporting date, the Company's sensitivity to a 39.35% increase and decrease in the cedi against the three major trading currencies is analysed below:

	Dec-14	Scenario 1 39.35% increase	Scenario 2 39.35% decrease
	GH¢	GH¢	GH¢
Profit after tax	1,129,091	444,297	-444,297
Shareholders' fund	53,384,720	444,297	-444,297

The Company's assets denominated in foreign currencies far outweigh its foreign currency denominated liabilities. So it tends to gain on foreign exchange when exchange rates increase. From the above scenarios, if management takes no actions, increase in exchange rates by 39.35% would increase profit after tax for the year and shareholders' fund by GH¢444,299, while a decrease in exchange rates by 39.35% would decrease profit after tax for the year and shareholders' fund by the same amount.

5.3.5 Interest Rate Exposure

The Company's interest rate exposure arises from investments with fixed maturities such as corporate and government debt securities reported at fair value. Changes in interest rate will have an immediate effect on the Company's comprehensive income and the shareholders' fund. The Company's approach to managing interest rate risk is the maintenance of highly liquid short-term investment portfolio. The Company monitors the investment portfolio closely to redirect investments to investment vehicles with high returns.

5.3.6 Operational Risk

Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people and systems, or from external events. The Company seeks to ensure that key operational risks are identified and managed in a timely and effective manner. The ultimate responsibility of operational risk management rests with the Board of Directors. It is the Board's oversight responsibility to ensure that there is an effective and integrated Operational Risk Management framework with clearly defined roles and responsibilities. The Internal Audit Department constantly monitors the company's internal processes, people and systems to ascertain its effectiveness to address its operational needs such as the effectiveness of management in identification of operational risks, estimation of the significance of the risks, assessment of the likelihood of the occurrence of such risks, and actions taken to manage them.

5.3.7 Capital Management

The company's objectives when managing capital which is broader concept than the equity on the statement of financial position are:

i. To comply with the capital and solvency requirements as set out in the Insurance Act 2006 (Act 724);

ii. To provide adequate returns by pricing insurance and investment contracts in commensuration with risks assumed;

iii. To guarantee the company's ability to operate as a going concern and continually provide returns to shareholders and benefit to other stakeholders.

The Insurance Act 2006 (724) requires non-life insurance companies to hold a minimum level of paid up capital of US$1.0 million. It also requires non-life insurance companies to maintain solvency margin with which the company's assets must be at least 150% of its liability at all times.

Management monitors the company's capital adequacy and solvency margin regularly to ensure their continuous compliance.

The company's paid up capital at the end of the year 2014 was GH¢40,235,000 (December 2013 - GH¢12,235,000). The table below shows the summary of solvency margin of the company at the year end 2014.

	Dec-14	Dec-13
Total Assets (GH¢)	96,442,707	70,954,594
Total Liabilities (GH¢)	43,057,987	38,884,959
Solvency Ratio	224%	182%

5. Operating segment

Performance analysis of reportable segment regularly provided for decision making and reconciliation of total reportable segment revenues, profit or loss to corresponding amount in the financial statements:

Dec-14	FIRE Gh¢	MOTOR Gh¢	ACCIDENT Gh¢	MARINE Gh¢	TRAVEL Gh¢	AVIATION Gh¢	TOTAL Gh¢
Underwriting Income							
Insurance premium revenue	12,366,984	25,051,152	29,504,077	3,331,403	582,446	1,509,150	**72,345,212**
Insurance premium ceded to reinsurers	(6,930,461)	(1,073,665)	(18,601,564)	(2,752,275)	(25,218)	(1,509,150)	**(30,892,333)**
Premium Retained	5,436,523	23,977,487	10,902,513	579,128	557,228	0	**41,452,879**
Less Unearned Premium Provision	(485,000)	(989,417)	(783,096)	137,688	(74,916)	(9,257)	**(2,203,998)**
Net insurance premium revenue	4,951,523	22,988,070	10,119,417	716,816	482,312	(9,257)	**39,248,881**
Ceding commission earned	528,513	0	783,634	114,479	0	86,221	**1,512,847**
Claims and loss adjustments recovered	169,499	721,206	1,564,249	52,928	0	0	**2,507,882**
Net underwriting income	5,649,535	23,709,276	12,467,300	884,223	482,312	76,964	**43,269,610**
Underwriting Expenses							
Agency commission incurred	2,648,627	5,063,552	3,518,463	471,625	83,702	0	**11,785,969**
Claims and loss adjustment expense	882,401	8,630,661	3,980,392	312,545	4,042	0	**13,810,041**
Management Expenses	4,275,241	8,660,132	10,199,499	1,151,659	201,351	521,710	**25,009,592**
	7,806,269	22,354,345	17,698,354	1,935,829	289,095	521,710	**50,605,602**
Underwriting Profit / (Loss)	(2,156,734)	1,354,931	(5,231,054)	(1,051,606)	193,217	(444,746)	**(7,335,992)**
Investment income	0	0	0	0	0	0	**7,550,930**
Other Income	0	0	0	0	0	0	**7,018,319**
Finance Cost	0	0	0	0	0	0	**(1,211,994)**
Profit before tax	(2,156,734)	1,354,931	(5,231,054)	(1,051,606)	193,217	(444,746)	**6,021,263**

Operating segment

Dec-13	FIRE Gh¢	MOTOR Gh¢	ACCIDENT Gh¢	MARINE Gh¢	TRAVEL Gh¢	AVIATION Gh¢	TOTAL Gh¢
Underwriting Income							
Insurance premium revenue	10,514,240	23,104,423	19,910,970	3,272,142	877,053	270,080	**57,948,908**
Insurance premium ceded to reinsurers	(6,155,496)	(1,325,641)	(10,923,198)	(2,509,431)	(311,777)	(290,650)	**(21,516,194)**
Premium Retained	4,358,744	21,778,782	8,987,772	762,711	565,276	(20,571)	**36,432,714**
Less Unearned Premium Provision	1,014,612	(1,696,703)	356,512	(77,760)	(58,511)	135,406	**(326,443)**
Net insurance premium revenue	5,373,356	20,082,079	9,344,285	684,951	505,765	114,835	**36,106,271**
Ceding commission earned	1,027,364	232,871	1,721,590	240,473	49,450	0	**3,271,747**
Claims and loss adjustments recovered	256,126	899,679	505,646	31,275	0	0	**1,692,726**
Net underwriting income	6,656,846	21,214,629	11,571,520	956,700	556,214	114,835	**41,070,744**
Underwriting Expenses							
Agency commission incurred	3,255,522	2,743,683	3,265,471	386,428	86,911	83,149	**9,821,164**
Claims and loss adjustment expense	1,345,879	7,697,407	1,459,633	135,991	150,468	0	**10,789,378**
Management Expenses	3,540,287	7,779,573	6,704,294	1,101,775	295,316	90,940	**19,512,183**
	8,141,688	18,220,662	11,429,398	1,624,193	532,694	174,089	**40,122,725**
Underwriting Profit / (Loss)	(1,484,843)	2,993,966	142,122	(667,493)	(23,520)	(59,253)	**948,019**
Investment income	0	0	0	0	0	0	**3,395,640**
Other Income	0	0	0	0	0	0	**2,753,276**
Finance Cost	0	0	0	0	0	0	**(663,971)**
Profit before tax	(1,484,843)	2,993,966	142,122	667,493	23,520	59,253	**6,432,964**

6. The insurance premium revenue (including direct and reinsurance), a portion ceded out and the portion retained are analysed in the main lines of the Company's business as follows:

Dec-14	Direct Premium Income GH¢	Reinsurance Income GH¢	Gross Written Premium	Adjustment in Unearned Premium GH¢	Insurance Premium Revenue GH¢	Reinsurance Cost GH¢	Total GH¢
Fire	**11,946,687**	**420,297**	**12,366,984**	**(485,000)**	**11,881,984**	**(6,930,461)**	**4,951,523**
Motor	**24,612,252**	**438,900**	**25,051,152**	**(989,417)**	**24,061,735**	**(1,073,665)**	**22,988,070**
Accident	**29,258,297**	**245,780**	**29,504,077**	**(783,096)**	**28,720,981**	**(18,601,564)**	**10,119,417**
Marine	**3,319,982**	**11,421**	**3,331,403**	**137,688**	**3,469,091**	**(2,752,275)**	**716,816**
Travel	**582,446**	**0**	**582,446**	**(74,916)**	**507,530**	**(25,218)**	**482,312**
Aviation	**1,509,150**	0	**1,509,150**	**(9,257)**	**1,499,893**	**(1,509,150)**	**(9,257)**
	71,228,814	**1,116,398**	**72,345,212**	**(2,203,998)**	**70,141,214**	**(30,892,333)**	**39,248,881**
Dec-13							
Fire	10,012,995	501,245	10,514,240	1,014,612	11,528,852	(6,155,496)	5,373,356
Motor	22,951,607	152,815	23,104,422	(1,696,703)	21,407,720	(1,325,641)	20,082,079
Accident	19,629,150	281,821	19,910,970	356,512	20,267,483	(10,923,198)	9,344,285
Marine	3,265,008	7,134	3,272,142	(77,760)	3,194,382	(2,509,431)	684,952
Travel	877,053	0	877,053	(58,511)	818,542	(311,777)	506,765
Aviation	270,080	0	270,080	135,406	405,486	(290,651)	114,835
	57,005,893	943,015	57,948,908	(326,443)	57,622,465	(21,516,193)	36,106,272

	Dec-14 GH¢	Dec-13 GH¢
7. REINSURANCE COMMISSION		
Fire	528,513	1,027,364
Motor	0	232,871
Accident	783,634	1,771,039
Marine	114,479	240,473
Aviation	86,221	0
	1,512,847	**3,271,747**
8. INVESTMENT INCOME		
Interest on Short Term Investments	7,515,888	3,373,329
Dividends on Listed Equities	35,042	22,311
	7,550,930	**3,395,640**

	Dec-14 Gh¢	Dec-13 Gh¢
9.OTHER INCOME		
Unrealised Fair Value Gains on Investment Property	1,443,213	2,601,719
Realised Fair Value Gains on Investment Property	4,603,255	0
Interest on Staff Loan	58,474	42,641
Profit on Disposal	8,510	0
Premium Recoveries	1,028	1,639
DIP Registration Fees Income	0	5,940
Other Sundry Income	0	57,000
Exchange Gain	903,839	44,337
	7,018,319	**2,753,276**
10. COMMISSION EXPENSE		
Fire	2,648,627	3,255,522
Motor	5,063,552	2,743,683
Accident	3,518,463	3,265,471
Marine	471,625	386,428
Travel	83,702	86,911
Aviation	0	83,149
	11,785,969	**9,821,164**

11. CLAIMS AND LOSS ADJUSTMENT EXPENSES	**Gross**	**Reinsurance**	
Dec-14	**GH¢**	**GH¢**	**GH¢**
Increase in liabilities arising from current period	13,810,041	(2,507,883)	11,302,158
Increase / Decrease in liabilities arising from prior periods	0	0	0
	13,810,041	**(2,507,883)**	**11,302,158**
Dec-13			
Increase in liabilities arising from current year	10,789,377	(1,692,726)	9,096,651
Increase / Decrease in liabilities arising from prior periods	0	0	0
	10,789,377	**(1,692,726)**	**9,096,651**

12. OPERATING EXPENSES		
These include:		
Auditors' Remuneration	41,273	28,100
Directors' Remuneration	200,000	136,887
Depreciation	850,777	429,781
Donations	294,671	173,820
13. FINANCE COST		
Interest on borrowing	1,070,418	505,587
Lease Rental	134,592	158,384
Finance charges	6,984	0
	1,211,994	**663,971**

	Dec-14 GH¢	Dec-13 GH¢
14. TAXATION		
14.1 Income tax expense		
Current tax (See note 14.3)	793,694	1,156,075
Deferred tax charge/(credit) (See note 33)	314,174	(485,257)
	1,107,867	**670,818**

14.2 Reconciliation of Effective Tax

The tax charge based on the Company's profit before tax differs from the hypothetical amount that would arise using the statutory income tax rate. This is explained as follows:

Profit before taxation	**6,021,264**	6,432,964
Tax at applicable tax rate at 25% (December 2013: 25%)	1,505,316	1,608,241
Dividend taxed at 8%	2,803	1,785
Tax impact of non-deductible expenses	523,335	309,996
Tax impact of non-chargeable income	(1,748,465)	(667,092)
Tax impact of capital allowances	(180,986)	(96,856)
Capital gains tax at 15%	691,690	0
Deferred Tax	314,174	(485,257)
Income Tax Expense	1,107,866	670,816
Effective tax rate	**18%**	10.43%

14.3 Company Income Tax Year of Assessment	**Balance at 1 Jan. Ghc**	**Payments and credits Ghc**	**Charge for the year Ghc**	**Balance at 31 Dec. Ghc**
Corporate Tax 2013	434,155	0	0	434,155
Corporate Tax 2014	0	(1,137,496)	793,694	(343,802)
	434,155	**(1,137,496)**	**793,694**	**90,353**

15. PROPERTY, PLANT & EQUIPMENT

	Land and Buildings Gh¢	Motor Vehicles Gh¢	Office Furn. & Equipment Gh¢	Bungalow Furn. & Equipment Gh¢	Computer Hardware Gh¢	Library Books Gh¢	Total Gh¢
Cost/Revaluation							
Balance at 01/01/14	582,655	1,116,526	363,178	216,421	228,569	1,368	2,508,717
Additions	0	192,479	1,662,860	20,466	231,670	0	2,107,475
Disposals	0	(22,504)	0	0	0	0	(22,504)
Balance at 31/12/14	**582,655**	**1,286,501**	**2,026,038**	**236,887**	**460,239**	**1,368**	**4,593,688**
Depreciation							
Balance at 01/01/14	110,204	530,074	153,650	140,994	139,406	1,367	1,075,695
Disposals	0	(22,504)	0	0	0	0	(22,504)
Charge for the year	11,500	294,803	405,208	31,131	108,135	0	850,777
Balance at 31/12/14	121,704	802,373	558,858	172,125	247,541	1,367	1,903,968
Carrying Amount							
At 31/12/14	**460,951**	**484,128**	**1,467,180**	**64,762**	**212,698**	**1**	**2,689,720**
At 31/12/13	472,451	586,453	209,529	75,427	89,163	1	1,433,024

15. PROPERTY, PLANT & EQUIPMENT

	Land and Buildings Gh¢	Motor Vehicles Gh¢	Office Furn. & Equipment Gh¢	Bungalow Furn. & Equipment Gh¢	Computer Hardware Gh¢	Library Books Gh¢	Total Gh¢
Cost/Revaluation							
Balance at 01/01/13	582,655	568,784	182,127	151,875	170,689	1,368	1,657,498
Additions	0	547,742	181,051	64,546	57,880	0	851,220
Balance at 31/12/13	**582,655**	**1,116,526**	**363,178**	**216,421**	**228,569**	**1,368**	**2,508,718**
Depreciation							
Balance at 01/01/13	98,704	277,078	81,013	105,487	82,264	1,367	645,913
Charge for the year	11,500	252,996	72,636	35,507	57,142	0	429,781
Balance at 31/12/13	**110,204**	**530,074**	**153,649**	**140,994**	**139,406**	**1,367**	**1,075,694**
At 31/12/13	**472,451**	**586,452**	**209,529**	**75,427**	**89,163**	**1**	**1,433,024**
At 31/12/12	483,951	291,706	101,114	46,388	88,425	1	1,011,585

	Computer software licences GH¢	Refurbishment expenditure GH¢	Total GH¢
16. INTANGIBLE ASSETS			
Cost			
Balance at 1 January 2013	936,441	115,439	**1,051,880**
Additions	0	177,053	**177,053**
Balance at 31 December 2013	936,441	292,492	**1,228,933**
Movements in 2014:			
Additions	0	0	**0**
Balance at 31 December 2014	936,441	292,492	**1,228,933**
Accumulated amortisation and impairment:			
Balance at 1 January 2013	490,791	115,439	**606,230**
Amortisation and impairment during the year	155,181	38,907	**194,088**
Balance at 31 December 2013	645,972	154,346	**800,318**
Movements in 2014:			
Amortisation and impairment during the year	145,234	26,068	**171,302**
Balance at 31 December 2014	791,206	180,414	**971,620**
Carrying amount at 31 December 2014	**145,235**	**112,078**	**257,313**
Carrying amount at 31 December 2013	290,469	138,146	428,615

	Dec-14 Ghc	Dec-13 Ghc
17. INVESTMENT PROPERTY		
Balance at 1 January	**15,099,506**	11,307,087
Revaluation	**6,046,468**	2,601,719
Disposal	**(17,000,000)**	0
Acquisitions	**344,750**	1,190,700
Balance at 31 December	**4,490,724**	15,099,506

	Listed Equity Securities Gh¢	Unlisted Equity Securities Gh¢	Total Gh¢
18. AVAILABLE-FOR-SALE FINANCIAL ASSETS			
Balance at 1 January 2013	498,311	9,515,316	10,013,627
Changes in 2013:			
Revaluation	567,192	0	567,192
Balance at 31 December 2013	1,065,503	9,515,316	10,580,819
Changes in 2014:			
Additions	0	7,050,400	7,050,400
Delisted			
Disposal	0	(9,442,808)	(9,442,808)
Revaluation	(151,397)	0	(151,397)
Balance at 31 December 2014	**914,106**	**7,122,908**	**8,037,014**
Balance at 31 December 2013	1,065,503	9,515,316	10,580,819

Unlisted Securities
Unlisted securities comprise equity holdings by the Company in other companies resident in Ghana. The Company's holdings at the end of the year are detailed in Note 32.1

19.DEBTORS AND PREPAYMENTS	Dec-14 Gh¢	Dec-13 Gh¢
Staff Debtors	**1,553,533**	1,035,839
Directors' Account	**190,671**	190,671
Prepayments & Deposits	**1,435,511**	858,305
Sundry Debtors	576,926	556,764
Current Account with StarLife	**0**	2375
National Reconstruction Levy	**1,950**	1,950
Accountable Imprest	**10,974**	0
Staff Welfare Cont	**1,837**	1,847
National Insurance Commission	**122,903**	154,463
	3,894,305	2,802,214

a.The maximum amount owed by staff to the Company did not at any time during the year exceed Gh¢1,553,533 (December 2013 - Gh¢1,035,839).
b. Prepayments represent the unexpired portion of certain expenditure spread on time basis.

	Dec-14 Gh¢	Dec-13 Gh¢
20. AVAILABLE-FOR-SALE DEBT INVESTMENTS		
Government Securities	706,906	564,035
Fixed Deposits	66,060,320	15,009,566
Statutory Deposit	325,241	285,809
	67,092,467	**15,859,410**
21.CASH AND BANK BALANCES		
Cash on Hand	98,904	34,661
Cash at Bank	5,084,484	1,464,582
	5,183,388	**1,499,243**

22. STATED CAPITAL	**Dec-14 No. of Shares ('Million)**	**Dec-13 No. of Shares ('Million)**
22.1 Authorised Ordinary Shares of no par value.	100,000	100,000
22.2 Issued Ordinary Shares of no par value fully paid for	**3,295**	1,895

	Number of shares	GH¢	Number of shares	GH¢
Balance at 1 January	1,895,000,000	12,235,000	1,895,000,000	12,235,000
Issued of shares	1,400,000,000	28,000,000	0	0
	3,295,000,000	**40,235,000**	1,895,000,000	12,235,000

Other disclosures required by the Companies Code.

		Proceeds Gh¢		Proceeds Gh¢
Issue for Cash	1,800,242,393	21,982,626	1,236,377,300	7,982,626
Issue Other than Cash Consideration	569,202,713	6,950,492	14,249	92
Transfer from Income Surplus	925,554,894	11,301,882	658,608,450	4,252,282
	3,295,000,000	**40,235,000**	**1,895,000,000**	**12,235,000**

There is no unpaid liability on any share and there are no shares in treasury.

	Dec-14 Gh¢	Dec-13 Gh¢
23. AVAILABLE-FOR-SALE RESERVE		
Balance at 1 January	**724,988**	**157,796**
Revaluation of Equity Investments	**(151,397)**	**567,192**
Balance at 31 December	**573,591**	**724,988**

24. CONTINGENCY RESERVES

This represents amount set aside as undistributable reserve fund from Income Surplus annually in accordance with the Insurance Act, 2006 (Act 724). Amount set aside as undistributable reserve represents amount not less than 3% of the total premiums or 20% of the net profits whichever is the greater, and such amount shall accumulate until it reaches the minimum paid-up capital or 50% of the net premiums whichever is the greater. Movement during the year is set out in Statement of Changes in Equity.

25. INCOME SURPLUS

This represents accumulated residual profit available for distribution to the shareholders.
Movement during the year is set out in Statement of Changes in Equity.

	Dec-14	Dec-13
26. INSURANCE CLAIMS LIABILITIES		
Settled but Outstanding	**1,675,796**	1,165,413
Provision (including 20% IBNR)	**5,687,357**	3,871,243
	7,363,153	5,036,656

Movement in total claims liability

	Gross	Reinsurance	Net
2014	**GH¢**	**GH¢**	**GH¢**
Settled claims	2,858,139	(1,692,726)	**1,165,413**
Reported but unsettled	3,226,036	0	**3,226,036**
Incurred but not reported	645,207	0	**645,207**
Balance at 1 January 2014	6,729,382	(1,692,726)	**5,036,656**
Cash paid during the year	(13,342,672)	1,859,128	**(11,483,544)**
Increase in liabilities arising from current year	16,317,923	(2,507,882)	**13,810,041**
Balance at 31 December	9,704,633	(2,341,480)	**7,363,153**
Settled but not paid claims	4,017,277	(2,341,481)	**1,675,796**
Reported but unsettled	4,739,464	0	**4,739,464**
Incurred but not reported	947,893	0	**947,893**
Balance at 31 December	9,704,634	(2,341,481)	**7,363,153**

	Gross GH¢	Reinsurance GH¢	Net GH¢
26. INSURANCE CLAIMS LIABILITIES (continued)			
2013			
Settled claims	3,291,767	(1,989,086)	1,302,681
Reported but unsettled	2,269,727	0	2,269,727
Incurred but not reported	453,946	0	453,946
Balance at 1 January	6,015,440	(1,989,086)	4,026,354
Cash paid during the year	(9,780,075)	1,989,086	(7,790,989)
Increase in liabilities arising from current year	9,239,880	(438,589)	8,801,291
Balance at 31 December	5,475,245	(438,589)	5,036,656
Settled claims	1,604,002	(438,589)	1,165,413
Reported but unsettled	3,226,036	0	3,226,036
Incurred but not reported	645,207	0	645,207
Balance at 31 December	5,475,245	(438,589)	5,036,656

27. PROVISION FOR UNEARNED PREMIUM	Dec-14 Ghc	Dec-13 Ghc
Balance at 1 January	**16,623,535**	16,297,092
Additional Provision	**2,203,998**	326,443
Balance at 31 December	**18,827,533**	16,623,535

28. CREDITORS AND ACCRUALS	Dec-14 Ghc	Dec-13 Ghc
Commission Payable	**2,378,949**	3,025,047
Witholding Tax	**1,806,027**	725,408
Accruals	**212,948**	156,720
Current Account with Life	**1,464**	0
Sundry Creditors	**1,579,494**	758,113
	5,978,882	4,665,288

29. NATIONAL FISCAL STABILIZATION LEVY

Year of Assessment	Balance at 1 Jan. '14 Ghc	Payments during the year Ghc	Charge for the year Ghc	Balance at 31 Dec. '14 Ghc
2012	13,505	0	0	**13,505**
2013	95,057	0	0	**95,057**
2014	0	(57,568)	117,735	**60,167**
	108,562	(57,568)	117,735	**168,729**

This is a levy of 5% of accounting profit before tax for the perod. This was suspended in 2012, but re-introduced in July 2013. It is payable to the Commissioner of Ghana Revenue Authority under the National Fiscal Stabilization Levy Act, 2009

	Dec-14 GH¢	Dec-13 GH¢
30. BORROWINGS		
Bank loan	**829,807**	829,807
Commercial paper	**3,585,941**	2,515,523
	4,415,748	**3,345,330**
Due within 12 months	**4,415,748**	**3,345,330**
Movement in borrowing is as follows:		
Balance at 1 January	**3,345,330**	2,839,743
Interest outstanding & Amortisation of borrowing fees	**1,070,418**	505,587
	4,415,748	3,345,330

This represents loan of GH¢1.8 million and GH¢1.5 million obtained from Databank and uniBank Ghana Limited respectively. Interest rates are 24.5% and 14.5% per annum respectively. Securities are legal mortgage over landed property, lien over a fixed deposit and joint and several guarantee of the Directors of the Company.

31. DEFERRED TAX

31.1 The movement on the deferred tax account is as follows:

Balance at 1 January	331,296	816,552
Origination / reversal of temporary differences:		
recognised in the income statement	314,173	(485,256)
Balance at 31 December	**645,469**	331,296

32. RELATED PARTY TRANSACTIONS

Staff Debtors	**1,553,533**	1,035,839
Directors' Account	**190,671**	190,671
	1,744,204	1,226,510

32.1 Unlisted Equity Shares Holdings

The available-for-sale unlisted equities include holdings in related companies resident in Ghana. The company's holding at the end of the year were:
i. StarLife Assurance Company Limited 0% (December 2013 - 28%)
ii. Integrated Properties Limited 0% (December 2013 - 54%)
iii. uniBank Ghana Limited - Equity Investment 0% (December 2013 - 5.4%)
iv. uniBank Ghana Limited - Non-Cummulative Preference Shares 0% (December 2013 - 13.3%)
v. Waica Reinsurance Co - Equity Investment 9% (December 2013 - 0%)

The total investments with the Associates amounting to GH¢9.44 million were disposed off during the year to December 2014.
Balance of investments in Associates at the end of the year to December 2014 was 0% (December 2013: GH¢9.44 million)

		Dec-14	Dec-13
		GH¢	GH¢
32.2	**PREMIUM FROM SALE OF INSURANCE CONTRACTS**		
	uniBank Ghana Ltd.	**517,556**	357,942
	StarLife Assurance Co. Ltd.	**132,530**	80,770
	Integrated Properties Ltd.	**33,271**	127,275
	uniCredit Ghana Ltd.	**116,210**	108,167
		799,567	**674,154**

Insurance contracts are sold on the basis of the price in force with non-related parties

32.3	**GROUP LIFE INSURANCE**		
	StarLife Assurance Co. Ltd.	**73,966**	**47,164**

33.	**ANALYSIS OF CASH AND CASH EQUIVALENTS**		
	Cash and Bank Balances (Note 21)	**5,183,388**	1,499,243
	Short term Investments (Note 20)	**67,092,467**	15,859,410
		72,275,855	17,358,653

Contacts

HEAD OFFICE
1st Floor, Stanbic Heights Building,
215 South Liberation Link,
Airport City, Accra
Tel: 233 028 9353537 / 028 9353539 /
0302 245906 / 030 2245908
Fax: +233 0302 230624

KUMASI
1st Floor Cocobod Jubilee House
P. O. Box 141 F. N. T., Kumasi
Tel. 233-03220 27311 / 38203/4
Fax: 233-03220 38203

TAKORADI
SSNIT House adjacent
the Central Police Station,
Collins Avenue
P. O. Box 1185, Takoradi
Tel: 233-03120 21617 / 23665
Fax: 233-03120 25146

TAMALE
Near Lamashegu Market
P. O. Box 1401, Tamale
Tel: 233-03720 26563
Fax: 233-03720 24910

ASHIAMAN
Plot No. ASH/MKT/A/121,
Ashaiman Middle East,
Adjacent Union
Savings & Loans.

RING ROAD CENTRAL
Ground Floor, Meridian House,
Near the Nima Police Station
Tel: 233 0289 353540 /
0289 016985
Fax: 233 0302 236616

DANSOMAN
Dansoman Roundabout,
adjacent Barclays Bank
Tel: + 233 0289 353533 /
0302 321659

SUNYANI
Ground Floor,
Cocoa House Building
P. O. Box 820, Sunyani
Tel: 233-3520 23225 / 28740
Fax: 233-3520 26392

DARKUMAN
Off Odorkor Mallam Highway
First Floor, Tecno Building
Tel: 233-028 9353541

WEIJA
Platinum Plaza Building Block B,
adjacent the West Hills Mall,
Off Accra - Kasoa Road
Tel: 233-028 9353541

NEW TAMALE
In the uniBank Building opposite
the Ola Cathedral – Hospital Road.
Tel: 233-03720 98454

KOFORIDUA
Former OSA Bus Station
Near the Graphic Corporation
P. O. Box 1192, Koforidua
Tel: 233-03420 22748
Fax: 233-03420 26600

SPINTEX ROAD
Kwadwo Adjei Plaza
Tel: 0302-817908-10
Fax: 0302-817909

TEMA
Asafoatse Kotei Building
Community 1
P. O. Box CE 11235, Tema
Tel: 233-0303 210550
Fax: 23-0303 210551

NKAWKAW
Opposite SSNIT Office
Tel: 233-0341 22276

RIDGE
Akroma House,
1st North Ridge Link,
near German Embassy
adjacent our former
North Ridge Office.
Tel; 233-303937334

DANYAME
Adjacent Lavicus Hotel, near
Santase Roundabout.

MADINA
Opposite University Of
Professional Studies (UPS)
Ground Floor,
Prestige Hostel Complex
Tel: 233-028 9353532

KOKOMLEMLE
No. C551/4 Cola Street
(Adjacent ATTC) Kokomlemle
Tel: 233-0302 240632 / 242233 /
247579 / 246568
Fax: 233-0302 237156

HO
Opp. The Main Lorry Park
(Out Gate) P. O. Box 628, Ho
Tel: 233-03620 26788 /
25660/1
Fax: 233-03620 25660

KASOA
UT6 K105 Kasoa,
2nd Bus Stop KT Place
Off Accra-Winneba Highway

Star Assurance
...your solid partner