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Star Assurance Company Limited

Report and Financial Statements
31 December 2020

CLASSIFICATION: CONFIDENTIAL

Star Assurance Company Limited

Report and financial statements

For the year ended 31 December 2020

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Corporate information
For the year ended 31 December 2020

Directors:	Mr. Michael Odartey-Wellington	- Chairman
	Boatemaa D. Barfour-Awuah (Mrs.)	- Chief Executive Officer
	Mr. Kofi Duffuor	- Group CEO - Member
	Mr. Emmanuel Baiden	- Group CFO - Member
	Mr. A. K. Basoah	- Member
	Mr. Kwadwo Okoh	- Member
	Dr. Charles Andoh	- Member

Secretary: Summers Darko (Mrs.)

Registered Office:
1st Floor, Stanbic Heights Building
215 South Liberation Link - Airport City
P. O. Box 7532,
Accra - North

Solicitors:
Summers Darko (Mrs.)
Legal Department
Star Assurance Company Limited
P. O. Box 7532,
Accra - North

Auditors:
Deloitte & Touche
Chartered Accountants
The Deloitte Place, Plot No. 71
Off George Walker Bush Highway
North Dzorwulu
P. O. Box GP 453
Accra, Ghana

Main Bankers:
Absa Bank of Ghana Limited
Stanbic Bank Limited
GCB Bank Ltd
Fidelity Bank Limited
National Investment Bank Limited

Star Assurance Company Limited

Directors' report

For the year ended 31 December 2020

The directors present herewith the financial statements for the year ended 31 December 2020, which disclose the state of affairs of Star Assurance Company Limited.

Statement of Directors Responsibilities:

The directors are responsible for the preparation of the financial statements that give a true and fair view of the Company comprising the statement of financial position as at 31 December 2020, and the income statement and statement of changes in equity and cash flow for the year then ended. In preparing these financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and follow International Financial Reporting Standards (IFRS), and the requirements of the Companies Act, 2019 (Act 992), and the Insurance Act, 2006 (Act 724).

Going concern:

The novel Corona virus disease (COVID-19) which has taken the world by storm has had a devastating effect on some businesses. Much as Covid-19 has been a huge challenge, it has also created new business opportunities.
The directors have reviewed the business environment, including the impact of the Covid-19 on both the global and local economies, as well as the advent of vaccines, and have made an assessment of the Company's ability to continue in business as a going concern and have no reason to believe that the business will not be going concern in the year ahead.

Nature of business:

The principal activity of the Company is the provision of general insurance services in accordance with the Regulations of the Company. There were no changes in the principal activities carried out during the year.

Share capital:

The Company has a paid up capital of GH¢130.235million as at December 2020 (December 2019:GH¢130.235 million) which is far in excess of the new capital requirement by the National Insurance Commission (NIC) of GH¢50 million.

Details are shown in note 24 of the financial statements.

The shareholding structure of the Company as at 31 December 2020 is as follows:

	No. of shares	**Dec. 20**	Dec. 19
Star Assurance Group Ltd.	6,294,869,539	**99.9979%**	-
HODA Holdings	-	-	99.9979%
Mr. Andrews Basoah	130,461	**0.0021%**	0.0021%
Total	**6,295,000,000**	**100%**	100%

Directors' report - continued

For the year ended 31 December 2020

Corporate governance:

Star Assurance is committed to fulfilling its Corporate Governance obligations and responsibilities in the best interests of the shareholders and other stakeholders.

The Company is committed to best practice and has adopted a Corporate Governance Framework in accordance with International Corporate Governance principles, laws of Ghana such as Companies Act, 2019 (Act 992), and the Insurance Act, 2006 (Act 724). It is the concern of the Board to guarantee that good corporate governance and its associated standards are entrenched in the ideals and business practices driven by the Board.

Roles and responsibilities of the board

The role of the Board is to provide leadership and strategic guidance for the Company. The Board is the highest decision making body of the Company and provides strategic direction and guidance for the business and represents the interests of the shareholders through the creation of sustainable value. The Board continues to focus on the customers, the people, and the environment in which the Company operates and in doing so enhances long-term shareholder returns.

The Board has developed a robust Corporate Governance Framework compliance with the National Insurance Commission's (NIC) Corporate Governance Guidelines which guides the way the Company is governed. The Board Corporate Governance Framework outlines the roles and responsibilities of the Board.

The Board ensures that the Company's governance processes align with regulators' directives and framework. The Board aligns strategies with goals embedded with high level of ethics and integrity, defining roles and responsibilities, and managing risk effectively.

The Board provides leadership to the Company within the boundaries of risk appetite and a framework of prudent and effective controls which enable risk to be identified, assessed, measured and controlled. The Board sets the Company's strategic aims and risk appetite to support the strategy, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives.

Separation of the Chairman and Chief Executive Officer Roles

Mr. Michael Odartey-Wellington is an Independent Non-Executive Director and the Board Chairman.

The separation of authority is set out in writing and agreed by the Board in the Corporate Governance Framework. This enhances independent oversight of Executive Management by the Board and helps to ensure that no one individual on the Board has autonomous power, influence or authority.

Composition of the board

The Board is made of seven Directors, including four Non-Executive Directors out of which 50% are Independent Directors. Both Executive and Non-Executive Directors have clearly defined roles within the Board structure documented in the Corporate Governance Framework.

Directors' report - continued

For the year ended 31 December 2020

Biographical information of directors

No	Name	Profession	Nationality
1	Mr. Michael Odartey-Wellington	Chartered Accountant	Ghanaian
2	Boatemaa D. Barfour-Awuah (Mrs.)	Chartered Insurer	Ghanaian
3	Mr. Kofi Duffuor	Chartered Insurer	Ghanaian
4	Mr. Emmanuel Baiden	Chartered Accountant	Ghanaian
5	Mr. A. K. Basoah	Teacher/Businessman	Ghanaian
6	Mr. Kwadwo Okoh	Chartered Insurer	Ghanaian
7	Dr. Charles Andoh	Lecturer/ Risk Analyst	Ghanaian

Details of serving directors and their other engagements:

Directors	Qualifications	Other engagements
Mr. Michael Odartey-Wellington	Chartered Accountant	Managing Director, Panbros Salt Industries Limited.
Boatemaa D. Barfour-Awuah (Mrs.)	Chartered Insurer, MSc (Finance)	Board member - Telemedia Communications Ltd
Mr. Kofi Duffuor	Chartered Insurer, MBA	Star Assurance Group CEO; Chairman, WAICA Reinsurance Corporation Plc
Mr. Emmanuel Baiden	Chartered Accountant, MBA	Star Assurance Group CFO; Board member - Telemedia Communications Ltd, Star Microinsurance Co. Ltd, WAICA Re-Capital
Mr. A. K. Basoah	Post Dip	Teacher; Businessman
Mr. Kwadwo Okoh	Chartered Insurance Practitioner (ACII)	Employee Pension Scheme Board of Trustees - HODA
Dr. Charles Andoh	Bsc Mathematics, Msc Mathematics, Msc Finanacial Mathematics, Phd Natural Science	Senior Lecturer, University of Ghana Business School.

Directors' report - continued

For the year ended 31 December 2020

Independence of Board of Directors

All directors are expected to bring independent and unfettered judgment to the Board's deliberations.

The number of Non-Executive Directors on the Board ensures a good balance of influence in the Board deliberations and allowing it to provide higher level of Corporate Governance to shareholders. It also satisfies our criteria for independence, which aligns with the guidance and recommendation provided in the Corporate Governance Framework.

Each Director is expected to disclose any business or other relationship that he or she has directly, or as a partner, shareholder or officer of a Company or other entity that has an interest in the Company or a related entity. The Board considers information about any such interests or relationships, including any related financial or other details, when it assesses the Director's independence.

Board committees

There are five (5) Committees that assist the Board in carrying out its responsibilities. These are the Audit, Risk & Compliance Committee, the Investment Committee, the ICT Committee, the Strategy and Finance Committee and the Appointment and Remuneration Committee. In deciding the committee memberships, the Board endeavors to make the best use of the range of skills and experience across board and share responsibility. Membership of the Committees is reviewed on an annual basis or as and when the need arises.

To ensure effective oversight leadership, the Board receives the minutes/reports of all Committee meetings at Board meeting for ratification and approval.

Meeting Attendance of Board Members

In all, three Board meetings were held during the year 2020. The following are the individual participation in the meetings held:

i.	Mr. Michael Odartey-Wellington	-	3
ii.	Boatemaa D. Barfour-Awuah (Mrs.)	-	3
iii.	Mr. Kofi Duffuor	-	3
iv.	Mr. Emmanuel Baiden	-	3
v.	Mr. A. K. Basoah	-	3
vi.	Mr. Kwadwo Okoh	-	3
vii.	Dr. Charles Andoh	-	3

Capacity building of directors to discharge their duties

On appointment to the board, Directors are provided with full, formal and tailored programmes of induction, to enable them gain in-depth knowledge about the company's business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Company operates. Programmes of strategic and other reviews, together with the other training programmes provided during the year, ensure that Directors continually update their skills, knowledge and familiarity with the Company's businesses. This further provides insight about the insurance sector and other developments to enable them effectively fulfil their role on the Board and committees of the Board.

Directors' report - continued

For the year ended 31 December 2020

Particulars of entries in the Interests Register during the financial year

No Director had any interest in contracts and proposed contracts with the Company during the year under review, hence there were no entries recorded in the Interests Register as required by 194(6), 195(1)(a) and 196 of the Companies Act, 2019 (Act 992).

Directors' remuneration

Determining the remuneration of the Directors is subject to shareholders approval. The Board Chairman was paid a net monthly fee of GH¢3,000 and a sitting allowance of GH¢1,440 per Board meeting. The other Non-Executive Directors were paid a monthly fee of GH¢2,760 and a sitting allowance of GH¢1,320 per meeting.

Corporate social responsibilities

Star Assurance, fully aware of its status as a corporate entity living amongst other various stakeholders in the community, employs various partnership channels to demonstrate its responsibility towards the community and also deepen its relationship with all stakeholders.

Over the years, the focus of the Company has mainly been in the health and education sector, and this continued in 2020.

In the midst of the Covid-19 pandemic, Star Assurance partnered the Heleh Africa Covid-19 Corporate Initiative to provide personal protective equipment to poor communities within the endemic areas of Greater-Accra and Kumasi.

Impact of COVID

The novel Covid-19 pandemic which has gone beyond a normal health crisis to assume a global economic crisis status took the entire world by storm in the early part of the year 2020 through to the end of the year and even beyond, after it was first detected in late 2019.

All industries in the global space, including the insurance industry have had their fair share of the decline in economic activities. The global fight against the spread of the pandemic led to several socio-economic and physical restrictions including lockdown of cities leading to a significant decline in major economic activities. This situation therefore called for the urgent activation of business continuity and crisis management strategies to save human lives and the going concern of the Company. The Board on its part reviewed and approved the revised business continuity plan submitted to it by Management to respond to the Covid-19 protocols. This review meetings were done virtually to avoid physical contacts.

The Board view Management's implementation of its business continuity strategy during this period of the Covid-19 pandemic to be largely successful. In spite of the few recorded positive cases amongst staff, there has been no death reported. Much as the Company also lost businesses as a result of the pandemic, it nevertheless managed to grow above the previous year by above 18%. The Board also views the introduction of enhanced technology into the operations of the Company as vital in mitigating the effect of this deadly global pandemic.
With the advent of the Covid-19 vaccines and more focus on technological innovations, the Board anticipates business activities bouncing back fully soon.

Directors' report - continued

For the year ended 31 December 2020

Auditors and audit fees

In accordance with section 139 (5d) of the Companies Act, 2019 (Act 992), the auditors Messrs Deloitte & Touche will not remain as auditors of the Company. Amount payable in respect of audit fees was GH¢103,550 (2019: GH¢95,000).

Other matters

The directors confirm that no matters have arisen since 31 December, 2020 which materially affect the financial statements of the Company for the year ended on that date.

Summary of financial results

	Dec-20	Dec-19
	GH¢'000	GH¢'000
Gross premium	**148,535**	125,605
Reinsurance premium	**(42,175)**	(38,252)
Profit before tax	**8,078**	622
Corporate tax provision of	**(2,033)**	(5,479)
and National Fiscal Stabilisation Levy	**(404)**	(31)
leaving Net profit/(loss) after tax of	**5,641**	(4,888)
which is added income surplus account brought forward from 31 December of the previous year	**52,438**	61,094
making a total income surplus of	**58,079**	56,206
from which is deducted		
Dividend paid of	**(2,174)**	-
Lease adjustment of	**(3,519)**	-
and a transfer to contingency reserve of	**(4,456)**	(3,768)
leaving a net balance on the income surplus account which is carried to the statement of financial position	**47,930**	52,438

Approval of the financial statement

The financial statement of the Company were approved by the Board of directors on......27th May.........2021 and are signed on their behalf by:

.... **Board Chairman**

.... **Chief Executive Officer**

Dated..31 | 05 |**............2021**

Star Assurance Company Limited

Certificate of solvency in respect of life policies (Regulation 12A)

As at 31 December 2020

Report by the Actuary

I hereby certify that:

The valuation and this Actuary's Report of Star Assurance Co. Ltd. have been prepared in accordance with Actuarial Practice Note 401 of the Actuarial Society of South Africa. Reporting has been prepared in accordance with guidelines to the insurance industry on the actuarial function issued by the National Insurance Commission ("NIC") in Ghana.

These require that reasonable provision is made for future outgo and premium income, generally based on the assumptions that current conditions will apply. Provision is therefore not made for all possible contingencies.

C Balona
Actuary (FASSA)

tel +27 11 038 3745
caesar.balona@qedact.com
26 May 2021

Star Assurance Company Limited

Statement of directors' responsibilities

For the year ended 31 December 2020

The Companies Act, 2019 (Act 992) requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

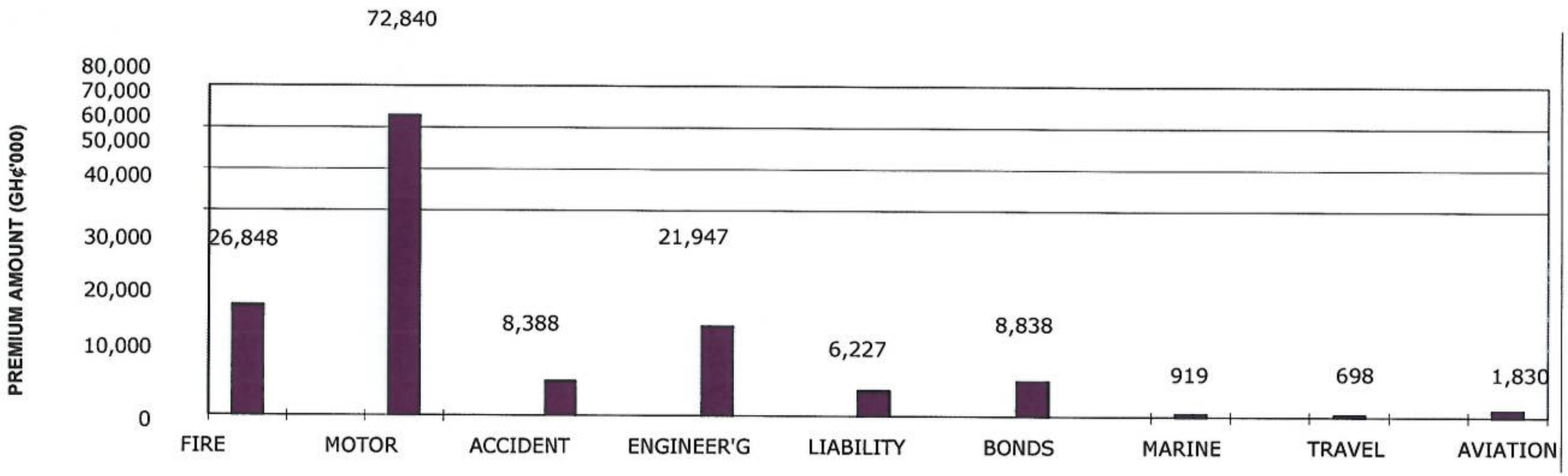
In preparing the financial statements, the Directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgment and estimates have been made in the preparation of the financial statements for the year ended 31 December 2020. The Directors confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with International Financial Reporting Standards, the Companies Act, 2019 (Act 992) and the Insurance Act, 2006 (Act 724). They are also responsible for safeguarding the assets of the Company and hence for taking steps for the prevention and detection of fraud and other irregularities. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Financial Highlights and Summary
For the year ended 31 December 2020

POLICY TYPE	FIRE	MOTOR	ACCIDENT	ENGINEER'G	LIABILITY	BONDS	MARINE	TRAVEL	AVIATION	TOTAL
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	**GH¢'000**
Insurance premium revenue	26,848	72,840	8,388	21,947	6,227	8,838	919	698	1,830	**148,535**
Net Underwriting Income	19,337	65,841	5,290	12,106	4,790	13,153	657	534	201	**121,910**
Management Expenses	8,057	21,861	2,517	6,586	1,869	2,652	276	209	550	**44,577**
Underwriting Profit / (Loss)	(5,101)	11,960	(447)	(1,615)	(2,235)	(7,301)	223	401	(817)	**(4,932)**

GROSS PREMIUM CHART



Deloitte.

P. O. Box GP453
Accra
Ghana

Deloitte & Touche
The Deloitte Place, Plot No. 71
Off George Walker Bush Highway
North Dzorwulu
Accra
Ghana

Tel: +233 (0) 302 775 355
facebook.com/deloitte.com.gh
twitter.com/deloitteghana
Email: ghdeloitte@deloitte.com.gh
www2.deloitte.com/gh

Independent auditor's report

To the members of Star Assurance Company Limited

Report on the audit of the Financial Statement

Opinion

We have audited the financial statements of Star Assurance Company Limited, set out on pages 16 to 78, which comprise the statement of financial position as at 31 December, 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, the notes to the financial statements, including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the financial statements give a true and fair view of the financial position of Star Assurance Company Limited as at 31 December, 2020, and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2019 (Act 992) and the Insurance Act, 2006 (Act 724).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Ghana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Ghana.

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

Key Audit Matters

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

Deloitte.

Independent auditor's report

To the members of Star Assurance Company Limited

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><th colspan="2">The methodology and assumptions used in setting outstanding claims and other technical insurance liabilities</th></tr>
<tr><td>Insurance reserves include the company's insurance claims liabilities, a provision for Incurred But Not Reported (IBNR) claims, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period. The determination of the value of the insurance reserves requires significant judgment in the selection of key assumptions and methodologies.

Management exercises significant judgement in respect of the appropriate methodology in estimating the claims and other technical reserves. Where possible, the company adopts multiple techniques to estimate the required level of provisions. The projections given by the various methodologies also assist in estimating the range of possible outcomes.

The disclosures relating to Insurance claims liabilities are included in the financial statements are considered important to the users of the financial statements given the level of judgement and estimation involved.</td><td>We evaluated and tested the design and implementation of the key controls over the estimation of future claim payments. In performing the tests of controls, we considered the appropriateness of the control considering the nature and significance of the risk, competence and authority of person(s) performing the control, frequency and consistency with which the control is performed.

We challenged management's key assumptions over estimation of future claim payments by performing the following:

We obtained the actuarial report and agreed the recorded Insurance claims liabilities to the recorded balance.

We performed procedures to test the completeness and accuracy of the claims and premium data used in the determination of the insurance claims liabilities.

We worked with the Deloitte Actuarial & Insurance Solutions Specialist to ascertain the basis of loss ratios and challenged management on the appropriateness or otherwise of the ratios used in the expected loss ratio method. We evaluated the appropriateness of the loss ratios used.

We further confirmed whether data used in determining the Insurance claims liabilities are sufficient and appropriate in terms of sufficiency and precision.

We worked with the Deloitte Actuarial & Insurance Solutions Specialist to perform the following:
a. evaluated the appropriateness and suitability of the methodologies used by the management expert i.e. basic chain ladder method and expected loss ratio method
b. evaluated the appropriateness and reasonability of underlying assumptions and adjustments made in determining the insurance claims liabilities
c. performed a re-computation of the insurance claims liabilities using the claims data and gross premiums data</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
	and agree results to amounts determined by the management expert. We carried out procedures to test the competence, capabilities and objectivity of the management's expert. We found that the assumptions assessed by management were comparable to historical performance and have been assessed as reasonable. We considered the amount recorded and the disclosure relating to the insurance claims liabilities and have found it to be appropriate and adequate.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Statement of Directors' Responsibilities, Actuary's Report and Financial Highlights (summary), which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2019 (Act 992) and the Insurance Act, 2006 (Act 724) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of Financial Statements

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

Deloitte.

Independent auditor's report

To the members of Star Assurance Company Limited

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Deloitte.

Independent auditor's report

To the members of Star Assurance Company Limited

Report on Other Legal and Regulatory Requirements

In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

1. We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.

2. In our opinion:

   - proper books of accounts have been kept by the company, so far as appears from our examination of those books.
   - the information and explanations provided to us, were in the manner required by Act 992 and give a true and fair view of the:

     a. statement of financial position of the company at the end of the financial year, and

     b. statement of profit or loss and other comprehensive income for the financial year.

3. The company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the accounting records and returns.

4. We are independent of the company, pursuant to section 143 of Act 992.

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.

The company has generally complied with the provision in the insurance Act, 2006 (Act 724).

The engagement partner on the audit resulting in this independent auditor's report is **Abena Biney (ICAG/P/1508)**

Deloitte & Touche.

For and on behalf of Deloitte & Touche (ICAG/F/2021/129)
The Deloitte Place, Plot No. 71
Off George Walker Bush Highway
North Dzorwulu
Accra-Ghana

31st May .... **2021.**

CLASSIFICATION: CONFIDENTIAL

Star Assurance Company Limited

Statement of financial position

As at 31 December 2020

	Notes	Dec-20 GH¢'000	Dec-19 GH¢'000
Assets			
Property, plant & equipment	16	1,679	2,263
Right of use leased assets	17a	11,600	3,591
Intangible assets	18	656	119
Investment properties	19	177,157	178,672
Available-for-sale equity investments	20 (a)	155,659	106,575
Amount due from reinsurers		2,395	3,024
Other receivables	21	4,757	4,987
Current tax asset	15.3	-	537
National fiscal stabilisation levy	31	-	108
Available-for-sale debt investment	22	64,965	53,304
Cash and bank balances	23	1,586	3,750
Total Assets		420,454	356,930
Equity and Liabilities			
Stated capital	24	130,235	130,235
Available-for-sale reserve	20 (b)	68,158	31,386
Contingency reserve	25	33,553	29,097
Retained earnings	26	47,930	52,438
Total Equity		279,876	243,156
Liabilities			
Insurance claims liability	27	45,660	47,566
Amount due to re-insurers		7,818	6,567
Lease liability	17(b)	9,732	1,097
Creditors and accruals	30	4,417	9,317
Provision for unearned premiums	29	50,633	39,380
Deferred tax liability	32	22,176	9,847
Current tax liability	15.3	113	-
National fiscal stabilisation levy	31	29	-
Total Liabilities		140,578	113,774
Total Equity and Liabilities		420,454	356,930

....
Board Chairman
Date: 31/5/2021

....
Chief Executive Officer
Date: 31/5/2021

The accompanying notes on pages 21 to 78 form an integral part of the financial statements.

Star Assurance Company Limited

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2020

	Note	Dec-20 GH¢'000	Dec-19 GH¢'000
Insurance premium revenue	7	148,535	125,605
Insurance premium ceded to reinsurers	7	(42,175)	(38,252)
Premium Retained		106,360	87,353
Less unearned premium provision	29	(11,253)	(1,087)
Net Premium Earned		95,107	86,266
Reinsurance commission	8	10,586	9,789
Investment income	9	12,255	9,342
Other income	10	1,677	1,405
Net Income		119,625	106,802
Underwriting Expenses			
Commission expense	11	29,103	24,590
Claims and loss adjustment expenses	12	53,162	70,424
Claims and loss adjustments expenses recovered		(16,217)	(32,498)
Net insurance expenses		66,048	62,516
Operating expenses	39	44,577	43,557
Total expenses		110,625	106,076
Results of operating activities		9,000	729
Finance cost	14	(922)	(107)
Profit before taxation		8,078	622
Income tax expense	15	(2,033)	(5,479)
National fiscal stabilisation levy	31	(404)	(31)
Profit for the year		5,641	(4,888)
Other comprehensive income			
Items that may be reclassified subsequent To Profit or Loss			
Revaluation gains on available-for-sale assets	20	49,084	30,255
Tax available to other comprehensive income		(12,312)	-
Total other comprehensive income		36,772	30,255
Total comprehensive income		42,413	25,367

The accompanying notes on pages 21 to 78 form an integral part of the financial statements.

Statement of changes in equity

For the year ended 31 December 2020

	Stated capital GH¢'000	Available-for-sale reserve GH¢'000	Contingency reserve GH¢'000	Retained earnings GH¢'000	Total GH¢'000
Dec-20					
Balance at 1 January	**130,235**	**31,386**	**29,097**	**52,438**	**243,156**
Lease adjustments	-	-	-	(3,519)	(3,519)
Balance at 1 January Re-Stated	**130,235**	**31,386**	**29,097**	**48,919**	**239,637**
Comprehensive Income					
Profit for the year	-	-	-	**5,641**	**5,641**
Other comprehensive income					
Gains on available-for-sale assets	-	**49,084**	-	-	**49,084**
Deferred tax attributable to other comprehensive income	-	**(12,312)**	-	-	**(12,312)**
Transaction with equity holders					
Dividend paid	-	-	-	**(2,174)**	**(2,174)**
Transfers within equity					
Transfer to / (from) contingency reserve	-	-	**4,456**	**(4,456)**	-
Balance at 31 December	**130,235**	**68,158**	**33,553**	**47,930**	**279,876**
Dec-19					
Balance at 1 January	130,235	1,131	25,329	61,094	217,789
Comprehensive income					
Profit for the year	-	-	-	(4,888)	(4,888)
Other comprehensive income					
Gains on available-for-sale assets	-	30,255	-	-	30,255
Transfers within equity					
Transfer to / (from) contingency reserve	-	-	3,768	(3,768)	-
Balance at 31 December	130,235	31,386	29,097	52,438	243,156

The accompanying notes on pages 21 to 78 form an integral part of the financial statements.

Star Assurance Company Limited

Statement of cash flows

For the year ended 31 December 2020

	Note	Dec-20 GH¢'000	Dec-19 GH¢'000
Reconciliation of Operating Income to Cash Flow from Operating Activities			
Profit before tax		8,078	622
Adjustments for:			
Depreciation charges		1,413	1,700
Amortisation of intangible assets		256	97
Amortisation of right of use assets		1,420	4,448
Notional lease finance cost		922	-
Profit on disposal of assets		(1,113)	-
Investment income		(12,255)	(9,342)
Operating profit before working capital changes		(1,279)	(2,475)
Change in amount due from re-insurers		631	(1,002)
Change in loans and receivables		230	3,255
Change in provision for unearned premium		11,253	1,086
Change in insurance claims liabilities		(1,907)	9,503
Change in creditors and accruals		(4,902)	4,467
Change in amount due to re-insurers		1,252	(1,377)
Cash inflow from operating activities		5,278	13,457
Taxation			
Corporate tax paid		(1,366)	(5,529)
National fiscal stabilisation levy paid		(267)	(1,664)
Net cash inflow from operating activities		3,645	6,264
Investing activities			
Investment income		12,255	9,342
Acquisition of property and equipment		(828)	(320)
Proceeds from sale of investment property		2,881	-
Acquisition of investment property		(254)	(105,009)
Acquisition of intangible assets		(793)	-
Right of use asset		(5,235)	(6,594)
Net cash inflow/(our flow) from investing activities		8,026	(102,581)
Financing activities			
Dividend paid		(2,174)	-
Net cash flow from financing activities		(2,174)	-
Increase in cash and cash equivalents		9,497	(96,317)
Cash and cash equivalents 1 January		57,054	153,371
Cash and cash equivalents 31 December	33	66,551	57,054

The accompanying notes on pages 21 to 78 form an integral part of the financial statements.

Notes to the financial statements

For the year ended 31 December 2020

1 General information

1.1 Corporate information

Star Assurance Company Limited, a company limited by shares, was incorporated in Ghana under the Companies Act, 2019 (Act 992) 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 International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB), the Insurance Act 2006, (Act 724) and the Companies Act, 2019 (Act 992).

1.3 Basis of preparation

These financial statements 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 measured at fair values. The financial statements are presented in Thousands of Ghana Cedis (Gh¢'000).

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and amended IFRS Standards that are effective for the current year

The Company has not adopted early the requirements of 'Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' (IBOR reform Phase 2) which is effective for annual periods beginning on or after 1 January 2021 with earlier adoption permitted.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the Company's financial statements.

(i) IBOR reform Phase 2

IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and amended IFRS Standards that are effective for the current year
(i) IBOR reform Phase 2

IBOR reform Phase 2 provides temporary reliefs that allow the Company's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Company to amend hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and / or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the Company may elect on a hedge by hedge basis to reset the cumulative fair value change to zero.

The Company may designate an interest rate as a non-contractually specified, hedged risk component of changes in the fair value or cash flows of a hedged item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives.

For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided the Company reasonably expects the RFR to become separately identifiable within 24 months. For hedges of groups of items, the Company is required to transfer to subgroups those instruments that reference RFRs. Any hedging relationships that prior to application of IBOR reform Phase 2, have been discontinued solely due to IBOR reform and meet the qualifying criteria for hedge accounting when IBOR reform Phase 2 is applied, must be reinstated upon initial application.

The Company does not do hedge accounting and expects this reform to have no impact on the Company's operations when it becomes effective.

Impact of the initial application of *Covid-19-Related Rent Concessions* Amendment to IFRS 16

In May 2020, the IASB issued *Covid-19-Related Rent Concessions* (*Amendment to IFRS 16*) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) There is no substantive change to other terms and conditions of the lease.

Impact on accounting for changes in lease payments applying the exemption
The Company has applied the practical expedient retrospectively to all rent concessions that meet the conditions in IFRS 16:46B, and has not restated prior period figures.

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year
Amendments to References to the Conceptual Framework in IFRS Standards
The Company has adopted the amendments included in *Amendments to References to the Conceptual Framework in IFRS Standards* for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new *Framework*. Not all amendments, however, update those pronouncements with regard to references to and quotes from the *Framework* so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the *Framework* they are referencing to (the IASC *Framework* adopted by the IASB in 2001, the IASB *Framework* of 2010, or the new revised *Framework* of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.
The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3 Definition of a business
The Company has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.
The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.
The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 Definition of material
The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.
The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

New and revised IFRS Standards in issue but not yet effective
At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.
Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*
The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.
The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – *Reference to the Conceptual Framework*
The amendments update IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*.
They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.
Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.
The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to IAS 16 – *Property, Plant and Equipment—Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.
If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.
The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – *Onerous Contracts—Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.
Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted

Notes to the financial statements
For the year ended 31 December 2020

Annual Improvements to IFRS Standards 2018–2020
The *Annual Improvements* include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards
The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures

and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments
The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.
The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases
The amendment removes the illustration of the reimbursement of leasehold improvements.
As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

2.2 New and revised IFRS Standards in issue but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

(i) IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

IFRS 17 introduces new accounting requirements for banking products with insurance features that may affect the determination of which instruments or which components thereof will be in the scope of IFRS 9 or IFRS 17.

Credit cards and similar products that provide insurance coverage: most issuers of these products will be able to continue with their existing accounting treatment as a financial instrument under IFRS 9. IFRS 17 excludes from its scope credit card contracts (and other similar contracts that provide credit or payment arrangements) that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer.

When the insurance coverage is provided as part of the contractual terms of the credit card, the issuer is required to:

- Separate the insurance coverage component and apply IFRS 17 to it
- Apply other applicable standards (such as IFRS 9, IFRS 15 Revenue from Contracts with

Customers or IAS 37 Provisions, Contingent Liabilities and Contingent Assets) to the other components Loan contracts that meet the definition of insurance but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract: Issuers of such loans – e.g. a loan with waiver on death – have an option to apply IFRS 9 or IFRS 17. The election would be made at a portfolio level and would be irrevocable.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

(ii) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual period in which it will first apply the amendment and does not expect this will result in a material impact on its financial statements.

3 Critical accounting 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.

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.

3.1Useful life of property, plant & equipment (PPE)

In the estimation of the useful life of the various classes of depreciable assets, Management takes into consideration the nature of the asset, the level and extent of usage, and the conditions under which the asset is used.

The following are the various classes of depreciable assets and the respective useful life:

- Building - 20 years
- Furniture and equipment - 5 years
- Computer hardware - 4 years
- Motor vehicles - 4 years
- Computer software - 4years

3.2 Term of lease and discount rate

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a more suitable location is not readily available.

The renewal periods for the leases (usually 2 - 5 years) are not included as part of the lease term as these are not reasonably certain to be exercised

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses the Government of Ghana Five-year Bond rate of 20% to measure lease liabilities. The GoG Bond Rate is the rate of most verifiable interest rate estimation when no observable rates are available.

3.3 Deferred tax asset and liability

The Company classifies deferred tax assets and liabilities as non-current assets and liabilities

3.4 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.

3.5 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.

3.6 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.

3.7 Fair value of non-financial instruments

The fair value of non-financial assets reflect the highest and best use of the assets from a market participant's perspective. Fair value measurements of non-financial assets take into account 'a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use', with due consideration given to what is physically possible, legally permissible and financially feasible.

As per the requirements of IAS 36, impairment testing is conducted on the various classes of non-financial assets in the determination of their fair value.

Professional Services are engaged in the valuation of non-financial instruments where appropriate

The fair value of non-financial assets reflect the highest and best use of the assets from a market participant's perspective. Fair value measurements of non-financial assets take into account 'a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use', with due consideration given to what is physically possible, legally permissible and financially feasible.

As per the requirements of IAS 36, impairment testing is conducted on the various classes of non-financial assets in the determination of their fair value.

Professional Services are engaged in the valuation of non-financial instruments where appropriate.

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

(i) 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.

(ii) 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.

Notes to the financial statements

For the year ended 31 December 2020

(iii) 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.

(iii) 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.

(v) Rent income

Rental income from Investment Properties 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.

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.

(i) 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 period which comprise; provision for claims reported during the period pending settlement; claims reported and settled within the period whether paid during the period or not; and a provision for claims incurred but not reported (IBNR).

(ii) Outstanding claims liability

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 period are closed and include a provision for IBNR claims. IBNR claims are computed using statistical tools based on outstanding claims as at the reporting date.

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

(iii) 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.

(iv) Receivables and payables related to insurance 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.

(v) 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 salvaged 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 period 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 year 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 equipment	20%
Computer hardware	25%
Freehold building	5%
Computer software	25%

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 year in which they arise.

Transfers from Investment Properties are made when the Company changes the use of the Investment Property. 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.

Notes to the financial statements

For the year ended 31 December 2020

4.7 Financial Assets and Financial Liabilities

(i) 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.

(ii) 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:

(iii) 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.

(iv) 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.

(v) Loans and receivables

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

(vi) 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.

(vii) 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.

(viii) 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'.

(ix) 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.

(x) 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.

(xi) 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.

Notes to the financial statements

For the year ended 31 December 2020

(xii) 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.

(xiii) Gains and losses

The Company recognises a gain or loss arising from a change in the fair value of a financial asset 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.

(xv) 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.

(xvi) 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.

(xvii) 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.

(xviii) 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:

a) financial difficulty of the issuer or the obligor;

b) a breach of contract, such as a default or delinquency in interest or principal payment;

c) 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;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

e) 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:

- adverse changes in the payment status of borrowers in the group (eg an increased number of delayed payments); or
- national or local economic conditions that correlate with defaults in the company (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).

4 Summary of significant accounting policies (continued)

4.7 Financial assets and financial liabilities (Continued)

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.

Individual 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.

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.

Notes to the financial statements
For the year ended 31 December 2020

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 twelve 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 year in which such dividends are approved by the shareholders.

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

Interim dividends are recognised when paid.

4.11 Translation 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 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.

4.13 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).

4.14 Leases

(i) The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, The Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

4.14 Leases – (continued)

The right-of-use assets are presented as a separate line in the statement of financial position.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, The Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(ii) The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of The Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

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.

4.16 Impairment of non-financial assets – (continued)
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
(i) 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.

(ii) 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.

(iii)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 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.

(ii) Deferred expenses

Refurbishment expenditure on rented offices to reflect the standard corporate image are capitalised and classified as deferred expenses.

The capitalised expnditure is then amortised over the lease period.

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.

5.1 Insurance and financial risk management framework

The Board is ultimately responsible for the Company's risk management, and through its Committee on Risk Management 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
iii. Executive Management Committee (EMC).
iv. Risk Management Department (RMD).
iv. Internal Audit
v. Quality Assurance

The Company's risk governance structure consists of four main levels, namely the Board of Directors through its Committee on risk, Executive Management Committee, Risk Management Department and Operational Units. At the third level are also Investment Committee, Information Technology Committee, Strategy and Finance Committee and Audit and Investigation Committee. 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
iii. Giving directives to management on the basis of its decisions on risk management.

The Executive Management Committee (EMC) reports to the Board of Directors through the Board Committee on Risk. The Risk Management Department 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 Risk Management Department include:
i. Draw up Enterprise Risk Management Framework
ii. Review effectiveness of the risk management process throughout the company,
iii. Report directly to the Board Committee on Risk
iv. Facilitate communication within the operational units on common risk issues,
v. Conduct risk assessment workshops to deepen the awareness of the need to assess risk

The Internal Audit and Investigation Department also examines and expresses its 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 Enterprise Risk Management programme.

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.

Management further ensures that the Company is not exposed to concentration risk. Management 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.

Notes to the financial statements

For the year ended 31 December 2020

5.2.1 Maximum insured loss

As at 31 December 2020

By currency:					Geographical area analysis:		
	Ghana Cedi	US Dollar	GB Pound	Euro	Total	Accra Region	Other Regions
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Fire	4,642,186	8,299,250	773	20,246	**12,962,455**	12,573,997	388,458
Motor	742,651	632,457	581	24,388	**1,400,077**	1,238,979	161,098
Accident	4,112,798	754,123	3,375	1,463	**4,871,759**	4,574,610	297,149
Engineering	250,686	13,916,209	439,460	887,591	**15,493,946**	15,388,937	105,009
Liability	527,381	1,253,851	-	11,999	**1,793,231**	1,744,132	49,099
Bonds	660,593	1,763,165	-	284,307	**2,708,065**	2,528,563	179,502
Marine	3,476	1,543	-	-	**5,019**	5,019	-
Travel	12,432	-	-	-	**12,432**	9,879	2,553
Aviation	-	455,117	-	-	**455,117**	455,117	-
Total	**10,952,203**	**27,075,715**	**444,189**	**1,229,994**	**39,702,101**	**38,519,233**	**1,182,868**

5.2.2 Claims development table

The table below shows the development of claims settled over a period of 7 years on gross basis. The first column of each year shows the amount settled in the loss year and the subsequent column(s) show(s) the cumulative amount settled. The amounts are stated in Thousands of Ghana Cedis (Gh¢'000).

Loss year				Month of development			
	12	**24**	**36**	**48**	**60**	**72**	**84**
2013	5,180	2,558	973	2,155	570	292	170
2014	5,880	3,362	1,176	1,521	512	156	-
2015	17,819	5,203	7,794	1,107	431	-	-
2016	11,431	5,370	1,621	1,026	25	-	-
2017	13,493	8,621	3,109	-	-	-	-
2018	17,167	11,050	283	-	-	-	-
2019	38,880	4,511	-	-	-	-	-
2020	26,025	-	-	-	-	-	-

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.

5.4 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.

A portfolio impairment provision 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.

The carrying amount of the Company's financial assets as stated in the statement of financial position best represents their respective maximum exposure to credit risk.

	Dec-20	Dec-19
	GH¢'000	GH¢'000
Amount due from reinsurers	**2,395**	3,024
Other receivables	**4,757**	4,987
Available-for-sale debt investment	**64,965**	53,304
	72,117	61,315

The company holds no collateral over any of these balances.

In order to minimise credit risk, the risk management unit of the company regularly reviews the credit risk profile of counterparties and limit its exposures to certain corporate entities, individuals or a group of them. Such limits on the level of credit risk are also regularly reviewed and approved by the Board of Directors through its Committee on Risk.

5.4 Credit risk (Continued)

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

	Receivables arising from reinsurance contracts	
	Dec-20	Dec-19
	GH¢'000	GH¢'000
Up to 30 days	**718**	906
31 to 60 days	**479**	605
61 to 90 days	**240**	303
Over 90 days	**958**	1,210
	2,395	3,024

5.5 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 inflow due to reduced premium production coupled with high commitment cost.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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 due. 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.

Maturity period analysis of Debts Securities held by the company is as follows:

	Dec-20	Dec-19
	GH¢'000	GH¢'000
Maturing within 91 days	**7,117**	7,145
Maturing within 182 days	**53,299**	25,599
Maturing within 365 days	**4,549**	1,400
Maturing after 365 days	**-**	19,160
Totals	**64,965**	53,304

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For the year ended 31 December 2020

5.5 Liquidity risk (Continued)

The following are the maturity profile of the company's financial assets and financial liabilities:

Dec-20	Due within 91 days GH¢'000	Due within 182 days GH¢'000	Due within 365 days GH¢'000	Due above 365 days GH¢'000	Total GH¢'000
Financial assets:					
Amount due from reinsurers	231	159	1,103	902	2,395
Other receivables	4,757	-	-	-	4,757
Available-for-sale debt investment	7,117	53,299	4,549	-	64,965
Cash and bank balances	1,586	-	-	-	1,586
	13,691	53,458	5,652	902	73,703
Financial liabilities:					
Amount due to reinsurers	7,818	-	-	-	7,818
Claims liabilities	1,319	33,774	10,567	-	45,660
Creditors and accruals	14,173	-	-	-	14,173
Tax liability	140	-	-	-	140
	23,450	33,774	10,567	-	67,791
Net liquidity position at 31 December 2020	**(9,759)**	**19,684**	**(4,915)**	**902**	**5,912**

Dec-19	Due within 91 days GH¢'000	Due within 182 days GH¢'000	Due within 365 days GH¢'000	Due above 365 days GH¢'000	Total GH¢'000
Financial assets:					
Amount due from reinsurers	1,814	1,210	-	-	3,024
Other receivables	4,987	-	-	-	4,987
Available-for-sale debt investment	7,145	25,599	1,400	19,160	53,304
Cash and bank balances	3,750	-	-	-	3,750
	17,669	26,809	1,400	19,160	65,067
Financial liabilities:					
Amount due to reinsurers	6,567	-	-	-	6,567
Claims liabilities	7,132	21,966	18,468	-	47,566
Creditors and accruals	10,414	-	-	-	10,414
Tax liability	-	-	-	-	-
	23,113	21,966	18,468	-	64,547
Net liquidity position at 31 December 2019	(5,444)	4,843	(17,068)	19,160	520

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For the year ended 31 December 2020

5.6 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 executive Management Committee 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.

5.7 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. Some 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 period-end in cedi-equivalents of the following major foreign currencies at 31 December 2020:

	USD	GBP	Euro
	GH¢'000	GH¢'000	GH¢'000
Assets			
Due from reinsurers	1,622	-	**652**
Cash & cash equivalents	310	1	**7**
Available for sale equity investment	154,874	-	-
Investment properties	172,145	5,012	-
	328,951	**5,013**	**659**
Liabilities			
Due to reinsurers	7,152	7	**252**
	7,152	**7**	**252**

5 Management of insurance and financial risks

Sensitivity analysis

The Company used 5% average rate of change in foreign exchange to demonstrate the effect of changes in foreign exchange rates on profit before tax and shareholders' fund. At the reporting date, the Company's sensitivity to a 5% increase and decrease in the value of the cedi against the United States Dollar (US$) is analysed below:

	Dec-20 GH¢'000	5% increase GH¢'000
Profit before tax	**8,078**	404
Shareholders' fund	**279,876**	13,994

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 5% would increase profit before tax and shareholders' fund by Gh¢404,136 and Gh¢13,994,031, while a decrease in exchange rates by 5% would decrease profit before tax for the third quarter and shareholders' fund by the same amounts.

5.8 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.

5.9 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.

5.10 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 new solvency framework of the National Insurance Commission (NIC) requires non-life insurance companies to hold a minimum level of paid up capital of Gh¢15.0 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 was GH¢130,235,000 (December 2019 - GH¢130,235,000). The table below shows the summary of solvency margin of the Company at the end of December, 2020.

	Dec-20	Dec-19
Available capital resources (Gh¢'000)	**134,836**	131,976
Solvency capital required (Gh¢'000)	**26,591**	21,839
Capital adequacy ratio	**507%**	604%

5.11 Fair value hierachy

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active market for identical instruments.

Level 2: inputs other than quoted prices included within level 1 that are observable either directly or indirectly. This category includes instruments valued using: quoted market price in active market for similar instrument; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Star Assurance Company Limited

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For the year ended 31 December 2020

5.11 Fair value hierachy

Valuation techniques include net present value and discounted cash flows models, comparison with similar instruments for which market observable prices exists and other valuation models. Assumptions and inputs used in valuation techniques risk free and benchmark interest rates, credit spreads estimating discount rate, bond and equity price volatilities and correlations.

The following table shows fair value measurements recognised in the statement of financial position or disclosed in the financial statements by class of asset or liability and categorised by level according to the significance of the inputs used in making the measurement.

Dec-20

	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	**Total** **GH¢'000**
Investment properties	-	-	177,157	**177,157**
Government securities	-	12,190	-	**12,190**
Debt securities	-	52,775	-	**52,775**
Equity securities	785	154,874	-	**155,659**
Cash and cash equivalents	-	1,586	-	**1,586**
Balance at December 31	**785**	**221,425**	**177,157**	**399,367**

Dec-19

	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total GH¢'000
Investment properties	-	-	178,671	178,671
Government securities	-	1,428	-	1,428
Debt securities	-	51,876	-	51,876
Equity securities	1,081	105,494	-	106,575
Cash and cash equivalents	-	3,750	-	3,750
Balance at December 31	1,081	162,548	178,671	342,300

Notes to the financial statements

For the year ended 31 December 2020

5.11 Fair Value of Financial Instrument

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in the level 2 of the fair value hierarchy:

20-Dec	Cash and cash equivalents GH¢'000	Debt securities GH¢'000	Equity securities GH¢'000	Trading liabilities GH¢'000	Total GH¢'000
Balance at 1 January 2019	11,335	142,036	76,319	(12,795)	**216,895**
Movements in 2019					
Total gains and losses:					
in profit or loss	-	6,329	-	-	**6,329**
in OCI	-	-	30,256	-	**30,256**
Purchases	-	4,238	-	-	**4,238**
Issues	-	-	-	(1,097)	**(1,097)**
Settlements	(7,585)	(99,299)	-	(3,088)	**(109,972)**
Transfer into/(out) of level 3	-	-	-	-	**-**
Balance at 31 December 2019	3,750	53,304	106,575	(16,980)	**146,649**
Movements in 2020					
Total gains and losses:					
in profit or loss	-	8,102	-	-	**8,102**
in OCI	-	-	49,084	-	**49,084**
Purchases	-	9,671	-	-	**9,671**
Settlements	(2,164)	(6,112)	-	(5,010)	**(13,286)**
Balance at December 31 2020	**1,586**	**64,965**	**155,659**	**(21,990)**	**200,220**

Notes to the financial statements

For the year ended 31 December 2020

6. 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:

20-Dec	FIRE GH¢'000	MOTOR GH¢'000	ACCIDENT GH¢'000	ENGINEER'G GH¢'000	LIABILITY GH¢'000	BONDS GH¢'000	MARINE GH¢'000	TRAVEL GH¢'000	AVIATION GH¢'000	TOTAL Gh¢
Underwriting Income										
Insurance premium revenue	26,848	72,840	8,388	21,947	6,227	8,838	919	698	1,830	**148,535**
Insurance premium ceded to reinsurers	(20,321)	(20,241)	(3,884)	(7,845)	(3,020)	(2,622)	(452)	(270)	(1,520)	**(42,175)**
Premium Retained	6,527	70,599	4,504	14,102	3,207	6,216	467	428	310	**106,360**
Less Unearned Premium Provision	5,056	(7,740)	(500)	(5,217)	(825)	(3,590)	(14)	(106)	(179)	**(11,253)**
in profit or loss	11,583	62,859	4,004	8,885	4,032	2,626	453	534	131	**95,107**
Ceding commission earned	5,536	470	1,067	1,733	728	863	119	-	70	**10,586**
Claims and loss adjustments recovered	2,218	2,512	219	1,488	30	9,664	85	-	-	**16,217**
Net underwriting income	19,337	65,841	5,290	12,106	4,790	13,153	657	534	201	**121,910**
Underwriting Expenses										
Agency commission incurred	7,180	11,582	1,457	4,967	1,378	1,847	147	78	467	**29,103**
Claims and loss adjustment expense	9,201	20,438	1,763	2,168	3,778	15,955	11	(154)	2	**53,162**
in profit or loss	8,057	21,861	2,517	6,586	1,869	2,652	276	209	550	**44,577**
	24,438	53,881	5,737	13,721	7,025	20,454	434	133	1,019	**126,842**
Underwriting Profit / (Loss)	(5,101)	11,960	(447)	(1,615)	(2,235)	(7,301)	223	401	(818)	**(4,932)**
Investment Income	-	-	-	-	-	-	-	-	-	**12,255**
Other Income	-	-	-	-	-	-	-	-	-	**1,677**
Finance Cost	-	-	-	-	-	-	-	-	-	**(922)**
Profit before tax	(5,101)	11,960	(447)	(1,615)	(2,235)	(7,301)	223	401	(818)	**8,078**

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6. Operating segment (continued)

19- Dec	FIRE GH¢'000	MOTOR GH¢'000	ACCIDENT GH¢'000	ENGINEER'G GH¢'000	LIABILITY GH¢'000	BONDS GH¢'000	MARINE GH¢'000	TRAVEL GH¢'000	AVIATION GH¢'000	MICROINS. GH¢'000	TOTAL GH¢'000
Underwriting Income											
Insurance premium revenue	24,909	58,409	6,814	12,204	8,203	9,586	1,113	2,005	2,195	167	125,605
Insurance premium ceded to reinsurers	(15,928)	(1,385)	(3,129)	(7,560)	(4,063)	(3,308)	(593)	(91)	(2,195)	-	(38,252)
Premium Retained	8,981	57,024	3,685	4,644	4,140	6,278	520	1,914	-	167	87,353
Less Unearned Premium Provision	(3,173)	(515)	314	1,676	(477)	539	69	(2)	482	-	(1,087)
Net insurance premium revenue	5,808	56,509	3,999	6,320	3,663	6,817	589	1,912	482	167	86,266
in profit or loss											
Ceding commission earned	3,235	326	858	1,968	1,188	1,607	155	-	452	-	9,789
Claims and loss adjustments recovered	691	182	56	86	2	31,472	9	-	-	-	32,498
Net underwriting income	9,734	57,017	4,913	8,374	4,853	39,896	753	1,912	934	167	128,553
Underwriting Expenses											
Agency commission incurred	4,745	11,666	1,333	2,672	1,610	1,684	162	182	486	50	24,590
Claims and loss adjustment expense	7,320	22,795	298	862	2,286	34,227	261	802	1,564	9	70,424
Management Expenses	8,639	20,257	2,363	4,233	2,845	3,325	388	696	761	50	43,557
in profit or loss											
	20,704	54,718	3,994	7,767	6,741	39,236	811	1,680	2,811	109	138,571
Underwriting Profit / (Loss)	(10,970)	2,299	919	607	(1,888)	660	(58)	232	(1,877)	58	(10,018)
Investment Income	-	-	-	-	-	-	-	-	-	-	9,342
Other Income	-	-	-	-	-	-	-	-	-	-	1,405
Finance Cost	-	-	-	-	-	-	-	-	-	-	(107)
Profit before tax	(10,970)	2,299	919	607	(1,888)	660	(58)	232	(1,877)	58	622

Notes to the financial statements

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7. 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:

	Direct Premium Income GH¢'000	Reinsurance Premium Income GH¢'000	Gross Written Premium GH¢'000	Adjustment in unearned premium GH¢'000	Insurance Premium Revenue GH¢'000	Reinsurance Cost GH¢'000	Total GH¢'000
20 - Dec							
Fire	26,063	785	26,848	5,056	31,904	(20,321)	11,583
Motor	72,780	60	72,840	(7,740)	65,100	(2,241)	62,859
Accident	7,998	390	8,388	(500)	7,888	(3,884)	4,004
Engineering	21,918	29	21,947	(5,217)	16,730	(7,845)	8,885
Liability	5,981	246	6,227	825	7,052	(3,020)	4,032
Bonds	8,822	16	8,838	(3,590)	5,248	(2,622)	2,626
in profit or los	892	27	919	(14)	905	(452)	453
Travel	698	-	698	106	804	(270)	534
Aviation	1,830	-	1,830	(179)	1,651	(1,520)	131
	146,982	1,553	148,535	(11,253)	137,282	(42,175)	95,107
				(394)			
19 -Dec							
Fire	22,975	1,934	24,909	(3,173)	21,736	(15,928)	5,808
Motor	57,937	472	58,409	(515)	57,894	(1,385)	56,509
Accident	6,152	662	6,814	313	7,127	(3,129)	3,998
in profit or los	12,026	178	12,204	1,676	13,880	(7,560)	6,320
Liability	7,792	411	8,203	(476)	7,727	(4,063)	3,664
Bonds	9,421	165	9,586	539	10,125	(3,308)	6,817
Marine	982	131	1,113	69	1,182	(593)	589
Travel	2,005	-	2,005	(2)	2,003	(91)	1,912
Aviation	2,195	-	2,195	482	2,677	(2,195)	482
Microinsurance	167	-	167	-	167	-	167
	121,652	3,953	125,605	(1,087)	124,518	(38,252)	86,266

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		Dec-20 GH¢'000	Dec-19 GH¢'000
8.	**Reinsurance commission**		
	Fire	**5,536**	3,235
	Motor	**470**	326
	Accident	**1,067**	858
	Engineering	**1,733**	1,968
	Liability	**728**	1,188
	Bonds	**863**	1,607
	Marine	**119**	155
	Aviation	**70**	452
	Total	**10,586**	9,789

		Dec-20 GH¢'000	Dec-19 GH¢'000
9.	**Investment income**		
	Interest on short term investments	**8,834**	6,541
	Dividends on equities	**3,421**	2,801
		12,255	9,342

		Dec-20 GH¢'000	Dec-19 GH¢'000
10.	**Other income**		
	Interest on staff loan	**39**	86
	Profit on disposal	**1,113**	-
	Other sundry income	**146**	1,319
	Exchange gain	**379**	-
		1,677	1,405

		Dec-20 GH¢'000	Dec-19 GH¢'000
11.	**Commission expense**		
	Fire	**7,180**	4,745
	Motor	**11,582**	11,666
	Accident	**1,457**	1,333
	Engineering	**4,967**	2,672
	Liability	**1,378**	1,610
	Bonds	**1,847**	1,684
	Marine	**147**	162
	Travel	**78**	182
	Aviation	**467**	486
	Microinsurance	**-**	50
		29,103	24,590

Notes to the financial statements
For the year ended 31 December 2020

12. Claims and loss adjustment expenses

	Dec-20 GH¢'000	Dec-19 GH¢'000
Settled during the period	**59,193**	64,128
Increase / (Decrease) in provision	**(6,031)**	6,296
Gross claims expense	**53,162**	70,424

13. Operating expense

These include:

	Dec-20 GH¢'000	Dec-19 GH¢'000
Auditors' remuneration	**104**	95
Directors' remuneration	**317**	320
Depreciation	**1,413**	1,700
Donations	**35**	60

14. Finance cost

	Dec-20 GH¢'000	Dec-19 GH¢'000
Lease finance cost	**922**	106
Lease rentals	**-**	1
	922	107

15. Taxation
15.1 Income tax expense

	Dec-20 GH¢'000	Dec-19 GH¢'000
Current tax (See note 15.3)	**274**	1,801
Tax Audit Liability from previous years (See note 15.3)	**1,742**	-
Deferred tax charge/(credit)	**17**	3,678
	2,033	5,479

Notes to the financial statements

For the year ended 31 December 2020

15.2 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:

	Dec-20 GH¢'000	Dec-19 GH¢'000
Profit before taxation	8,078	622
Tax at applicable tax rate at 25% December 2019: 25%)	2,020	156
Liability from previous years' tax audit	1,742	-
Dividend taxed at 8%	274	224
Tax impact of non-deductible expenses	4,106	6,633
Tax impact of non-chargeable income	(2,442)	(700)
Tax impact of capital allowances	(4,475)	(4,467)
Tax rebates	(12)	(45)
Deferred tax	17	3,678
Tax loss	803	-
Income tax expense	2,033	5,479
Effective tax rate	25.16%	880.89%

15.3 Company income tax

Year of assessment	Balance at 1 Jan. GH¢'000	Payments and credits GH¢'000	Charge for the year GH¢'000	Balance at 31 Dec. GH¢'000
Corporate tax 2019	(537)	-	-	(537)
Corporate tax 2020	-	(1,366)	274	(1,092)
Prior year tax audit liability	-	-	1,742	1,742
	(537)	(1,366)	2,016	113

Notes to the financial statements
For the year ended 31 December 2020

16. Property, plant & equipment

Cost/Revaluation	Buildings GH¢'000	Motor vehicles GH¢'000	Office furn. & equipment GH¢'000	Bungalow furn. & equipment GH¢'000	Computer hardware GH¢'000	Library books GH¢'000	Total GH¢'000
Balance at 1 January 2020	235	5,174	5,259	291	1,835	1	12,796
Additions	-	71	353	1	403	-	828
Balance at 31 December 2020	**235**	**5,245**	**5,612**	**292**	**2,238**	**1**	**13,624**
Depreciation							
Balance at 1 January 2020	180	4,152	4,326	277	1,596	1	10,532
Charge for the year	12	587	528	9	277	-	1,413
Balance at 31 December 2020	**192**	**4,739**	**4,854**	**286**	**1,873**	**1**	**11,945**
Carrying amount							
At 31 December 2020	**43**	**506**	**758**	**6**	**365**	**-**	**1,679**

Notes to the financial statements
For the year ended 31 December 2020

16. Property, plant & equipment (continued)

Cost/Revaluation	Land GH¢'000	Buildings GH¢'000	Motor vehicles GH¢'000	Office furn. & equipment GH¢'000	Bungalow furn. & equipment GH¢'000	Computer hardware GH¢'000	Library books GH¢'000	Total GH¢'000
Balance at 01/01/19	348	235	5,165	5,015	291	1,768	1	12,823
Additions	-	-	9	244	-	67	-	320
Disposals/Reclassification	(348)	-	-	-	-	-	-	(348)
Balance at 31/12/19	-	235	5,174	5,259	291	1,835	1	12,795
Depreciation								
Balance at 01/01/19	-	168	3,403	3,680	266	1,314	1	8,832
Charge for the year	-	12	749	646	11	282	-	1,700
Balance at 31/12/19	-	180	4,152	4,326	277	1,596	1	10,532
Carrying Amount								
At 31/12/19	-	55	1,022	933	14	239	-	2,263

Notes to the financial statements
For the year ended 31 December 2020

17. Leases

a. Right of use lease asset

	Dec-20 GH¢'000	Dec-19 GH¢'000
Cost		
Balance at 1 January	8,039	2,617
Lease adjustment	9,562	-
Balance at 1 January	17,601	2,617
Additions during the period	1,578	4,277
Reclassification	-	348
Lease liability relating to right of Use Asset	-	797
Balance at 31 December	19,179	8,039
Amortisation		
Balance at 1 January	4,448	-
Lease adjustment	1,711	-
Balance at 1 January	6,159	-
Charge for the year	1,420	4,448
Balance at 31 December	7,579	4,448
Net book value 31 December	11,600	3,591

b. Lease liability

	Dec-20 GH¢'000	Dec-19 GH¢'000
Balance at 1 January	1,097	-
Lease adjustment	11,370	-
Balance at 1 January	12,467	-
Accrued leases payables	-	300
Finance cost	922	-
Lease liability relating to right of use asset	-	797
Payments made on existing leases	(3,657)	-
Balance at 31 December	9,732	1,097

Notes to the financial statements

For the year ended 31 December 2020

18. Intangible assets

Gh¢

Cost	Computer software GH¢'000	Deferred expense GH¢'000	Total GH¢'000
Balance at 1 January 2019	1,422	292	**1,714**
Balance at 31 December 2019	1,422	292	**1,714**
Movements in 2020:			
Additions	793	-	**793**
Balance at 31 December 2020	**2,215**	**292**	**2,507**
Accumulated amortisation and impairment:			
Balance at 1 January 2019	1,206	292	**1,498**
Amortisation and impairment during the year	97	-	**97**
Balance at 31 December 2019	1,303	292	**1,595**
Movements in 2020:			
Amortisation and impairment during the year	256	-	**256**
Balance at 31 December 2020	**1,559**	**292**	**1,851**
Carrying amount at 31 December 2020	**656**	-	**656**
Carrying amount at 31 December 2019	119	-	**119**

19. Investment property

	Dec-20 GH¢'000	Dec-19 GH¢'000
Balance at 1 January	**178,672**	73,663
Disposal	**(1,769)**	-
Acquisitions	**254**	105,009
Balance at 31 December	**177,157**	178,672

Fair value measurement of investment properties

The company's fair value policy is as stated in Note 3.7
The Company holds five separate investment properties with four in Ghana and the other in the United Kingdom. Three of the properties in Ghana are USD denominated and the other in Ghana Cedis. The UK property is denominated in Pound Sterling.

Valuation for the above properties were done by professionals who possess appropriate qualifications and experience, and belong to professional assocations within their respective jurisdictions

Of the four properties in Ghana, three were valued by Messrs Asenta Property Consulting, based on "Depreciated Replacement Cost" method of property valuation; "Comparative" method.

The other was valued by Messrs Paul & Paul Consult conducted their valuation using the "Cost Method and Market Approach" to arrive at the value.

The UK property was valued by Messrs Symington Elvery base on "Market Value and Market Rent" as defined by RICS - Professional Standards 2017, as well as International Valuation Standards. The comparable method of valuation was adopted in arriving at the valuation figure, relying on public database, local authority researches, local sales offices and recent transactional data.

20. Availability-for-sale fnancial assets

a) Available-for-sale equity investments

	Listed Equity Securities GH¢'000	Unlisted Equity Securities GH¢'000	Total GH¢'000
Balance at 1 January 2019	1,247	75,073	76,320
Changes in 2019:			
Reclassification	(1)	1	-
Revaluation	(166)	30,421	30,255
Balance at 31 December 2019	1,080	105,495	106,575
Changes in 2020:			
Delisted			
Revaluation	(296)	49,380	49,084
Balance at 31 December 2020	**784**	**154,875**	**155,659**
Balance at 31 December 2019	1,081	105,493	106,575

a) **Available-for-sale equity investments (cont.)**

Sensitivity analysis

The Company is exposed to equity securities price risk because of investments in quoted and unquoted shares classified as Available-for-Sale. An average market prices change of 5% will impact the statement of financial position to the tune of Gh¢7,782,920.

Listed equity investments
Details of the Company's shareholdings in other companies listed on the Ghana Stock Exchange (GSE) as at December 2020 are as follows:

GCB Bank Ltd	-	48,566 shares
Societe Generale (Ghana) Ltd	-	144,863 shares
The Trust Bank (Gambia)	-	193,493 Shares
HFC Bank	-	18,420 shares
Standard Chartered Bank (Ghana)	-	7,000 shares
Guinness Ghana Breweries Ltd	-	45,814 shares
Unilever Ghana Ltd	-	13,400 shares
Mechanical Llyod Company Ltd	-	75,145 shares
Produce Buying Company Ltd	-	18,550 shares
Aluworks	-	22,000 shares
Cocoa Processing Company Ltd	-	13,042 shares
Clydestone Ltd	-	141,821 shares
Benso Oil Palm Plantation	-	70,181 shares

Unlisted equity investments

The Company's shareholding interest in other companies not listed on the Stock Exchange also stood as follows:

Waica reinsurance corporation	-	10,427,957 shares
Accra breweries Ltd	-	184,980 shares
CFAO motors	-	500 shares

b) Available -for-Sale Reserve

	Dec-20 GH¢'000	Dec-19 GH¢'000
Balance at 1 January	**31,386**	1,131
Revaluation of equity investments	**49,084**	30,255
Deferred tax applicable on other comprehensive income	**(12,312)**	-
Balance at 31 December	**68,158**	31,386

21. Other receivables

	Dec-20 GH¢'000	Dec-19 GH¢'000
Staff debtors	**626**	1,342
Agency loan	**25**	30
Deposits	**2,362**	3,436
Sundry debtors	**1,214**	100
Current account with Related Parties	**362**	77
National Reconstruction Levy	**2**	2
Accountable Imprest	**33**	-
Sticker & levies	**133**	-
Balance at 31 December	**4,757**	4,987

a. The maximum amount owed by staff to the Company did not at a time during the year exceed Gh¢625,678 (December 2019 - Gh¢1,342,338).

22. Available -for-sale debt investments

	Dec-20 GH¢'000	Dec-19 GH¢'000
Government securities	**12,191**	1,428
Fixed deposits	**50,042**	49,437
Statutory deposit	**2,732**	2,439
	64,965	53,304

22. Available-for-sale debt investments

Sensitivity analysis

Fixed interest rate financial instruments carried at fair value expose the company to fair value interest rate risk. Variable interest rate financial instruments expose the company to cash flow interest rate risk.

Investment contracts with fixed and guaranteed terms, government securities and deposits with financial institutions held to maturity are accounted for at amortised cost and their carrying amounts are not sensitive to changes in the level of interest rates.

23. Cash and bank balances

	Dec-20 GH¢'000	Dec-19 GH¢'000
Cash on hand	59	176
Cash at bank	1,527	3,574
Balance at 31 December	**1,586**	3,750

24. Stated capital

	Dec-20 No. of Shares (million)	Dec-19 No. of Shares (million)
Authorised ordinary shares of no par value.	100,000	100,000
Issued ordinary shares of no par value fully paid for	6,295	6,295

	Number of shares ('000)	GH¢'000	Number of shares ('000)	GH¢'000
Balance at 1 January	6,295,000	130,235	6,295,000	130,235
Issued of shares	-	-	-	-
Balance at 31 December	**6,295,000**	**130,235**	6,295,000	130,235

Other disclosures required by the Companies

	Number of shares ('000)	GH¢'000	Number of shares ('000)	Proceeds Gh¢'000
Issue for cash	4,800,242	111,983	4,800,242	111,983
Issue other than cash consideration	569,203	6,950	569,203	6,950
Transfer from income surplus	925,555	11,302	925,555	11,302
Balance at 31 December	**6,295,000**	**130,235**	6,295,000	130,235

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

25. Contingency reserve

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.

26. Retained earnings

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

27. Insurance claims liabilities

	Dec-20	Dec-19
	GH¢'000	GH¢'000
Settled but outstanding	**1,319**	7,132
Outstanding claims provision	**33,775**	21,966
Incurred but not settled (IBNR)	**10,566**	18,468
	45,660	47,566
Movement in total claims Liability		
Claims outstanding at January 1	**47,566**	38,062
Additional claims provision	**3,909**	6,299
Claims Settled during the year	**59,194**	64,127
Cash paid during the year	**(65,009)**	(60,922)
Balance at 31 December	**45,660**	47,566

Notes to the financial statements

For the year ended 31 December 2020

27. Insurance claims liabilities - continued

Claims liabilities by product	**Settled but outstanding**	**reported but not settled**	**Incurred but not reported**	**Total**
Dec-20	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Fire	-	9,223	119	**9,342**
Motor	1,319	14,067	8,885	**24,271**
Accident	-	1,163	96	**1,259**
Engineering	-	423	464	**887**
Liability	-	4,097	105	**4,202**
Bonds	-	4,480	518	**4,998**
Marine	-	231	-	**231**
Travel	-	91	60	**151**
Aviation	-	-	319	**319**
Balance at 31 December 2020	**1,319**	**33,775**	**10,566**	**45,660**
Dec-19				
Fire	-	7,579	559	8,138
Motor	6,050	10,988	14,892	31,930
Accident	-	958	111	1,069
Engineering	-	482	345	827
Liability	1,082	582	867	2,531
Bonds	-	1,040	833	1,873
Marine	-	250	132	382
Travel	-	87	389	476
Aviation	-	-	197	197
Microinsurance	-	-	141	143
Balance at 31 December	7,132	21,966	18,466	47,566

28. Insurance claims liabilities

Sensitivity analysis

Claims estimation is based on the following parameters:

a. the general price levels or inflationary trends within the economy

b. the rate of currency depreciation as significant portion of risk underwritten are quoted in foreign currencies

c. the awareness level of the insuring public and their rights to claim under insurance contracts

d. the general level of risk conciousness of the population.

The impact of a 5% average change in the above parameter will result in a change to the tune of Gh¢2,834,474 positive or negative in the statement of financial position, depending on the direction of the change.

29. Provision for unearned premium

	Dec-20	Dec-19
	GH¢'000	GH¢'000
Balance at 1 January	**39,380**	38,293
Additional provision	**11,253**	1,087
Balance at 31 December	**50,633**	39,380

30. Creditors and accruals

	Dec-20	Dec-19
	GH¢'000	GH¢'000
Commission payable	**1,529**	1,414
Witholding tax	**925**	421
Stickers & levies	-	150
Accruals	**460**	4073
Sundry creditors	**1,503**	3,259
	4,417	9,317

31. National fiscal stabilization levy

Year of Assessment	**Balance at 1 Jan.'20 GH¢'000**	**Payments during the year GH¢'000**	**Charge for the year GH¢'000**	**Balance at 31 Dec.'20 GH¢'000**
2019	(108)	-	-	**(108)**
2020	-	(267)	404	**137**
	(108)	(267)	404	**29**

This is a levy of 5% of accounting profit before tax for the year. This was suspended in 2012, but re-introduced in July 2013, and extended in December 2019. It is payable to the Commissioner of Ghana Revenue Authority under the National Fiscal Stabilization Levy Act, 2009 (Act 785).

32. Deferred tax

	Dec-20 GH¢'000	Dec-19 GH¢'000
The movement on the deferred tax account is as follows:		
Balance at 1 January	**9,847**	6,169
Origination / reversal of temporary differences:		
recognised in the income statement	**17**	3,678
recognised in equity	**12,312**	-
Balance at 31 December	**22,176**	9,847

33. Analysis of cash and cash equivalents

	Dec-20 GH¢'000	Dec-19 GH¢'000
Cash and bank balances (Note 23)	**1,586**	3,750
Available-for-sale debt investments (Note 22)	**64,965**	53,304
	66,551	57,054

34. Contingent liabilities

There were no contingent liabilities as at the year end December 31, 2020 (December 2019 - Nil).

35. Capital commitments

There were no material capital commitments as at the year end December 31, 2020 (December 2019 - Nil).

36. Compliance with laws and regulations

The National Insurance Commission (NIC) requires all insurance companies to perfect titles to all properties held and represented in their financial statements. The Company currently holds five separate properties on its statement of financial position. Of the five, three have been fully processed and titled. The remaining two are at their final stages.

37. Impact of COVID 19

Management's Assessment of the Impact of Covid-19

The novel corona virus (Covid-19) has had a significant toll on economic activities all over the world, including global economic giants such as Germany, Japan and the United States of America. Its impact on manufacturing and international trade cannot be over emphasized, as there were widespread global restrictions on movement of people, goods and even services across borders. On the local economy, there were restrictions in movements, social gathering and even partial lockdown in the key economic zones in the country, including Accra-Tema and Kumasi.

As an immediate response, management had to swiftly review its business continuity plan in line with the Covid-19 protocols as introduced by the World Health Organization (WHO) and the Government of Ghana, and put into action strategies to mitigate the impact of the pandemic on the lives of staff and clients, as well as the business operations of the Company.

Impact on operations:

During the partial lockdown in March 2020, all the fifteen (15) offices within Accra-Tema-Kasoa area, and the three (3) in Kumasi were all closed for the entire three weeks. Through the activation of the ICT tools, some selected key staff were able to work from home to meet the insurance needs of our clients. The Company, Post-lockdown, is running a shift system in line with the Presidential directives on the Covid-19 management protocols. These arrangements have slowed down activities within the office space and have had some impact on timelines set for certain key activities.

Some major companies have down-sized and reduced operations drastically. Others have totally shut down. Some others have decided to strictly work from home and maintain just skeletal staff in their offices. Others have decided not to allow "outsiders" into their offices.

The above-mentioned situation has presented the Company with significant constraints in physical client visit, presentations of business proposals and other prospecting activities.

Global restrictions placed on movement of people and goods, and international trade led to significant decline in certain key insurance products sold by the Company. Both Marine Insurance and Aviation Insurance declined by about 17% each, compared to 2019 premium, whilst Travel Insurance recorded a sharp decline of about 65%.

Currently, it is the compulsory and mandatory policies which are doing well, and even that some clients have had to downgrade their policies from say Comprehensive Motor Insurance to Third Party Motor Insurance. This has also had some negative impact on the premium growth of the Company during the year.

Management however acknowledges the positive impact of the Motor Insurance Database (MID) introduced by the Regulator on the Motor Insurance premium recorded in 2020.

Impact on ICT and Innovation:
Management has also noted the opportunities within the Covid-19 crisis and has invested more in technology to make the Company strongly competitive even in markets that it is not physically present. The Company has partnered some private software developers to build its own enterprise application software that runs on the internet and capable of being deployed at a significantly lower cost even for intermediaries and other key stakeholder. This has the ultimate goal of enhancing competitiveness, operational efficiency and also boost premium production.

38. Related party transactions

Star Assurance Group Limited incorporated in Ghana, owns 99.996% of the issued ordinary shares of the Company. Mr. Andrews Basoah holds the remaining 0.004%. StarLife Assurance Company Limited and Star Microinsurance Company Limited are the other subsidiaries of the Group.

HODA Holding is the sole shareholder of the Star Assurance Group. Through this relationship, as well as common directorship, the Company considers E.I.B. Network, Alban Logistics and Topp Core Securities also as related entities.

Below are balances held on related parties account as at the close of the year

Nature of transaction	Related party	Dec-20 GH¢'000	Dec-19 GH¢'000
Available-for-sale investment:			
Fixed deposits	uniCredit Savings & Loans Ltd	-	693
Bank balances			
Current Accounts	UniCredit Savings & Loans Ltd	-	526
Balances due to:			
Rent/Facility Maint. Fees	StarLife Assurance Company Ltd	-	202
Advertising expense	Telemedia Communications Ltd	-	398
Insurance claims	Star Microinsurance Ltd	-	77
		-	677

Nature of transaction	Related party	Dec-20 GH¢'000	Dec-19 GH¢'000
Balances due from:			
Shared advert expense	StarLife Assurance Company Ltd	1	-
Shared operational expense	Star Assurance Group Ltd	270	-
Deposit for vehicle purchase	Alban Logistics	464	-
Deposit for calendars & diaries	Telemedia Communications Ltd	64	-
Employees – Star Assurance		1,342	1,342
		2,141	1,342

Notes to the financial statements
For the year ended 31 December 2020

Payment to related party:

Claims payment	StarLife Assurance Co. Ltd	**92**	111
Claims payment	Telemedia Communications Ltd	**-**	15
Claims payment	Topp Core Security	**-**	4
Security & prof driving service	Topp Core Security	**160**	126
Life Insurance premium	StarLife Assurance Co. Ltd	**378**	123
Marketing and adverts	Telemedia Communications Ltd	**2,414**	2,347
Purchase of fixed assets	Alban Logistics	**560**	9
Supply of stationery and other	Alban Logistics	**9**	75
Lease rentals	Alban Logistics	**-**	133
Printing & stationery	uniPrecision	**-**	419
		3,613	3,362

Receipts from related parties:

Insurance Premium	HODA Holdings	**3**	4
Insurance Premium	HODA Properties	**74**	55
Insurance Premium	StarLife Assurance Company Ltd	**370**	384
Insurance Premium	Star Microinsurance Ltd	**61**	10
Insurance Premium	E. I. B Network Ltd	**11**	-
Insurance Premium	Alban Logistics	**2**	56
Insurance Premium	Telemedia Communications Ltd	**4**	6
Insurance Premium	Topp Core Security (Gh) Ltd.	**2**	-
Insurance Premium	uniCredit Savings & Loans Ltd	**-**	3
Insurance Premium	uniSecurities (Ghana) Limited	**-**	30
Insurance Premium	uniPrecision Printing Limited	**-**	19
		527	567

Compensation to key management personnel:

	Dec-20	Dec-19
Salaries and other short-term employment benefits	**1,702**	1,370
Employer's pension contributions	**391**	315
	2,093	1,685

Transactions with directors:

Remuneration in the form of salaries is paid to executive directors and non-executive directors are paid fees.

Directors' emoluments are disclosed in Note 13.

39. Events after balance sheet date

No significant event occurred after the end of the reporting date which is likely to affect these financial statements.

Notes to the financial statements

For the year ended 31 December 2020

40. Operating expenses

	Dec-20	Dec-19
	GH¢'000	GH¢'000
Staff cost		
Salaries and allowances	**14,814**	12,108
Wages	**123**	148
Medical	**336**	480
Staff uniform	**351**	28
Training/Seminar - staff	**1,214**	1,439
	16,838	14,203
Promotional expenses		
Marketing and advertisement	**5,995**	5,591
Agents training & support expenses	**180**	98
Donations	**35**	60
Business promotions	**2,646**	900
	8,856	6,649

Notes to the financial statements

For the year ended 31 December 2020

40. Operating expense - continued Administrative expenses	Dec-20 GH¢'000	Dec-19 GH¢'000
Legal fees & expenses	**192**	149
Motor vehicles running	**1,439**	1,799
Motor vehicles repairs	**231**	214
Generator expenses	**292**	353
Travelling & transport-Local	**486**	407
Repairs - others	**318**	117
Printing & stationery	**1,279**	966
Bank charges	**231**	184
Auditors' remuneration	**104**	95
Professional fees	**720**	872
Software support services	**513**	593
Board meeting expenses	**23**	31
Directors' remuneration	**317**	320
Communication expenses	**1,210**	1,363
Subs/Reg & licensing	**472**	964
NIC subscription	**749**	901
Client rescue fund levy of NIC	**122**	123
Office expenses	**129**	134
Entertainment	**533**	459
Insurance	**721**	574
Cleaning and sanitation	**615**	655
Security services	**920**	706
Depreciation	**1,413**	1,700
Amortisation expenditure	**256**	97
Trekking expenses	**91**	275
Overseas travelling	**-**	281
Rent & rates	**2,884**	7,053
Lease amortization	**1,420**	-
Electricity & water	**1,203**	1,158
Exchange loss	**-**	162
	18,883	22,704
Total	**44,577**	43,557