Deloitte.

Star Assurance Company Limited

Report and Financial Statements
31 December 2018

CLASSIFICATION: CONFIDENTIAL

Star Assurance Company Limited

Report and finacial statements

Contents | **Page**

Star Assurance Company Limited

Corporate information

Directors:	Mr. Alexander G. Buabeng	-	Chairman
	Mr. Kofi Duffuor	-	Managing Director
	Mr. Samuel Kwaku Ocran	-	Dep. Managing Director
	Boatemaa D. Barfour-Awuah (Mrs.)	-	Executive Director
	Mr. A. K. Basoah	-	Member
	Mr. Solomon Adiyiah	-	Member
	Mr. Kwadwo Okoh	-	Member
	Mr. Michael Odartey-Wellington	-	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
The Deloitte Place
Plot No. 71, Off George Walker Bush Highway
P. O. Box GP 453
Accra

Main Bankers:
Barclays Bank of Ghana Limited
Stanbic Bank Limited
Ghana International Bank Plc- England
Fidelity Bank Limited

Star Assurance Company Limited

Directors' report

The Directors present herewith the financial statements for the year ended 31 December 2018, which discloses 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 2018, 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 Intetrnational Financial Reporting Standards (IFRS), and requirements of the Companies' Act 1963 (Act 179), and the Insurance Act, 2006 (Act 724).

Going Concern:

The directors 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 insurance services in accordance with the Regulations of the Company. There was no changes in the principal activities carried out during the year.

Other Matters:
The Directors confirm that no matters have arisen since 31 December, 2018 which materially affect the financial statements of the Company for the year ended on that date.

Account	**Dec-18 Gh¢'000**	Dec-17 Gh¢'000
Gross Premium	**125,914**	132,053
Reinsurance Premium	**(39,496)**	(48,175)
Profit before Tax	**23,227**	37,626
Corporate tax provision of	**(6,265)**	(10,230)
and National Fiscal Stabilisation Levy	**(1,162)**	(1,881)
leaving Net Profit after Tax of	**15,800**	25,515
which is added Income Surplus Account brought forward from 31 December of the previous year	**50,158**	29,746
making a total Income Surplus of	**65,958**	55,261
from which is deducted		
Dividend paid of;	**(1,087)**	-
a transfer to Contingency Reserve of	**(3,777)**	(5,103)
leaving a net balance on the Income Surplus Account which is carried to the Statement of Financial Position	**61,094**	50,158

....
Board Chairman

Date: 30/04/2019

....
Managing Director

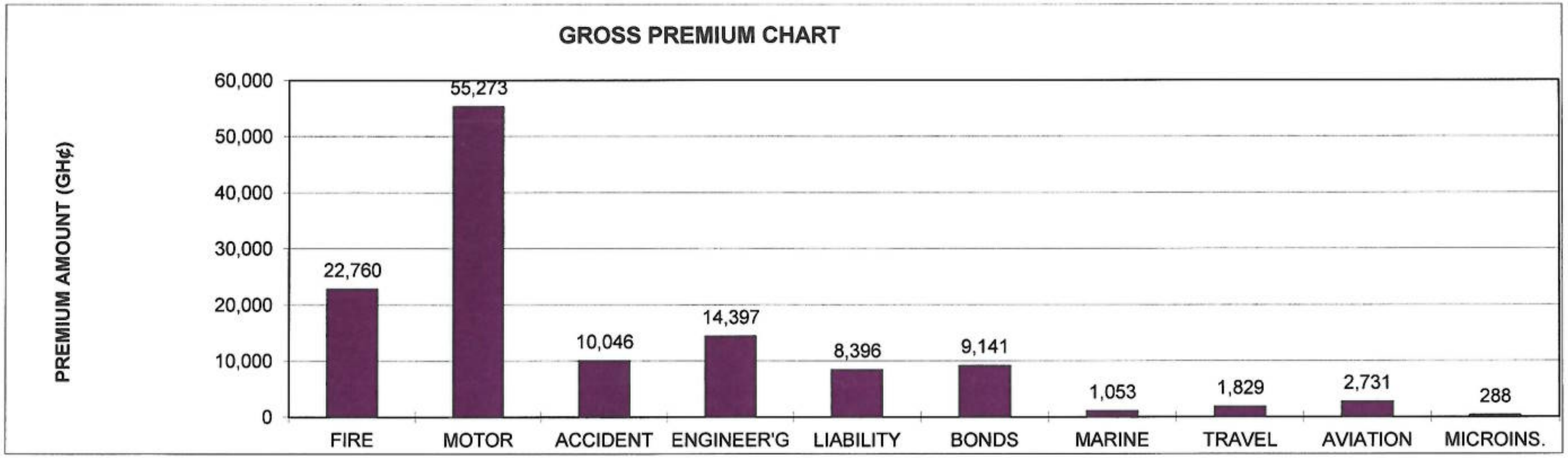
Date: 30/04/2019

Star Assurance Company Limited

Financial highlights (Summary)

For the year ended 31 December 2018

POLICY TYPE	FIRE	MOTOR	ACCIDENT	ENGINEER'G	LIABILITY	BONDS	MARINE	TRAVEL	AVIATION	MICROINS.	TOTAL
	Gh¢'000	Gh¢'000	Gh¢'000	Gh¢'000	Gh¢'000	Gh¢'000	Gh¢'000	Gh¢'000	Gh¢'000	Gh¢'000	Gh¢'000
Insurance premium revenue	22,760	55,273	10,046	14,397	8,396	9,141	1,053	1,829	2,731	288	**125,914**
Net Underwriting Income	12,664	57,114	5,585	3,745	3,612	6,896	1,560	1,745	303	474	**93,698**
Management Expenses	7,901	19,185	3,487	4,997	2,914	3,173	365	635	948	86	**43,691**
Underwriting Profit / (Loss)	(3,939)	7,940	(1,181)	(5,926)	(2,570)	1,676	1,869	334	(1,369)	283	**(2,883)**



Deloitte.

P. O. Box GP 453
Accra
Ghana

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

Tel: +233 (0)302 775355
Facebook.com/deloitte.com.gh
Twitter.com/deloitteghana
Email:ghdeloitte@deloitte.com.gh
www2.deloitte.com/gh

Independent auditors' report

To the members of Star Assurance company Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Star Assurance company Limited which comprise the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, the notes to the financial statements including a summary of significant accounting policies and other national 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 2018 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Insurance Act, 2006 (Act 724) and in the manner required by the Companies Act, 1963 (Act 179).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (IFAC Code) as adopted by the Institute of Chartered Accountants Ghana (ICAG) and we have fulfilled our other ethical responsibilities in accordance with IFAC Code. 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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">The methodology and assumptions used in setting outstanding claims and other technical insurance liabilities</td></tr>
<tr><td>Insurance reserves include the company's insurance 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 claims IBNR 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 IBNR 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 IBNR.

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 IBNR is 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 claims IBNR
c. performed a re-computation of the claims IBNR using the claims data and gross premiums data 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 disclosure relating to the insurance liabilities and have found it to be appropriate and adequate.</td></tr>
</table>

Deloitte.

Independent auditors' report

To the members of Star Assurance company Limited

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Financial Highlights, which we obtained prior to the date of this auditor's report.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 express 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 that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the Insurance Act, 2006 (Act 724) and the requirements of the Companies Act, 1963, (Act 179) 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.

Independent auditors' report
To the members of Star Assurance company Limited

As part of an audit in accordance with ISAs, we exercise professional judgment 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 management's 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

Independent auditors' report
To the members of Star Assurance company Limited

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

Report on Other Legal and Regulatory Requirements

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

We confirm that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Company has kept proper books of account, so far as appears from our examination of those books.

iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

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 provisions 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/2019/129)
The Deloitte Place, Plot No.71
Off George Walker Bush Highway
North Dzorwulu
Accra

30th April, **2019**

classification: confidential

Star Assurance Company Limited

Statement of financial position

As at 31 December 2018

Assets	Notes	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Property, Plant & Equipment	15	3,990	3,799
Intangible Assets	16	216	313
Investment Properties	17	73,663	12,060
Available-for-sale Equity Investments	18 (a)	76,319	17,010
Amount due from Reinsurers		2,024	4,227
Other Receivables	19	8,242	6,195
Available-for-sale Debt Investment	20	142,036	156,428
Cash and Bank Balances	21	11,335	92,594
Total Assets		**317,825**	292,626
Equity and Liabilities			
Stated Capital	22	130,235	130,235
Available-for-sale Reserve	18 (b)	1,131	1,084
Contingency Reserve	23	25,329	21,551
Income Surplus	24	61,094	50,158
Total Equity		**217,789**	203,028
Liabilities			
Insurance Claims Liability	25	38,062	36,550
Amount due to Re-insurers		7,946	2,375
Payables and Accruals	27	4,849	5,177
Provision for Unearned Premiums	26	38,295	34,192
Deferred tax liability	30	6,169	6,154
Current tax liability	14	3,190	2,890
National Fiscal Stabilisation Levy	28	1,525	2,260
Total Liabilities		**100,036**	89,598
Total Equity and Liabilities		**317,825**	292,626

Approved by the Board on April 30 **2019.**

Board Chairman **Managing Director**

Star Assurance Company Limited

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

	Notes	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Insurance premium revenue	5.12	125,914	132,053
Insurance premium ceded to reinsurers	5.12	(39,496)	(48,175)
Premium Retained		86,418	83,878
Less Unearned Premium Provision		(4,104)	(185)
Net Premium Earned		82,314	83,693
Reinsurance commission	7	9,182	8,965
Investment income	8	42,539	34,262
Other Income	9	1,293	5,779
Net Income		135,328	132,699
Underwriting Expenses			
Commission Expense	10	25,134	24,749
Claims and loss adjustment expenses	11	27,756	33,225
Claims and loss adjustments expenses recovered		(2,202)	(2,134)
Net insurance expenses		50,688	55,840
Operating Expenses	12	43,691	38,984
Total Expenses		94,379	94,824
Results of operating activities		40,949	37,875
Impairment Provision on Fixed Deposit Inv		(17,685)	-
Finance cost	13	(37)	(249)
Profit before Taxation		23,227	37,626
Income tax expense	14	(6,265)	(10,230)
National Fiscal Stabilisation Levy	28	(1,162)	(1,881)
Profit for the year		15,800	25,515
Other Comprehensive Income			
Items that may be reclassified subsequent to Profit or Loss			
Revaluation gains on Available-for-sale assets	18	46	738
Total Comprehensive Income		15,846	26,253

CLASSIFICATION: CONFIDENTIAL

Star Assurance Company Limited

Statement of changes in equity

For the year ended 31 December 2018

	Stated Capital	Available-for-sale Reserve	Contingency Reserve	Income Surplus	Total
Dec-18	Gh¢'000	Gh¢'000	Gh¢'000	Gh¢'000	Gh¢'000
Balance at 1 January	130,235	1,084	21,551	50,158	203,028
Comprehensive Income					
Profit for the year	-	-	-	15,800	15,800
Other comprehensive income					
Gains on Available-for-sale assets	-	46	-	-	46
Total other comprehensive income	-	46	-	-	46
Transaction with Equity holders					
Issue of shares for cash	-	-	-	-	-
Dividend Paid	-	-	-	(1,087)	(1,087)
Transfers within equity					
Transfer to / (from) Contingency reserve	-	-	3,777	(3,777)	-
Total transfers within equity	-	-	3,777	(3,777)	-
Balance at 31 December	**130,235**	**1,131**	**25,329**	**61,094**	**217,788**
Dec-17					
Balance at 1 January	40,235	346	16,448	29,746	86,775
Comprehensive Income					
Profit for the year	-	-	-	25,515	25,515
Other comprehensive income					
Gains on Available-for-sale assets	-	738	-	-	738
Total other comprehensive income	-	738	-	-	738
Transaction with Equity holders					
Issue of shares for cash	90,000	-	-	-	90,000
Transfers within equity					
Transfer to / (from) Contingency reserve	-	-	5,103	(5,103)	-
Balance at 31 December	130,235	1,084	21,551	50,158	203,028

CLASIFFICATION:CONFIDENTIAL

Star Assurance Company Limited

Statement of cash flows

For the year ended 31 December 2018

	Note	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Reconciliation of Operating Income to Cash Flow from Operating Activities			
Profit before tax		23,227	37,626
Adjustments for:			
Depreciation Charges		2,268	1,833
Amortisation of Intangible Assets		97	97
Revaluation Gain on Investment Properties		-	(3,401)
Investment Income		(42,539)	(34,262)
Operating Profit before working capital changes		(16,947)	1,891
Change in Amount due from Re-insurers		2,204	1,229
Change in Loans and Receivables		(2,047)	(1,671)
Change in Provision for Unearned Premium		4,103	184
Change in Insurance Claims Liabilities		1,513	11,046
Change in Creditors and Accruals		(329)	41
Change in Amount due to Re-insurers		5,571	(1,776)
Cash Inflow from Operating Activities		(5,932)	10,944
Return on Investment and Servicing of Finance			
Investment Income		42,539	34,262
Taxation			
Corporate Tax Paid		(5,950)	(4,290)
National Fiscal Stabilisation Levy Paid		(1,897)	(1,768)
Net Cash Inflow from Operating Activities		28,760	39,148
Investing Activities			
Acquisition of Property and equipment		(2,457)	(1,573)
Acquisition of Available-for-sale financial assets		(59,264)	(300)
Proceeds from Sale of Available-for-sale financial assets		-	500
Acquisition of Investment Property		(61,603)	-
Acquisition of Intangible Assets		-	(109)
Net cash flow from investing activities		(123,324)	(1,482)
Financing Activities			
Issue of Shares		-	90,000
Borrowing Repaid		-	(830)
Dividend Paid		(1,087)	-
Net cash flow from financing activities		(1,087)	89,170
Increase in Cash and Cash Equivalents		(95,652)	126,838
Cash and Cash Equivalents 1 January		249,023	122,185
Cash and Cash Equivalents 31 December	31	153,371	249,023

CLASSIFICATION: CONFIDENTIAL

Star Assurance Company Limited

Notes to the financial statements

For the year ended 31 December 2018

1 General information

1.1 Corporate information

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

1.2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB), as required by the Institute of Chartered Accountants (Ghana), the National Insurance Commission, per the Insurance Act 2006 (Act 724) and the Companies Act, 1963 (Act 179).

1.3 Basis of preparation

The 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. The financial statements are presented in Thousands of Ghana Cedis (Gh¢'000).

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

2.1 IFRS 9 "Financial Instruments"

Disclosures abount the temporary exemption from IFRS 9

The company has opted for the deferral of IFRS 9 towards the implementation of IFRS 17, and below is the predominance percentage calculated as at 1 January 2018 (being first time of assessment) that that justify this temporary exemption application:

		Gh¢'000
Total Insurance Liabilities at January 2018		**73,117**
Total Liabilities at January 2018		**89,598**
Predominance percentage:	Total Insurance Liabilities / Toal Liabilities	**81.6%**

This predominance continues to apply as of the year-end as there is no change in the company's activities

CLASSIFICATION:CONFIDENTIAL

Notes to the financial statements

For the year ended 31 December 2018

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

2.1 IFRS 9 "Financial Instruments"

Disclosures about the temporary exemption from IFRS 9

Financial Assets: Classification

Instrument	Description of business model and cash flow characteristics	Classification under IFRS 9
Cash		Amortised Cost
Bonds	Hold to collect contractual cash flows which are solely payments of principal and interest	Amortised Cost
Treasury Bills	Hold to collect contractual cash flows which are solely payments of principal and interest	Amortised Cost
Bank Fixed Deposits	Hold to collect contractual cash flows which are solely payments of principal and interest	Amortised Cost
Listed Shares	Not held for trading or as a contingent consideration	FVTOCI
Unlisted Shares	Not held for trading or as a contingent consideration	FVTOCI
Mutual Funds	Not held for trading or as a contingent consideration	FVTOCI
Staff Loans	Hold to collect contractual cash flows which are solely payments of principal and interest	Amortised Cost
Other Debtors		FVTOCI

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

2.1 IFRS 9 "Financial Instruments"

Disclosures about the temporary exemption from IFRS 9

Financial Assets: Measurement

Instrument	Carrying Amount as at 31 Dec. 2018 (IAS 39)	Carrying Amount as at 31 Dec. 2018 (IFRS 9)	Fair value change
	Gh¢'000	Gh¢'000	Gh¢'000
Cash	11,335	11,335	-
Treasury Bills	582	582	-
Bank Fixed Deposits	141,454	141,454	-
Listed Shares	1,247	1,247	-
Unlisted Shares	74,449	74,449	-
Mutual Funds	623	623	-
Staff Loans	2,490	2,490	-
Other Debtors	5,752	5,752	-

Credit risk of Financial Assets

For information about the credit risk exposure , including significant credit risk concentrations, inherent in the various financial assets identified above, refer to credit risk disclosures in note 5.4

2.2 IFRS 15 "Revenue from Contracts with Customers" .

This new revenue model, which became effective for annual periods beginning January 1 2018, applies to all contracts with customers except leases, insurance contracts, financial instruments, guarantees and certain non-monetary exchanges. The sale of non-monetary financial assets, such as property, plant and equipment, real estate or intangible assets will also be subject to some of the requirements of the new model.

The standard introduces a revenue model in which the core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

2 Application of new and revised International Financial Reporting Standards (IFRSs) - (Cont'd)

2.3 IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

This standard does not however apply to the operations of the Company.

2.4 IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019)

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

2 Application of new and revised International Financial Reporting Standards (IFRSs) - (Cont'd)

2.5 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. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general
model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17, originally scheduled to be effective for reporting periods beginning on or after 1 January 2021 has now been rescheduled to take effect from January 2022, 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.

2.6 Amendments to IAS 40 - Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments.

An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight.

Effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

For the year ended 31 December 2018

2 Application of new and revised International Financial Reporting Standards (IFRSs) - (Cont'd)

2.7 Amendments to IFRS 4 Insurance Contracts
The IASB issued amendments to IFRS 4 providing two options for entities that issue insurance contracts within the scope of IFRS 4:

• an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;

• an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

2.8 Annual Improvements 2014-2016 Cycle (issued in December 2016)
These improvements include:

2.9.1 IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters
Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose.
The amendment is effective from 1 January 2018. This amendment is not applicable to the company.

2.9.2

IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
The amendments clarify that:

• An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

• If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

For the year ended 31 December 2018

2.9.2 IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice (Cont'd)

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.
These amendments are not applicable to the company.

2.9.3 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018.

An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9.

2.9.4

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis.

Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

i. The beginning of the reporting period in which the entity first applies the interpretation Or

ii. The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Interpretation.

For the year ended 31 December 2018

2.9.4 IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (Cont'd)

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the company's current practice is in line with the Interpretation, the company does not expect any effect on its financial statements.

2.9.5 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

Whether an entity considers uncertain tax treatments separately

- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The company will apply interpretation from its effective date.

The Entity has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. The Entity anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Entity in the period of initial application

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 Critical Accounting estimates and judgement

3.1 The ultimate liability arising from claims made under insurance contracts

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

3.2 Impairment of available-for-sale financial assets

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

3.3 Fair value of financial instruments

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

3.4 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.

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 recognising the various revenue lines in the financial statements, the company considered and applied the specific requirements of all the relevant standards, including IFRS 4 (revised) and IFRS 15.

· Insurance premium revenue

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

· Commission income

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

· Interest income

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

· Dividend income

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

· Rental income

Rental income 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.

4 Summary of significant accounting policies (cont'd)

4.2 Insurance contracts (cont'd)

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

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

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

· Claims and loss adjustment recoveries

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation payable to claimants when the insured event occurs.

Claims incurred are expenses for the 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).

· Claims and loss adjustment recoveries

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.

· 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.

4.2 Insurance contracts (Cont'd)

· Receivables and payables related to reinsurance contracts

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

· Salvage and subrogation

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

Income from the 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 equipments	20%
Computer Hardware	25%
Freehold building	5%

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

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

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

4.7 Financial Assets and Financial Liabilities

· Categorisation of Financial Assets and Financial Liabilities

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

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

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

. Held for Trading

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

4.7 Financial Assets and Financial Liabilities - (Cont'd)

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

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

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

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

· Initial recognition of financial assets and financial liabilities
The Company recognises a Financial Asset or Financial Liability on its Statement of Financial Position when, and only when, it becomes a party to the contractual provisions of the instrument subject to the provisions in respect of regular way purchases or sales of a financial asset which state that, 'a regular way purchase or sale of financial assets is recognised and derecognised using either trade date or settlement date accounting'.

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

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

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

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

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

4.7 Financial Assets and Financial Liabilities (Cont'd)

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

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

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

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

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

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

4.7 Financial Assets and Financial Liabilities (Cont'd)

· Fair Value Measurement

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

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

· Offsetting

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

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

· Impairment of Financial Assets

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

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

i. financial difficulty of the issuer or the obligor;

ii. a breach of contract, such as a default or delinquency in interest or principal payment;

iii. the lender (the Company), for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Company would not

iv. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

v. the disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including:

4.7 Financial Assets and Financial Liabilities (Cont'd)

a. adverse changes in the payment status of borrowers in the group (eg an increased number of delayed payments); or

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

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

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

Provision for credit losses is based on the following principles:
Counterparty-specific – A claim is considered as a loss when management determines that it is probable that the Company will not be able to collect all amounts due according to the original contractual terms.

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:

o 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

o 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 and measured in the financial statements on the basis of IAS 39, with due cognisance given to IFRS 9 (which the company has opted for the temporary deferral approach, as stated in note 2.1).

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

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

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

4.9 Cash and Cash Equivalents

For the purposes of statement of cash flows cash and cash equivalents include cash, non-restricted balances with banks and other financial institutions, short-term highly liquid investments maturing in 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 Leases

Leases are tested to determine whether the lease is finance or operating lease and treated accordingly. The company currently has no running lease arrangement.

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

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

4.13 Provision

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

4.14 Financial guarantee

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

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

4.15 Borrowings

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

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

4.16 Impairment of non-financial assets

The carrying amount of the Company's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated.

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

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

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

4.17 Employee benefits

· Defined contribution plans

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

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

· Short-term benefits

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

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

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

· Termination Benefits

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

4.18 Events after the reporting date

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

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

4.19 Stated Capital

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

4.20 Contingency Reserve

In accordance with the industry's legal and regulatory frameworks, a contingency reserve is established and maintained in respect of each class of 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

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 three (3) years.

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 Management of Insurance and Financial Risks (Cont'd)

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) on risk under the Chairmanship of the Managing Director (MD).
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 EMC is responsible for drawing up the ERM framework for the Boards approval. It also exercises oversight role on the risk management functions by ensuring that the Board's risk directives are adhered to.

The roles of the Risk Management Department include:

i. Review effectiveness of the risk management process throughout the company,
ii. Report directly to the Board Committee on Risk
iii. Facilitate communication within the operational units on common risk issues,
iv. Conduct risk assessment workshops to deepen the awareness of the need to assess risk and more importantly to manage risks in the company,
iv. Develop an underwriting directive manual with periodic reports to all stakeholders depicting among other areas like retention per risk, accumulation, underwriting limits, recoveries, tolerance limits, categorization of risk detailing basis to use i.e. sum insured probable maximum loss, estimated maximum loss, unacceptable risks etc.

5.1 Insurance and financial risk management framework (Cont'd)

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 2018

5.2 Insurance Risk (cont'd)

5.2.1 Maximum Insured Loss

As at 31 December 2018

By currency:

	Ghana Cedi	US Dollar	GB Pound	Euro	Total	Geographical area analysis: Accra Region	Other Regions
	Gh¢'000	Gh¢'000	Gh¢'000	Gh¢'000	Gh¢'000	Gh¢'000	Gh¢'000
Fire	5,131,262	21,267,682	2,002	229,015	**26,629,961**	26,116,941	513,020
Motor	1,540,365	1,204,580	1,482	32,030	**2,778,457**	2,452,865	325,592
Accident	7,688,978	692,208	8,844	2,784	**8,392,814**	7,744,853	647,961
Engineering	1,616,770	20,995,365	771,323	935,797	**24,319,255**	24,013,893	305,362
Liability	845,341	3,618,389	-	754	**4,464,484**	4,375,600	88,884
Bonds	1,253,057	4,109,129	-	262,221	**5,624,407**	5,458,932	165,475
Marine	7,863	23,850	-	-	**31,713**	31,713	-
Travel	119,512	-	-	-	**119,512**	100,122	19,390
Aviation	63,932	696,838	-	-	**760,770**	760,770	-
Total	**18,267,080**	**52,608,041**	**783,651**	**1,462,602**	**73,121,373**	**71,055,688**	**2,065,684**

5.2.2 Claims development table

The table below shows the development of claims settled over a period of 6 years on gross basis. The first colum of each year shows the amount settled in the loss year and the subsequent colum(s) show(s) the cumulative amount settled. The amounts are stated in Thousands of Ghana Cedis (Gh¢'000).

Loss year	Month of development 12	24	36	48	60	72
2012	5,160	3,511	973	1,120	570	292
2013	7,490	3,366	1,210	1,504	508	
2014	11,799	5,240	1,783	1,107		
2015	11,432	5,243	1,621			
2016	13,617	8,620				
2017	17,327					

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-18 Gh¢'000	Dec-17 Gh¢'000
Amount due from Reinsurers	**2,024**	4,227
Other Receivables	**8,242**	6,195
Available-for-sale Debt Investment	**142,036**	156,428
	152,302	166,851

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.

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

	Receivables arising from reinsurance contracts	
	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Up to 30 days	**607**	470
31 to 60 days	**405**	314
61 to 90 days	**202**	784
Over 90 days	**809**	2,659
	2,023	4,227

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-18	Dec-17
	Gh¢'000	Gh¢'000
Maturing within 91 days	**47,183**	39,945
Maturing within 182 days	**67,408**	101,871
Maturing within 365 days	**9,613**	14,613
Maturing after 365 days	**17,832**	-
Totals	**142,036**	156,429

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

Dec-18	**Due within 91 days Gh¢'000**	**Due within 182 days Gh¢'000**	**Due within 365 days Gh¢'000**	**Due above 365 days Gh¢'000**
Financial Assets:				
Amount due from Reinsurers	1,214	809	-	-
Other Receivables	8,242	-	-	-
Available-for-sale Debt Investment	47,183	67,408	9,613	17,832
Cash and Bank Balances	11,335	-	-	-
	67,974	68,217	9,613	17,832
Financial Liabilties:				
Amount due to Reinsurers	7,945	-	-	-
Claims Liabilities	3,928	18,139	15,996	-
Creditors and Accruals	4,850	-	-	-
Tax Liability	4,716	-	-	-
	21,439	18,139	15,996	-
Net Liquidity position at December 31	**46,535**	**50,078**	**(6,383)**	**17,832**

Notes to the financial statements

For the year ended 31 December 2018

5.5 Liquidity Risk (Cont'd)

Dec-18	Due within 91 days Gh¢'000	Due within 182 days Gh¢'000	Due within 365 days Gh¢'000	Due above 365 days Gh¢'000
Financial Assets:				
Amount due from Reinsurers	1,568	-	2,659	-
Other Receivables	6,195	-	-	-
Available-for-sale Debt Investment	39,945	101,871	14,613	-
Cash and Bank Balances	92,594	-	-	-
	140,302	101,871	17,272	-
Financial Liabilties:				
Amount due to Reinsurers	2,378	-	-	-
Claims Liabilities	36,551	-	-	-
Creditors and Accruals	5,179	-	-	-
Tax Liability	5,150	-	-	-
	49,258	-	-	-
Net Liquidity position at December 31	91,044	101,871	17,272	-

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 EMC subject to the Board of directors' approval of policies, procedures and levels of risk appetite. The EMC provides market risk oversight and guidance on policy setting. Policies cover both the trading and non-trading books of the Company.

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

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.

Notes to the financial statements

For the year ended 31 December 2018

5.7 Foreign exchange exposure (Cont'd)

Currency exposure at year-end in cedi-equivalents of the following major foreign currencies at 31 December 2018:

	USD	GBP	Euro
	Gh¢'000	Gh¢'000	Gh¢'000
Assets			
Due from reinsurers	1,894	1	1
Cash & cash equivalents	8,662	228	769
Available For Sale Equity Investment	74,431	-	-
Investment Properties	68,651	5,012	-
	153,638	**5,241**	**770**
Liabilities			
Due to reinsurers	7,284	2	23
	7,284	**2**	**23**

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-18	5% increase
	Gh¢'000	Gh¢'000
Profit after tax	23,227	1,161
Shareholders' fund	217,789	10,889

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 for the period and shareholders' fund by Gh¢1,161,509 and Gh¢10,811,825 respectively , while a decrease in exchange rates by 5% would decrease profit before tax for the period 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 period was GH¢130,235,000 (December 2017 - GH¢130,235,000). The table below shows the summary of solvency margin of the company at the end of the year to December 31, 2018.

	Dec-18	Dec-17
Available Capital Resources (Gh¢'000)	**155,357**	176,663
Solvency Capital Required (Gh¢'000)	**21,637**	20,970
Capital Adequacy Ratio	**718%**	842%

5.11 Fair Value of Financial Instrument

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.

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-18

	Level 1	Level 2	Level 3	**Total**
	Gh¢'000	Gh¢'000	Gh¢'000	**Gh¢'000**
Pledged trading assets				
Non-pledged trading assets				
Government securities	-	-	2,654	**2,654**
Debt Securities	-	-	157,067	**157,067**
Equity Securities	1,247	-	75,073	**76,320**
Cash and cash equivalents	-	-	11,335	**11,335**
Loans and receivables	-	-	10,266	**10,266**
Trading liabilities	-	-	(12,795)	**(12,795)**
Totals	**1,247**	**-**	**243,600**	**244,847**

Notes to the financial statements

For the year ended 31 December 2018

	Level 1 Gh¢'000	Level 2 Gh¢'000	Level 3 Gh¢'000	Total Gh¢'000
Pledged trading assets				
Non-pledged trading assets				
Government securities	-	-	2,347	2,347
Debt Securities	-	-	154,081	154,081
Equity Securities	1,336	-	15,674	17,010
Cash and cash equivalents	-	-	92,594	92,594
Loans and receivables	-	-	10,421	10,421
Trading liabilities	-	-	(7,556)	(7,556)
Totals	**1,336**	**-**	**267,559**	**268,896**

Notes to the financial statements

For the year ended 31 December 2018

5.11 Fair Value of Financial Instrument (cont'd)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in the level 3 of the fair value hierarchy:

Dec-18	Cash and cash equivalents Gh¢'000	Debt securities Gh¢'000	Loans and receivables Gh¢'000	Equity securities Gh¢'000	Trading liabilities Gh¢'000	Total Gh¢'000
Balance at 1 January 2017	5,379	116,806	9,979	16,471	(9,291)	**139,344**
Movements in 2017						
Total gains and losses:						
in profit or loss	-	34,262	-	-	-	**34,262**
in OCI	-	-	-	738	-	**738**
Purchases	-	5,360	-	300	-	**5,660**
Settlements	87,215	-	(58)	-	1,735	**88,892**
Transfer into/(out) of level 3	-	-	500	(500)	-	-
Balance at 31 December 2017	92,594	156,428	10,421	17,009	(7,556)	**268,897**
Movements in 2018						
Total gains and losses:						
in profit or loss	-	23,241	-	-	-	**23,241**
in OCI	-	-	-	(55)	-	**(55)**
Purchases	-	29,500	2,203	59,365	-	**91,068**
Issues	-	-	-	-	-	-
Settlements	(81,259)	(67,133)	(2,358)	-	(5,242)	**(155,992)**
Transfer into/(out) of level 3			-	-		-
Balance at 31 December 2018	**11,335**	**142,036**	**10,266**	**76,319**	**(12,798)**	**227,159**

Star Assurance Company Limited

Notes to the financial statements

For the year ended 31 December 2018

5.12 Operating segment

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

Dec-18	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	22,760	55,273	10,046	14,397	8,396	9,141	1,053	1,829	2,731	288	**125,914**
Insurance premium ceded to reinsurers	(13,868)	(1,388)	(4,132)	(10,178)	(4,905)	(1,996)	(562)	(79)	(2,388)	-	**(39,496)**
Premium Retained	8,892	53,885	5,914	4,219	3,491	7,145	491	1,750	343	288	**86,418**
Less Unearned Premium Provision	158	1,470	(1,315)	(3,162)	(864)	(949)	863	(11)	(480)	186	**(4,104)**
Net insurance premium revenue	9,050	55,355	4,599	1,057	2,627	6,196	1,354	1,739	(137)	474	**82,314**
Ceding commission earned	3,295	293	964	2,311	984	700	195	-	440	-	**9,182**
Claims and loss adjustments r	319	1,466	22	377	1	-	11	6	-	-	**2,202**
Net underwriting income	12,664	57,114	5,585	3,745	3,612	6,896	1,560	1,745	303	474	**93,698**
Underwriting Expenses											
Agency commission incurred	5,871	9,241	1,964	3,232	1,873	1,942	191	151	583	86	**25,134**
Claims and loss adjustment expense	2,831	20,748	1,315	1,442	1,395	105	(865)	625	141	19	**27,756**
Operating Expenses	7,901	19,185	3,487	4,997	2,914	3,173	365	635	948	86	**43,691**
	16,603	49,174	6,766	9,671	6,182	5,220	(309)	1,411	1,672	191	**96,581**
Underwriting Profit / (Loss)	(3,939)	7,940	(1,181)	(5,926)	(2,570)	1,676	1,869	334	(1,369)	283	**(2,883)**
Investment income	-	-	-	-	-	-	-	-	-	-	**42,539**
Other Income	-	-	-	-	-	-	-	-	-	-	**1,293**
Impairment Prov. on Fixed Deposit Inv	-	-	-	-	-	-	-	-	-	-	**(17,685)**
Finance Cost	-	-	-	-	-	-	-	-	-	-	**(37)**
Profit before tax	(3,939)	7,940	(1,181)	(5,926)	(2,570)	1,676	1,869	334	(1,369)	283	**23,227**

CLASSIFICATION: CONFIDENTIAL

Star Assurance Company Limited

Notes to the financial statements

For the year ended 31 December 2018

5.12 Operating segment (continued)

Dec-17	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	25,506	57,726	10,433	7,735	8,090	6,989	12,399	1,431	1,439	305	132,053
Insurance premium ceded to reinsurers	(15,029)	(2,110)	(6,386)	(6,200)	(4,860)	(2,102)	(10,107)	(61)	(1,320)	-	(48,175)
Premium Retained	10,477	55,616	4,047	1,535	3,230	4,887	2,292	1,370	119	305	83,878
Less Unearned Premium Provision	(2,866)	2,305	(214)	(404)	(10)	1,288	(443)	285	59	(185)	(185)
Net insurance premium revenue	7,611	57,921	3,833	1,131	3,220	6,175	1,849	1,655	178	120	83,693
Ceding commission earned	3,219	819	914	1,353	927	687	925	-	121	-	8,965
Claims and loss adjustments recovered	94	1,061	722	38	-	-	219	-	-	-	2,134
Net underwriting income	10,924	59,801	5,469	2,522	4,147	6,862	2,993	1,655	299	120	94,792
Underwriting Expenses											
Agency commission incurred	8,473	9,273	1,739	1,755	1,456	1,549	289	123	-	92	24,749
Claims and loss adjustment expense	1,543	28,660	285	1,099	(97)	358	1,261	(9)	80	45	33,225
Operating Expenses	7,619	17,244	3,116	2,311	2,417	2,088	3,703	427	-	58	38,983
	17,635	55,177	5,140	5,165	3,776	3,995	5,253	541	80	195	96,957
Underwriting Profit / (Loss)	(6,711)	4,624	329	(2,644)	371	2,867	(2,260)	1,114	220	(75)	(2,166)
Investment income	-	-	-	-	-	-	-	-	-	-	34,262
Other Income	-	-	-	-	-	-	-	-	-	-	5,779
Finance Cost	-	-	-	-	-	-	-	-	-	-	(249)
Profit before tax	-	-	-	-	-	-	-	-	-	-	37,627

Notes to the financial statements

For the year ended 31 December 2018

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

	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
Dec-18							
Fire	21,175	1,585	22,760	158	22,918	(13,868)	9,050
Motor	54,990	283	55,273	1,470	56,743	(1,388)	55,355
Accident	9,357	689	10,046	(1,315)	8,731	(4,132)	4,599
Engineering	14,183	214	14,397	(3,162)	11,235	(10,178)	1,057
Liability	8,107	289	8,396	(864)	7,532	(4,905)	2,627
Bonds	9,101	40	9,141	(949)	8,192	(1,996)	6,196
Marine	1,028	25	1,053	863	1,916	(562)	1,354
Travel	1,829	-	1,829	(11)	1,818	(79)	1,739
Aviation	2,731	-	2,731	(480)	2,251	(2,388)	(137)
Microinsurance	288	-	288	186	474	-	474
	122,789	3,125	125,914	(4,104)	121,810	(39,496)	82,314
Dec-17							
Fire	24,176	1,330	25,506	(2,866)	22,640	(15,029)	7,611
Motor	57,427	299	57,726	2,305	60,031	(2,110)	57,921
Accident	10,146	287	10,433	(214)	10,219	(6,386)	3,833
Engineering	7,541	194	7,735	(404)	7,331	(6,200)	1,131
Liability	7,899	191	8,090	(10)	8,080	(4,860)	3,220
Bonds	6,884	105	6,989	1,288	8,277	(2,102)	6,175
Marine	12,346	53	12,399	(443)	11,956	(10,107)	1,849
Travel	1,431	-	1,431	285	1,716	(61)	1,655
Aviation	1,439	-	1,439	59	1,498	(1,320)	178
Microinsurance	305	-	305	(185)	120	-	120
	129,594	2,459	132,053	(185)	131,868	(48,175)	83,693

Notes to the financial statements

For the year ended 31 December 2018

7. Reinsurance commission

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Fire	3,295	3,219
Motor	293	819
Accident	964	914
Engineering	2,311	1,353
Liability	984	927
Bonds	700	687
Marine	195	925
Aviation	440	121
Total	9,182	8,965

8. Income investment

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Interest on short term investments	41,596	33,678
Dividends on listed equities	943	584
	42,539	34,262

9. Other income

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Unrealised fair value gains on investment property	-	3,401
Premium recoveries	136	120
Exchange gain	106	185
Other sundry income	13	1,179
Exchange gain	1,038	894
	1,293	5,779

10. Commission expense

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Fire	5,871	8,473
Motor	9,241	9,273
Accident	1,964	1,739
Engineering	3,232	1,755
Liability	1,873	1,456
Bonds	1,942	1,549
Marine	191	289
Travel	151	123
Aviation	583	-
Microinsurance	86	92
	25,134	24,749

11. Claims and loss adjustment expenses

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Settled during the period	**28,694**	22,270
Increase in provision	**(937)**	10,955
Gross claims expense	**27,757**	33,225

12. Operating expense

These include:

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Auditors' Remuneration	**87**	82
Directors' Remuneration	**325**	245
Depreciation	**2,268**	1,833
Donations	**123**	122

13. Finance cost

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Lease rental	**28**	195
Finance charges	**9**	54
	37	249

14. Taxation

14.1 Income tax expense

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Current tax (See note 14.3)	**3,038**	4,424
Tax Audit Liability from previous years (See note 14.3)	**3,212**	-
Deferred tax charge/(credit) (See note 31)	**15**	5,806
	6,265	10,230

Notes to the financial statements

For the year ended 31 December 2018

14.2 Reconciliation of Effective Tax

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

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Profit before taxation	**23,227**	37,626
Tax at applicable tax rate at 25% (December 2017: 25%)	**5,807**	9,406
Liability from Previous years' tax audit	**3,212**	-
Dividend taxed at 8%	**75**	47
Tax impact of non-deductible expenses	**9,970**	635
Tax impact of non-chargeable income	**(10,860)**	(5,243)
Tax impact of capital allowances	**(1,900)**	(345)
Tax rebates	**(54)**	(76)
Deferred Tax	**15**	5,806
Income Tax Expense	**6,265**	10,230
Effective tax rate	**26.97%**	27.19%

14.3 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
Tax Audit Liability from previous years	-	(1,800)	3,212	1,412
Corporate Tax 2017	2,890	-	-	2,890
Corporate Tax 2018	-	(4,150)	3,038	(1,112)
	2,890	(5,950)	6,250	3,190

Notes to the financial statements

For the year ended 31 December 2018

15. Property, plant and equipment

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 01/01/18	348	235	3,378	4,472	281	1,651	1	10,366
Additions	-	-	1,787	543	10	117	-	2,457
Balance at 31/12/18	**348**	**235**	**5,165**	**5,015**	**291**	**1,768**	**1**	**12,823**
Depreciation								
Balance at 01/01/18	-	156	2,421	2,750	249	987	1	6,564
Charge for the year	-	12	982	930	17	327	-	2,268
Balance at 31/12/18	**-**	**168**	**3,403**	**3,680**	**266**	**1,314**	**1**	**8,832**
Carrying Amount								
At 31/12/18	**348**	**67**	**1,762**	**1,335**	**25**	**454**	**-**	**3,990**

Notes to the financial statements

For the year ended 31 December 2018

15. **Property, plant and equipment (contunied)**

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 01/01/17	348	235	2,898	3,915	264	1,132	1	8,793
Additions	-	-	480	557	17	519	-	1,573
Balance at 31/12/17	348	235	3,378	4,472	281	1,651	1	10,366
Depreciation								
Balance at 01/01/17	-	145	1,840	1,892	223	632	1	4,734
Charge for the year	-	12	581	858	26	356	-	1,833
Balance at 31/12/17	-	158	2,421	2,750	249	989	1	6,568
Carrying Amount								
At 31/12/17	348	78	957	1,722	32	663	-	3,799

Notes to the financial statements

For the year ended 31 December 2018

16. Intangible assets

Dec-18 Gh¢

Cost	Computer software licences Gh¢'000	Deferred expense Gh¢'000	Total Gh¢'000
Balance at 1 January 2017	1,313	292	**1,605**
Additions	109	-	**109**
Balance at 31 December 2017	1,422	292	**1,714**
Movements in 2018:			
Additions	-	-	-
Balance at 31 December 2018	1,422	292	**1,714**
Accumulated amortisation and impairment:			
Balance at 1 January 2017	1,012	292	**1,304**
Amortisation and impairment during the year	97	-	**97**
Balance at 31 December 2017	1,109	292	**1,401**
Movements in 2018:			
Amortisation and impairment during the year	97	-	**97**
Balance at 31 December 2018	1,206	292	**1,498**
Carrying amount at 31 December 2018	216	-	**216**
Carrying amount at 30 September 2017	313	-	313

17. Investment property

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Balance at 1 January	**12,060**	8,659
Revaluation	**-**	3,401
Acquisitions	**61,603**	-
Balance at 31 December 2018	**73,663**	12,060

Fair value measurement of investment properties

The company's fair value policiy is as stated in Note 3.4.7

CLASSIFICATION: CONFIDENTIAL

18. Available-for-sale equity investments

a) Available-for-sale equity investments

	Listed Equity Securities Gh¢'000	Unlisted Equity Securities Gh¢'000	Total Gh¢'000
Balance at 1 January 2017	618	15,853	16,471
Changes in 2017:			
Acquisition	-	300	300
Revaluation	684	54	738
Disposal	-	(500)	(500)
Balance at 31 December 2017	1,302	15,707	17,009
Changes in 2018:			
Delisted			
Acquisition	-	59,365	59,365
Revaluation	(55)	-	(55)
Balance at 31 December 2018	**1,247**	**75,072**	**76,319**
Balance at 31 December 2017	1,336	15,674	17,010

Listed Equity Investments

Details of the company's share holdings in other companies listed on the Ghana Stock Exchange (GSE) as at December 2018 are as follows:

GCB Bank Ltd	-	48,566 shares
Societe Generale (Ghana) Ltd	-	144,863 shares
The Trust Bank (Gambia)	-	193,493 shares
Republic Bank Ghana Limited	-	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
Pioneer Kitchen Ltd	-	12,600 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

Notes to the financial statements

For the year ended 31 December 2018

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¢3,810,592.

b) Available-for-Sale Reserve

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Balance at 1 January	1,084	346
Revaluation of Equity Investments	47	738
Balance at 30 December	1,131	1,084

19 Other receivables

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Staff debtors	2,490	2,943
Agency loan	41	77
Prepayments & deposits	2,724	2,195
Sundry debtors	2,844	600
Current account with life	-	(4)
Current account with star microinsurance	19	-
National reconstruction levy	2	2
Accountable imprest	70	-
Gia sticker	-	382
Ecowas brown card levy	52	-
	8,242	6,195

a. The maximum amount owed by staff to the Company did not at any time during the year exceed Gh¢2,490,387 (December 2017 - Gh¢2,942,549).

b. Prepayments represent the unexpired portion of certain expenditure spread on time basis.

20. Available - for - sale debit investment

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Government securities	582	512
Statutory deposit	2,072	1,835
Fixed deposits	157,067	154,081
Impairment prov. on fixed deposits	(17,685)	-
	142,036	156,428

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.

21. Cash and bank blances

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Cash on Hand	**164**	90,309
Cash at Bank	**11,171**	2,285
	11,335	92,594

22. Stated capital

	Dec-18 No. of Shares (million)	Dec-17 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	**Gh¢'000**	**Number of**	**Gh¢'000**
Balance at 1 January	**6,295,000**	**130,235**	3,295,000	40,235
Issued of shares	-	-	3,000,000	90,000
Balance at 31 December	**6,295,000**	**130,235**	6,295,000	130,235

Other disclosures required by the Companies

	Number of	**Gh¢'000**	Number of	Proceeds
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
	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.

23. Contingency reserves

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

Notes to the financial statements

For the year ended 31 December 2018

24. Income surplus

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

25. Insurance claims liabilities

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Settled but Outstanding	3,928	1,478
Outstanding Claims Provision	34,134	35,072
Incurred But Not Settled (IBNR)	-	-
	38,062	36,550

Movement in total claims liability

	Dec-18	Dec-17
Claims Outstanding at January 1	36,551	25,505
Additional Claims Provision	(937)	10,955
Claims Settled during the year	28,693	22,270
Cash paid during the year	(26,245)	(22,180)
Balance at 31 December 2018	38,062	36,550

Claims Liabilities by Product

Dec-18	Settled but Gh¢'000	Reported Gh¢'000	Incurred Gh¢'000	Total Gh¢'000
Fire	826	1,569	558	2,953
Motor	2,616	13,481	13,538	29,635
Accident	486	817	330	1,633
Engineering	-	561	726	1,287
Liability	-	453	256	709
Bonds	-	1,040	208	1,248
Marine	-	180	30	210
Travel	-	38	208	246
Aviation	-	-	141	141
Balance at 31 December 2018	3,928	18,139	15,995	38,062

Dec-17	Settled but	Reported	Incurred	Total
Fire	-	1,675	303	1,978
Motor	1,478	16,383	11,278	29,139
Accident	-	671	201	872
Engineering	-	742	1,001	1,743
Liability	-	228	46	274
Bonds	-	1,044	209	1,253
Marine	-	964	193	1,157
Travel	-	25	109	134
Balance as at 31 December 2017	1,478	21,732	13,340	36,550

25. Insurance claims liabilites (cont'd)

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
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¢1,903,167 positive or negative in the statement of financial position, depending on the direction of the change.

26. Provision for unearned premium

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Balance at 1 January	**34,191**	34,006
Additional Provision	**4,104**	186
Balance at 31 December 2018	**38,295**	34,192

27. Creditors and accruals

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Commission Payable	**1,726**	1,104
Witholding Tax	**399**	587
Current Account with Star Microinsurance	-	77
Accruals	**829**	1,072
Sundry Creditors	**1,895**	2,337
	4,849	5,177

28. National fiscal stabilization levy

Year of Assessment	Balance at 1 Jan. '18 Gh¢'000	Payments during the year Gh¢'000	Charge for the year Gh¢'000	Balance at 31 Dec. '18 Gh¢'000
2017	2,260	-	-	**2,260**
2018	-	(1,897)	1,162	**(735)**
	2,260	(1,897)	1,162	**1,525**

This is a levy of 5% of accounting profit before tax for the period. This was suspended in 2012, but re-introduced in July 2013, and extended in December 2017 to 2019. It is payable to the Commissioner of Ghana Revenue Authority under the National Fiscal Stabilization Levy Act, 2009 (Act 785).

Notes to the financial statements

For the year ended 31 December 2018

	Dec-18 Gh¢'000	Dec-17 Gh¢'000
29. Borrowings		
Bank loan	-	-
Due within 12 months	-	-
Movement in borrowing is as follows:		
Balance at 1 January	-	830
Write-off during the period	-	(830)
Balance at 31 December 2018	-	-

30. Deferred tax

30.1 The movement on the deferred tax account is as follows:	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Balance at 1 January	6,154	348
Origination / reversal of temporary differences: recognised in the income statement	15	5,806
Balance at 31 December 2018	**6,169**	6,154

31. Analysis of cash and cash equivalents		
Cash and Bank Balances (Note 21)	11,335	92,594
Short term Investments (Note 20)	142,036	156,429
	153,371	249,023

32. Contingent liabilities

There were no contingent liabilities as at the year end December 31, 2018 (December 2017 - Nil)

33. Capital commitments

There were no material capital commitments as at the year end December 31, 2018 (December 2017 - Nil)

34. Events after balance sheet date

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

35. Related partey transaction

HODA Holdings incorporated in Ghana, owns 99.996% of the issued ordinary shares of the company. Mr. Andrews Basoah holds the remaining 0.004%. uniCredit Ghana Limited, uniSecurities Ghana Limited, StarLife Assurance Company Limited, Star Microinsurance Company Limited, uniPrecision Printing Press, Telemedia Communications, E.I.B. Network, Integrated Properties Limited, HODA Properties, Alban Logistics and Finnet Solutions are related through common shareholding and directorship.

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

Nature of Transaction	Related Party	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Available-for-sale Investment:			
Fixed Deposits	uniCredit Savings & Loans Ltd	**693**	1,913
Fixed Deposits	uniSecurities (Ghana) Ltd	**57,422**	58,963
Commercial Paper	Integrated Properties Ltd (IPL)	**54,713**	40,679
		112,828	101,555
Bank Balances			
Current Accounts	uniCredit Savings & Loans Ltd	**445**	83
		445	83
Balances due from:			
Rent Prepayment	StarLife Assurance Company Ltd	-	12
Facility Maintenance Fees	StarLife Assurance Company Ltd	-	2
Sundry Debtors	HODA Holdings	**2,706**	-
Deposits for Printing Works	uniPrecision	**107**	-
		2,813	14
Balances due to:			
Rent Accrued	StarLife Assurance Company Ltd	**39**	-
Facility Maintenance Fees	StarLife Assurance Company Ltd	**5**	4
Advertising Expense	Telemedia Communications Ltd	**524**	711
Lease Rental Payable	Alban Logistics	**28**	-
Insurance Claims	Star Microinsurance Ltd	-	77
		596	792

Star Assurance Company Limited

Notes to the financial statements

For the year ended 31 December 2018

35. Related party transactions (continued)

Payments to Related Parties:

		Dec-18 Gh¢'000	Dec-17 Gh¢'000
Claims payment	StarLife Assurance Co. Ltd	**11**	2
Claims payment	uniCredit Savings & Loans Ltd	**38**	-
Claims payment	uniSecurities (Ghana) Ltd	**-**	26
Claims payment	Topp Core Security	**15**	106
Security & prof driving services	Topp Core Security	**239**	145
Life Insurance premium	StarLife Assurance Co. Ltd	**492**	107
Marketing and adverts	Telemedia Communications Ltd	**1,692**	2,099
Printing of stationery items	uniPrecision Printing Press	**347**	274
Purchase of Fixed Assets	Alban Logistics	**149**	701
Supply of stationery and others	Alban Logistics	**60**	72
Lease Rentals	Alban Logistics	**-**	195
		3,043	3,727

Receipts from Related Parties:

		Dec-18 Gh¢'000	Dec-17 Gh¢'000
Insurance Premium	Integrated Properties Ltd (IPL)	**14**	321
Insurance Premium	StarLife Assurance Company Ltd	**299**	476
Insurance Premium	Star Microinsurance Ltd	**25**	32
Insurance Premium	uniCredit Savings & Loans Ltd	**273**	153
Insurance Premium	uniSecurities (Ghana) Ltd	**46**	20
Insurance Premium	uniPrecision Printing Press	**28**	155
Insurance Premium	E. I. B Network Ltd	**70**	84
Insurance Premium	Alban Logistics	**57**	64
Insurance Premium	Telemedia Communications Ltd	**11**	14
Insurance Premium	HODA Holdings	**23**	-
Insurance Premium	Topp Core	**11**	14
		857	1,333

Compensation to key management personnel:

Salaries and other short-term employment benefits	**1,159**	1,005
Employers' pension contributions	**397**	231
	1,556	1,236

Transactions with directors:

Remuneration in the form of salaries is paid to executive directors and non-executive directors are Directors' emoluments are disclosed in Note 12.

Notes to the financial statements

For the year ended 31 December 2018

Operating expense	**Dec-18 Gh¢'000**	Dec-17 Gh¢'000
Staff Cost		
Salaries and Allowances	**12,362**	10,985
Wages	**328**	359
Medical	**464**	367
Staff Uniform	**4**	320
Training/Seminar - Staff	**611**	594
	13,769	12,625

Promotional Expenses		
Marketing and Advertisement	**5,108**	4,590
Agents Training & Support Expenses	**128**	210
Donations	**123**	122
Business Promotions	**1,808**	1,312
	7,167	6,234

Star Assurance Company Limited

Notes to the financial statements

For the year ended 31 December 2018

Administrative Expenses	Dec-18 Gh¢'000	Dec-17 Gh¢'000
Legal Fees & Expenses	**434**	111
Motor Vehicles Running	**1,652**	1,355
Motor Vehicles Repairs	**216**	139
Generator Expenses	**283**	314
Travelling & Transport-Local	**355**	280
Repairs - Others	**121**	195
Printing & Stationery	**983**	924
Bank Charges	**248**	102
Auditors' Remuneration and Charges	**113**	105
Professional Fees	**637**	455
Software Support Services	**377**	204
Board Meeting Expenses	**53**	71
Directors' Remuneration	**325**	245
Communication Expenses	**1,247**	882
Subs/Reg & Licensing	**369**	406
NIC Subscription	**1,157**	850
Client Rescue fund Levy of NIC	**130**	75
Office Expenses	**87**	81
Entertainment	**292**	282
Insurance	**477**	722
Cleaning and Sanitation	**697**	576
Security Services	**535**	477
Bad Debts Witten-Off	-	191
Depreciation	**2,268**	1,833
Amortisation Expenditure	**97**	97
Trekking Expenses	**267**	114
Overseas Travelling	**143**	239
Rent & Rates	**8,025**	7,537
Electricity & Water	**1,167**	1,263
	22,755	20,125
Total	**43,691**	38,984