ANNUAL REPORT 2015

Star Assurance

...your solid partner

CREATING Smiles SINCE 1985

Annual Report & Financial Statements 2015

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WHO WE ARE

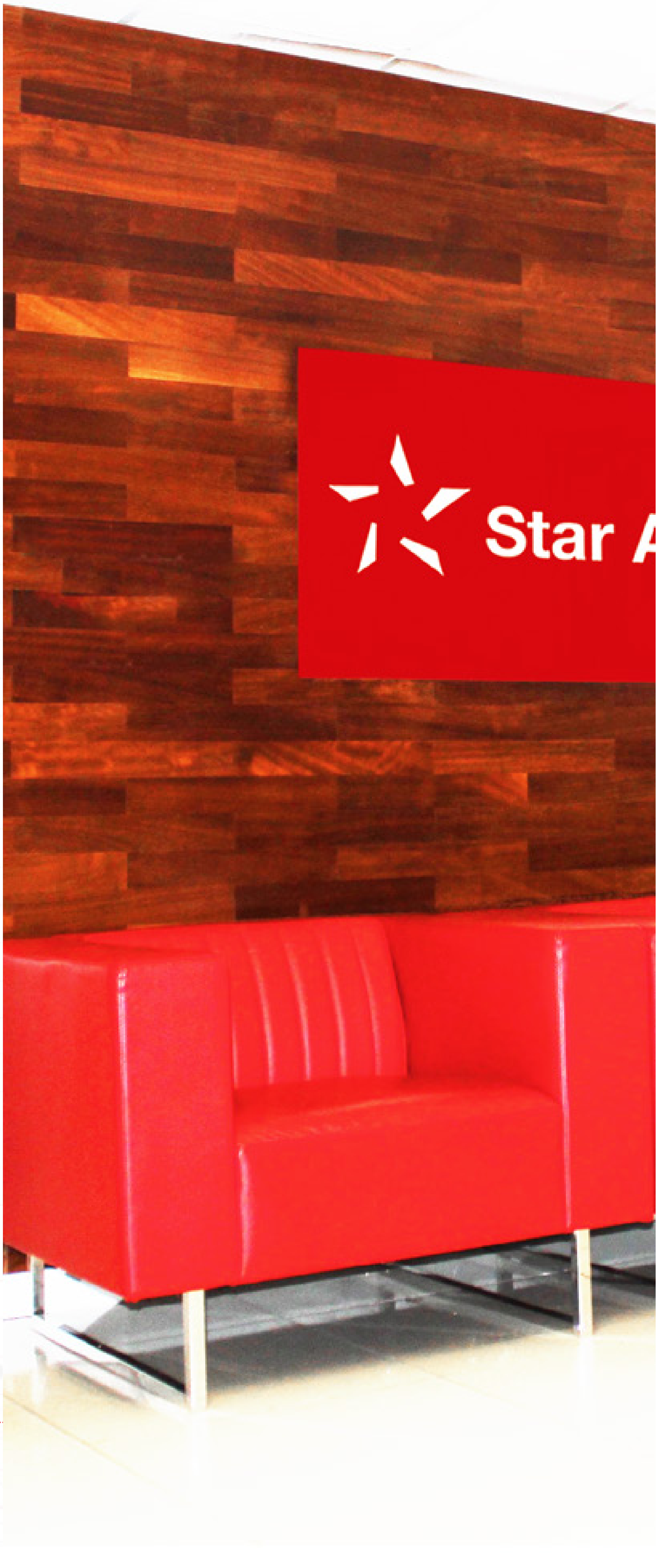
Star Assurance is a privately owned Insurance Company incorporated in August 1984 to carry out corporate and retail insurance businesses in Ghana. It commenced business in April 1985.

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

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

The Company has twenty three (23) branch offices in seven (7) out of the ten (10) regional capitals with the remaining three (3) serviced by our Agency offices. We therefore have representation in all the regions of Ghana.

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



VISION

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

MISSION

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

The company intends to achieve this through:

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

VALUES

PROFESSIONALISM

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

INNOVATION

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

TEAMWORK

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

OWNERSHIP

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

WINNING SPIRIT

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

OUR PRODUCTS

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

Executive Management

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

Departmental & Branch Heads

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

Registered Office

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

Solicitors

Summers Darko (Mrs.)
Legal Department
Star Assurance Co. Ltd.
P. O. Box AN 7532,
Accra - North

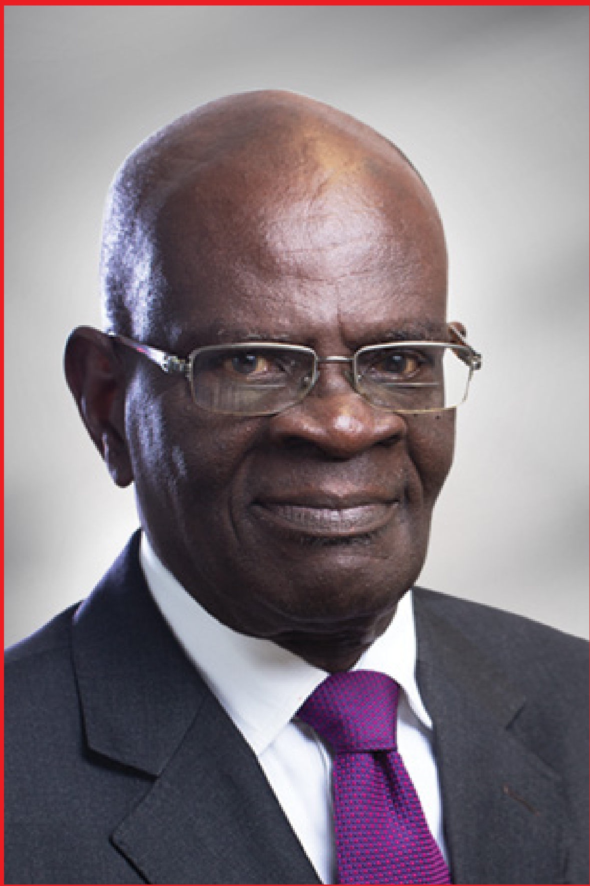
Auditors

Deloitte & Touche
Ibex Court, 4
Liberation Road
P. O. Box GP 453,
Accra, Ghana.

Main Bankers

- Barclays Bank of Ghana Limited
- Stanbic Bank Limited
- NatWest Bank - England
- uniBank (Ghana) Limited

Board of Directors



Alex G. Buabeng | Board Chairman

Kofi Duffuor | Managing Director

Samuel Kwaku Ocran
Deputy Managing Director

Boatemaa D. Barfour-Awuah (Mrs.)
Executive Director

Andrews K. Basoah
Member

Solomon Adiyiah
Member

Juliana Asante (Mrs.)
Member

Summers Darko (Mrs.)
Company Secretary

Alex G. Buabeng

CHAIRMAN'S STATEMENT

INTRODUCTION

Once again, it is with great pleasure to welcome you to this year's Annual General Meeting and to present the Annual Report and Financial Statements of our Company for the financial year ended 31 December 2015. As faithful stewards, we always look forward to sharing with you the success of what you have entrusted to our care. I will quickly recount activities on the global front and the financial markets before I focus our attention on Ghana's own market in 2015 and then proceed to outline your Company's performance for the year 2015.

ECONOMIC REVIEW

The activities of the global economy remained subdued according to the International Monetary Fund (IMF) 2015 report. Growth in emerging market and developing economies-while still accounting for over 70 percent of global growth-declined for the fifth consecutive year, while a modest recovery continued in advanced economies.

On the back of improving commodity and gold prices coupled with developments on the global front, the World Bank revised its global growth forecasts downwards slightly below 3.5 percent, which meant it is likely that in 20years global GDP could be doubled. Many Asian and African countries are projected to grow at 7 percent or more per year, and high-growth countries are expected to quadruple their GDP over the next two decades. Growth is cutting back poverty and the emerging-market middle class is growing into a consumer force to be reckoned with.

On the domestic front, Ghana's economy grew last year at the second slowest rate in over a decade according to preliminary data. The country experienced a myriad of economic problems and challenges during 2015 fiscal year. Low commodity prices weighed on the country's external sector and the cedi, which lost nearly 20 percent of its value last year. Moreover, power shortages resulted in disruptions in economic activity. The Government of Ghana is committed to maintaining tight fiscal measures as the country is under strict surveillance by the International Monetary Fund. However, at the same time, the severe fiscal consolidation might be politically costly ahead of the general elections on 7 November this year.

Inflation at the end of 2015 was 17.70 percent. This was as a result of the uncertainties in the foreign exchange market, with implications for petroleum pricing and other tradable goods and services. Interest rates generally moved upwards in 2015 since the Bank of Ghana increased the prime rate to 26 percent in November 2015 to tame the country's growing inflation rate as well as the poor performance of the cedi.

INDUSTRY DEVELOPMENT

The unwavering stance of the regulator, National Insurance Commission (NIC), to drive insurance growth and ensure strict compliance with relevant laws affecting insurance business has increased investors' confidence in Ghana's insurance industry. Effective 1st January 2016, all industry players were expected to adhere to the new solvency framework in a quest to strengthen the financial capacity of operators in the Ghanaian Insurance industry.

It is imperative to state that the implementation of the Enterprise Risk Management has augmented internal controls and improvement of general operations in the industry. Although there have been many reforms in the industry, the contribution of the insurance industry to the country's Gross Domestic Product remains low at below 2 percent despite the huge potential of the subsector.It is expected that the new legal and regulatory framework – which has provisions on the emerging insurance portfolios such as micro insurance, would guarantee the deepening of insurance penetration and access to the financial services.

BUSINESS OPERATIONS

Today, in a dynamic world, we see an evolving set of social, political, environmental and economic imperatives that require our expert response. For Star, our stance remains spirited as we create smiles to our cherish customers. Following from our strategic focus, your company continued with its branch network expansion strategy to bring insurance service closer to the insuring public.

Additionally, two branches were opened at West Hills near Weija and Airport City in Accra respectively and one at Tamale. The company also rolled out its electronic insurance services adding to its traditional distribution channel of selling the products. As the competition in the market continues to increase, Star also continues to place more emphasis on making our customer satisfaction our top most priority.

FINANCIAL PERFORMANCE

In 2015, the company realized an amount of GH¢93.13million as Gross Premium which is a 27.72 percent growth compared to the performance in 2014 (GH¢72.34million). Net Premium after Reinsurance grew by 36.62 percent in 2015 from GH¢41.45million in 2014 to GH¢56.63million Profit before taxation for the year under review was GH¢24.78million as against the GH¢6.02million realized in 2014.Your company continues to grow its total asset, at the end of 2015, we had an asset worth of GH¢120.62million representing 25 percent over 2014 figure of GH¢96.42million.

RETURNS TO SHAREHOLDERS

Shareholders' Funds recorded tremendous increase from GH¢53.38million in 2014 to GH¢72.33million in 2015 representing 36 percent. Your company continues to be one of the most efficient users of capital in the industry as measured by the ratio of the gross written to shareholders' equity. The company has been able to increase its solvency ratio to 310 percent for the year ended 31st December 2015, which is higher than the regulatory requirement of 150 percent. With the above achievements, the Board, Management and Staff are committed to attractive returns to and long term growth of shareholders value as we seek to continue the success story of your company.

CORPORATE GOVERNANCE

The Board keeps Star Assurance corporate governance structure under review to ensure that the governance structure actively identifies, responds to and communicates on those material issues that impact on our capacity to create value.

During the past two years, Star has undergone significant changes in line with the implementation of risk management framework, revised solvency framework and other compliance requirements. For fairness, transparency, accountability, responsibility and effective control, the board has stepped up its role in providing leadership within this framework. Our good corporate governance enables the company to create sustainable value for the benefit of the shareholders, customers, employees and stakeholders. We are proactive in understanding and managing the risks we are exposed to and ensure that capital is allocated to businesses where most value can be added for the risks assumed.

OUTLOOK FOR 2016

The Economy still faces major challenges going into 2016, notable among them are: Permanent solution to power outages, reducing inflation, stabilizing the Ghana Cedi, etc. But it is our expectation to see an improved economy in 2016 where consumers and both domestic and foreign investors will regain confidence in the economy for the betterment of all.

Also, the implementation of the power sector reforms and the new oil projects is likely to boost the economy to attain the predicted GDP growth of 5.4 percent. However, relatively high inflation and subdued consumer purchasing power will continue to pose challenges for our 2016 targets. In spite of these challenges, Star Assurance is resolute; we are continuing to execute on our three strategic cornerstones: continuing to adopt newer technologies for better service delivery, branch network expansion project and finally using smoother and faster platforms to reach our customers. This approach is designed to increase growth and profitability, working towards our 2016 financial targets.

CONCLUSION

Your company has always been driven by our pursuit for excellence when it comes to customers, but another most important factor driving our business is our employee and partners. You have played a significant role in helping us build our book of success and deliver value to our loyal customers.

We thank you for your constant support, trust and patronage.We also thank our dear customers and our regulators for their continuous support to the Company.

Thank you once again and God bless us all.

EXECUTIVE MANAGEMENT

Kofi Duffuor
Managing Director

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

Samuel Kwaku Ocran
Deputy Managing Director

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

Boatemaa D. Barfour - Awuah (Mrs.)
Executive Director (Finance & Administration)

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

Emmanuel Baiden
General Manager (Finance)

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

Kofi Duffuor

MANAGING DIRECTOR'S STATEMENT

INTRODUCTION

Value creation is Star Assurance Company's hallmark. It begins with our service to customers through our brand promise of creating smiles. The company is able to create this value by optimizing the value proposition of our products and services. We optimise our ability to retain existing clients and to grow our new business volumes profitability, thereby growing the base on which we earn our margins.

The general insurance industry like last year maintained its topline growth of over 15% in the financial year 2014-2015. The year was characterized by increase in revenues, strong growth and insurance policy reforms. However, the profitability for the industry remained elusive due to uneconomic premium that continue to have an impact on the industry profitability as well as the 3rd June flood experienced in Accra which resulted in losses over billions of Ghana cedis.

PERFORMANCE REPORT

The Company recorded a Gross Income of GH¢ 93 million represented a growth of 29 percent above prior year 2014. This represents a remarkable achievement considering the negative impact of the economic environment, its impact on disposable incomes and the fact that business revenue trailed as a result of the power load shedding. Net Premium Written also increased significantly from GH¢41 million in 2014 to GH¢57 million in 2014. This positive premium income growth impacted favorably on the Net Income which recorded GH¢84 million in 2015 representing 52 percent growth over 2014 figure of GH¢55 million.

Investment Income also increased tremendously by 171 percent in 2015 from GH¢7.6million to GH¢20.5million. This performance is based on the company's investment philosophy in cash generation, backed by prudent investment of premiums keeping in mind the obligation to pay claims when the need arises.

Our Total Expenses which included both Underwriting Expenses and Other Operating Expenses recorded a relative decrease of 23 percent in 2015 as compared to 25 percent in 2014.

It is worth to note that Net Profit before Tax increased by more than 300 percent from GH¢6 million in 2014 to GH¢25 million in 2015. Total Assets increased by 30 percent from GH¢96 million in 2014 to GH¢121 million in 2015 and also registered 23 percent average growth over the last five years. Shareholders' Funds grew by 35 percent from GH¢53 million in 2014 to GH¢72 million in 2015.

In the bid to comply with the new Governance and solvency framework, the company has restructured its business operations to embrace the greater use of alliances with the banks, diversification and risk mitigation, balance sheet optimization and investment in operational infrastructure.

OPERATING FOCUS

The company continued to position itself among the top three players in the industry with a market share of 11 percent, according to 2014 industry report. We continue to pursue our efforts to improve our renewal business, which stands for better risk and translates into better profitability while reinforcing the customer's faith in our service delivery.

Currently we continue to focus on branch network expansion as well as research and capacity building in a bid to retain and consolidate the company's position as the second largest insurance company in Ghana. Consequently the following four objectives were pursued during the year:

1. Creating additional branches across the country, as well as the use of the Direct Sales Officers.

2. Strengthening the human resource base through research and capacity building.

3. Building on the Enterprise Risk Management structures to optimize the company's risk capacity by retaining maximum premium.

4. Continuing with the brand activation strategies which have made Star Assurance Company a household name by leveraging on the 30th Anniversary of the company's existence.

The company shall continue to explore opportunities within and outside Ghana to enhance our business operations and establish strategic partnership.

ACKNOWLEDGEMENTS

I will like to say thank you to our cherished clients for your continued support. To my colleagues Management and Staff, I am grateful because this sterling performance could not have been possible without your commitment and hard work. To the Board, I appreciate every strategic direction and guidance provided during the year.

Thank you all.

DIRECTORS' REPORT

In accordance with the requirements of Section 132 of the Companies Code, we the Board of Directors of Star Assurance Company Limited, submit herewith our Annual Report on the state of affairs of the Company for the year ended 31 December, 2015.

1. Account

	2015 GH¢	2014 GH¢
Gross Premium	93,126,194	72,345,212
Reinsurance Premium	(36,492,599)	(30,892,333)
Profit before Tax	18,895,087	6,021,264
less Statutory bad debts of;	-	(3,666,570)
Corporate tax provision of	(3,934,073)	(1,107,867)
and National Fiscal Stabilisation Levy	(944,754)	(117,735)
leaving Net Profit after Tax of	14,016,260	1,129,092
which is added Income Surplus Account brought		
forward from the previous year	2,851,960	11,555,834
making a total Income Surplus of from which are deducted	16,868,220	12,684,926
a transfer to Contingency Reserve of		
and a transfer to Stated Capital of	(2,803,252)	(2,170,356)
leaving a net balance on the Income Surplus	-	(7,662,609)
Account which is carried to the Statement of Financial Position	14,064,968	2,851,960

2. Principal Activity

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

3. Other Matters

The Directors confirm that no matters have arisen since 31 December, 2015 which materially affect the Financial Statements of the Company for the year ended on that date.

Board Chairman

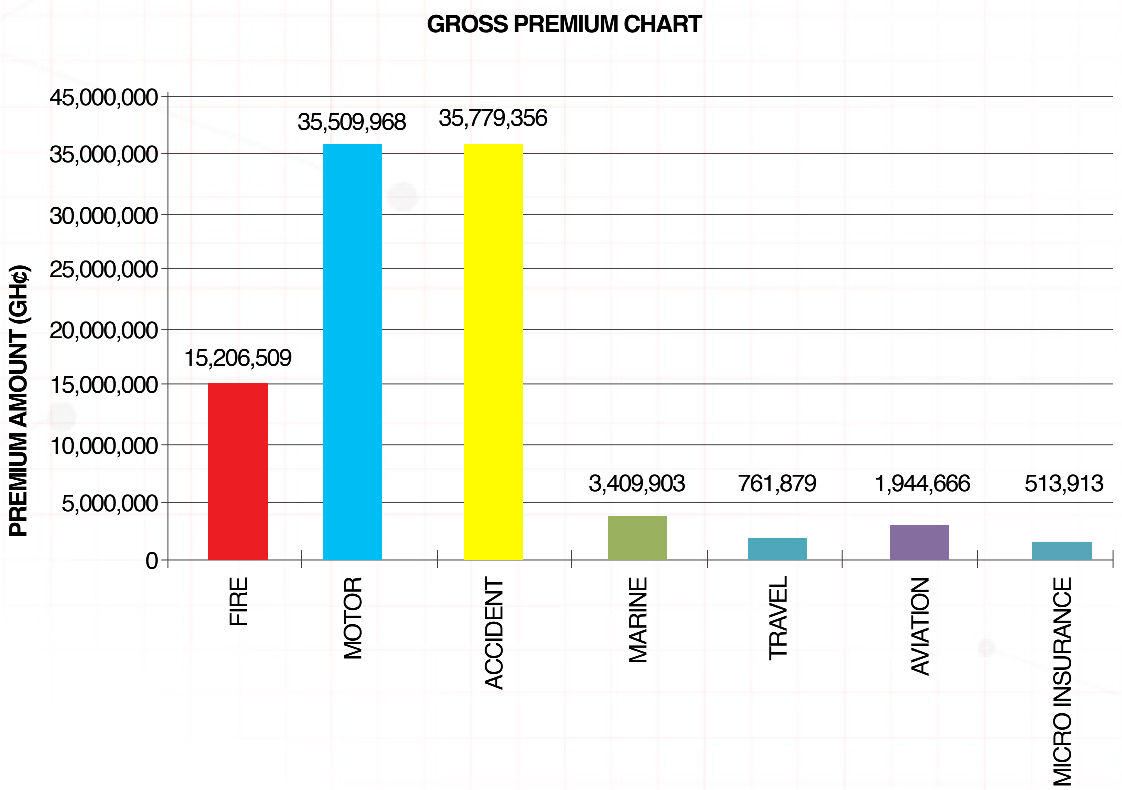
Managing Director

Dated: 29 April, 2016

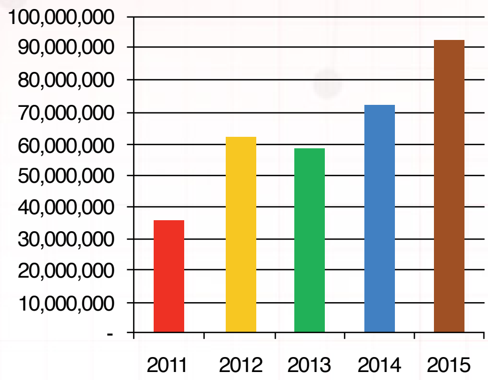
Financial highlights (Summary)

For the year ended 31 December 2015

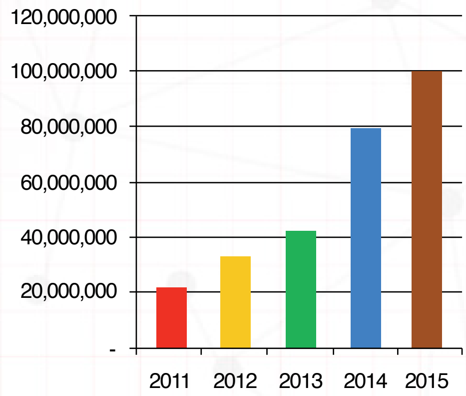
POLICY TYPE	FIRE GH¢	MOTOR GH¢	ACCIDENT GH¢	MARINE GH¢	TRAVEL GH¢	AVIATION GH¢	MICRO INSURANCE GH¢	TOTAL GH¢
Insurance premium revenue	15,206,509	35,509,968	35,779,356	3,409,903	761,879	1,944,666	513,913	93,126,194
Net Underwriting Income	12,307,119	34,756,048	18,163,859	705,241	685,151	703,064	513,913	67,834,395
Management Expenses	4,659,506	10,880,794	10,963,339	1,044,847	233,451	595,875	154,174	28,531,986
Underwriting Profit	(2,145,304)	(2,951,796)	620,548	(687,511)	(207,229)	(48,211)	(82,640)	(5,502,143)



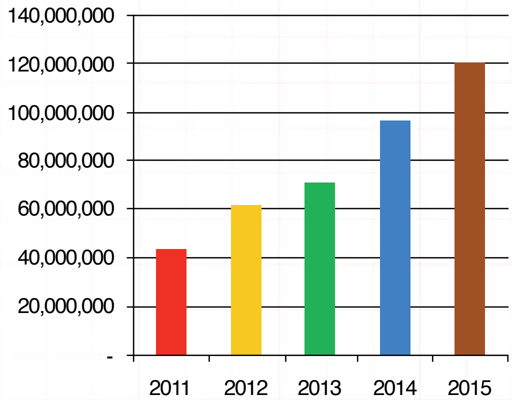
GROSS PREMIUM (2011-2015)



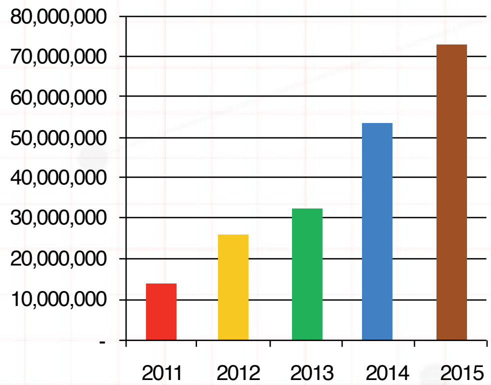
TOTAL ASSETS (2011-2015)



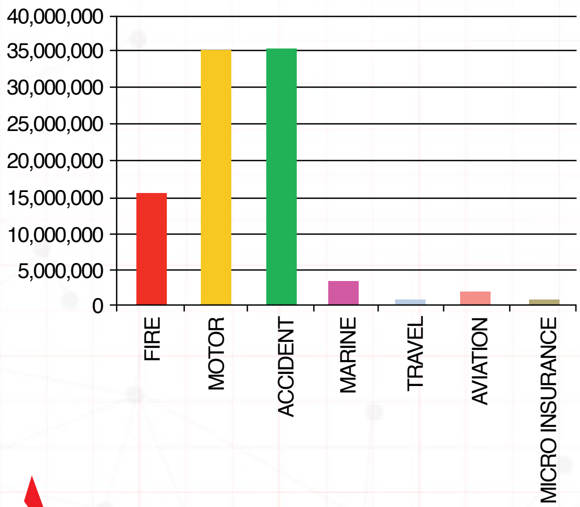
TOTAL ASSETS (2011-2015)



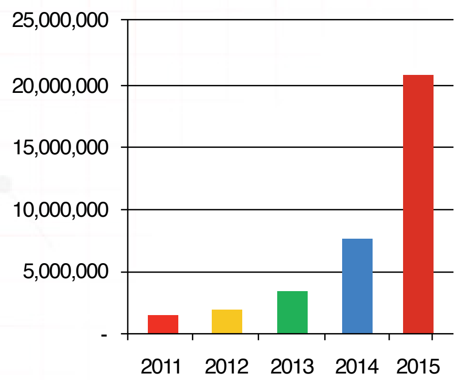
SHAREHOLDERS FUND (2011-2015)



GROSS PREMIUM CHART



INVESTMENT INCOME (2011-2015)



Statement of directors' responsibilities

For the year ended 31 December 2015

The directors are responsible for preparing financial statements for each financial year to give a true and fair view of the state of affairs of the company and of its profit and loss for the period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether the applicable accounting standards have been followed
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with International Financial Reporting Standards.

They are responsible for taking such steps as are reasonably open to them to safeguard the asset of the company, and to prevent and detect fraud and other irregularities.

Deloitte.

Independent Auditor's Report
To the Members of Star Assurance Company Limited

Report on the financial statements
We have audited the financial statements of Star Assurance Company Limited, which comprise the statement of financial position at 31 December 2015, statements comprehensive income, changes equity and cash flows for year then ended, and notes to the financial statement, which included a summary of significant accounting policies and other explanatory information as set out on pages 26 to 74.

Directors Responsibility on the Financial Statements
The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the Insurance Law, 2006 (Act 724) and in the manner required by 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly in all material respect the financial position of Star Assurance Company Limited at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the Insurance Law, 2006 (Act 724) and in the manner required by the Companies Act 1963, (Act 179).

Report on Other Legal and Regulatory Requirements
Compliance with the requirements of Section 133 of the Companies Act 1963, (Act 179) and the Insurance Law, 2006 (Act 724).

Deloitte.

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

In our opinion, proper books of account have been kept and the statement of financial position and statement of comprehensive income are in agreement with the books of accounts.

Deloitte & Touche

License No. (ICA/F/2016/129/
Chartered Accountants
4 Liberation Road
Accra, Ghana
Felix Nana Sackey
Practicing Certificate: License No. (ICAG/P/1131)
Dated: 29 April, 2016


30
Years Of Solid
Partnership

Statement of financial position

As at 31 December 2015

	Notes	2015 GH¢	2014 GH¢
Assets			
Property, Plant & Equipment	15	3,583,356	2,689,720
Intangible Assets	16	-	257,313
Investment Properties	17	4,490,724	4,490,724
Available-for-sale Equity Investments	18	8,388,759	8,037,014
Amount due from Reinsurers		7,291,248	4,797,776
Loans and Receivables	19	4,038,831	3,894,305
Available-for-sale Debt Investment	20	87,208,500	67,092,467
Cash and Bank Balances	21	5,615,049	5,183,388
Total Assets		120,616,467	96,442,707
Equity and Liabilities			
Stated Capital	22	40,235,000	40,235,000
Available-for-sale Reserve	23	425,336	573,591
Contingency Reserve	24	12,527,421	9,724,169
Income Surplus	25	14,064,968	2,851,960
Total Equity		67,252,725	53,384,720
Liabilities			
Insurance Claims Liability	26	13,908,503	7,363,153
Amount due to Re-insurers		1,905,751	5,568,120
Creditors and Accruals	28	7,035,391	5,978,882
Provision for Unearned Premiums	27	25,338,406	18,827,533
Borrowings	30	829,807	4,415,748
Deferred tax liability	31	1,170,362	645,469
Taxation	14	2,316,758	90,353
National Fiscal Stabilisation Levy	29	858,764	168,729
Total Liabilities		53,363,742	43,057,987
Total Equity and Liabilities		120,616,467	96,442,707

Approved by the Board on 29 April, 2016

Board Chairman

Managing Director

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2015

	Notes	2015 GH¢	2014 GH¢
Insurance premium revenue	5	93,126,194	72,345,212
Insurance premium ceded to reinsurers	5	(36,492,599)	(30,892,333)
Premium Retained		56,633,595	41,452,879
Less Unearned Premium Provision		(6,510,873)	(2,203,998)
Net Premium Earned		50,122,722	39,248,881
Reinsurance commission	7	9,308,141	1,512,847
Investment income	8	20,488,183	7,550,930
Other Income	9	4,304,839	7,018,319
Net Income		84,223,885	55,330,977
Underwriting Expenses			
Commission Expense	10	15,342,085	11,785,969
Claims and loss adjustment expenses	11	29,462,467	13,810,041
Claims and loss adjustments expenses recovered		(8,403,535)	(2,507,882)
Net insurance expenses		36,401,017	23,088,128
Operating Expenses	12	28,531,986	25,009,591
Total Expenses		64,933,003	48,097,719
Results of operating activities		19,290,882	7,233,258
Finance cost	13	(395,795)	(1,211,994)
		18,895,087	6,021,264
Profit before Taxation			
Statutory Bad Debts		-	(3,666,570)
Income tax expense	14	(3,934,073)	(1,107,867)
National Fiscal Stabilisation Levy	29	(944,754)	(117,735)
Profit for the Year		14,016,260	1,129,092
Other Comprehensive Income			
Revaluation gains on Available-for-sale assets	18	(148,255)	(151,397)
Total other Comprehensive Income		(148,255)	(151,397)
Total Comprehensive Income		13,868,005	977,695

Statement of changes in equity

For the year ended 31 December 2015

	Stated Capital GH¢	Capital Surplus GH¢	Available for sale Reserve GH¢	Contingency Reserve GH¢	Income Surplus GH¢	Total GH¢
2015						
Balance at 1 January	**40,235,000**	**-**	**573,591**	**9,724,169**	**2,851,960**	**53,384,720**
Comprehensive Income						
Profit for the year	-	-	-	-	14,016,260	14,016,260
Other comprehensive income						
Gains on Available-for-sale assets	-	-	(148,255)	-	-	(148,255)
Total other comprehensive income	**-**	**-**	**(148,255)**	**-**	**-**	**(148,255)**
Transfers within equity						
Transfer to / (from) Contingency reserve	-	-	-	2,803,252	(2,803,252)	-
Total transfers within equity	-	-	-	2,803,252	(2,803,252)	-
Balance at 31 December	**40,235,000**	**-**	**425,336**	**12,527,421**	**14,064,968**	**67,252,725**
2014						
Balance at 1 January	**12,235,000**	-	724,988	7,553,813	11,555,834	32,069,635
Comprehensive Income						
Profit for the year	-	-	-	-	1,129,092	1,129,092
Other comprehensive income						
Gains on Available-for-sale assets	-	-	(151,397)	-	-	(151,397)
Total other comprehensive income	**-**	**-**	**(151,397)**	**-**	**-**	**(151,397)**
Transaction with Equity holders						
Issue of shares for cash	14,000,000	-	-	-	-	14,000,000
Issue of shares for Other Considerations	6,950,400	-	-	-	-	6,950,400
Transfers within equity						
Transfer to / (from) Contingency reserve	-	-	-	2,170,356	(2,170,356)	-
Transfer to Stated Capital	7,049,600	-	-	-	(7,662,609)	(613,009)
Total transfers within equity	**7,049,600**	**-**	**-**	**2,170,356**	**(9,832,966)**	**(613,009)**
Balance at 31 December	**40,235,000**	**-**	**573,591**	**9,724,169**	**2,851,960**	**53,384,721**

Statement of cash flows

For the year ended 31 December 2015

	Notes	2015 GH¢	2014 GH¢
Reconciliation of Operating Income to Cash Flow from Operating Activities			
Profit before tax		18,895,087	6,021,264
Adjustments for:			
Depreciation Charges		1,236,196	850,777
Amortisation of Intangible Assets		257,313	171,302
Revaluation Gain on Investment Properties		-	(6,046,468)
Interest and Amortisation on Borrowing		-	1,070,418
Statutory Bad Debts Provision		-	(3,666,570)
Profit on Disposal of Assets		(87,550)	-
Investment Income		(20,488,183)	(7,550,930)
Operating Profit before working capital changes		(187,137)	(9,150,207)
Change in Insurance Receivables		-	16,626,761
Change in Amount due from Re-insurers		(2,493,474)	1,827,227
Change in Loans and Receivables		(144,525)	(1,092,091)
Change in Provision for Unearned Premium		6,510,871	2,203,997
Change in Insurance Claims Liabilities		6,545,350	2,326,497
Change in Creditors and Accruals		1,056,509	700,587
(Decrease) in Amount due to Re-insurers		(3,662,368)	(2,772,018)
Cash Inflow from Operating Activities		7,625,226	10,670,753
Return on Investment and Servicing of Finance			
Investment Income		20,488,183	7,550,930
Taxation			
Corporate Tax Paid		(1,182,775)	(1,137,496)
National Fiscal Stabilisation Levy Paid		(254,719)	(57,568)
Net Cash Inflow from Operating Activities		26,675,916	17,026,619
Investing Activities			
Acquisition of Property and equipment		(2,142,181)	(2,107,475)
Proceeds from Sale of property and equipment		99,900	-
Proceeds from Sale of Investment Property		-	17,000,000
Proceeds from sale of Unlisted Investment		(500,000)	9,442,809
Acquisition of Available-for-sale financial assets		-	(100,000)
Acquisition of Investment Property		-	(344,750)
Net cash flow from investing activities		(2,542,281)	23,890,584
Financing Activities			
Issue of Shares		-	14,000,000
Borrowing Repaid		(3,585,941)	-
Net cash flow from financing activities		(3,585,941)	14,000,000
Increase in Cash and Cash Equivalents		20,547,694	54,917,203
Cash and Cash Equivalents 1 January		72,275,855	17,358,652
Cash and Cash Equivalents 31 December	33	92,823,549	72,275,855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Years Of Solid
Partnership

Notes to the financial statements

For the year ended 31 December 2015

1. General information

1.1 Corporate information

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

1.2. Statement of compliance

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

1.3. Basis of preparation

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

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

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

The following new amendments to the existing standards issued by the International Accounting Standards Board are effective for current financial year:

2.1. Amendments to IAS 19 "Employee Benefits"

Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014), issued by IASB on 21 November 2013. The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service as a negative cost.

2.2. Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" issued by IASB on 12 December 2013

Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording.

Revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) definition of 'vesting condition'; (ii) accounting for contingent consideration in a business combination; (iii) aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets; (iv) proportionate restatement of accumulated depreciation/ amortisation application in revaluation method and (v) clarification on key management personnel. The amendments are to be applied for annual periods beginning on or after 1 July 2014.

2.3. Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" issued by IASB on 12 December 2013

Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) scope of exception for joint ventures; (ii) scope of paragraph 52 if IFRS 13 (portfolio exception) and (iii) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendments are to be applied for annual periods beginning on or after 1 July 2014).

The adoption of these amendments to the existing standards has not led to any material changes in the Company's financial statements. At the date of authorisation of these financial statements the following new standards and amendments to existing standards were in issue, but not yet effective:

2.4. IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).

IFRS 9 "Financial Instruments" issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Classification and Measurement - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.Impairment - IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities. Own credit - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

2.5. IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016).

IFRS 14 "Regulatory Deferral Accounts" issued by IASB on 30 January 2014. This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

2.6. IFRS 15 "Revenue from Contracts with Customers" and further amendments (effective for annual periods beginning on or after 1 January 2018).

IFRS 15 "Revenue from Contracts with Customers" issued by IASB on 28 May 2014 (on 11 September 2015 IASB deferred effective date of IFRS 15 to 1 January 2018). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services.

The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

2.7. Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded).

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by IASB on 11 September 2014 (on 17 December 2015 IASB deferred indefinitely effective date). The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception issued by IASB on 18 December 2014. The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances.

2.8. Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016).

Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations issued by IASB on 6 May 2014. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

2.9. Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative issued by IASB on 18 December 2014. The amendments to IAS 1 are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

2.10. Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation issued by IASB on 12 May 2014. Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

"Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants issued by IASB on 30 June 2014. The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

2.11. Amendments to IAS 27 "Separate Financial Statements" Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016).
Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements issued by IASB on 12 August 2014. The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

2.12. Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)" issued by IASB on 25 September 2014.
Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. Changes include new or revised requirements regarding: (i) changes in methods of disposal; (ii) servicing contracts; (iii) applicability of the amendments to IFRS 7 to condensed interim financial statements; (iv) discount rate: regional market issue; (v) disclosure of information 'elsewhere in the interim financial report'. The amendments are to be applied for annual periods beginning on or after 1 January 2016.

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

3. Use of estimates and judgment

The preparation of financial statements in conformity with IFRSs requires Management to make judgment, 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 judgment 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.

3.1. 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 judgment. In making this judgment, 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. Summary of significant accounting policies

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

3.4. Revenue recognition

- **Insurance premium revenue**

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

- **Commission income**

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

- **Interest income**

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

- **Dividend income**

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

- **Rental income**

Rental income is recognised on an accrual basis.

3.5. Insurance contracts

The Company undertakes non-life insurance contracts. An insurance contract is a contract under which the Company accepts significant insurance risk from insured (policyholder) by agreeing to compensate the insured if an uncertain future event (the insured event) occurs. The insurance contracts are broadly categorised into casualty, property and personal accident. Under casualty insurance contracts, the company protects the policyholders against claims for causing harm to third parties as a result of legitimate activities of the policyholders.
Property insurance contracts mainly compensate policyholders for damage suffered to their properties or for the value of property lost or for the loss of earnings caused by the inability of the policyholder to use the insured properties in their business activities (business interruption cover)

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

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

- **Claims and loss adjustment recoveries**

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

Claims incurred are expenses for the year which comprise; provision for claims reported during the year pending settlement; claims reported and settled in the year whether paid during the year or not; and a provision for claims incurred but not reported (IBNR).

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

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

- **Liability adequacy test of insurance liabilities**

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

At each reporting date, liability adequacy tests are performed to ensure the adequacy of all insurance contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss. Liability adequacy test in respect of claims is determined by taking the settled amount for each claim, agreed with the claimant. The sum insured is considered the best test for non-settled claims and 20% provision for estimated claims unreported at the reporting date.

- **Receivables and payables related to reinsurance contracts**

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

- **Salvage and subrogation**

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

3.6. Current taxation

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

3.7. 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.

3.8. 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%
Library books	20%
Computer Hardware	25%
Freehold building	5%

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

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

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

3.9. 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.

3.10. Financial Assets and Financial Liabilities

- **Categorisation of Financial Assets and Financial Liabilities**

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

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

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

- **Held for Trading**

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

- **Designated at fair value through profit or loss**

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

Notes to the financial statements
For the year ended 31 December 2015

• 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.

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

• Initial Measurement of Financial Assets and Financial Liabilities

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

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

• Subsequent Measurement of Financial Assets

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

Notes to the financial statements
For the year ended 31 December 2015

• Subsequent measurement of financial liabilities

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

• Gains and Losses

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

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

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

• Amortised Cost Measurement

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

• Fair value measurement

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

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

Notes to the financial statements
For the year ended 31 December 2015

• Offsetting

Financial Assets and Financial Liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
Income and expense are presented on the net basis only when permitted by the accounting standards or interpretation, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

• Impairment of Financial Assets

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

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

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

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

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

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

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

Provision for credit losses is based on the following principles:

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

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

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

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

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

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.

- **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.

3.11. Investments

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.

3.12. 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.

3.13. 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.

3.14. 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.

3.15. Leases

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

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

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

3.16. 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.

3.17. 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).

3.18. 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.

3.19. 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.

3.20. 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.

Notes to the financial statements
For the year ended 31 December 2015

• 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.

3.21. 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.

3.22. 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.

3.23. 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.

1.5.22. 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

4. Management of insurance and financial risk

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.

4.1. 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.

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

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. Risk Management Department (RMD).
iv. Internal Audit
v. Credit Control

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

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

Notes to the financial statements
For the year ended 31 December 2015

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 RMD include:
The roles of the Risk Management Department include:

i. Review effectiveness of the risk management process throughout the company,
ii. Report directly to both the Deputy Managing Director and 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,
v. 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.

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

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

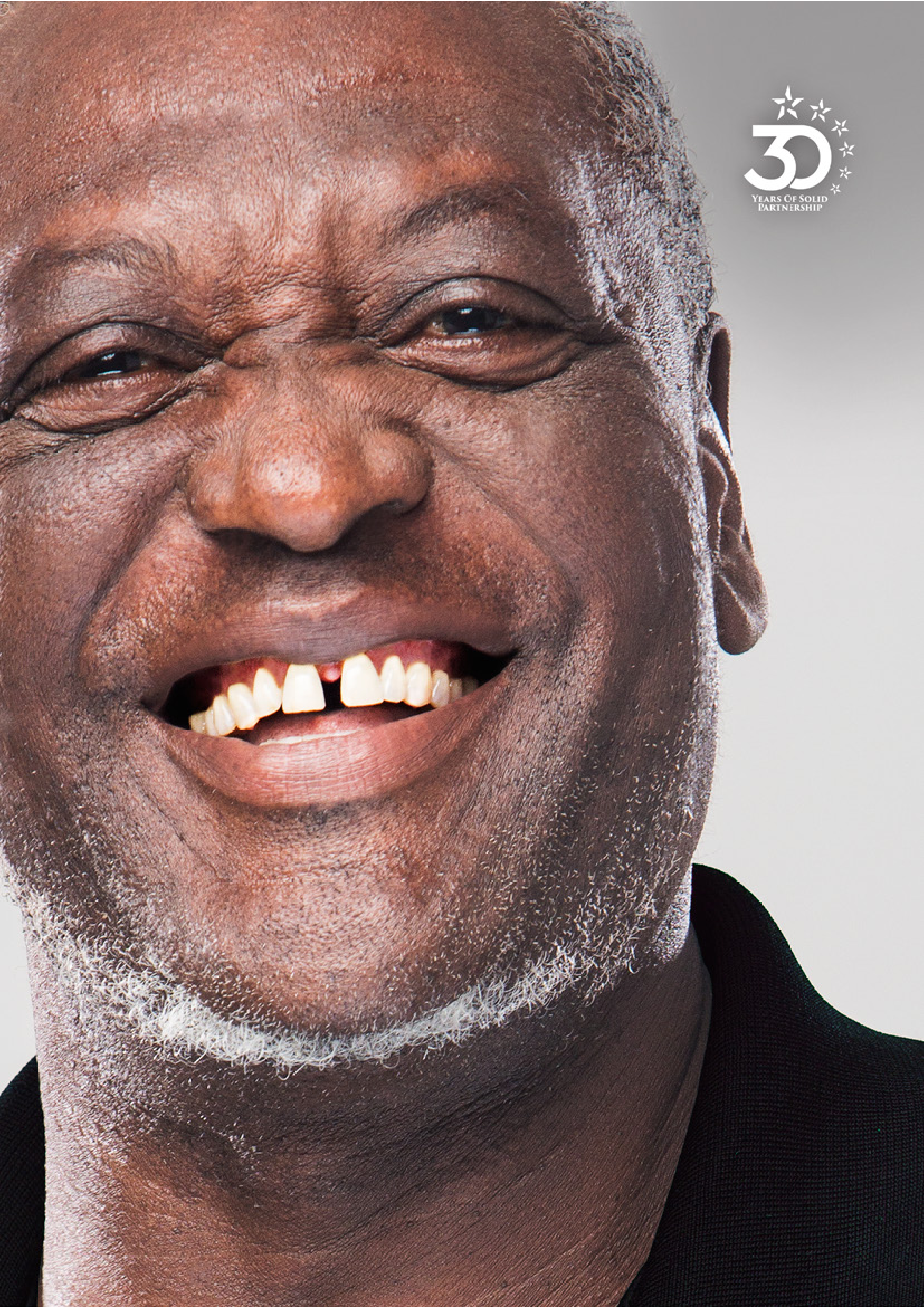
4.2. Insurance Risk
Insurance risk arises from claims and underwriting profit experience being adversely different from those anticipated in the premiums rating and reinsurance programme. The insurance risks under any insurance contract are the risk of the insured event occurring and the uncertainty 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.


30
Years Of Solid
Partnership


30
Years Of Solid
Partnership

4.2.1. Maximum Insured Loss
As at 31 December 2015

By currency:	Fire GH¢	Motor GH¢	Accident GH¢	Marine GH¢	Travel GH¢	Aviation GH¢	Total GH¢
Ghana Cedi	1,434,631,832	398,058,934	2,297,745,960	-	6,882,000	-	4,137,318,726
US Dollar	2,184,136,730	198,934,383	8,175,173,042	289,898,700	-	-	10,848,142,855
GB Pound	6,570,571	385,000	214,607,659	-	-	7,215,000,000	7,436,563,230
Euro	-	7,203,394	48,564,169	-	-	-	55,767,563
	3,625,339,133	**604,581,711**	**10,736,090,830**	**289,898,700**	**6,882,000**	**7,215,000,000**	**22,477,792,374**
By geographical area:							
Accra Region	3,486,258,086	514,124,033	10,440,593,434	289,898,700	5,883,000	7,215,000,000	21,951,757,253
Other Regions	139,081,047	90,457,678	295,497,396	-	999,000	-	526,035,121
	3,625,339,133	**604,581,711**	**10,736,090,830**	**289,898,700**	**6,882,000**	**7,215,000,000**	**22,477,792,374**

Claims development table

The table below shows the development of claims settled over a period of 10 years on gross basis. The first colum of each year shows the amount settled in the loss year and the subsequent column(s) show(s) the cumulative amount settled. The amounts are stated in Ghana Cedis.

Loss	Month of development									
Year	**12**	**24**	**36**	**48**	**60**	**72**	**84**	**96**	**108**	**120**
2006	264,245	605,008	1,023,465	1,386,727	1,544,696	1,633,096	1,669,296	1,701,371	1,701,371	1,701,371
2007	697,340	1,638,468	2,132,238	2,538,117	2,747,519	2,791,128	2,796,428	2,878,941	2,899,663	
2008	838,456	1,842,945	2,373,058	2,766,590	2,917,170	3,003,901	3,029,401	3,055,801		
2009	1,776,662	3,731,936	4,644,566	4,949,687	5,221,826	5,280,883	5,310,411			
2010	1,677,976	3,607,990	4,381,698	4,812,045	5,156,177	5,315,587				
2011	3,002,837	7,102,330	8,069,033	8,631,819	9,010,151					
2012	2,674,391	2,716,709	6,018,946	6,677,406						
2013	5,213,266	8,677,132	9,659,047							
2014	7,571,036	10,873,615								
2015	17,846,912									

Notes to the financial statements
For the year ended 31 December 2015

4.3. 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.

4.3.1. Credit Risk
Credit risk is the risk of financial loss to the Company if policyholders, intermediaries and reinsurers or counterparties to insurance asset or financial instrument fail to meet their contractual obligations. The Company assesses the credit risk profile of the above parties and counterparties and limit its exposures to certain corporate entities, individuals or a group of them. Such risks are regularly reviewed by the Risk Management Department (RMD) and limits on the level of credit risk reviewed and approved by the Board of Directors through its Committee on Risk Management.

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

A portfolio impairment 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.

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

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

	Receivables arising from direct insurance contracts		Receivables arising from reinsurance contracts	
	Dec-15 GH¢	Dec-14 GH¢	Dec-15 GH¢	Dec-14 GH¢
Neither past due nor impaired	-	-	7,291,248	4,797,776
Past due but not impaired	-	-	-	-
Impaired	-	5,085,201	-	-
Gross	-	5,085,201	7,291,248	4,797,776
Less impairement loss	-	5,085,201	-	-
Net	-	-	7,291,248	4,797,776

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

	Receivables arising from direct insurance contracts		Receivables arising from reinsurance contracts	
	Dec-15	Dec-14	**Dec-15**	Dec-14
	GH¢	GH¢	**GH¢**	GH¢
Up to 30 days	**-**	-	**2,187,374**	479,778
31 to 60 days	**-**	-	**1,458,250**	-
61 to 90 days	**-**	-	**729,125**	-
Over 90 days	**-**	-	**2,916,499**	4,317,999
	-	-	**7,291,248**	4,797,777

Available-For-Sale Debt Securities held with various Investment Houses are as analysed below:
Two investment houses together hold a little over 68% of the total available-for-sale debt investments as at December 31, 2015.

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

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

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

	Dec-15 GH¢	Dec-14 GH¢
Maturing within 91 days	354,257	706,906
Maturing within 182 days	70,778,721	35,647,761
Maturing within 365 days	16,075,522	30,737,800
Totals	**87,208,500**	**67,092,467**

4.3.3. Market Risk

The Company recognises market risk as the exposure created by potential changes in market prices and rates. The Company is exposed to market risk arising principally from client driven financial transactions, and investing activities.

Market risk is governed by the Company's 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.

Market risk is governed by the Company's Executive Management Committee (EMC) subject to the Board of directors' approval of policies, procedures and levels of risk appetite. The EMC provides market risk oversight and guidance on policy setting. Policies cover both the trading and non-trading books of the Company.

The Risk Management Department (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.

4.3.4. Foreign exchange exposure

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

Notes to the financial statements
For the year ended 31 December 2015

Currency exposure at year-end in cedi-equivalents of the following major foreign currencies at 31 December 2015:

	USD GH¢	GBP GH¢	Euro GH¢	Total GH¢
Assets				
Due from reinsurers	6,224,363	-	162,665	6,387,028
Cash & cash equivalents	3,058,245	345,876	214,104	3,618,225
Available For Sale Equity Investment	7,004,400	-	-	7,004,400
Investment Properties	2,880,045	1,610,677	-	4,490,722
	19,167,053	1,956,553	376,769	21,500,35
Liabilities	528,983	5,609	4,069	538,660
Due to reinsurers	528,983	5,609	4,069	538,660

Sensitivity analysis

The Company used 18.59% 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 an 18% increase and decrease in the value of the cedi against the United States Dollar (US$) is analysed below:

	Dec-15 GH¢	Scenario 1 18% increase GH¢	Scenario 2 18% decrease GH¢
Pre-tax Profit	14,016,260	2,522,927	(2,522,927)
Shareholders' fund	67,252,725	1,766,049	(1,766,049)

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 18% would increase profit before tax for the year and shareholders' fund by GH¢2,520,911 and GH¢1,764,638 respectively, while a decrease in exchange rates by 18% would decrease profit before tax for the year and shareholders' fund by the same amounts.

4.3.5. Interest Rate Exposure

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

Notes to the financial statements
For the year ended 31 December 2015

4.3.6. Operational risk

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

4.3.7. Capital Management

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

i. To comply with the capital and solvency requirements as set out in the Insurance Act 2006 (Act 724);
ii. To provide adequate returns by pricing insurance and investment contracts in commensuration with risks assumed;
iii. To guarantee the company's ability to operate as a going concern and continually provide returns to shareholders and benefit to other stakeholders.

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

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

The company's paid up capital at the end of the year 2015 was GH¢40,235,000 (December 2014 - GH¢40,235,000). The table below shows the summary of solvency margin of the company at the end of the year 2015.

	Dec-15	Dec-14
Available Capital Resources (GH¢)	43,831,178	43,852,479
Solvency Capital Required (GH¢)	14,158,399	10,418,531
Capital Adequacy Ratio	310%	421%

5. Operating segment

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

2015	FIRE GH¢	MOTOR GH¢	ACCIDENT GH¢	MARINE GH¢	TRAVEL GH¢	AVIATION GH¢	STAR MICRO GH¢	TOTAL GH¢
Underwriting Income								
Insurance premium revenue	15,206,509	35,509,968	35,779,356	3,409,903	761,879	1,944,666	513,913	93,126,194
Insurance premium ceded to reinsurers	(10,446,481)	(1,451,798)	(19,843,518)	(3,128,082)	(16,872)	(1,605,848)	-	(36,492,599)
Premium Retained	4,760,028	34,058,170	15,935,838	281,820	745,007	338,818	513,913	56,633,595
Less Unearned Premium Provision	304,421	(4,536,308)	(2,264,996)	222,980	(84,500)	(152,470)	-	(6,510,873)
Net insurance premium revenue	5,064,449	29,521,861	13,670,842	504,801	660,507	186,348	513,913	50,122,722
Ceding commission earned	3,991,644	470,711	4,284,029	200,441	-	361,316	-	9,308,141
Gross Claims and loss adjustments recovered	3,251,026	4,763,476	208,988	-	24,644	155,400	-	8,403,534
Net underwriting income	12,307,119	34,756,048	18,163,859	705,241	685,151	703,064	513,913	67,834,397
Underwriting Expenses								
Agency commission incurred	2,659,024	6,495,830	5,556,203	339,534	137,320	-	154,174	15,342,085
Claims and loss adjustment expense	7,133,893	20,331,220	1,023,769	8,371	521,609	155,400	288,205	29,462,467
Management Expenses	4,659,506	10,880,794	10,963,339	1,044,847	233,451	595,875	154,174	28,531,986
	14,452,423	37,707,844	17,543,311	1,392,752	892,380	751,275	596,553	73,336,538
Underwriting Profit / (Loss)	(2,145,304)	(2,951,796)	620,548	(687,511)	(207,229)	(48,211)	(82,640)	(5,502,141)
Investment income	-	-	-	-	-	-	-	20,488,183
Other Income	-	-	-	-	-	-	-	4,304,839
Finance Cost	-	-	-	-	-	-	-	(395,795)
Profit before tax	(2,145,304)	(2,951,796)	620,548	(687,511)	(207,229)	(48,211)	(82,640)	18,895,086

5. Operating segment

2014	FIRE GH¢	MOTOR GH¢	ACCIDENT GH¢	MARINE GH¢	TRAVEL GH¢	AVIATION GH¢	TOTAL GH¢
Underwriting Income							
Insurance premium revenue	12,366,984	25,051,152	29,504,077	3,331,403	582,446	1,509,150	72,345,212
Insurance premium ceded to reinsurers	(6,930,461)	(1,073,665)	(18,601,564)	(2,752,275)	(25,218)	(1,509,150)	(30,892,333)
Premium Retained	5,436,523	23,977,487	10,902,513	579,128	557,228	-	41,452,879
Less Unearned Premium Provision	(485,000)	(989,417)	(783,096)	137,688	(74,916)	(9,257)	(2,203,998)
Net insurance premium revenue	4,951,523	22,988,070	10,119,417	716,816	482,312	(9,257)	39,248,881
Ceding commission earned	528,513	-	783,634	114,479	-	86,221	1,512,847
Claims and loss adjustments recovered	169,499	721,206	1,564,249	52,928	-	-	2,507,882
Net underwriting income	5,649,535	23,709,276	12,467,300	884,223	482,312	76,964	43,269,610
Underwriting Expenses							
Agency commission incurred	2,648,627	5,063,552	3,537,427	471,625	64,738	-	11,785,969
Claims and loss adjustment expense	882,401	8,630,661	3,980,392	312,545	4,042	-	13,810,041
Management Expenses	4,275,241	8,660,132	10,199,499	1,151,659	201,351	521,710	25,009,592
	7,806,269	22,354,345	17,717,318	1,935,829	270,131	521,710	50,605,602
Underwriting Profit / (Loss)	(2,156,734)	1,354,931	(5,250,018)	(1,051,606)	212,181	(444,746)	(7,335,992)
Investment income	-	-	-	-	-	-	7,550,930
Other Income	-	-	-	-	-	-	7,018,319
Finance Cost	-	-	-	-	-	-	(1,211,994)
Profit before tax	-	-	-	-	-	-	6,021,263

Notes to the financial statements

For the year ended 31 December 2015

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¢	Reinsurance Premium Income GH¢	Gross Written Premium GH¢	Adjustment in unearned premium GH¢	Insurance premium revenue GH¢	Reinsurance cost GH¢	TOTAL GH¢
2015							
Fire	**14,375,679**	**830,830**	**15,206,509**	**304,421**	**15,510,930**	**(10,446,481)**	**5,064,449**
Motor	**35,362,575**	**147,393**	**35,509,968**	**(4,536,308)**	**30,973,660**	**(1,451,798)**	**29,521,861**
Accident	**35,254,930**	**524,426**	**35,779,356**	**(2,264,996)**	**33,514,360**	**(19,843,518)**	**13,670,842**
Marine	**3,370,616**	**39,287**	**3,409,903**	**222,980**	**3,632,883**	**(3,128,082)**	**504,801**
Travel	**761,879**	**-**	**761,879**	**(84,500)**	**677,379**	**(16,872)**	**660,507**
Aviation	**1,944,666**	**-**	**1,944,666**	**(152,470)**	**1,792,196**	**(1,605,848)**	**186,348**
Star Micro	**513,913**	**-**	**513,913**	**-**	**513,913**	**-**	**513,913**
	91,584,258	**1,541,936**	**93,126,194**	**(6,510,873)**	**86,615,321**	**(36,492,600)**	**50,122,721**
2014							
Fire	11,946,687	420,297	12,366,984	(485,000)	11,881,984	(6,930,461)	4,951,523
Motor	24,612,252	438,900	25,051,152	(989,417)	24,061,735	(1,073,665)	22,988,070
Accident	29,258,297	245,780	29,504,077	(783,096)	28,720,981	(18,601,564)	10,119,417
Marine	3,319,982	11,421	3,331,403	137,688	3,469,091	(2,752,275)	716,816
Travel	582,446	-	582,446	(74,916)	507,530	(25,218)	482,312
Aviation	1,509,150	-	1,509,150	(9,257)	1,499,893	(1,509,150)	(9,257)
	71,228,814	1,116,398	72,345,212	(2,203,998)	70,141,214	(30,892,333)	39,248,881

7. Reinsurance commission

	2015 GH¢	2014 GH¢
Fire		
Motor	**3,991,644**	528,513
Accident	**470,711**	-
Marine	**4,284,029**	783,634
Aviation	**200,441**	114,479
Total	**361,316**	86,221
	9,308,141	1,512,847

8. INVESTMENT INCOME

	2015	2014
Interest on Short Term Investments	**20,457,531**	7,515,888
Dividends on Listed Equities	**30,652**	35,042
	20,488,183	7,550,930

Notes to the financial statements
For the year ended 31 December 2015

	2015 GH¢	2014 GH¢
9. OTHER INCOME		
Unrealised Fair Value Gains on Investment Property	-	1,443,213
Realised Fair Value Gains on Investment Property	-	4,603,255
Interest on Staff Loan	79,836	58,474
Profit on Disposal	87,550	8,510
Premium Recoveries	3,104,889	1,028
Other Sundry Income	259,250	-
Exchange Gain	773,314	903,839
	4,304,839	7,018,319
10. COMMISSION EXPENSE		
Fire	2,659,024	2,648,627
Motor	6,495,830	5,063,552
Accident	5,556,203	3,518,463
Marine	339,534	471,625
Travel	137,320	83,702
Star Micro	154,174	-
	15,342,085	11,785,969
11. GROSS CLAIMS AND LOSS ADJUSTMENT EXPENSES		
Increase in liabilities arising from current year	29,462,467	13,810,041
Increase / Decrease in liabilities arising from prior years	-	-
	29,462,467	13,810,041
12. OPERATING EXPENSES		
These include:		
Directors' Remuneration	200,000	200,000
Depreciation	1,236,196	850,777
Auditor's remuneration	60,000	41,273
Donations	67,185	294,671
13. FINANCE COST		
Interest on borrowing	-	1,070,418
Lease Rental	333,759	134,592
Finance charges	62,036	6,984
	395,795	1,211,994

Notes to the financial statements
For the year ended 31 December 2015

14. TAXATION

14.1. Income tax expense

	2015 GH¢	2014 GH¢
Current tax (See note 14.3)	3,409,180	793,694
Deferred tax charge/(credit) (See note 33)	524,893	314,174
	3,934,073	1,107,868

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:

	2015 GH¢	2014 GH¢
Profit before taxation	18,895,087	6,021,264
Tax at applicable tax rate at 25% (September 2014: 25%)	4,723,772	1,505,316
Dividend taxed at 8%	2,452	2,803
Tax impact of non-deductible expenses	637,014	523,335
Tax impact of non-chargeable income	(1,730,294)	(1,748,465)
Tax impact of capital allowances	(158,314)	(180,986)
Capital gains tax at 15%	13,125	691,690
Tax rebates	(78,575)	-
Deferred Tax	524,893	314,174
Income Tax Expense	3,934,073	1,107,867
Effective tax rate	20.82%	18.40%

14.3. Company Income Tax

Year of Assessment	Balance at 1 Jan. GH¢	Payments and credits GH¢	Charge for the year GH¢	Balance at 31 Dec. Gh¢
Corporate Tax 2014	90,353	-	-	90,353
Corporate Tax 2015	-	(1,182,775)	3,409,180	2,226,405
	90,353	(1,182,775)	3,409,180	2,316,758

Notes to the financial statements
For the year ended 31 December 2015

15. PROPERTY, PLANT & EQUIPMENT

Cost/Revaluation	Land & Buildings GH¢	Motor Vehicles GH¢	Office Furn. & Equipment GH¢	Bungalow Furn. & Equipment GH¢	Computer Hardware GH¢	Library Books GH¢	Total GH¢
Balance at 01/01/15	582,655	1,286,501	2,026,038	236,887	460,239	1,368	4,593,688
Additions	-	941,350	946,279	8,740	245,813	-	2,142,182
Disposals	-	(49,400)	-	-	-	-	(49,400)
Balance at 31/12/15	**582,655**	**2,178,451**	**2,972,317**	**245,627**	**706,052**	**1,368**	**6,686,470**
Depreciation							
Balance at 01/01/15	121,704	802,373	558,858	172,125	247,541	1,367	1,903,968
Disposals	-	(37,050)	-	-	-	-	(37,050)
Charge for the year	11,500	476,045	580,682	24,123	143,846	-	1,236,196
Balance at 31/12/15	**133,204**	**1,241,368**	**1,139,540**	**196,248**	**391,387**	**1,367**	**3,103,114**
Carrying Amount							
At 31/12/15	**449,451**	**937,083**	**1,832,777**	**49,380**	**314,665**	**1**	**3,583,356**
At 31/12/14	460,951	484,128	1,467,180	64,762	212,698	1	2,689,720

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

Notes to the financial statements
For the year ended 31 December 2015

16. INTANGIBLE ASSETS

Cost	Computer software licences GH¢	Refurbishment expenditure GH¢	Total GH¢
Balance at 1 January 2014	936,441	292,492	1,228,933
Additions	-	-	-
Balance at 31 December 2014	936,441	292,492	1,228,933
Movements in 2015:			
Additions	-	-	-
Balance at 31 December 2015	936,441	292,492	1,228,933
Accumulated amortisation and impairment:			
Balance at 1 January 2014	645,972	154,346	800,318
Amortisation and impairment during the year	145,234	26,068	171,302
Balance at 31 December 2014	791,206	180,414	971,620
Movements in 2015:			
Amortisation and impairment during the year	145,235	112,078	257,313
Balance at 31 December 2015	936,441	292,492	1,228,933
Carrying amount at 31 December 2015	-	-	-
Carrying amount at 31 December 2014	145,235	112,078	257,313

17. INVESTMENT PROPERTY

	2015 GH¢	2014 GH¢
Balance at 1 January	4,490,724	15,099,506
Revaluation	-	6,046,468
Disposal	-	(17,000,000)
Acquisitions	-	344,750
Balance at 31 December	4,490,724	4,490,724

Notes to the financial statements

For the year ended 31 December 2015

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Listed Equity Securities GH¢	Unlisted Equity Securities GH¢	Total GH¢
Balance at 1 January 2014	1,065,503	9,515,316	10,580,819
Changes in 2014:			
Acquisition	-	7,050,400	7,050,400
Revaluation	(151,397)	-	(151,397)
Disposal	-	(9,442,808)	(9,442,808)
Balance at 31 December 2014	914,106	7,122,908	8,037,014
Changes in 2015:			
Acquisition	-	500,000	500,000
Revaluation	(148,255)	-	(148,255)
Balance at 31 December 2015	**765,851**	7,622,908	8,388,759
Balance at 31 December 2014	914,106	7,122,908	8,037,014

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 balance sheet to the tune of Gh¢ 419,438.

Unlisted Securities

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

19. DEBTORS AND PREPAYMENTS

	2015 GH¢	2014 GH¢
Staff Debtors	1,921,156	1,553,533
Directors' Account	190,671	190,671
Prepayments & Deposits	1,305,031	1,435,511
Sundry Debtors	537,568	576,926
Current Account with Life	2,373	-
National Reconstruction Levy	1,950	1,950
Accountable Imprest	-	10,974
Staff Welfare Cont	397	1,837
National Insurance Commission	79,685	122,903
	4,038,831	3,894,305

Notes to the financial statements
For the year ended 31 December 2015

a. The maximum amount owed by staff to the Company did not at any time during the year exceed Gh¢1,921,156 (2014 - Gh¢1,553,533).

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

20. AVAILABLE-FOR-SALE DEBT INVESTMENTS

	2015 GH¢	2014 GH¢
Government Securities		
Fixed Deposits	354,257	706,906
Statutory Deposit	86,391,369	66,060,320
	462,874	325,241
	87,208,500	67,092,467

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 BALANCES

Cash on Hand	212,472	98,904
Cash at Bank	5,402,577	5,084,484
	5,615,049	5,183,388

22. STATED CAPITAL

	2015 No. of Shares (Million)	2014 No. of Shares (Million)
22.1. Authorised Ordinary Shares of no par value.	100,000	100,000
22.2. Issued Ordinary Shares of no par value fully paid for	3,295	3,295

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

Notes to the financial statements

For the year ended 31 December 2015

Other disclosures required by the Companies Code.

		Proceeds GH¢		Proceeds GH¢
Issue for Cash	**1,800,242,393**	**21,982,626**	1,800,242,393	21,982,626
Issue Other than Cash Consideration	**569,202,713**	**6,950,492**	569,202,713	6,950,492
Transfer from Income Surplus	**925,554,894**	**11,301,882**	925,554,894	11,301,882
	3,295,000,000	**40,235,000**	3,295,000,000	40,235,000

23. AVAILABLE-FOR-SALE RESERVE

	2015 GH¢	2014 GH¢
Balance at 1 January	573,591	724,988
Revaluation of Equity Investments	(148,255)	(151,397)
Balance at 31 December	425,336	573,591

24. CONTINGENCY RESERVES

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

25. INCOME SURPLUS

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

26. INSURANCE CLAIMS LIABILITIES

	2015 GH¢	2014 GH¢
Settled but Outstanding	1,893,867	1,675,796
Claims Reserve (including 20% IBNR)	12,014,636	5,687,357
	13,908,503	7,363,153
Movement in total claims liability		
Claims Outstanding at January 1	7,363,153	5,036,656
Additional Claims Provision (including 20% IBNR)	6,327,279	1,816,114
Claims Settled during the year	22,846,984	11,993,929
Cash paid during the year	(22,628,913)	(11,483,546)
Balance at 31 December	13,908,503	7,363,153

Notes to the financial statements
For the year ended 31 December 2015

Sensitivity Analysis
Management believes that there would not be any significant change in assumptions used for the estimation of the claims reserve which has been valued by an independent Actuary. However, with a 2% error margin has been used to estimate how sensitive the Outstanding Claims amount is to changes in the basic assumptions, and possible result is Gh¢240,293 change.

27. PROVISION FOR UNEARNED PREMIUM

	2015 GH¢	2014 GH¢
Balance at 1 January	18,827,533	16,623,535
Additional Provision	6,510,873	2,203,998
Balance at December 31	25,338,406	18,827,533

28. CREDITORS AND ACCRUALS

	2015 GH¢	2014 GH¢
Commission Payable	908,676	2,378,949
Witholding Tax	2,193,128	1,806,027
Current Account with Life	-	1,464
Current Account with Star Microinsurance	82,640	-
Accruals	541,270	212,948
Sundry Creditors	3,309,677	1,579,494
	7,035,391	5,978,882

29. NATIONAL FISCAL STABILIZATION LEVY

Year of Assessment	Balance at 1 Jan. '15 GH¢	Payments during the year GH¢	Charge for the year GH¢	Balance at 31 Dec. GH¢
2014	168,729	-	-	168,729
2015	-	(254,719)	944,75	690,035
	168,729	(254,719)	944,754	858,764

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

Notes to the financial statements
For the year ended 31 December 2015

30. BORROWINGS

	2015 GH¢	2014 GH¢
Bank loan	829,807	829,807
Commercial paper	-	3,585,941
	829,807	4,415,748
Due within 12 months	829,807	4,415,748
Movement in borrowing is as follows:		
Balance at 1 January	4,415,748	3,345,330
Repayment	(3,585,941)	-
Interest outstanding & Amortisation of borrowing fees	-	1,070,418
Balance at 31 December	829,807	4,415,748

This represents loan of GH¢1.5 million obtained from uniBank Ghana Limited with interest rate of 14.5% per annum. The Commercial Paper Loan of GH¢1.8 million from Databank has been fully liquidated, and the lien over fixed deposit investment released. Securities are legal mortgage over landed property and joint and several guarantee of the Directors of the Company.

Sensitivity Analysis

Variable interest rate financial instruments expose the company to cash flow interest rate risk. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. However, the amortised cost is not material enough to impact on the Financial Statement significantly.

31. DEFERRED TAX

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

Balance at 1 January		
Origination / reversal of temporary differences:	645,469	331,296
recognised in the income statement		
Balance at 31 December	524,893	314,173
	1,170,362	645,469

32. RELATED PARTY TRANSACTIONS

Staff Debtors	1,921,156	1,553,533
Directors' Account	190,671	190,671
	2,111,827	1,744,204

Notes to the financial statements
For the year ended 31 December 2015

32.1 Unlisted Equity Shares Holdings

The Available-For-Sale Unlisted Equities include holdings in related companies resident in Ghana. The company's holding at the end of the year is:

i. Star Microinsurance Company Limited Gh¢500,000 (2014 - Gh¢500,000)
ii. Waica Reinsurance Co - Equity Investment 9% (2014 - 9%)

32.2. Premium from Sale of Insurance Contracts

uniBank (Ghana) Limited	**650,383**	517,556
StarLife Assurance Co. Ltd.	**226,438**	132,530
Integrated Properties Limited	**245,765**	33,271
uniCredit (Ghana) Ltd.	**173,188**	116,210
	1,295,774	799,567

The insurance contracts are sold on the basis of the price in force with non related parties.

32.3. Group Life Insurance

StarLife Assurance Co. Ltd.	**75,346**	73,966

33. ANALYSIS OF CASH AND CASH EQUIVALENTS

Cash and Bank Balances (Note 21)	**5,615,049**	5,183,388
Short term Investments (Note 20)	**87,208,500**	67,092,467
	92,823,549	72,275,855

34. COMMITMENT

There were no capital commitment at 31 December 2015.

35. EVENTS AFTER PERIOD ENDED

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


CREATING
Smiles
SINCE 1985

CONTACTS

HEAD OFFICE
1st Floor, Stanbic Heights Building,
215 South Liberation Link,
Airport City, Accra
Tel: +233 289 353537
Tel: +233 289 353539
Tel: +233 302 245906
Tel: +233 302 245908
Fax: +233 302 230624

KUMASI MAIN
1st Floor Cocobod Jubilee House
P. O. Box 141 F.N.T., Kumasi
Tel. +233 322 027311
Tel: +233 322 38203 - 4
Fax: +233 322 038203

TAKORADI
SSNIT House Adjacent
the Central Police Station,
Collins Avenue
P. O. Box 1185, Takoradi
Tel: +233 312 021617
Tel: +233 312 023665
Fax: +233 312 025146

TAMALE
Near Lamashegu Market
P. O. Box 1401, Tamale
Tel: +233 372 026563
Fax: +233 372 024910

ASHAIMAN
Plot No. ASH/MKT/A/121,
Ashaiman Middle East,
Adjacent Union
Savings & Loans.
Tel: +233 303 961058

RING ROAD CENTRAL
Ground Floor, Meridian House,
Near the Nima Police Station
Tel: +233 289 353540
Tel: +233 289 016985
Fax: +233 302 236616

DANSOMAN
Dansoman Roundabout,
Adjacent Barclays Bank
Tel: +233 289 353533
Tel: +233 302 321659

SUNYANI
Ground Floor,
Cocoa House Building
P. O. Box 820, Sunyani
Tel: 233 352 023225
Tel: 233 352 028740
Fax: +233 352 026392

DARKUMAN
Off Odorkor Mallam Highway
First Floor, Tecno Building
Tel: +233 289 353541

WEST HILLS
Platinum Plaza Building Block B,
Adjacent the West Hills Mall,
Off Accra - Kasoa Road
Tel: +233 289 353541

TAMALE MAIN
In the uniBank Building Opposite
the Ola Cathedral-Hospital
Road.
Tel: +233 372 098454

KOFORIDUA
Former OSA Bus Station
Near the Graphic Corporation
P. O. Box 1192, Koforidua
Tel: +233 342 022748
Fax: +233 342 026600

SPINTEX ROAD
Kwadwo Adjei Plaza
Tel: +233 302 817908 -10
Fax: +233 302 817909

TEMA
Asafoatse Kotei Building
Community 1
P. O. Box CE 11235, Tema
Tel: +233 303 210550
Fax: +233 303 210551

NKAWKAW
Opposite SSNIT Office
Tel: +233 341 22276

RIDGE
Akroma House,
1st North Ridge Link,
Near German Embassy
Adjacent our Former
North Ridge Office.
Tel: +233 303 937334

MADINA
Opposite University Of
Professional Studies (UPS)
Ground Floor,
Prestige Hostel Complex
Tel: +233 289 353532

KOKOMLEMLE
No. C551/4 Cola Street
(Adjacent ATTC) Kokomlemle
Tel: +233 302 240632
Tel: +233 302 242233
Tel: +233 302 247579
Tel: +233 302 246568
Fax: +233-0302 237156

HO
Opposite the Main Lorry Park
(Out Gate) P. O. Box 628, Ho
Tel: +233 362 026788
Tel: +233 362 025660 - 1
Fax: +233 362 025660

KASOA
UT6 K105 Kasoa,
2nd Bus Stop KT Place,
Off Accra-Winneba Highway
Tel: +233 289 353537 - 9
Tel: +233 302 245906

AIRPORT CITY
Stanbic Heights Building,
215 South Liberation Link,
Airport City, Accra
Tel: 0303 967002

DANYAME
Adjacent Lavicus Hotel,
Near Santase
Roundabout, Kumasi.
Tel: +233 322 027311
Tel: +233 322 038203 - 4

Star Assurance