STAR ASSURANCE COMPANY LIMITED

2017
ANNUAL REPORT & FINANCIAL STATEMENTS

Star Assurance
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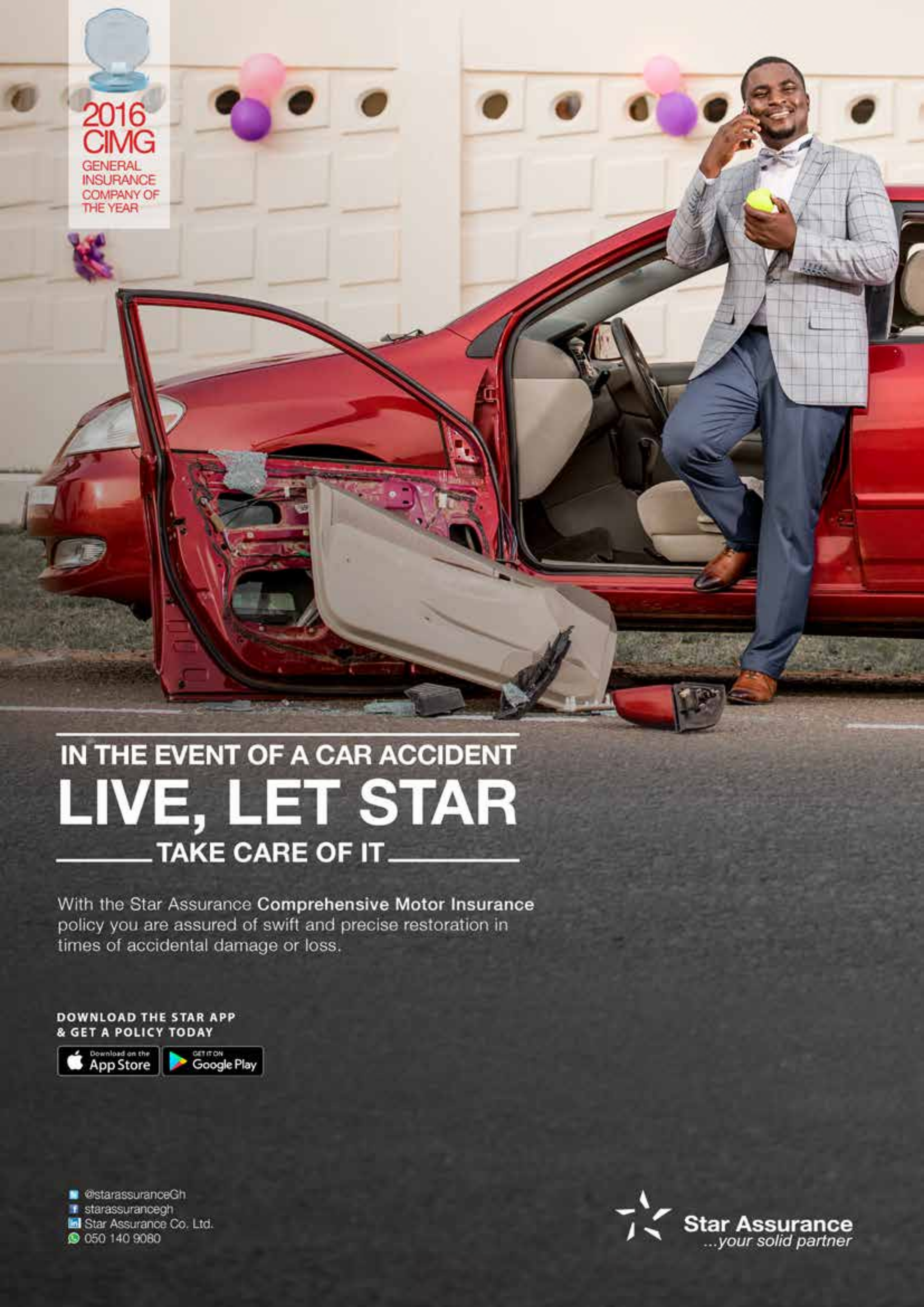
2016 CIMG
GENERAL INSURANCE COMPANY OF THE YEAR

TAKE COVER WITH STAR ASSURANCE


2016
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GENERAL
INSURANCE
COMPANY OF
THE YEAR
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CONTENTS

Corporate Information

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-three (33) 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 eight (28) 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 A+ 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

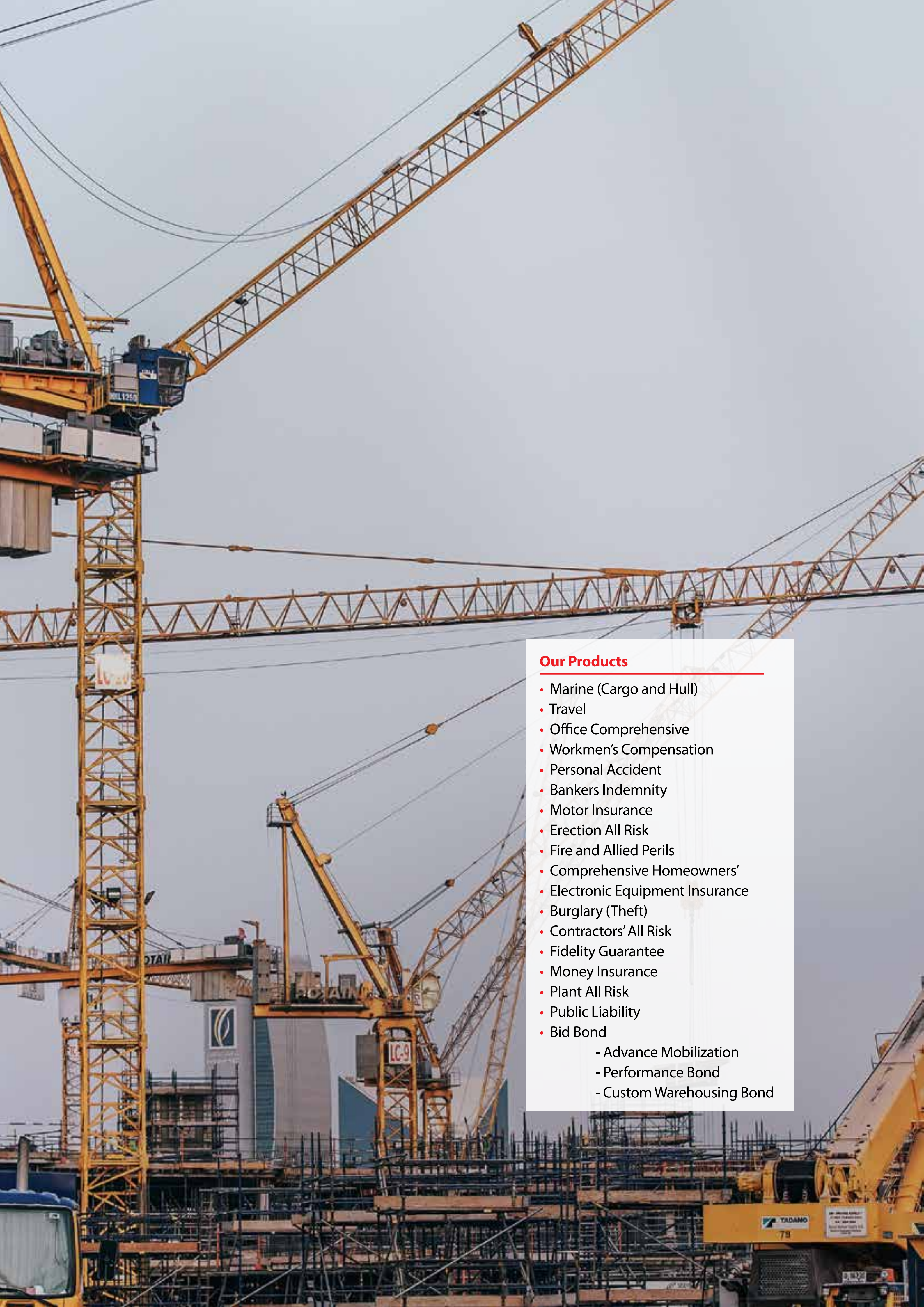
Professionalism
We apply our deep skills and expertise and broad capabilities to consistently deliver reliable services to our customers and ensure their needs are being met.

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 (Fin. & Admin.)
Emmanuel Baiden	General Manager (Finance)

Departmental & Branch Heads

Adelaide Agyemang Boakye (Mrs.)	Chief Manager (Southern Sector)
Eldon Otu	Chief Manager (Northern Sector)
Thompson Agbesi	Deputy Chief Manager (Work Groups)
Cathrine Danquah (Ms.)	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	Quality Assurance
Samuel Abrokwah	Audit and Investigations
Justice Frank Offei	Accounts
Joseph Antwi	Agency Coordinator
Nana Serwaa Abrahams (Mrs.)	Broker Relations
Robert Nyarko	Retail / SME
Ann Marian Owusu (Mrs.)	Corporate Relations
Ivy Sarpong (Ms.)	Achimota
Rita Owusu (Mrs.)	Airport City
Solomon Amo Badu	Dansoman
Joseph Donkor	Darkuman
Adwoa Naa Antwiwaa (Ms)	Ridge
Justice Amoah Nyarko	Ring Road
Patience A. Ankah (Ms.)	Osu
Godknows Adjei	Ashaiman
Philip Nanabanyin Dennis	Tema
Michael Adomako	Madina
Armstrong Amenyah	Spintex
Peter N. Dennis	Kasoa
Daisy Stead (Mrs.)	West Hills
Frank Ampem Darko	Danyame (Kumasi)
Anita Manu (Ms.)	Suame (Kumasi)
Felix Afrifa	Kumasi Main
Nuru-deen Abdulai	Tamale Main
Solomon Aboagye	Takoradi
Lilian Amponsah (Ms) - Acting	Sunyani
John Arthur	Tarkwa
John Foryi	Techiman
Nicholas Afrifa	Nkawkaw
Alphonso N. A. Nunoo	Koforidua
Francis Gelli	Ho

• **Secretary:**
Summers Darko (Mrs.)

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

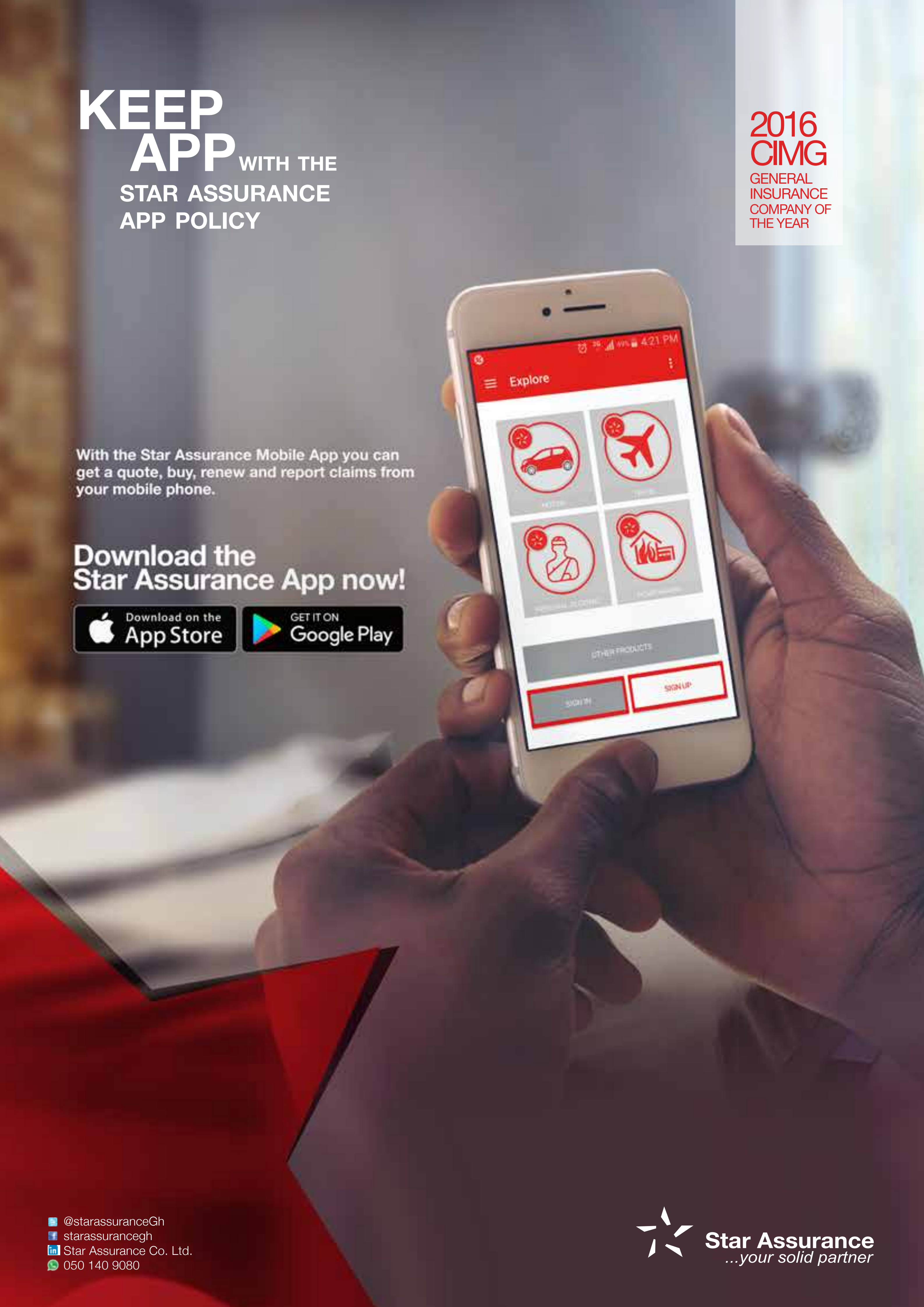
• **Solicitors**
Summers Darko (Mrs.)
Legal Department
Star Assurance Company Limited
P. O. Box 7532,
Accra - North

• **Auditors**
Deloitte & Touche
The Deloitte Place
Plot No. 71, Off George Walker Bush Highway
P. O. Box GP 453
Accra

• **Main Bank**
Barclays Bank of Ghana Limited
National Investment Bank Limited
Ghana International Bank - England
uniBank (Ghana) Limited

Directors

1	Mr. Alexander G. Buabeng | Chairman
2	Mr. Kofi Duffuor | Managing Director
3	Mr. Samuel Kwaku Ocran | Dep. Managing Director
4	Boatemaa D. Barfour-Awuah (Mrs.) | Executive Director
5	Mr. A. K. Basoah | Member
6	Mr. Solomon Adiyiah | Member
7	Mr. Kwadwo Okoh | Member (Appointed - March 2016)
8	Mr. Michael Odartey-Wellington | Member (Appointed - March 2017)
9	Dr. Charles Andoh | Member (Appointed - March 2017)
10	Summers Darko (Mrs.) | Company Secretary


KEEP
APP WITH THE
STAR ASSURANCE
APP POLICY
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INSURANCE
COMPANY OF
THE YEAR
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Explore
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SIGN UP
With the Star Assurance Mobile App you can get a quote, buy, renew and report claims from your mobile phone.
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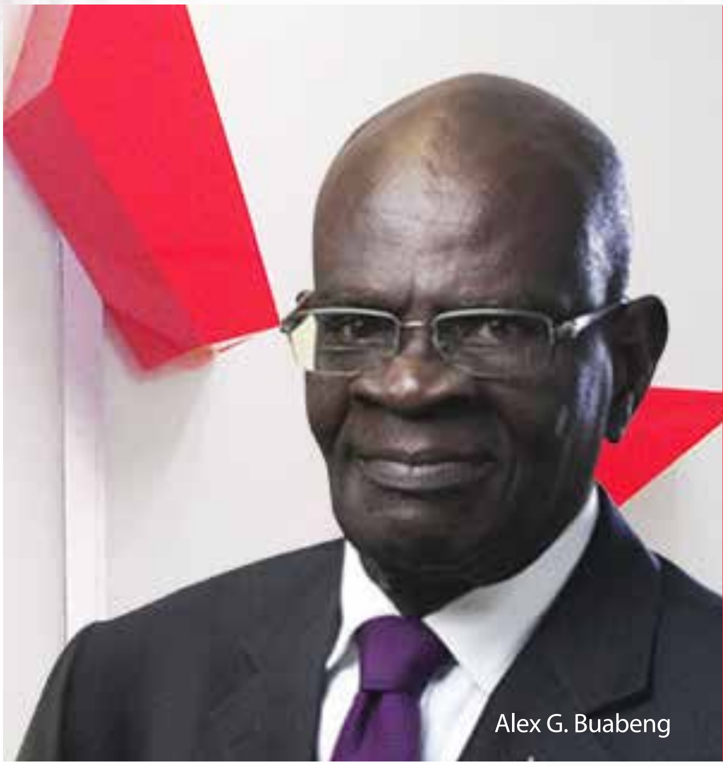

CHAIRMAN'S REVIEW

Distinguished shareholders, we strengthened STAR's governance structure in 2017. In the process, we have given the business more power to make decisions and have enhanced internal processes and policies. Fellow board members, it is with much pleasure that I present to you the Annual Report and Financial Statement for the year ended December 31, 2017

Economic review

The pickup in global activity that started in 2016 gathered steam in the first half of 2017; it reflected firmer domestic demand growth in advanced economies and improved performance in other large emerging market economies.

The Sub-Saharan Africa (SSA) growth rebounded to 2.8 percent in 2017, reflecting a modest recovery in the region's largest economies such as Nigeria and South Africa, after slowing sharply from 3.4 percent in 2015 to 1.3 percent in 2016. The regional activity was supported by an increase in commodity prices, a rebound in oil production and strong agricultural growth. In addition, the global financing conditions remained favourable, and the slowing inflation lifted household demand. However, the recovery was slightly weaker than forecasted as twelve (12) countries were marked by a still-negative per capita income growth, low investment, and a decline in productivity growth.

Ghana's economic performance improved significantly in 2017 after a difficult 2016. Ghana's GDP grew from 3.6% in 2016 to 7.9% in 2017; inflation declined from 15.4% in December 2016 to 11.8% in December 2017. The fiscal deficit dropped to 5.9% of gross domestic product (GDP) in 2017 from 9.3% in 2016, underpinned by serious fiscal consolidation efforts. The debt to GDP ratio of 73.1% in 2016 declined to 69.2% at the end of 2017 reflecting a slowdown in the rate of external debt accumulation, as well as higher GDP growth. Domestic revenue mobilization is a key priority for the government, and the World Bank supports these efforts through technical assistance to the Ghana Revenue Authority.

Ghana's GDP's expansion to 8.5% was driven by the mining and the oil sectors. The high growth of the oil production was mainly due to the deferment of the offshore Turret Remediation Project from 2017 to 2018. In addition to this one-off effect, gold output remained high, while cocoa production levels remained stable. Non-oil growth however declined to 4.8% from 5.1% in 2016 as growth in the services sector decelerated in 2017.

The external sector also improved, the cedi remained stable, while the foreign reserves rose. As the inflation rate continued to moderate itself, it created room for monetary policy easing thereby allowing the Bank of Ghana to cut its policy rate to 20% in November 2017. Consequently, the 91-day Treasury-bill rate fell from 16.81% in December 2016 to 13.31% in December 2017; and the rates on the 182-day Treasury-bill rate moved from 18.5% to 13.86% over the same period.

Ghana' economic growth has rebounded, the fiscal deficit has declined, the external position has strengthened, and finally the key steps taken by the government to address fragilities in the financial sector. The authorities' commitment to fiscal discipline and the expenditure restraint shown in 2017 to meet the end-year deficit target are commendable. It is expected that government continue to implement its fiscal consolidation program, with the adjustment focused mainly on increased domestic revenue mobilization.

Industry development

Ghana's economy grew very strongly at a rate of 8.5% in real terms as recorded in 2017 according to the latest estimates. While this rate is likely to moderate slightly over time, per the BMI Research 2018, the economy will continue to expand strongly, spurring growth across the country's insurance markets, which have already been rising impressively from low bases. It is predicted that premiums will increase to a double digits rates in real terms over the next five years. Though measuring the industry performance in terms of GDP, insurance penetration still remains below two percent of the population, it underpins the vast but yet to be exploited potential of the sector. With the steadily growth of the middle class in line with economic growth, the demand for insurance is expected to increase which will eventually boost the industry.

Technological advances are also providing our industry with ways to become more efficient. This advancement has opened avenues for new competitors to enter the market. Our clients are now better informed, and are able to easily compare products and switch between providers. This calls for a keen interest on the part of the Ghanaian Insurance Industry players to partner the Telco Industry to develop products that will interest the populace and also help reach out to the uninsured sectors of the population which the insurance sector finds it difficult to attract with its existing infrastructure.

Business performance

Looking at the 2017 financial year and its market uncertainties, Star Assurance succeeded in achieving more than the 2016 premium income. We managed to satisfactorily serve those who depended on us and are hopeful to become a more efficient and responsive company, tailoring our solutions to meet the needs of all customers in the coming year.

The 2017 financial performance was in no doubt very inspiring. Even though, the ultimate target was not accomplished, what achieved was indeed a real reflection of the company's strong and resolute strategies being pursued to record such a positive growth. Our Gross premium Income (GPI) went up by 9% from GH¢121.5 million in 2016 to GH¢132.1 million in 2017 while our Net Premium posted a higher growth of 11% from GH¢75.5 million to GH¢ 83.9 million. This was as a result of management's efforts at growing the small & retail businesses which enabled us improve our Net Premium growth strategy.

At the end of the 2017 financial year, the company recorded a remarkable increase in its Profit after taxation and total assets. Profit after tax increased from GH¢ 19.6 million in 2016 to GH¢ 36.8 million in 2017; and total asset increased to GH¢ 292.5 million from GH¢ 161.7 million respectively. This increase is primarily due to the appreciation in values for investment margins which was largely driven by a higher spread in our fixed-indexed assets implemented by the management.

Board changes

The board expresses its gratitude for the appointment of two new non-executive directors onto the board to help provide strategic direction to the running of the business. I take this opportunity to welcome Dr Charles Andoh and Mr William Odartey-Wellington to the Star family.

Profile of the new Directors

Dr. Charles Andoh (Phd, Technische Universitaet, Kaiserslautern, Germany) teaches undergraduate and graduate level courses in insurance and risk management at the University of Ghana Business School. He holds a Bsc. Mathematics from the Kwame Nkrumah University of Science and Technology and Msc degree in Mathematics and Financial Mathematics from the Norwegian University of Science and Technology and the University of Kaiserslautern, Germany respectively.

Charles' research interests are in the areas of risk evaluation in investment decisions, stochastic volatility modelling, financial time series analysis, artificial intelligence and its application in finance. He also has research interest in product pricing including fees, rail, air and toll charges on highways and the mitigation of loss exposures by individuals and businesses through insurance.

Mr. Michael Odartey-Wellington is a Chartered Accountant with over 27 years' experience in auditing, financial management, IT projects implementation and general management. He started his career with Deloitte & Touche (Deloitte Haskings & Sells) during which he was in charge of significant clients such as Ashanti Gold and Volta River Authority. He also worked with DHL as the Country Accountant in 1994.

Michael also worked with Total Petroleum for over 15 years during which he held various top management positions. He also played a very significant role in the integration of Total and Exxon Mobil after the takeover of Mobil by Total. During his career in Total he was responsible for the implementation of SAP and SUN Systems IT projects. Michael is currently the Managing Director of Panbros Salt Industries Limited.

Introduction of additional capital

During the last quarter of 2017, Shareholders injected a new capital of GH¢90 million which is expected to boost the risk retention capacity of the company. This additional capital saw our adequacy ratio move over and above the regulatory requirement.

Outlook for 2018

Although political uncertainties linger, the global economic outlook for 2018 is favourable. The Ghanaian economy is expected to grow by 6.8% following consolidation of macroeconomic stability and implementation of measures to resolve the crippling power crisis. However the forecasted recovery in economic growth in 2018 will depend on fiscal consolidation measures remaining on track, quick resolution of the power crisis, two new oil wells coming on-stream, and improved cocoa harvest and gold production.

Overall inflation is expected to ease to 9.8%. However, risks in the short term outlook are on the downscale given the relative stability in the foreign exchange market, improved inflation expectations from consumers and businesses, subdued growth conditions and a tight policy stance. At Star, the key focus in 2018 will be on driving diversification and efficiencies in the economic environment as well as the competitive market while simultaneously empowering our employees, particularly those dealing directly with our customers to take decisions and understand their role in securing new business, delivering profitability and facilitating our success. We will also strengthen our sales strategies in the market, improving claims management and embarking on digital transformation of our processes.

Based on our trusted brand, we will further build on our customer relationships and simplify the business to be able to serve our customers even better and also enhance relationship with our stakeholders to create a stronger foundation needed for sustainable profitable growth. We will also continue to optimise resources in order to give our clients satisfaction, optimise the human potentials of our valued employees and provide maximum value for our shareholders as enshrined in our mission statement.

Conclusion

Lastly, I want you to know what an honor it is to serve you. As I continue as Chairman of the Board, I will remain committed to helping Star advance the near- and long-term interests of our business, our people and shareholders like you. Even though we remain in the third position in the industry in terms of premium turnover, there is always the opportunity to improve by strengthening our governance structures. In particular, this will enable the company to have partnerships and make acquisitions in the emerging markets.

I believe strongly that our employees are a major asset to the company and therefore we will continue to ensure that their interests are well looked after. Their efforts were confirmed when Star was adjudged the best insurer – 2016 by Chartered Institute of Marketing Ghana (CIMG). I say ayekoo to you all. I know with this resilience, you will continue deliver healthy results.

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

Thank you.


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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 seven (27) 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 former 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 K. 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 Business Administration (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 (Fin. & Admin.)

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 seminar and conferences both in Ghana and Abroad on Finance and Insurance.

MANAGING DIRECTOR'S STATEMENT

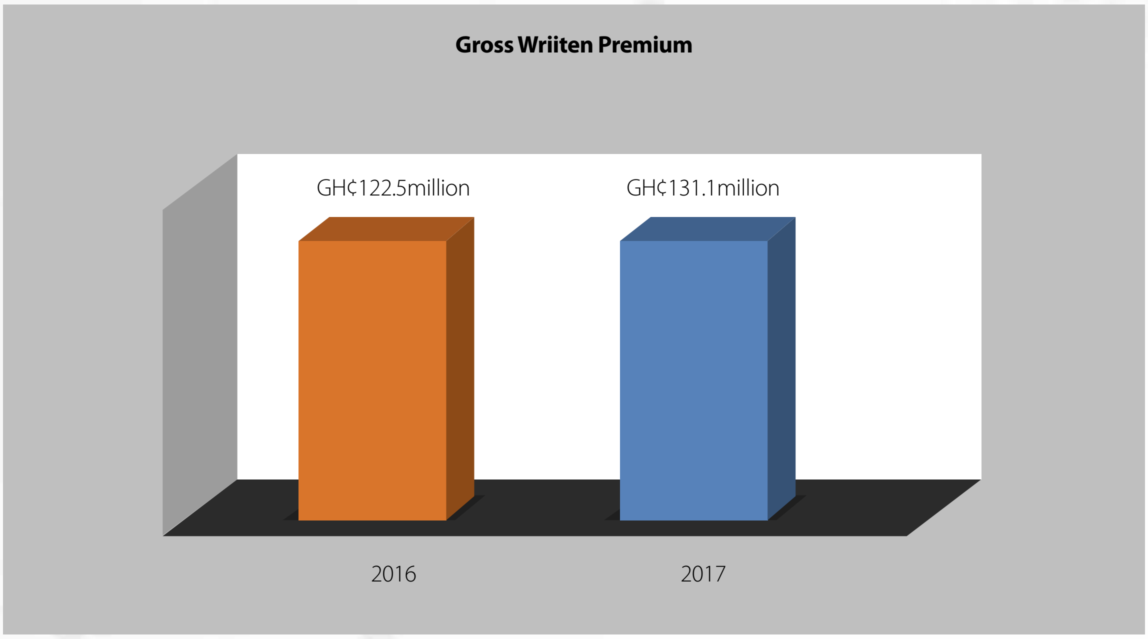
Kofi Duffuor

The insurance world is changing not just incrementally, but also fundamentally. At the same time, the digital revolution is transforming the way the business environment is interacted with for business deals. We are part of this revolution as our business value chain is impacted from distribution to intermediation, risk carriers and service providers.

With the level of competition being experienced in the industry, the company is gradually digitizing its operations in line with the technological revolution. It is believed that at the centre of this transformation is a more connected world with customers who expect to be able to select from the products of a vibrant marketplace defined and driven by their needs, preferences and convenience.

Star Assurance has taken the lead in growing its business by navigating and taking advantage of these forces to help rapidly achieve change, and ultimately secure a competitive advantage.

In spite of the sluggish business we experienced in 2017, the company was able to underwrite a moderate amount of businesses due to the earnest enthusiasm and relentless effort exhibited by our employees, support from our loyal intermediaries and respected clients and the shareholders; and above all the valuable inputs and monitoring of the Board. Star Assurance's Gross premium increased by 9% from GH¢121.5million in 2016 to GH¢132.2million in 2017 as indicated in the figure below.



A review of our business activities in the insurance industry revealed that the company maintained its 11% share of the market with the lead insurer having 14%. This gives a clear indication that the Star brand is strongly positioned and differentiated based on the value we offer our clients in the industry. This is further evidenced by the current rating of the company which improved from A to A+. Our company remains resolute in its business operation and continues to be the household name when it comes to insuring one's business.

Operating & financial review

Star continues to emphasize on quality products and services at the best rate. This has resulted in employing other distribution channels in order to grow our business. We work strategically with our clients to generate insights into their operations so as to create detailed client profiles. This allows us to target and personalise our service delivery in line with customer needs thereby enabling them enjoy our brands with purpose which in turn unlocks growth.

There has been a significant growth in our E-insurance and Bancassurance businesses particularly in 2017. The E - insurance App was launched in 2017 with promotional business activities conducted during the year under review.

Notwithstanding the nine (9) per cent marginal growth of premium revenue from GHC121.5 million in 2016 to GHC132.1 million in 2017, Net Earned Premium increased by 25% from GHC66.8 million in 2016 to GHC83.7 million in 2017.

A total of 60,546 new businesses were written during the period resulting in a gross premium of GH¢ 73 million, representing 55% of the total Gross Premium. A large proportion of the new business income was from Motor which contributed GH¢24.4 million representing 33.4% of the total new business.

Administrative and other expenses remained stable in relation to reserves. However, the increase in the operating expenses to GH¢39 million in 2017 from GH¢35.3 million in 2016, is as a result of reduction in our turnaround time in claims handling operations which allows the company to settle and pay claims quickly within the shortest possible time. This improvement in our operational outcome reflected in the increase in our operating expenses.
Profit before tax made a tremendous growth of 47% from GHC25.5 million in 2016 to GHC37.6 million in 2017. Profit after tax

on the other hand grew by 30% from GHC19.6 million in 2016 to GHC25.5 million in 2017.

Total Assets increased from GHC161.7 million in 2016 to GHC292.6 million in 2017, representing a growth of 81%. This growth was driven by the introduction of additional capital of GHC90 million and 34% increase in Available-for-Sale Debt Investments from GHC116.8 million in 2016 to GHC156.4 million in 2017. Capital Adequacy Ratio which was 347% in 2016 shot up to 848% far exceeding the regulator's minimum recommended ratio of 150%, signifying strong financial health of Star Assurance.

Corporate responsibility

At Star, doing business responsibly is at the core of our culture. Corporate responsibility is a driver of sustainable value creation for all our stakeholders. We proactively determine ways to address social issues in our day to day activities all in the name of creating smiles for the less privileged in the society.

During the year, social responsibility activities undertook included Breast Screening Awareness and Blood Donation; Donation to Frafraha Orphanage; and sponsorship of medical students from the University of Ghana Medical School. This gives a concrete example of how corporate responsibility can create new long term solutions, initiate public policy discussion and advance awareness.

Corporate awards

The Company was once again recognised with many awards which included the following:

- CIMG Insurance Company of the Year – The Chartered Institute of Marketing (Ghana)
- Best Marine Insurance Company - Ghana Maritime Shippers Awards
- Gold Award – 14th Ashanti Financial Services Excellence Awards
- 3rd Broker Friendly and Supportive Insurer - The Ghana Insurance Brokers Association.

We humbly share in the honour of these awards and dedicate them to you, our Shareholders and to the entire insuring public.

Outlook for 2018

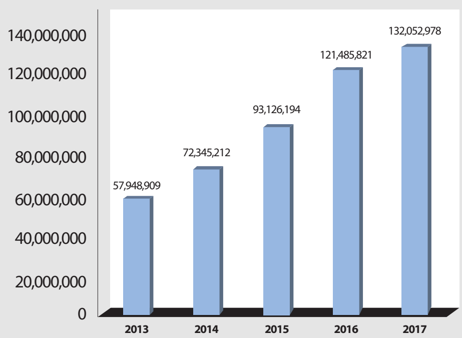
With an industry growth of 8.2% which is a little below that of the Company, growth in the market remained low thereby placing pressure on the few available businesses. However with the emergence of new market technologies, there is the potential for growth in the long term. The financial highlights below show the company's performance over the years.

With our impressive growth record, we are committed to long term financial performance in strict compliance with regulatory requirements. We are very much confident that our company is poised to face the challenges of the future.

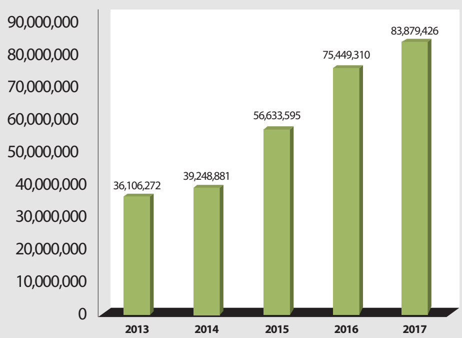
I would like to assure you that our current strategy positions STAR for success over the long term. It will continue to build on our unique footprint, solid financial position, trusted brand in the market and above all the skills, strength and expertise of our people.

Thank You

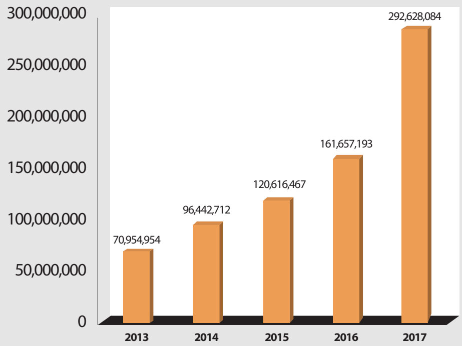
Gross Premium Growth **2013-2017**



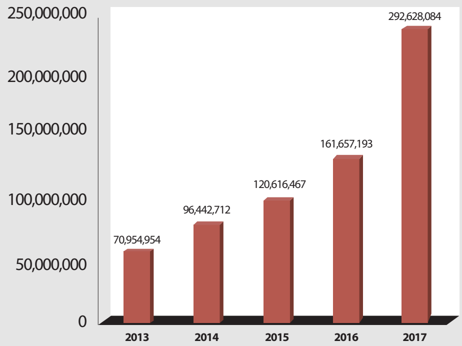
Net Premium Growth **2013-2017**



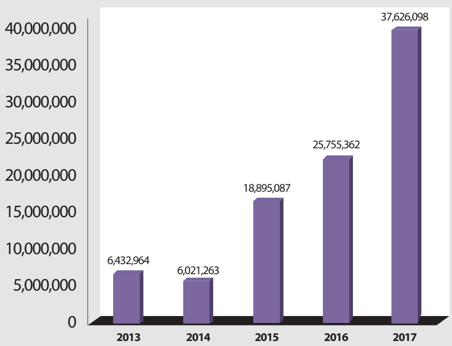
Total Assets Growth **2013-2017**



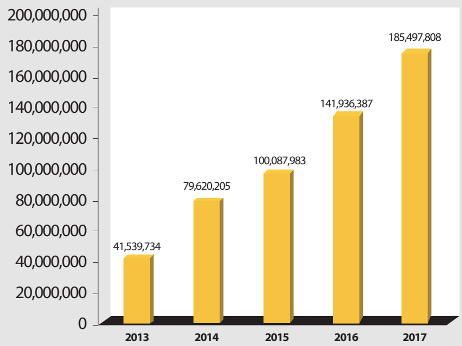
Total Assets Growth **2013-2017**



Net Profit Before Tax **2013-2017**



Total Investment Growth **2013-2017**



Corporate Governance

Good corporate governance enabled Star to create a sustainable value for its shareholders, customers, employees and all other stakeholders.

At Star, our board is the custodian of value creation, and this empowers the company to firmly entrench its governance structure that supports value creation and manages its associated risks. The company in short assumes various risks in providing our clients with products and services they need.

We have also deployed an effective internal control system for validating and monitoring our business operations and processes, in particular, the control of financial reporting. For the company to maintain the confidence of its numerous clients and the insuring public, it is important that it streamlines its business activities and maintain a conscious complaint response attitude.

A comprehensive risk management system has been put in place to regularly assess the appropriateness of the internal control system, taking into account not only the qualitative and quantitative guidelines, but also the specific controls for individual business activities.

As a corporate entity, fully acquainted with international auditing principles and standards, our internal audit contributes to the evaluation and improvement of the effectiveness of the risk management control and governance processes. This makes us proactive in understanding and managing the risks we are exposed to and ensures that capital is allocated to businesses where the most value can be added to the risks assumed.

Diversity is a key success factor in today's fast-changing global environment. Star Assurance's Board consists of individuals with wide-ranging relevant backgrounds, experiences, skills and knowledge, resulting in a favorable balance that enables the Board as a group to exercise its tasks and responsibilities while fully taking into account contemporary business needs. The Board is expected to benefit from the broad cultural, educational and professional backgrounds of its new members which collectively include financial advice, audit and risk management.

Board of Directors

The Board of Directors is composed of highly qualified and experienced individuals in their professional areas of expertise. The Board is currently comprised of three (3) full time executive directors and five (5) non-executive directors, one of whom is the Chairman of the Board. The Board meets at least four (4) times in a year to deliberate on corporate strategy and direction, approval of strategic documents, approval of annual report and financial statements, among others.

For effective monitoring and control of the business, the Board has four (4) committees as follows:

Audit Committee

The Audit Committee of the Board consists of four (4) members, two of whom are non-executive members and is chaired by a non-executive director who is a Chartered Accountant.

The Committee reviews the internal audit plan and agrees on its budget and resource requirements. It also reviews internal audit reports along with management's response. The Committee carries out an evaluation of the performance of the internal audit function and the adequacy of internal control systems and the extent of their compliance. The Committee also reviews findings of the external auditors.

Risk Committee

The Board Committee on Risk comprises of four (4) members, two (2) of whom are non-executive directors and is chaired by a non-executive director who has a strong background in risk evaluation and volatility modelling.

The Committee meets at least once in every quarter and is responsible for approving the Company's Risk Management strategies, policies, procedures and controls regarding insurance, credit, market, liquidity, operational, regulatory, contagion and related party, and strategic risk and such other risks as necessary.

It is also responsible for approving the Company's the Anti-Money Laundering & Combating Financing of Terrorism (AML/CFT) Policies and Compliance programme, and considers the risks associated with proposed strategic acquisitions or disposals.

The Committee also meets to review the effectiveness of the Company's risk management framework, regular risk management reports from management, effectiveness of the risk management function, procedures for handling allegations from whistle-blowers, procedures concerning the prevention and detection of fraud and financial crime and arrangements for regulatory compliance.

Investment Committee

The Investment committee which is chaired by a non-executive director comprises of three (3) executive members and three (3) non-executive directors who hold the requisite qualifications in investment management. Their core objective is to secure the safety, yield and marketability of the Company's investments by ensuring that they are diversified and adequately spread in accordance with the National Insurance Commission's rules from time to time.

The Committee is also responsible for approving and reviewing the investment policy statement and investment mandate agreements. It meets at least once in every quarter to review the investment activities and performance.

Executive Management Committee

This committee which is made up of four (4) senior management personnel is chaired by the Managing Director and oversees the day to day operational and management issues affecting the business. It meets on weekly basis to review the performance of the company and assess progress against the annual budget and plan. It also reviews programmes, strategies, key issues and assigns responsibilities and resources for the achievement of set goals.

The committee is also charged with the responsibility of identifying and assessing the risk profile within which the company operates, with a view to eliminating or minimising the impact of such risks to the achievement of set objectives.

Other Committees

The Board, in addition to the above committees, performs its strategic roles through Strategy and Finance Committee, IT Committee, and Appointment and Remuneration Committee. Each of these committees is made up of executive and non-executive members and is chaired by a non-executive director.

Directors' report

The directors present their report together with the audited financial statements for the year ended 31 December 2017, which discloses the state of affairs of Star Assurance Company Limited

Statement of Directors Responsibilities:

The directors are responsible for the preparation of the financial statements that give a true and fair view of the company comprising the statement of financial position as at 31 December 2017, and the income statement and statement of changes in equity and cash flow for the year then ended. In preparing these financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and follow Intetrnational Financial Reporting Standards (IFRS), and requirements of the Companies' Act,1963 (Act 179), and the Insurance Act, 2006 (Act 724).

Going Concern:

The directors have made an assessment of the company's ability to continue in business as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

Nature of Business:

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

Other Matters:

The directors confirm that no matters have arisen since 31 December, 2017 which materially affect the financial statements of the Company for the year ended on that date.

Account	**DEC-17 GH¢'000**	DEC-16 GH¢'000
Gross Premium	132,053	121,486
Reinsurance Premium	(48,175)	(46,036)
Profit before Tax	37,626	25,755
Corporate tax provision	(10,229)	(4,867)
National Fiscal Stabilisation Levy	(1,881)	(1,287)
Net Profit after Tax of	25,516	19,601
which is added Income Surplus Account brought forward from 31 December of the previous year	29,746	14,065
making a total Income Surplus of from which is deducted	55,262	33,666
a transfer to Contingency Reserve of	(5,103)	(3,920)
Leaving a net balance on the Income Surplus Account which is carried to the Statement of Financial Position	**50,159**	29,746

Board Chairman

Dated: 24th May 2018

Managing Director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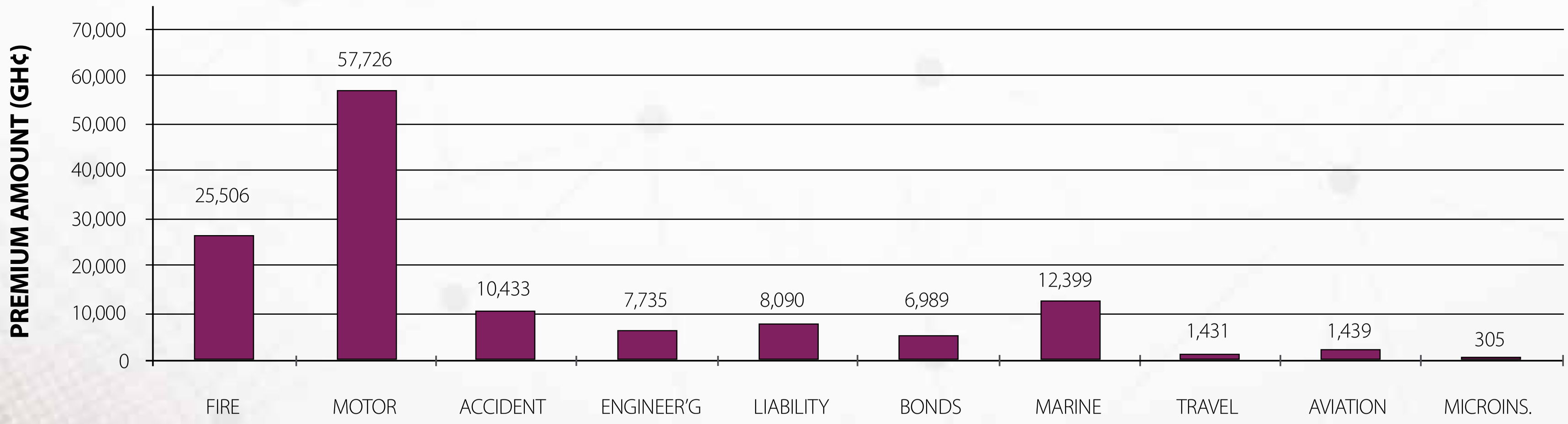
Financial highlights (Summary)
31 December 2016

POLICY TYPE

	FIRE GH¢'000	MOTOR GH¢'000	ACCIDENT GH¢'000	ENGINEER'G GH¢'000	LIABILITY GH¢'000	BONDS GH¢'000	MARINE GH¢'000	TRAVEL GH¢'000	AVIATION GH¢'000	MICROINS. GH¢'000	**TOTAL GH¢'000**
Insurance premium revenue	25,506	57,726	10,433	10,433	8,090	6,989	12,399	1,431	1,439	305	**132,053**
Net underwriting income	10,924	59,801	5,469	5,469	4,147	6,862	2,993	1,655	299	119	**94,792**
Management expenses	7,529	17,041	3,080	3,080	2,388	2,063	3,660	422	425	92	**38,983**
Underwriting profit / (loss)	(6,621)	4,827	365	365	399	2,892	(2,217)	1,119	(206)	(110)	**-2,166**

GROSS PREMIUM CHART



Deloitte.

Opinion

We have audited the accompanying financial statements of Star Assurance Company Limited which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, the notes to the financial statements including a summary of significant accounting policies and other national disclosures.

In our opinion, the financial statements give a true and fair view of the financial position of Star Assurance Company Limited as at 31 December 2016 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Insurance Act, 2006 (Act 724) and in the manner required by the Companies Act, 1963 (Act 179).

Basis for Opinion

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

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the Insurance Act, 2006 (Act 724) and the requirements of the Companies Act, 1963, (Act 179) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

The Companies Act, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following matters. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

We confirm that:

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Kwame Ampim-Darko (ICAG/P/1453)

For and on behalf of Deloitte & Touche (ICAG/F/2017/129)
Chartered Accountants
4 Liberation Road
Accra Ghana
24th May 2018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Statement of financial position

As at 31 December 2017

	Notes	DEC-17 GH¢'000	DEC-16 GH¢'000
Assets			
Property, Plant & Equipment	15	3,800	4,062
Intangible Assets	16	314	301
Investment Properties	17	12,060	8,659
Available-for-sale Equity Investments	18 (a)	17,009	16,471
Amount due from Reinsurers	19	4,226	5,455
Other Receivables	20	6,195	4,524
Available-for-sale Debt Investment	21	156,429	116,806
Cash and Bank Balances		92,594	5,379
Total Assets		**292,627**	161,657
Equity and Liabilities			
Stated Capital	22	130,235	40,235
Available-for-sale Reserve	18 (b)	1,083	345
Contingency Reserve	23	21,550	16,447
Income Surplus	24	50,159	29,746
Total Equity		**203,027**	86,773
Liabilities			
Insurance Claims Liability	25	36,550	25,505
Amount due to Re-insurers		2,376	4,153
Creditors and Accruals	28	5,179	5,138
Provision for Unearned Premiums	27	34,192	34,007
Borrowings	30	–	830
Deferred tax Liability	31	6,153	348
Current tax Liability	14	2,890	2,756
National Fiscal Stabilisation Levy	29	2,260	2,147
Total Liabilities		**89,600**	74,884
Total Equity and Liabilities		**292,627**	161,657

Approved by the Board on 24th May 2018.

Board Chairman

Managing Director

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2016

	Notes	DEC-17 GH¢'000	DEC-16 GH¢'000
Insurance premium revenue	6	132,053	121,486
Insurance premium ceded to reinsurers	6	(48,175)	-46,036
Premium Retained		83,878	75,450
Less Unearned Premium Provision		(185)	-8,668
Net Premium Earned		83,693	66,782
Reinsurance commission	7	8,965	7,797
Investment income	8	34,262	30,066
Other Income	9	5,779	6,665
Net Income		**132,699**	111,310
Underwriting Expenses			
Commission Expense	10	24,749	19,699
Claims and loss adjustment expenses	11	33,226	31,832
Claims and loss adjustments expenses recovered		(2,134)	(1,693)
Net insurance expenses		55,841	49,838
Operating Expenses	12	38,983	35,278
Total Expenses		**94,824**	85,116
Results of operating activities		37,875	26,194
Finance cost	13	(249)	(439)
Profit before Taxation		**37,626**	25,755
Income tax expense	14	(10,229)	(4,867)
National Fiscal Stabilisation Levy	29	(1,881)	(1,287)
Profit for the year		**25,516**	19,601
Other Comprehensive Income			
Items that may be reclassified subsequent to Profit or Loss			
Revaluation gains on Available-for-sale assets	18	738	-80
Total Comprehensive Income		**26,254**	19,521

Statement of changes in equity

For the year ended 31 December 2017

	STATED CAPITAL GH¢'000	AVAILABLE-FOR-SALE RESERVE GH¢'000	CONTINGENCY RESERVE GH¢'000	INCOME SURPLUS GH¢'000	**TOTAL GH¢'000**
Dec-17					
Balance at 1 January	40,235	345	16,447	29,746	86,773
Comprehensive Income					
Profit for the year	-	-	-	25,516	25,516
Other comprehensive income					
Gains on Available-for-sale assets	-	738	-	-	738
Total other comprehensive income	-	738	-	-	738
Transaction with Equity holders					
Issue of shares for cash	90,000	-	-	-	90,000
Transfers within equity					
Transfer to / (from) Contingency reserve	-	-	5,103	(5,103)	-
Total transfers within equity	-	-	5,103	(5,103)	-
Balance at 31 December	130,235	1,083	21,550	50,159	**203,027**
Dec-16					
Balance at 1 January	40,235	425	12,527	14,065	67,252
Profit for the year	-	-	-	19,601	19,601
Gains on Available-for-sale assets	-	(80)	-	-	(80)
Transfer to / (from) Contingency reserve	-	-	3,920	(3,920)	-
Balance at 31 December	40,235	345	16,447	29,746	**86,773**

Statement of Cash Flows

For the year ended 31 December 2017

	Notes	DEC-17 GH¢'000	DEC-16 GH¢'000
Reconciliation of Operating Income to Cash Flow from Operating Activities			
Profit before tax		37,626	25,755
Adjustments for:			
Depreciation Charges		1,833	1,629
Amortisation of Intangible Assets		97	75
Revaluation Gain on Investment Properties		(3,401)	(4,168)
Investment Income		(34,262)	(30,066)
Operating Profit before working capital changes		1,893	(6,775)
Change in Amount due from Re-insurers		1,229	1,836
Change in Loans and Receivables		(1,671)	(485)
Change in Provision for Unearned Premium		185	8,668
Change in Insurance Claims Liabilities		11,045	11,597
Change in Creditors and Accruals		41	(1,897)
Change in Amount due to Re-insurers		(1,776)	2,247
Cash Inflow from Operating Activities		10,946	15,191
Return on Investment and Servicing of Finance			
Investment Income		34,262	30,066
Taxation			
Corporate Tax Paid		(4,290)	(5,250)
National Fiscal Stabilisation Levy Paid		(1,768)	-
Net cash flow from operating activities		**39,150**	40,007
Investing Activities			
Acquisition of Property and equipment		(1,573)	(2,107)
Acquisition of Available-for-sale financial assets		(300)	(8,162)
Proceeds from Sale of Available-for-sale financial assets		500	-
Acquisition of Intangible Assets		(109)	(377)
Net cash flow from investing activities		**(1,482)**	(10,646)
Financing Activities			
Issue of Shares		90,000	-
Borrowing Repaid		(830)	-
Net cash flow from financing activities		89,170	-
Increase in Cash and Cash Equivalents		**126,838**	29,361
		122,185	92,824
Cash and Cash Equivalents 31 December	32	**249,023**	122,185


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Notes to the financial statements
For the year ended 31 December 2017

1. General information

1.1 Corporate information

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

1.2 Statement of compliance

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

1.3 Basis of preparation

These financial statements have been prepared on a historical cost basis except for the following assets and liabilities that are stated at their fair values: financial instruments that are fair value through profit or loss; financial instruments classified as available-for-sale; investment properties and property, plant and equipment. The financial statements are presented in Thousands of Ghana Cedis (Gh¢'000).

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

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The company intends to defer the adoption of the new standard. However, upon adoption, the company will not restate comparative information. During 2017, the company performed an initial impact assessment, and will conduct a more detailed impact assessment of all three aspects of IFRS 9 in the ensuing year, 2018.

"This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the company in 2018. Overall, the company expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The company expects an increase in the loss allowance resulting in a negative impact on equity as discussed below. In addition, the company will implement changes in classification of certain financial instruments

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

"IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The company plans to adopt the new standard on the required effective date using the full retrospective method or the modified retrospective method. During 2017, the company performed a preliminary assessment of IFRS 15, which was continued with a more detailed analysis completed in 2017.

2.3 Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

"The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The company will apply these amendments when they become effective.

2.4 IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.
On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

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

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under

IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2018, the company will continue to assess the potential effect of IFRS 16 on its financial statements.

2.6 IFRS 17 Insurance Contracts

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

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

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

2.7 Amendments to IAS 40 - Transfers of Investment Property

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

An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight. Effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

2.8 Amendments to IFRS 4 Insurance Contracts

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

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

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

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

2.9 Annual Improvements 2014-2016 Cycle (issued in December 2016)

These improvements include:

2.9.1 IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. The amendment is effective from 1 January 2018. This amendment is not applicable to the company.

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

The amendments clarify that:

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

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

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

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

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

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

2.9.4 IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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

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

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

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

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

2.9.5 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

Whether an entity considers uncertain tax treatments separately

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

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

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

3 Critical Accounting estimates and judgement

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

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

3.1 The ultimate liability arising from claims made under insurance contracts

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

3.2 Impairment of available-for-sale financial assets

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

3.3 Fair value of financial instruments

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

3.4 Fair value of non-financial instruments

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

As per the requirements of IAS 36, impairment testing is conducted on the various classes of non-financial assets in the determination of their fair value. Professional Services are engaged in the valuation of non-financial instruments where appropriate.

4 Summary of significant accounting policies

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

4.1 Revenue recognition

· Insurance premium revenue

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

· Commission income

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

· Interest income

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

· Dividend income

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

· Rental income

Rental income from Investment Properties is recognised on an accrual basis.

4.2 Insurance contracts

The Company undertakes non-life insurance contracts. An insurance contract is a contract under which the Company accepts significant insurance risk from insured (policyholder) by agreeing to indemnify 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 indemnify 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 indeminifies 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 indemnity 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). Claims incurred are expenses for the period which comprise; provision for claims reported during the period pending settlement; claims reported and settled within the period whether paid during the period or not; and a provision for claims incurred but not reported (IBNR).

· Claims and loss adjustment recoveries

Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the reporting date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the period are closed and include a provision for IBNR claims. IBNR claims are computed using statistical tools based on outstanding claims as at the reporting date.

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

· Liability adequacy test of insurance liabilities

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

· Receivables and payables related to reinsurance contracts

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

· Salvage and subrogation

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

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

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

4.3 Current taxation

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

4.4 Deferred taxation

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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4.5 Property, Plant and Equipment

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

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

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

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

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

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

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

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of assets is the greater of their net selling price and value in use. The impairment losses are recognised in the statement of comprehensive income.

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

4.6 Investment Properties

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

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

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

4.7 Financial Assets and Financial Liabilities

· Categorisation of Financial Assets and Financial Liabilities

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

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

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

Held for Trading

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

Designated at Fair Value through Profit or Loss

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

· Loans and Receivables

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

· Available-For-Sale Financial Assets

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

· Held-to-maturity investment

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

· Initial recognition of financial assets and financial liabilities

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

·Derecognition of Financial Assets and Financial Liabilities

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

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or where the Company has transferred substantially all the risks and rewards of ownership. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset. A financial liability (or part of a financial liability) is removed from the Company's statement of financial position when, and only when, it is extinguished – ie when the obligation specified in the contract is: discharged; cancelled; or expired.

· Initial Measurement of Financial Assets and Financial Liabilities

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

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

· Subsequent Measurement of Financial Assets

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

· Subsequent Measurement of Financial Liabilities

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

· Gains and Losses

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

Interest calculated using effective interest method is recognised in profit or loss; dividends on an available-for-sale equity instrument are recognised in profit or loss when the Company's right to receive payment is established; For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

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.

· Fair Value Measurement

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

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

· Offsetting

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

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

· Impairment of Financial Assets

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

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

i. Financial difficulty of the issuer or the obligor;

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

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

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

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

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

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

A provision for credit losses is established if there is objective evidence that the Company will be unable to collect all amounts due on a claim according to the original contractual term. An allowance for credit loss is reported as a reduction in carrying value of a claim on the statement of financial position, whereas for an off-balance sheet item such as a commitment, a provision for credit loss is reported in other liabilities. Additions to provisions for credit losses are made through credit loss expense. Provision for credit losses is based on the following principles:

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

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

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

Observable market prices for the assets.

Upon impairment the accrual of interest income based on the original terms of the claim is discontinued until the asset has been written down to its estimated recoverable amount. Interest income thereafter is recognised.

A write-off is made when all or part of a claim is deemed uncollectible or forgiven. Write-offs are charged against previously established allowances for credit losses or directly to credit loss expense and reduce the principal amount of a claim.

4.8 Investments

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

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

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

4.9 Cash and Cash Equivalents

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

4.10 Dividends Distribution on Ordinary Shares

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

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events notes. Interim dividends are recognised when paid.

4.11 Translation of Foreign Currencies

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

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

4.12 Leases

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

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.

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

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

4.13 Provision

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

4.14 Financial guarantee

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

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

4.15 Borrowings

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

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

4.16 Impairment of non-financial assets

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

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

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

4.17 Employee benefits

· Defined contribution plans

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

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

· Short-term benefits

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

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

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

· Termination Benefits

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

4.18 Events after the reporting date

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

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

4.19 Stated Capital

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

4.20 Contingency Reserve

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

4.21 Intangible assets

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

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

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

The capilised expnditure is then amortised over three (3) years.

5. Management of insurance and financial risks

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

i. Insurance Risk

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

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

5.1 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 Sub-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. Executive Management Committee (EMC) on risk under the Chairmanship of the Managing Director (MD).

iv. Risk Management Department (RMD).

iv. Internal Audit

v. Quality Assurance

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

a) Approving the business objective of the Company;

i. Approving the business objective of the Company;

ii. Approving the ERM framework; and

iii. Giving directives to management on the basis of its decisions on risk management.

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

The roles of the Risk Management Department include:

i. Review effectiveness of the risk management process throughout the company,

ii. Report directly to the Board Committee on Risk

iii. Facilitate communication within the operational units on common risk issues,

iv. Conduct risk assessment workshops to deepen the awareness of the need to assess risk and more importantly to manage risks in the company,

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

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

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

5.2 Insurance Risk

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

To mitigate the uncertainty of timing and amount of claims liability, the Company identifies, assesses and manages certain potential risks such as mispricing, inadequate policy data, inadequate or ambiguous policy wordings, failure in claim settlement procedure, accumulation (insuring same event through various policyholders), inadequate reserving etc. To manage such risks effectively, adequate control mechanisms specifically designed to address each risk are spelt out in the company's 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.

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5.2.1 Maximum Insured Loss

As at 31 December 2017

By currency:

	GHANA CEDI GH¢'000	US DOLLAR GH¢'000	GB POUND GH¢'000	EURO GH¢'000	TOTAL GH¢'000	Geographical area analysis: ACCRA REGION GH¢'000	OTHER REGIONS GH¢'000
Fire	2,982,766	9,313,005	979	171	12,296,921	12,033,109	263,812
Motor	713,904	510,015	420	18,223	1,242,562	1,082,086	160,476
Accident	3,830,507	205,598	150	1,948	4,038,203	3,770,836	267,367
Engineering	892,383	8,028,692	361,620	57,435	9,340,130	9,280,811	59,319
Liability	355,702	1,473,961	-	3,912	1,833,575	1,793,675	39,900
Bonds	496,296	1,625,843	-	61,721	2,183,860	2,107,033	76,827
Marine	145	2,891,025	-	-	2,891,170	2,891,170	-
Travel	57,091	-	-	-	57,091	47,508	9,583
Aviation	-	91,508	-	-	91,508	91,508	-
Total	**9,328,794**	**24,139,647**	**363,169**	**143,410**	**33,975,020**	**33,097,736**	**877,284**

5.2.2 Claims development table

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

LOSS YEAR	12	24	36	48	60	72
2012	2,661	5,414	6,030	6,692	7,058	7,309
2013	5,173	7,656	8,629	9,749	10,319	
2014	6,131	9,319	10,529	12,014		
2015	11,385	16,306	18,117			
2016	11,239	16,596				
2017	13,747					

5.3 Financial risk

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

5.4 Credit risk

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

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

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

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

	DEC-17 GH¢'000	DEC-16 GH¢'000
Amount due from Reinsurers	4,227	5,455
Other Receivables	6,195	4,524
Available-for-sale Debt Investment	156,429	116,806
	166,851	126,785

The company holds no collateral over any of these balances.

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

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

	DEC-17 GH¢'000	DEC-16 GH¢'000
Up to 30 days	470	1,636
31 to 60 days	313	1,091
61 to 90 days	784	546
Over 90 days	2,659	2,182
	4,226	5,455

5.5 Liquidity Risk

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

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

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

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

	DEC-17 GH¢'000	DEC-16 GH¢'000
Maturing within 91 days	39,945	28,400
Maturing within 182 days	101,871	78,174
Maturing within 365 days	14,613	10,232
Totals	**156,429**	116,806

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

	DUE WITHIN 91 DAYS GH¢'000	DUE WITHIN 182 DAYS GH¢'000	DUE WITHIN 365 DAYS GH¢'000
Dec-17			
Financial Assets:			
Amount due from Reinsurers	1,567	-	-
Other Receivables	6,195	-	-
Available-for-sale Debt Investment	39,945	101,871	101,871
Cash and Bank Balances	92,594	-	-
	140,302	101,871	101,871
Financial Liabilties:			
Amount due to Reinsurers	2,376	-	-
Claims Liabilities	36,550	-	-
Creditors and Accruals	5,179	-	-
Tax Liability	5,150	-	-
	49,255	-	-
Net Liquidity position at December 31	91,047	101,871	17,272

	DUE WITHIN 91 DAYS GH¢'000	DUE WITHIN 182 DAYS GH¢'000	DUE WITHIN 365 DAYS GH¢'000
Dec-16			
Financial Assets:			
Amount due from Reinsurers	3,273	2,182	-
Other Receivables	4,524	-	-
Available-for-sale Debt Investment	28,400	78,174	10,232
Cash and Bank Balances	5,379	-	-
	41,576	80,356	10,232
Financial Liabilties:			
Amount due to Reinsurers	4,153	-	-
Claims Liabilities	25,505	-	-
Borrowings	830	-	-
Creditors and Accruals	5,138	-	-
Tax Liability	4,903	-	-
	40,529	-	-
Net Liquidity position at December 31	1,047	80,356	10,232

5.6 Market Risk

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

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

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

5.7 Foreign exchange exposure

The Company's foreign exchange exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange exposures are principally derived from client driven transactions. 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.

	USD GH¢'000	GBP GH¢'000	EURO GH¢'000
Assets			
Due from reinsurers	1,633	-	182
Cash & cash equivalents	6,544	55	272
Available For Sale Equity Investment	15,167	-	-
Investment Properties	7,048	5,012	-
	30,392	**5,067**	**454**
Liabilities			
Due to reinsurers	2,281	26	86
	2,281	**26**	**86**

Sensitivity analysis

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

	DEC-17 GH¢'000	DEC-16 GH¢'000
Profit after tax	37,626	1,881
Shareholders' fund	203,027	10,151

The Company's assets denominated in foreign currencies far outweigh its foreign currency denominated liabilities. So it tends to gain on foreign exchange when exchange rates increase. From the above scenarios, if management takes no actions, increase in exchange rates by 5% would increase profit before tax for the year and shareholders' fund by Gh¢1,881,310 and Gh¢10,151,344 respectively , while a decrease in exchange rates by 5% would decrease profit before tax for the period and shareholders' fund by the same amounts.

5.8 Interest Rate Exposure

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

5.9 Operational risk

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

5.10 Capital Management

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

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

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

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

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

The new solvency framework of the National Insurance Commission (NIC) requires non-life insurance companies to hold a minimum level of paid up capital of Gh¢15.0 million. It also requires non-life insurance companies to maintain solvency margin with which the company's assets must be at least 150% of its liability at all times.

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

The company's paid up capital at the end of the year 2017 was GH¢130,235,000 (December 2016 - GH¢40,235,000). The table below shows the summary of solvency margin of the company at the end of the year 2017.

	DEC-17 GH¢'000	DEC-16 GH¢'000
Available Capital Resources	177,835	65,530
Solvency Capital Required	20,970	18,862
Capital Adequacy Ratio	**848%**	**347%**

5.11 Fair Value of Financial Instrument

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

Level 1:

Inputs that are quoted market prices (unadjusted) in active market for identical instruments.

Level 2:

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

Leve 3:

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

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

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

	LEVEL 1 GH¢'000	LEVEL 2 GH¢'000	LEVEL 3 GH¢'000	**TOTAL GH¢'000**
Dec-17				
Non-pledged trading assets	-	-	2,347	2,347
Government securities	-	-	154,082	154,082
Debt Securities	1,336	-	15,673	17,009
Equity Securities	-	-	92,594	92,594
Cash and cash equivalents				
Loans and receivables	-	-	10,421	10,421
Trading liabilities	-	-	(7,556)	(7,556)
Totals	1,336	-	267,561	**268,897**

	LEVEL 1 GH¢'000	LEVEL 2 GH¢'000	LEVEL 3 GH¢'000	TOTAL GH¢'000
Dec-16				
Non-pledged trading assets	-	-	1,023	1,023
Government securities	-	-	115,783	115,783
Debt Securities	652		15,819	16,471
Equity Securities	-	-	5,379	5,379
Cash and cash equivalents				
Loans and receivables	-	-	9,979	9,979
Trading liabilities	-	-	(10,121)	(10,121)
Totals	652	-	137,862	**138,514**

Fair Value Hierachy

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

	CASH AND CASH EQUIVALENTS GH¢'000	DEBT SECURITIES GH¢'000	LOANS AND RECEIVABLES GH¢'000	EQUITY SECURIT IES GH¢'000	TRADING LIABILITIES GH¢'000	TOTAL GH¢'000
Dec-17						
Balance at 1 January 2016	5,615	87,209	11,330	7,657	(8,941)	102,870
Movements in 2016						
Total gains and losses:						
in profit or loss	-	30,066	-	-		30,066
Purchases	-	(468)	-	8,162		7,694
Issues	-	-	-	-	(350)	(350)
Settlements	(236)	-	(1,351)	-	-	(1,587)
Balance at 1 January 2017	5,379	116,807	9,979	15,819	(9,291)	138,693
Movements in 2017						
Total gains and losses:						
in profit or loss	-	34,262	-	-	-	34,262
in OCI	-	-	-	54	-	54
Purchases	-	5,360	-	300	-	5,660
Settlements	87,215	-	(58)	-	1,735	88,892
Transfer into/(out) of level 3	-	-	500	(500)	-	-
Totals	**92,594**	**156,429**	**10,421**	**15,673**	**(7,556)**	**267,561**

6. Operating segment

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

	FIRE GH¢'000	MOTOR GH¢'000	ACCIDENT GH¢'000	ENGINEER'G GH¢'000	LIABILITY GH¢'000	BONDS GH¢'000	MARINE GH¢'000	TRAVEL GH¢'000	AVIATION GH¢'000	MICROINS. GH¢'000	**TOTAL GH¢'000**
Dec-17											
Underwriting Income											
Insurance premium revenue	25,506	57,726	10,433	7,735	8,090	6,989	12,399	1,431	1,439	305	132,053
Insurance premium ceded to reinsurers	(15,029)	(2,110)	(6,386)	(6,200)	(4,860)	(2,102)	(10,107)	(61)	(1,320)	-	(48,175)
Premium Retained	10,477	55,616	4,047	1,535	3,230	4,887	2,292	1,370	119	305	83,878
Less Unearned Premium Provision	(2,866)	2,305	(214)	(403)	(10)	1,288	-443	285	59	(186)	(185)
Net insurance premium revenue	7,611	57,921	3,833	1,132	3,220	6,175	1,849	1,655	178	119	83,693
Ceding commission earned	3,219	819	914	1,353	927	687	925	-	121	-	8,965
Claims and loss adjustments recovered	94	1,061	722	38	-	-	219	-	-	-	2,134
Net underwriting income	10,924	59,801	5,469	2,523	4,147	6,862	2,993	1,655	299	119	**94,792**
Underwriting Expenses											24,749
Agency commission incurred	8,473	9,273	1,739	1,755	1,456	1,549	289	123	-	92	
Claims and loss adjustment											33,226
expense	1,543	28,660	285	1,099	-96	358	1,261	-9	80	45	
Operating Expenses	7,529	17,041	3,080	2,283	2,388	2,063	3,660	422	425	92	38,983
	17,545	54,974	5,104	5,137	3,748	3,970	5,210	536	505	229	**96,958**
Underwriting Profit / (Loss)	(6,621)	4,827	365	(2,614)	399	2,892	-2,217	1,119	(206)	(110)	(2,166)
Investment income	-	-	-	-	-	-	-	-	-	-	34,262
Other Income	-	-	-	-	-	-	-	-	-	-	5,779
Finance Cost	-	-	-	-	-	-	-	-	-	-	(249)
Profit before tax	(6,621)	4,827	365	(2,614)	399	2,892	-2,217	1,119	(206)	(110)	**37,626**

Dec-16	FIRE GH¢'000	MOTOR GH¢'000	ACCIDENT GH¢'000	ENGINEER'G GH¢'000	LIABILITY GH¢'000	BONDS GH¢'000	MARINE GH¢'000	TRAVEL GH¢'000	AVIATION GH¢'000	MICROINS. GH¢'000	**TOTAL GH¢'000**
Underwriting Income											
Insurance premium revenue	18,884	51,997	4,676	13,974	5,243	12,550	11,262	993	1,565	342	121,486
Insurance premium ceded to reinsurers	(14,434)	(1,575)	(2,641)	(11,036)	(1,934)	(2,355)	(10,569)	(64)	(1,428)	-	(46,036)
Premium Retained	4,450	50,422	2,035	2,938	3,309	10,195	693	929	137	342	75,450
Less Unearned Premium Provision	139	(7,364)	978	56	(168)	(2,009)	(309)	(82)	91	-	(8,668)
Net insurance premium revenue	4,589	43,058	3,013	2,994	3,141	8,186	384	847	228	342	66,782
Ceding commission earned	2,724	278	689	1,647	580	798	896	-	185	-	7,797
Claims and loss adjustments recovered	249	861	-	122	53	- 8,984	138	-	270	-	1,693
Net underwriting income	7,562	44,197	3,702	4,763	3,774	2,721	1,419	847	683	342	**76,272**
Underwriting Expenses											
Agency commission incurred	4,102	8,874	953	1,462	1,064	1,105	276	113	45	89	19,699
Claims and loss adjustment expense	1,809	25,777	787	674	653	3,699 7,525	126 3,320	367	297	237	31,832
Management Expenses	5,566	15,326	1,378	4,118	1,545		3,722	293	-	33	35,278
	11,477	49,977	3,118	6,254	3,262	1,459	(2,304)	773	342	359	**86,809**
Underwriting Profit / (Loss)	(3,915)	(5,781)	584	(1,491)	512	-	-	74	341	(17)	(10,537)
Investment income	-	-	-	-	-	-	-	-	-	-	30,066
Other Income	-	-	-	-	-	-	-	-	-	-	6,665
Finance Cost	-	-	-	-	-			-	-	-	(439)
Profit before tax	(3,915)	(5,781)	584	(1,491)	512	1,459	(2,304)	74	341	(17)	**25,755**
Loss Ratio	9.6%	49.6%	16.8%	4.8%	12.5%	8.8%	1.1%	37.0%	19.0%	69.3%	26.2%

6. Operating segment

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

	DIRECT PREMIUM INCOME GH¢'000	REINSURANCE PREMIUM INCOME GH¢'000	GROSS WRITTEN PREMIUM GH¢'000	ADJUSTMENT IN UNEARNED PREMIUM GH¢'000	INSURANCE PREMIUM REVENUE GH¢'000	REINSURANCE COST GH¢'000	NET EARNED PREMIUM GH¢'000
Dec-17							
Fire	**24,176**	**1,330**	**25,506**	**(2,866)**	**22,640**	**(15,029)**	**7,611**
Motor	**57,427**	**299**	**57,726**	**2,305**	**60,031**	**(2,110)**	**57,921**
Accident	**10,146**	**287**	**10,433**	**(214)**	**10,219**	**(6,386)**	**3,833**
Engineering	**7,541**	**194**	**7,735**	**(403)**	**7,332**	**(6,200)**	**1,132**
Liability	**7,899**	**191**	**8,090**	**(10)**	**8,080**	**(4,860)**	**3,220**
Bonds	**6,884**	**105**	**6,989**	**1,288**	**8,277**	**(2,102)**	**6,175**
Marine	**12,346**	**53**	**12,399**	**(443)**	**11,956**	**(10,107)**	**1,849**
Travel	**1,431**	**-**	**1,431**	**285**	**1,716**	**(61)**	**1,655**
Aviation	**1,439**	**-**	**1,439**	**59**	**1,498**	**(1,320)**	**178**
Microinsurance	**305**	**-**	**305**	**(186)**	**119**	**-**	**119**
	129,594	**2,459**	**132,053**	**(185)**	**131,868**	**(48,175)**	**83,693**

	DIRECT PREMIUM INCOME GH¢'000	REINSURANCE PREMIUM INCOME GH¢'000	GROSS WRITTEN PREMIUM GH¢'000	ADJUSTMENT IN UNEARNED PREMIUM GH¢'000	INSURANCE PREMIUM REVENUE GH¢'000	REINSURANCE COST GH¢'000	NET EARNED PREMIUM GH¢'000
Dec-16							
Fire	17,806	1,078	18,884	139	19,023	(14,434)	4,589
Motor	51,815	182	51,997	(7,364)	44,633	(1,575)	43,058
Accident	4,466	210	4,676	978	5,654	(2,641)	3,013
Engineering	13,860	114	13,974	56	14,030	(11,036)	2,994
Liability	5,186	57	5,243	(168)	5,075	(1,934)	3,141
Bonds	12,461	89	12,550	(2,009)	10,541	(2,355)	8,186
Marine	11,218	44	11,262	(309)	10,953	(10,569)	384
Travel	993	-	993	(82)	911	(64)	847
Aviation	1,565	-	1,565	91	1,656	(1,428)	228
Microinsurance	342	-	342	-	342	-	342
	119,712	1,773	121,486	(8,668)	112,818	(46,036)	66,782

	DEC-17 GH¢'000	DEC-16 GH¢'000
7. Reinsurance commission		
Fire	3,219	2,724
Motor	819	278
Accident	914	689
Engineering	1,353	1,647
Liability	927	580
Bonds	687	798
Marine	925	896
Aviation	121	185
Total	**8,965**	7,797
8. Investment Income		
Interest on Short Term Investments	33,678	30,021
Dividends on Listed Equities	584	45
	34,262	30,066
9. Other Income		
Unrealised Fair Value Gains on Investment Property	3,401	4,168
Interest on Staff Loan	120	102
Premium Recoveries	185	1,890
Other Sundry Income	1,179	307
Exchange Gain	894	198
	5,779	6,665
10. Commission Expenses		
Fire	8,473	4,102
Motor	9,273	8,874
Accident	1,739	953
Engineering	1,755	1,462
Liability	1,456	1,064
Bonds	1,549	2,721
Marine	289	276
Travel	123	113
Aviation	-	45
Microinsurance	92	89
	24,749	19,699

	DEC-17 GH¢'000	DEC-16 GH¢'000
11. Claims and Loss Adjustment Expenses		
Settled during the period	22,271	19,729
Increase in provision	10,955	12,103
Gross Claims Expense	**33,226**	31,832
12. Operating Expenses		
These include:		
Auditors' Remuneration	82	70
Directors' Remuneration	245	225
Depreciation	1,833	1,629
Donations	122	74
13. Finance Cost		
Lease Rental	195	334
Finance charges	54	105
	249	439
14. Taxation		
14.1 Income tax expense		
Current tax (See note 14.3)	4,424	5,690
Deferred tax charge/(credit) (See note 31)	5,805	(822)
	10,229	4,868

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:

	DEC-17 GH¢'000	DEC-16 GH¢'000
Profit before taxation	37,626	25,755
Tax at applicable tax rate at 25% (December 2016: 25%)	**9,407**	6,439
Dividend taxed at 8%	47	-
Tax impact of non-deductible expenses	635	609
Tax impact of non-chargeable income	(5,243)	(1,053)
Tax impact of capital allowances	(346)	(274)
Tax rebates	(76)	(31)
Deferred Tax	5,805	(822)
Income Tax Expense	10,229	4,868
Effective tax rate	**27.18%**	18.90%

14.3 Company Income Tax

YEAR OF ASSESSMENT	BALANCE AT 1 JAN. GH¢'000	PAYMENTS AND CREDITS GH¢'000	CHARGE FOR THE YEAR GH¢'000	BALANCE AT 31 DEC. GH¢'000
Corporate Tax 2016	2,756	-	-	2,756
Corporate Tax 2017	-	(4,290)	4,424	134
	2,756	(4,290)	4,424	2,890

15. Propert, Plant and Equipment

Cost/Revaluation	LAND GH¢'000	BUILDINGS GH¢'000	MOTOR VEHICLES GH¢'000	OFFICE FURN. & EQUIPMENT GH¢'000	BUNGALOW FURN. & EQUIPMENT GH¢'000	COMPUTER HARDWARE GH¢'000	LIBRARY BOOKS GH¢'000	TOTAL GH¢'000
Balance at 01/01/17	348	235	2,898	3,915	264	1,132	1	8,793
Additions	-	-	480	557	17	519	-	1,573
Balance at 31/12/17	348	235	3,378	4,472	281	1,651	1	**10,366**
Depreciation								
Balance at 01/01/17	-	145	1,840	1,892	223	632	1	4,733
Charge for the year	-	12	581	858	26	356	-	1,833
Balance at 31/12/17	-	157	2,421	2,750	249	988	1	**6,566**
Carrying Amount								
At 31/12/17	348	78	957	1,722	32	663	-	**3,800**
Balance at 01/01/16	348	235	2,178	2,972	246	706	1	**6,686**
Additions	-	-	720	943	18	426	-	2,107
Balance at 31/12/16	348	235	2,898	3,915	264	1,132	1	8,793
Depreciation								
Balance at 01/01/16	-	133	1,242	1,140	196	392	1	3,104
Charge for the year	-	12	598	752	27	240	-	1,629
Balance at 31/12/16	-	145	1,840	1,892	223	632	1	4,733
At 31/12/16	348	90	1,058	2,023	41	500	-	**4,060**

16. Intangible assets

	COMPUTER SOFTWARE LICENCES GH¢'000	DEFERRED EXPENSE GH¢'000	TOTAL GH¢'000
Cost			
Balance at 1 January 2016	936	292	1,228
Additions	377	-	377
Balance at 31 December 2016	1,313	292	1,605
Movements in 2017:			
Additions	109	-	109
Balance at 31 December 2017	1,422	292	1,714
Accumulated amortisation and impairment:			
Balance at 1 January 2016	936	292	1,228
Amortisation and impairment during the year	75	-	75
Balance at 31 December 2016	1,011	292	1,303
Movements in 2017:			
Amortisation and impairment during the year	97	-	97
Balance at 31 December 2017	1,108	292	**1,400**
Carrying amount at 31 December 2017	314	-	314
Carrying amount at 31 December 2016	301	-	**301**

17. Investment property

	DEC-17 GH¢'000	DEC-16 GH¢'000
Balance at 1 January	8,659	4,491
Revaluation	3,401	4,168
Balance at 31 December 2017	**12,060**	8,659

Fair value measurement of investment properties

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

The fair value of investment property as at 31 December 2017 has been arrived at on the basis of a valuation carried out by Messrs Symington Elvery, independent valuers not related to the company. Messrs Symington Elvery are members of the Royal Institution of Chartered Surveyors (RICS), and they have appropriate qualifications and recent experience in the valuation of properties in London. The valuation was done using the "Market Value and Market Rent"" as defined by RICS - Professional Standards 2017, as well as International Valuation Standards. The comparable method of valuation was adopted in arriving at the valuation figure, relying on public database, local authority researches, local sales offices and recent transactional data.

18. Available-for-sale financial assets

a) Available-for-Sale Equity Investments

	LISTED EQUITY SECURITIES GH¢'000	UNLISTED EQUITY SECURITIES GH¢'000	DEC-17 GH¢ TOTAL GH¢'000
Balance at 1 January 2016	731	7,657	8,388
Changes in 2016:			
Acquisition	-	8,162	8,162
Revaluation	(79)	-	(79)
Balance at 31 December 2016	652	15,819	16,471
Changes in 2017:			
Acquisition	-	300	300
Revaluation	684	54	738
Disposal	-	(500)	(500)
Balance at 31 December 2017	1,336	15,673	17,009
Balance at 31 December 2016	652	15,819	**16,471**

Listed Equity Investments

Details of the company's share holdings in other companies listed on the Ghana Stock Exchange (GSE) as at December 2017 are as follows:

GCB Bank Ltd	-	30,016 shares
Societe Generale (Ghana) Ltd	-	51,084 shares
The Trust Bank (Gambia)	-	193,493 shares
HFC Bank	-	16,420 shares
Standard Chartered Bank (Ghana)	-	6,000 shares
Guinness Ghana Breweries Ltd	-	45,814 shares
Unilever Ghana Ltd	-	12,400 shares
Mechanical Llyod Company Ltd	-	60,145 shares
Produce Buying Company Ltd	-	8,550 shares
Aluworks	-	22,000 shares
Cocoa Processing Company Ltd	-	13,042 shares
Pioneer Kitchen Ltd	-	12,600 shares
Clydestone Ltd	-	141,821 shares
Benso Oil Palm Plantation	-	70,181shares

Unlisted Equity Investments

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

Waica Reinsurance Corporation	-	3,576,434 shares
Accra Breweries Ltd	-	18,498 shares
CFAO Motors	-	500 shares

Sensitivity Analysis

The company is exposed to equity securities price risk because of investments in quoted and unquoted shares classified as Available-for-Sale. An average market prices change of 5% will impact the statement of financial position to the tune of Gh¢850,469.

	DEC-17 GH¢'000	DEC-16 GH¢'000
b) Available-for-Sale Reserve		
Balance at 1 January	345	425
Revaluation of Equity Investments	738	(80)
Balance at 31 December	**1,083**	345

19. Other receivables

	DEC-17 GH¢'000	DEC-16 GH¢'000
Staff Debtors	2,943	2,247
Agency Loan	77	6
Directors' Account	-	191
Prepayments & Deposits	2,195	1,959
Sundry Debtors	598	21
National Insurance Commission	-	63
Ecowas Brown Card Levy	382	37
	6,195	4,524

a. The maximum amount owed by staff to the Company did not at any time during the year exceed Gh¢2,942,549 (December 2016 - Gh¢2,247,062).

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

	DEC-17 GH¢'000	DEC-16 GH¢'000
20. Available-for-sale debt investments		
Government Securities	512	435
Fixed Deposits	154,082	115,783
Statutory Deposit	1,835	588
	156,429	116,806

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.

	DEC-17 GH¢'000	DEC-16 GH¢'000
21. Cash and bank balances		
Cash on Hand	90,309	17
Cash at Bank	2,285	5,362
	92,594	5,379

22. Stated capital

	DEC-17 NO. OF SHARES (MILLION)	DEC-16 NO. OF SHARES (MILLION)
Authorised Ordinary Shares of no par value.	100,000	100,000
Issued Ordinary Shares of no par value fully paid for	**6,295**	3,295

	NUMBER OF SHARES (MILLION)	PROCEEDS GH¢000	NUMBER OF SHARES (MILLION)	PROCEEDS GH¢000
Balance at 1 January	3,295	40,235	3,295	40,235
Issued of shares	3,000	90,000	-	-
	6,295	**130,235**	3,295	40,235

Other disclosures required by the Companies Code.

	NUMBER OF SHARES (MILLION)	PROCEEDS GH¢000	NUMBER OF SHARES (MILLION)	PROCEEDS GH¢000
Issue for Cash	4,800	111,983	1,800	21,983
Issue Other than Cash Consideration	569	6,950	569	6,950
Transfer from Income Surplus	926	11,302	926	11,302
	6,295	**130,235**	3,295	40,235

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

23. Contingency reserves

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

24. Income surplus

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

25. Insurance claims liabilities

	DEC-17 GH¢'000	DEC-16 GH¢'000
Settled but Outstanding	1,478	1,388
Outstanding Claims Provision	35,072	24,117
	36,550	25,505
Movement in total claims liability		
Claims Outstanding at January 1	25,505	13,908
Additional Claims Provision	10,955	12,103
Claims Settled during the year	22,270	19,729
Cash paid during the year	(22,180)	(20,235)
Balance at 31 December 2017	**36,550**	25,505

Claims Liabilities by Product

	SETTLED BUT NOT PAID GH¢'000	REPORTED BUT NOT SETTLED GH¢'000	INCURRED BUT NOT REPORTED GH¢'000	**TOTAL GH¢'000**
Dec-17				
Fire	-	1,675	303	1,978
Motor	1,478	16,383	11,278	29,139
Accident	-	671	201	872
Engineering	-	742	1,001	1,743
Liability	-	228	46	274
Bonds	-	1,044	209	1,253
Marine	-	964	193	1,157
Travel	-	25	109	134
Balance at 31 December 2017	1,478	21,732	13,340	**36,550**
Dec-16				
Fire	-	1,228	118	1,346
Motor	1,388	8,677	9,887	19,952
Accident	-	500	192	692
Engineering	-	867	243	1,110
Liability	-	431	265	696
Bonds	-	926	184	1,110
Marine	-	153	31	184
Travel	-	316	99	415
Balance at 31 December 2016	1,388	13,098	11,019	**25,505**

26. Insurance claims liabilities

26 a. Sensitivity analysis

Claims estimation is based on the following parameters:

a the general price levels or inflationary trends within the economy

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

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

d the general level of risk conciousness of the population

The impact of a 5% average change in the above parameter will result in a change to the tune of Gh¢1,896,287 positive or negative in the statement of financial position, depending on the direction of the change.

26 b. Claims provision

The company's insurance claim liability includes settled but outstanding claims, outstanding claim provision as well as those incurred but not yet reported. Due to the short term nature of the business, it is not considered necessary to discount any of the claims provision.

Actuary

The valuation of the Technical Reserves was carried out by QED Actuaries & Consultants (Pty) Ltd with registered office as: 1st floor- The Bridle Hunts End Office Park, South Africa.

Claims Reserve Computations

The gross IBNR claims reserves have been determined by using claims triangulation methods. The net IBNR reserve is calculated by multiplying the gross IBNR reserve by a factor that is calculated as the ratio of the gross incurred claims to the net incurred claims as per the financial statements. This value is adjusted by the net Settled but Outstanding amount.

	DEC-17 GH¢'000	DEC-16 GH¢'000
27. Provision for unearned premium		
Balance at 1 January	34,007	25,338
Additional Provision	185	8,669
Balance at 31 December 2017	**34,192**	34,007

Premium liabilities are composed of a reserve for policies that have not yet expired at the valuation date (known as the Unearned Premium Reserve ('UPR')) and a reserve to allow for the expectation that the UPR may not be sufficient to cover the expected cost of claims and claims handling expenses arising from the period of unexpired risk (known as the Additional Unexpired Risk Reserve ('AURR').

	DEC-17 GH¢'000	DEC-16 GH¢'000
28. Creditors and accruals		
Commission Payable	1,104	879
Witholding Tax	587	1,025
Current Account with Star Microinsurance	77	155
Accruals	1,073	781
Sundry Creditors	2,338	2,298
	5,179	5,138

	BALANCE AT1 JAN.'17 GH¢'000	PAYMENTS DURING THE YEAR GH¢'000	CHARGE FOR THE YEAR GH¢'000	**BALANCE AT 31 DEC.'17 GH¢'000**
29. National fiscal stabilization levy				
Year of Assessment				
2016	2,147	-	-	2,147
2017	-	(1,768)	1,881	113
	2,147	(1,768)	1,881	**2,260**

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

	DEC-17 GH¢'000	DEC-16 GH¢'000
30. Borrowings		
Bank loan	-	830
Due within 12 months	-	830
Movement in borrowing is as follows:		
Balance at 1 January	830	830
Write-off during the year	(830)	-
Balance at 31 December 2017	**-**	830

This represents loan of GH¢1.5 million obtained from uniBank Ghana Limited with interest rate of 14.5% per annum.

	DEC-17 GH¢'000	DEC-16 GH¢'000
31. Deferred tax		
31.1 The movement on the deferred tax account is as follows:		
Balance at 1 January	**348**	1,170
Origination / reversal of temporary differences:		
recognised in the income statement	5,805	(822)
Balance at 31 December 2017	6,153	348
32. Analysis of cash and cash equivalents		
Cash and Bank Balances (Note 21)	92,594	5,379
Short term Investments (Note 20)	156,429	116,806
	249,023	122,185

33. Contingent liabilities

There were no contingent liabilities as at the year end December 31, 2017 (December 2016 - Nil)

34. Capital commitments

There were no material capital commitments as at the year end December 31, 2017 (December 2016 - Nil)

35. Events after balance sheet date

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

36. Related party transactions

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

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

Nature of Transaction	Related Party	DEC-17 GH¢'000	DEC-16 GH¢'000
Available-for-sale Investment:			
Fixed Deposits	uniCredit Savings & Loans Ltd	1,913	1,530
Fixed Deposits	uniSecurities (Ghana) Ltd	58,963	9,317
Commercial Paper	Integrated Properties Ltd (IPL)	40,679	30,259
Unlisted Equity Investment	Star Microinsurance Ltd	-	500
		101,555	41,606
Bank Balances			
Current Accounts	Unibank Ghana Limited	1,580	657
Current Accounts	uniCredit Savings & Loans Ltd	83	145
		1,663	802
Balances due from:			
Rent Prepayment	StarLife Assurance Company LtdFacility	45	12
Maintenance Fees	StarLife Assurance Company Ltd	-	2
Directors' Account		-	191
Employees		2,943	2,247
		2,988	2,452
Balances due to:			
Facility Maintenance Fees	StarLife Assurance Company Ltd	4	-
Advertising Expense	Telemedia Communications Ltd	711	1,371
Insurance Claims	Star Microinsurance Ltd	77	155
		792	1,526

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

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

MADINA
Opposite University of Professional
Studies (UPS), Ground Floor,
Prestige Hostel Complex
Tel: +233-0289 353532
Tel: +233-0302 541311 |
Tel: +233-0303 974528

NKAWKAW
Opposite SSNIT Office
P. O. Box 64, Nkawkaw
Tel: +233-03431 22276

OSU
Awo Plaza - 15th lane,
Off Oxford Street, Osu R. E - Accra
Tel: +233-0501 566336

RETAIL & SME
No. C551/4 Coca Cola Street
(Adjacent ATTC) Kokomlemle
Tel: +233-0302 240632 | 242233
Tel: +233-247579 | 246568
Fax: +233-0302 237156

RIDGE
Akroma House,1st North Ridge Link,
Near German Embassy
Adjacent our former North Ridge Office
Tel: +233-0283 094286

RING ROAD CENTRAL
Ground Floor, Meridian House,
Near the Nima Police Station
Tel: +233-0289 017033
Tel: +233-0289 016985

SPINTEX
Kwadwo Adjei Plaza, Baatsonaa
Spintex Road
Tel: +233-0302 817908 - 10
Fax: +233-0302 817909

SUAME
Suame Magazine, Kumasi
Opposite uniBank
Tel: +233-0289 353537
Tel: +233-0289 353539

SUNYANI
Ground Floor, Cocoa House Building
P. O. Box 820, Sunyani
Tel: +233-03520 23225
Fax: +233-03520 26392

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

TAMALE MAIN
In the uniBank Building
Opposite The Ola
Cathedral-HospitalRoad
Tel: +233-0372 098454
Tel: +233-03720 28406

TAKORADI
SSNIT House adjacent
The Central Police Station,
Collins Avenue
P. O. Box TD 1185, Takoradi
Tel: +233-0312 021617 | 023665

TARKWA
Off Post Office Loop Road
Near Get in Touch Hotel
Tel: +233-02893 53537
Tel: +233-02893 53539

TECHIMAN
uniBank Building
Off Techiman-Tamale Highway
Tel: +233-0289 353537
Tel: +233-0289 353539

TEMA
Asafoatse Kotei Complex Building
Community 1
P. O. Box C E 11235, Tema
Tel: +233-0303 210550 | 210551
Tel: +233-0303 961529 | 961502

WEST HILLS
Platinum Plaza Building Block B
Adjacent the West Hills Mall
Off Accra-Kasoa Road
Tel: +233-0303 961057

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