2022
ANNUAL REPORT

Star Assurance
...your solid partner

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.

Over the years of operation, Star Assurance has emerged as the biggest indigenous private insurance enterprise in terms of assets and indeed among the first three insurance companies in Ghana in terms of premium income.

The Company has twenty three (23) Branch Offices in seven (7) out of the sixteen (16) regional capitals with the remaining nine (9) serviced by our Agency Offices. We therefore have representation in all the regions of Ghana.

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

VISION

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

MISSION

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

The company intends to achieve this through:

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

VALUES

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

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

TEAMWORK
We build mutually bene cial 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.

ACHIEVEMENTS

- **Outstanding Customer Service Award-Ghana**
  West African Excellence Awards 2022
- **Leader in HR Innovations Award**
  Africa HR Awards 2022
- **Employee Onboarding Award**
  Africa HR Awards 2022
- **Non-Life Insurance brand of the Year**
  Marketing World Awards 2022
- **Oil and Gas Award**
  Ghana Insurance Awards 2021
- **ICT Leadership Award - Insurance Category**
  Ghana Insurance Awards, 2021
- **Indigenous Insurance Company - Non-Life**
  Ghana Business Standard Awards, 2021
- **Unsung Professional Award** (Nana Serwaa Abrahams Mrs.)
  Ghana Insurance Awards, 2021
- **Outstanding Customer Service Award-Ghana**
  West African Excellence Awards 2021
- **CIIG Best Company In Employee Development 2019**
  Chartered Insurance Institute of Ghana (CIIG) Awards
- **CIIG Innovative Company of the Year 2019**
  Chartered Insurance Institute of Ghana (CIIG) Awards
- **CIIG Professional Underwriter of the Year 2019** (Nana Serwaa Abrahams)
  Chartered Insurance Institute of Ghana (CIIG) Awards.
- **Major Loss Award (Best Insurance Company in Terms of Claims Payment)**
  Ghana Insurance Awards, 2019
- **Gold Award for Non-Life Insurance Sector**
  Ghana Business & Financial Services Excellence Awards, 2019
- **Marine and Logistics Insurer of the Year**
  Ghana Shippers Awards, 2018
- **Insurance Company of the Year**
  Ghana Accountancy & Finance Awards, 2018
- **2nd Runner-Up, Most Broker - Friendly & Supportive Non-Life Insurer**
  Ghana Insurance Brokers Association Awards, 2018

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

Corporate Information

Directors:

• Mr. Michael Odartey-Wellington	-	Chairman
• Boatemaa D. Barfour-Awuah (Mrs.)	-	Chief Executive Officer
• Mr. Kofi Duffuor	-	Group CEO - Member
• Mr. Emmanuel Baiden	-	Group CFO - Member
• Mr. Kwadwo Okoh	-	Member
• Prof. Charles Andoh	-	Member
• Mr. Eric Osiakwan	-	Member (Appointed: June-1, 2022)

- **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 Limited
P. O. Box 7532,
Accra – North

- **Auditors**

PKF
GH-GA-093-3684
Farrar Avenue
P. O. Box GP 1219
Accra

- **Main Bank**

Stanbic Bank Limited
Absa Bank of Ghana Limited
GCB Bank Limited
Ecobank Ghana Limited
Consolidated Bank Ghana Limited
Fidelity Bank Limited

BOARD OF DIRECTORS

Michael Odartey-Wellington
Board Chair

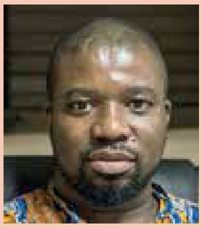
B. D. Barfour-Awuah (Mrs.)
Board Member

Mr. Kofi Duffuor
Board Member

Emmanuel Baiden
Group CFO

Charles Andoh
Board Member

Mr. Kwadwo Okoh
Board Member



Eric Osiakwan
Board Member

EXECUTIVE MANAGEMENT

B. D. Barfour-Awuah (Mrs.)
Chief Executive Officer

Adelaide A. Boakye (Mrs)
Chief Operating Officer

Justice Frank Offei
Chief Finance Officer

COMPANY SECRETARY

Summers Darko (Mrs.)

SOLID PROTECTION ON THE SEA, ROAD & IN THE AIR.

Get ultimate cover for your goods while transporting them by sea, by air or on land. Sign up for our reliable Marine & Goods-In-Transit policies.

Sign up today.

Star Assurance
...your solid partner

www.starassurance.com

Chairman's Report

Distinguished shareholders, ladies and gentlemen, it is with pleasure that I welcome you to our Annual General Meeting and present the 2022 Annual Report of Star Assurance Limited, as prepared based on International Financial Reporting Standards (IFRSs).

As we draw the curtains on another financial year, a year characterized by significant macroeconomic volatility, our company has proved to be resilient in the face of uncertainties, heightened risks and new vulnerabilities.

The Global Economic Environment:

A lot of turbulence and uncertainties characterized the global markets in the year 2022. These slackened the pace of growth in many industries and thereby threatened the survival of many businesses. Many Governments were forced to backstop their economies, resulting in stalled growth globally.

Even though, Russia and Ukraine make up a relatively negligible portion of global GDP, their footprint in the commodity complex was vast. Brent crude oil surged to as high as US$133.18/bl. European natural gas prices soared as much as 475%, while agriculture futures were up across the board. Pressures from labour market and supply chain bottlenecks caused inflation to rise to multi-decade highs globally.

Global growth slowed in 2022 to 3.2%, more than one percentage point weaker than expected at the end of 2021, mainly weighed down by Russia's war and the associated cost-of-living crisis in many countries. These geopolitical conflicts, inflation, tightening monetary policy and the deteriorating economic performance have led to an increase in credit and liquidity risks of the Insurance Industry.

Ghana's Economy:

Ghana's economy, with its pre-existing vulnerabilities, witnessed much greater impact of the global economic recession which leading to suppressed Gross Domestic Product (GDP) growth rate of 3.1%, much lower than the target of 5.8%.
Ghana ended the year with an unprecedented inflation rate of 54.2% against the sub Saharan Africa of 14.5%. Whilst the Ghana cedi depreciated against the world' major trading currencies by an average rate of 30% at the end of the year, the sub-Saharan African economies recorded an average of 17%.

The investment climate witnessed severe volatilities as the country prepared itself for a domestic debt restructuring in preparation towards an International Monetary Fund (IMF) bail-out program.

The insurance industry, coming from a recapitalization program, had significant portions of its debt investment in Government of Ghana Securities, needed to reflect the impact of the Domestic Debt Restructuring Program (DDEP) in their financial statements, which resulted in significant impairment provisions, which led to some companies posting significant loses after tax. This meant a decline in retained earnings at the end of the year 2022.

The Star Assurance Situation:

Star Assurance however exhibited strong resilience in the midst of such turbulent local and global economic environment to maintain its position as one of the top insurance companies in Ghana with the largest Asset base, despite losing some grounds in terms of market share. This performance is by thoughtful design, not chance.

At Star, we take great pride in the provision of risk management solutions and the prudent management of our balance sheet to contain various stress situations in a highly volatile and challenged local economy. We have been able to survive the shocks presented during the year 2022, and we assure our cherished shareholders that we are properly positioned to post better results in the ensuing year and beyond.

Financial Performance Highlights:

Financial Performance Indicators	Dec-2022	Dec-2021	Growth (%)
Gross Written Premium	GH¢233.9m	GH¢194.0m	21%
Retention Ratio	60%	62%	-2%
Technical Profitability Margin	-2%	2%	-4%
Profit/(Loss) before Tax	(GH¢8.3m)	GH¢27.5m	-130%
Profit/(Loss) after Tax	(GH¢9.2m)	GH¢19.3m	-148%
Total Assets	GH¢800.0m	GH¢534.6m	50%
Net Assets	GH¢541.8m	GH¢534.6m	50%
Market Share	7.5%	8.1%	-0.6%
Capital Adequacy Ratio	499%	548%	-48%

Dividend:

In line with the provisions in the Companies Act, 2019 (Act 992), and also guided by the dividend policy of the Company, the Directors are unable to recommend any dividend payment because of the net loss position recorded for the year ending December 31, 2022.

Conclusion:

Star Assurance will continue to secures the future of its shareholders, employees and customers and offer them the needed confidence to take the bold step even into the uncertain future. Despite significant economic shocks and uncertain outlook for our world, your company is in a solid shape, and prepared to face the future. On behalf of our board of directors, I thank you for your trust in the Star Assurance vision and look forward to earning your continued support in the year ahead.

CEO's Report

In a year defined by substantial, global macroeconomic headwinds, Star Assurance remained focused and we made remarkable progress in our transformation in ways that benefitted all stakeholders, including our clients. Star Assurance's 2022 accomplishments further solidified our foundation as we continue to position the company for future growth and as a customer oriented and innovative leader.

Overall, 2022 was a year of both challenges and progress for Star Assurance. It was a year that tested our resilience and our ability to adapt to change. It was also a year that reminded us of the importance of relationships and innovation. As a company we learnt to adapt and evolve thanks to our dynamic, committed and hardworking employees. Despite the many challenges, like the effects of the post COVID-19 pandemic which continued to disrupt lives and businesses, and the war in Ukraine that caused further uncertainty and instability as well as rising inflation and many other economic challenges, we have been resilient and have come out stronger.

During the year our focus was on customer experience. We were committed to providing excellent customer service and creating a positive experience for all our valued clients. Our clients continue to remain our priority in our bid to remain relevant in today's business environment. All our strategic activities in 2022 were directed at ensuring a customer-centric approach to achieving our targets. We are pleased to say this is gradually being grounded and integrated into every area of our operations. Digital innovation was also high on our agenda in 2022.

In an era where digital technologies are revolutionizing our operations, we are positioned to serve all our clients 24/7 through our digital solutions. This will enable them conduct their businesses at their own convenience and comfort. These technological solutions will also strengthen our relations with our clients and draw us closer to them as we engage them on our digital platform.

Our commitment to continuous improvement is built into Star Assurance's Mission and Values and has been one of the guiding principles of our turnaround, transformation and future growth potential. Improving the core business was something we knew could not be accomplished in a single year. It required a commitment to change across many areas of the company's operations-underwriting, portfolio derisking, reinsurance, operational processes and claims management, talent retention and development, expense management, digital optimization, relationships with distribution partners and clients, regulatory engagement, transparency in communication, and corporate social responsibilities in our communities. Today, Star can boast of its increasing dependence on emerging technologies and data sources to drive efficiency and expand capabilities within the organization. We have also streamlined our processes with automation and providing customized services where needed and preferred.

The 2022 loss experience offered insights for the company including the need for better monitoring and sharing of granular exposure data; the importance of observation periods and a debiasing of historical losses; and the need for models and underwriting decisions to adjust readily to rapidly changing physical and socio-economic conditions.

We have learnt from our experiences; we have weathered the storm, we have been resilient. We are confident that the worst is behind us and we have emerged from this period stronger than ever before. We are committed to continuing to innovate, improve our efficiency, and strengthen our relationships with our clients and partners. We believe that these efforts will position us for success in the years to come.

Directors' Report

The directors present herewith the financial statements for the year ended 31 December 2022, which disclose the state of affairs of Star Assurance Limited.

Statement of 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 2022, and the income statement and statement of changes in equity and cash flow for the year then ended. In preparing these financial statements, management has selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and follow International Financial Reporting Standards (IFRS), and requirements of the Companies Act 2019, (Act 992), and the Insurance Act, 2021 (Act 1061).

Going Concern

The dreaded Covid-19 which took the world by storm has largely been brought under control across the world. The Covid-19, coupled with Russia's invasion of Ukraine, have had left very devastating impact on the global economy, which many countries are struggling to overcome. On the other hand however, it has also accelerated key technological innovations to propel businesses to the next level.

The Directors have reviewed the Company's budget and cash flow forecast and considered the Company's ability to continue as a going concern in the light of current and anticipated economic conditions.

The budget and cash flow forecast considered the impact of the Government Domestic Debt Exchange Programme, including projections of the impact on the Company's capital, funding, and liquidity requirements.

As part of this assessment, the Directors considered the sufficiency of the Company's financial resources now and post-debt exchange. The management of the Company's financial resources, which it defines as capital, funding and liquidity, and risk capacity, is a critical enabler of the achievement of the Company's stated growth and return targets and is driven by the Company's overall risk appetite.

As part of efforts by the Regulator to mitigate the impact of the Domestic Debt Exchange Programme on regulated entities, the National Insurance Commission (NIC), has issued forbearances, which among others include the following:

- **i.** Moratorium on Minimum Capital Requirements (MCR) and Capital Adequacy Ratios (CAR): It means that during the moratorium, the MCR and CAR will not be enforced but regulated entities will be required to operate in such a way as to be able to pay claims and operating expenses.

- **ii.** There will be an initial moratorium for two years after which the situation will be reviewed and appropriate decision(s) made. A set of guidelines will be developed and issued to guide the operation of regulated entities during the moratorium period. These forbearances will be available to regulated entities that abide by the operational guidelines that will be issued.

- **iii.** Revisions in asset risk discounts. Since the asset risk discounts are used to calculate the CAR, this is considered to be covered by the moratorium.

- **iv.** Revisions to Claims payments timelines. The number of working days within which non-life claims are to be paid after the signing of the discharge voucher will be increased from 5 to 15.

v. Release of up to 50% of the Statutory Deposit. This shall be used for the sole purpose of paying claims, and shall be replaced within two (2) years.

vi. 40% reduction in NIC product approval fees. This will only apply to products that are re-packaged and re-priced as a result of the DDE. It will also be for a one (1) year period (January to December 2023) only.

The Company has conducted stress tests by incorporating the regulatory forbearances to determine the impact on capital and for that matter going concern. The outcome is that the Company's Capital is above the regulatory minimum requirement. Based on the above, the Directors are satisfied that the Company has resources to continue in business for the foreseeable future.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

Share Capital

The Company has a paid up capital of GH¢130.235million as at December 2022 (December 2021 GH¢130.235million) which is far in excess of the capital requirement by the National Insurance Commission (NIC) of GH¢50million.

Details are shown in note 24 of the attached financial statements.

The shareholding structure of the Company as at December 31, 2022 remains as follows:

	No. of shares	Dec. 22	Dec. 21
Star Assurance Group Ltd.	6,294,869,539	**99.9979%**	99.9979%
Mr. Andrews Basoah	130,461	**0.0021%**	0.0021%
Total	6,295,000,000	**100.00%**	100.00%

Corporate Governance

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

The Company is committed to best practice and has adopted a Corporate Governance Framework in accordance with International Corporate Governance principles, laws of Ghana such as Company Act, 2019 (Act 992), and the Insurance Act, 2021 (Act 1061). It is the concern of the Board to guarantee that good corporate governance and its associated standards are entrenched in the ideals and business practices driven by the Board.

Roles and Responsibilities of the Board

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

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

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

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

Separation of the Chairman and Managing Director Roles

The Board Chairman, Mr. Michael Odartey-Wellington is an Independent Non-Executive Director. The separation of authority is set out in writing and agreed by the Board in the Corporate Governance Framework. This enhances independent oversight of Executive Management by the Board and helps to ensure that no one individual on the Board has autonomous power, influence or authority.

Composition of the Board

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

No	Name	Profession	Nationality	Date of Birth
1	Mr. Michael Odartey-Wellington	Chartered Accountant	Ghanaian	28-Sep-1965
2	Boatemaa D. Barfour-Awuah (Mrs.)	Chartered Insurer	Ghanaian	29-Nov-1983
3	Mr. Kofi Duffuor	Chartered Insurer	Ghanaian	07-Jan-1966
4	Mr. Emmanuel Baiden	Chartered Accountant	Ghanaian	16-Jan-1967
5	Mr. Kwadwo Okoh	Chartered Insurer	Ghanaian	10-Sep-1979
6	Prof. Charles Andoh	Lecturer/ Risk Analyst	Ghanaian	30-May-1968
7	Mr. Eric Osiakwan	Entrepreneur & Investor	Ghanaian	23-Oct-1978

Details of serving directors and their other engagements

No	Name	Qualifications	Other Engagements
1	Mr. Michael Odartey-Wellington	Chartered Accountant	Managing Director, Panbros Salt Industries Limited.
2	Boatemaa D. Barfour-Awuah (Mrs.)	Chartered Insurer, MSc (Finance)	Board member - Telemedia Communications Ltd
3	Mr. Kofi Duffuor	Chartered Insurer, MBA	Star Assurance Group Ltd CEO; Chairman, WAICA Reinsurance Corporation Plc
4	Mr. Emmanuel Baiden	Chartered Accountant, MBA	Star Assurance Group Ltd. CFO; Board member - Telemedia Communications Ltd, Star Microinsurance Co. Ltd, WAICA RE Capital, etc
5	Mr. Kwadwo Okoh	Chartered Insurance Practitioner (ACII)	Board Trustee - HODA Employee Pension
6	Prof. Charles Andoh	BSc Mathematics, MSc Mathematics, MSc Financial Mathematics, PhD Natural Science	Associate Professor, University of Ghana Business School.
7	Mr. Eric Osiakwan	Fellow-MIT (Stanford and Harvard)	Board member - Nyaho Medical Center, Cyber City, Starlife Assurance

Independence of Board of Directors

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

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

Capacity Building of Directors to Discharge their Duties

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

Board Committees

There are four (4) Committees that assist the Board in carrying out its responsibilities. These are the Risk, Audit & Compliance Committee, the Investment Committee, the Strategy and Finance Committee, and the Human Resource and Governance Committee. In deciding the committee memberships, the Board endeavours to make the best use of the range of skills and experience across board and share responsibility. Membership of the Committees is reviewed on an annual basis or as and when the need arises.

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

Board and Committee Meetings

The Main Board met four times during the year under review. The Risk, Audit and Compliance Committee met three times, the Strategy and Finance Committee also met three times, whilst the Investment Committee also met once. The Human Resource and Governance Committee could not hold any meeting during the year 2022.

	Main Board	Risk Mgt., Audit & Comp.	Strategy & Finance	Investment Committee	HR & Governance
Number of Meetings held during the year	4 Meetings	3 Meetings	3 Meetings	1 Meetings	No Meeting
Mr. Michael Odartey-Wellington	4 Meetings	N/A	N/A	N/A	N/A
Boatemaa D. Barfour-Awuah (Mrs.)	4 Meetings	3 Meetings	3 Meetings	1 Meetings	No Meeting
Mr. Kofi Duffuor	3 Meetings	N/A	N/A	1 Meetings	No Meeting
Mr. Emmanuel Baiden	4 Meetings	3 Meetings	3 Meetings	1 Meetings	No Meeting
Mr. Kwadwo Okoh	3 Meetings	N/A	N/A	N/A	No Meeting
Prof. Charles Andoh	4 Meetings	3 Meetings	3 Meetings	N/A	N/A
Mr. Eric Osiakwan	2 Meetings	N/A	2 Meetings	N/A	N/A

Corporate Social Responsibilities

Star Assurance recognises that it operates within a community comprising various stakeholders and therefore demonstrates its responsibility to the community through activities that deepen the partnership and relationship existing between them. Star Assurance will continue to assess the critical needs of its community and provide the necessary support with the aim of enhancing its core values.

Particulars of Entries in the Interest Register

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

Directors' Remuneration

Determining the remuneration of the Directors is subject to shareholders approval. The Board Chairman receives a net monthly fee of GHS3,968 and a sitting allowance of GHS1,656 per Board meeting. The other Non-Executive Directors were paid a monthly fee of GHS3,650 and a sitting allowance of GHS1,518 per meeting.

Auditors and Auditors fees

In accordance with section 139 (5) of the Companies Act, 2019 (Act 992), Messrs. PKF remains in office as auditors for the Company. As at December 2022, the amount payable in respect of audit fees was Gh¢85,000 (2021: Gh¢85,000).

Significant Development

Government of Ghana Domestic Debt Exchange (DDE)

On 5th December 2022, the Government of Ghana launched the Ghana's Domestic Debt Exchange programme. This was an invitation for the voluntary exchange of approximately GHS137 billion of the domestic notes and bonds of the Republic, including E.S.L.A. and Daakye bonds, for a package of New Bonds to be issued by the Republic.

This was part of a comprehensive programme that aimed at bringing the public debt stock back on a sustainable path as part of a requirement to allow Ghana's economy to recover from its economic crisis and unlock financial assistance from the International Monetary Fund (IMF).

Under the exchange programme, eligible bond holders were put into three categories as follows:

- **Category A:** This includes collective Investment Schemes (CIS) and natural persons less than 59years old as at 31st January 2023.

- **Category B:** Eligible Holders that are natural persons 59 years old or older as of 31st January 2023.

- **Category C:** Eligible holders that are not Category A or B. This includes corporate entities and financial institutions not defined as CIS.

Star Assurance falls under Category C.

The key areas of the memorandum that relates to Category C Eligible Bond Holders were:

- The General category C holders will receive new bonds for securities which are due in 2023 and beyond.

- Interest on the new bonds will be paid in Cash and in kind. The Payment in Kind (PIK) would be accrued and capitalized up to 10th February 2025 after which Interest payment would be fully cash.

- GoG will not make principal payments in cash on the Eligible Bonds maturing prior to the Settlement Date. Operational & financial impact on the Company

Operational and Financial Impact of the Company

The Company tendered a total amount of Gh¢7.2 million being the value of Old Eligible Bonds plus accrued interest for a set of New Bonds under the exchange.

Because the exchange was occasioned by the Obligor being financially challenged, the New Bonds were considered originated credit impaired. IFRS 9 requires that the new bonds be placed in stage three and assessed for impairment. The impairment assessment for the eligible bonds was done by discounting the cash flows under the New Bond using an appropriate discount factor and comparing same with the carrying amount of the Old Bonds before the exchange.

In addition, Treasury Bills and Bonds that were issued by the government but not subject to the debt exchange, as well as fixed deposits held with banks and other institutions, were also assessed for impairment.

This resulted in the total impairment loss of Gh¢28.51 million to the Company. The impact of this on the performance of the Company for the year ended 31 December 2022 is assessed to be less significant.

The key areas of impact are liquidity, profitability, and equity. The Directors have assessed the impact on the Company's operations and concluded on this under the going concern assessment.

Other Matters

The directors confirm that no matters have arisen since 31 December 2022 which materially affect the financial statements of the Company for the year ended on that date.

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Gross Premium	**233,914**	194,026
Reinsurance Premium	**(93,081**	(74,157)
Profit/(Loss) before Tax	**(8,296)**	27,529
Corporate tax provision of	**(899)**	(6,845)
and National Fiscal Stabilisation Levy	**-**	(1,376)
leaving Net Profit after Tax of	**(9,195)**	19,308
which is added Income Surplus Account brought forward from 31 December of the previous year	**56,631**	47,930
making a total Income Surplus of	**47,436**	67,238
from which is deducted Dividend paid of;	**(9,641)**	(4,786)
a transfer to Contingency Reserve of	**(7,017)**	(5,821)
leaving a net balance on the Income Surplus Account which is carried to the Statement of Financial Position	**30,778**	56,631

Board Chairman
Date: 28/04/2023

Chief Executive Officer
Date: 28/04/2023

Director
Date: 28/04/2023

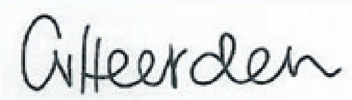
Date: 27/04/2023

Report by the Actuary

I hereby certify that:

The valuation ('001 Star Valuation report as at 31 December 2022 ') and this Actuary's Report of Star Assurance Co. Ltd. have been prepared in accordance with Actuarial Practice Note 401 of the Actuarial Society of South Africa. Reporting has been prepared in accordance with guidelines to the insurance industry on the actuarial function by the National Insurance Commission ("NIC") in Ghana.

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



C van Heerden
Actuary (FASSA)

tel +27 11 038 3745
christine.van.heerden@qedact.com
18 April 2022

Statement of Directors' Responsibilities

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

In preparing the financial statements, the Directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgement and estimates have been made in the preparation of the financial statements for the year ended 31 December 2022. The Directors confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with International Financial Reporting Standards, the Companies Act, 2019 (Act 992) and the Insurance Act, 2021 (Act 1061). They are also responsible for safeguarding the assets of the Company, and hence, for taking steps for the prevention and detection of fraud and other irregularities. This responsibility includes:

- Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error

- Selecting and applying appropriate accounting policies

- Making accounting estimates that are reasonable in the circumstances.

PKF

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STAR ASSURANCE COMPANY LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Star Assurance Company Limited set out on pages 20 to 84, which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Star Assurance Company Limited as at 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the International Financial Reporting Standards, the Companies Act, 2019 (Act 992) and the Insurance Act, 2021 (Act 1061).

Basis of 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter

We draw attention to note 38 of the financial statements which indicates that at the reporting date, the Government of Ghana had embarked on a Domestic Debt Exchange Program (DDEP) which meant the issuance of new bonds with extended maturity dates and entirely new coupon arrangements. The financial impact of this arrangement on the Company has been estimated and incorporated in the Financial Statements. Our opinion is not modified on this matter.

Key Audit Matters

Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

The key audit matters noted below relate to the financial statements.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Actuarial liability as at the end of the reporting period is detailed in notes 28 & 29 of the financial statements. The determination of this value requires significant judgment in the selection of key assumptions and methodologies. National Insurance Commission (NIC) sets out a particular methodology (chain ladder, average cost per claim, Bornhuetter Ferguson or Standard Development) that the actuary should follow and specifies the main sections the report must cover. There is the risk that valuation method may not be consistent with previous years in an attempt to achieve a favorable position. The Actuary exercises significant judgement in selecting the appropriate method to use in estimating actuarial liability. Therefore, there is significant measurement uncertainty involved in this valuation. As a result, the valuation of these instruments was significant to our audit	We tested the completeness and accuracy of the underlying data used by the Actuary in the actuarial calculations. We reconciled the data to the financial statements and the books of account. We reviewed the work of the Actuary to assess the appropriateness of the method used in calculating the Actuarial liability and whether they have been applied consistently over the years. We also assess the objectivity, independence and competence of the Actuary. Our review did not show any material inconsistencies. We considered the disclosure relating to the Actuarial liability and have found it to be appropriate and adequate

Other Information

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

Our opinion on the financial statements does not cover the Other Information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

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

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

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Insurance Act, 2021 (Act 1061) and for such internal control as the Board of 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 Board of Directors is 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 Board of Directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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 fraudis 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 Board of Directors.

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

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

We communicate with the Board of 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, 2019 (Act 992) requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

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

ii. In our opinion proper books of account have been kept by Star Assurance Company Limited so far as appears from our examination of those books, and proper returns adequate for audit purposes have been received from branches not visited by us.

iii. The statement of financial position and statement of comprehensive income are in agreement with the accounting records and returns.

iv. The financial statements give a true and fair view of the state of affairs of the Company and its results for the year under review

v. Adequate disclosures have been made in the financial statements for the directors' emoluments and pension as well as amount due from officers and the amount reported in the financial statements are in agreement with the accounting records and returns.

vi. We are independent of the Company in accordance with Section 143 of the Companies Act, 2019 (Act 992).

vii. In accordance with section 151(1) of the Insurance Act, 2021 (Act 1061) Star Assurance Company Limited has kept accounting records that are sufficient to explain its insurance business and any other business that it carries on.

The Engagement Partner responsible for the audit resulting in this Independent Auditor's Report is DOMINIC DORKENOO (ICAG/P/1449).

PKF

Signed by: DOMINIC DORKENOO (ICAG/P/1449)
FOR AND ON BEHALF OF PKF (ICAG/F/2022/039)
CHARTERED ACCOUNTANTS
FARRAR AVENUE ACCRA.

28TH APRIL **2023.**

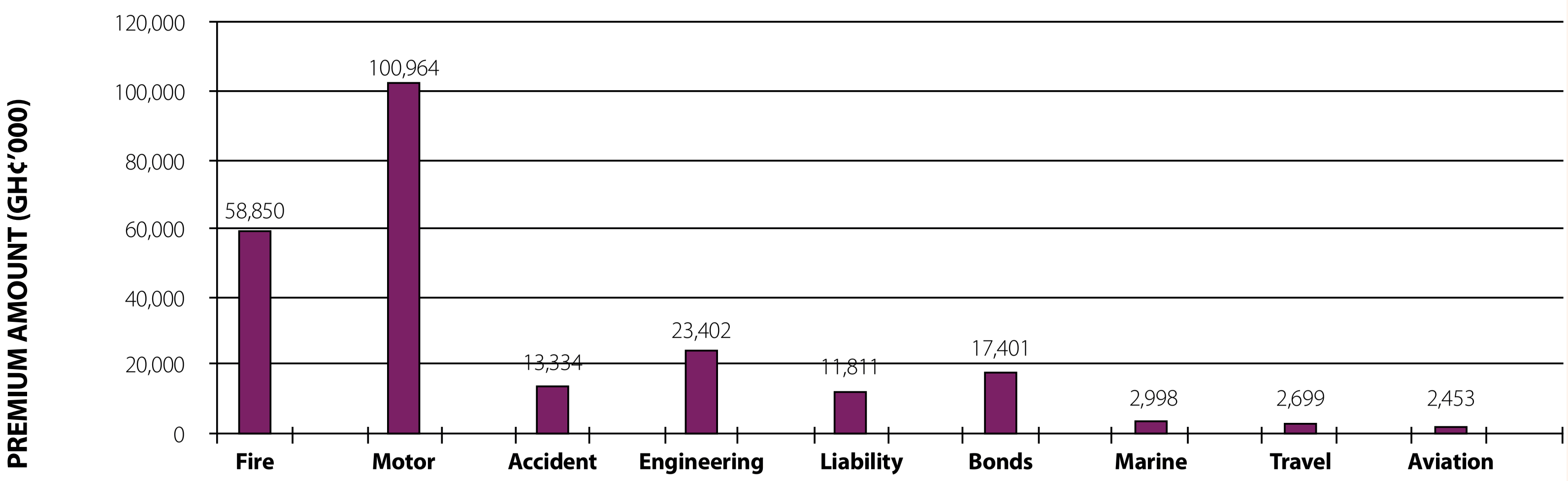
Financial Highlights (Summary)

31st December, 2022

Policy Type

	Fire Gh¢'000	Motor Gh¢'000	Accident Gh¢'000	Engineering Gh¢'000	Liability Gh¢'000	Bonds Gh¢'000	Marine Gh¢'000	Travel Gh¢'000	Aviation Gh¢'000	TOTAL Gh¢'000
Insurance premium revenue	58,851	100,964	13,334	23,402	11,812	17,401	2,998	2,699	2,453	233,914
Net Underwriting Income	23,998	91,207	8,342	16,748	8,707	15,821	1,318	2,300	383	168,824
Management Expenses	7,163	45,200	2,910	1,676	2,298	4,820	493	1,213	168	65,941
Underwriting Profit / (Loss)	(20,023)	(390)	705	6,194	4,877	2,639	708	311	(85)	(5,064)

Gross Premium Chart



Statement of Financial Position

As at 31st December, 2022

	Notes	Dec-22 Gh¢'000	Dec-21 Gh¢'000
Assets			
Property, Plant & Equipment			
Right of use Leased Assets	16	**3,132**	2,306
Intangible Assets	17.1	**7,366**	9,580
Investment Properties	18	**566**	807
Available-for-sale Equity Investments	19	**188,735**	188,359
Amount due from Reinsurers	20.1	**510,443**	236,771
Loans and Receivables	21	**1,061**	4,376
Current tax asset	22	**7,107**	3,450
Available-for-sale Debt Investment	15.2	**2,162**	2,650
Cash and Bank Balances	23	**58,276**	83,851
Total Assets	24	**21,156**	2,485
		800,004	534,635
Equity and Liabilities			
Stated Capital	25	**130,235**	130,235
Available-for-sale Reserve	20.2	**334,356**	129,090
Contingency Reserve	26	**46,391**	39,374
Income Surplus	27	**30,778**	56,631
Total Equity		**541,760**	355,330
Liabilities			
Insurance Claims Liability	28	**53,888**	42,397
Amount due to Re-insurers	30	**10,221**	13,010
Lease Liability	17	**3,279**	8,045
Creditors and Accruals	31	**8,338**	5,937
Bank Overdraft	32	**950**	
Provision for Unearned Premiums	29	**64,596**	59,901
Deferred tax liability	34	**116,392**	48,794
National Fiscal Stabilisation Levy	33	**580**	1,221
Total Liabilities		**258,244**	179,305
Total Equity and Liabilities		**800,004**	534,635

Approved by the Board on April 27th 2023.

Board Chairman
Date: 28/04/2023

Chief Executive Officer
Date: 28/04/2023

Director
Date: 28/04/2023

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st December, 2022

	Notes	Dec-22 Gh¢'000	Dec-21 Gh¢'000
Insurance premium revenue	6	**233,914**	194,026
Insurance premium ceded to reinsurers	6	**(93,081)**	(74,157)
Premium Retained		**140,833**	119,869
Less Unearned Premium Provision	29	**(4,695)**	(9,268)
Net Premium Earned		**136,138**	110,601
Reinsurance commission	8	**22,007**	13,610
Investment income	9	**30,618**	14,489
Other Income	10	**1,368**	10,627
Net Income		**190,131**	149,327
Underwriting Expenses:			
Commission Expense	11	**38,526**	34,889
Claims and loss adjustment expenses	12	**69,421**	62,854
Claims and loss adjustments expenses recovered		**(10,679)**	29,748)
Net Insurance Expenses		**97,268**	67,995
Operating Expenses	13	**65,941**	51,633
Total Expenses		**163,209**	119,628
Results of Operating Activities		**26,922**	29,699
Finance cost	14	**(2,228)**	(2,170)
Impairment of Investment	23.1	**(32,990)**	-
Profit/(Loss) before Taxation		**(8,296)**	27,529
Income tax expense	15	**(899)**	(6,845)
National Fiscal Stabilisation Levy	33	**-**	(1,376)
Profit/(Loss) for the Year		**(9,195)**	19,308
Other Comprehensive Income			
Items that may be reclassified subsequent to Profit or Loss			
Revaluation gains on Available-for-sale assets	20	**273,672**	81,118
Tax attributable to components of Other Comprehensive Income		**(68,406)**	(20,186)
Total other Comprehensive Income		**205,266**	60,932
Total Comprehensive Income		**196,071**	80,240

Statement of Changes in Equity

For the year ended 31st December, 2022

	Stated Capital Gh¢'000	Available-for sale Reserve Gh¢'000	Contingency Reserve Gh¢'000	Income Surplus Gh¢'000	Total Amount Gh¢'000
Dec-22	130,235	129,090	39,374	56,631	355,330
Balance at 1 January	-	-	-	(9,195)	(9,195)
Profit/(Loss) for the year					
Other comprehensive income:					
Gains on Available-for-sale assets	-	273,672	-	-	273,672
Deferred Tax attributable to Other Comp. Income	-	(68,406)	-	-	(68,406)
Transaction with Equity holders:					
Dividend Paid	-	-	-	(9,641)	(9,641)
Transfers within equity:					
Transfer to / (from) Contingency reserve	-	-	7,017	(7,017)	-
Balance at 31 December	130,235	334,356	46,391	30,778	541,760
Dec-21					
Balance at 1 January	130,235	68,158	33,553	47,930	279,876
Comprehensive Income:					
Profit for the year				19,308	19,308
Other comprehensive income:					
Gains on Available-for-sale assets		81,118			81,118
Deferred Tax attributable to Other Comp. Income		(20,186)			(20,186)
Transaction with Equity holders:					
Dividend Paid				(4,786)	(4,786)
Transfers within equity:					
Transfer to / (from) Contingency reserve	-	-	5,821	(5,821)	-
Balance at 31 December	130,235	129,090	39,374	56,631	355,330

Statement of Cash Flows

For the year ended 31st December, 2022

	Notes	Dec-22 Gh¢'000	Dec-21 Gh¢'000
Reconciliation of Operating Income to Cash Flow from Operating			
Activities:			
Profit/(Loss) before tax		**(8,296)**	27,529
Adjustments for:			
Depreciation Charges		**1,430**	1,481
Amortisation of Intangible Assets		**265**	358
Amortisation of Right of Use Lease Assets		**2,404**	2,051
Notional Lease Finance Cost		**2,069**	2,170
Profit on Disposal of Assets		**(18)**	(1)
Revaluation Gains on Investment Properties		**-**	(10,570)
Investment Income		**(30,618)**	(14,489)
Operating Profit/(Loss) before working capital changes			
Working Capital Reconciliation:		**(32,764)**	8,529
Change in Amount due from Re-insurers		**3,315**	(1,981)
Change in Loans and Receivables		**(3,657)**	1,307
Change in Provision for Unearned Premium		**4,695**	9,268
Change in Insurance Claims Liabilities		**11,491**	(3,263)
Change in Creditors and Accruals		**2,401**	1,520
Change in Amount due to Re-insurers		**(2,816)**	5,192
Cash Inflow from Operating Activities			
Return on Investment and Servicing of Finance:		**(17,335)**	20,572
Taxation:			
Corporate Tax Paid		**(1,193)**	(3,176)
National Fiscal Stabilisation Levy Paid		**(641)**	(184)
Net Cash Inflow from Operating Activities		**(19,169)**	17,151
Investing Activities:			
Investment Income		**30,618**	14,489
Acquisition of Property and equipment		**(2,255)**	(2,109)
Proceeds from Sale of Available-for-sale financial assets		**-**	7
Proceeds from Disposal of Assets		**18**	-
Acquisition of Investment Property		**(376)**	(632)
Acquisition of Intangible Assets		**(24)**	(509)
Lease Payments		**(7,025)**	(3,887)
Net cash flow from investing activities		**20,956**	7,359
Financing Activities:			
Bank Overdraft		**950**	-
Dividend Paid		**(9,641)**	(4,786)
Net cash flow from financing activities		**(8,691)**	(4,786)
Increase/(Decrease) in Cash and Cash Equivalents		**(6,904)**	19,785
Cash and Cash Equivalents 1 January		**86,336**	66,551
Cash and Cash Equivalents 31 December	35	**79,432**	86,336

Notes to the Financial Statements

For the year ended 31st December, 2022

1 General Information

1.1 Corporate Information

Star Assurance Company Limited, a company limited by shares was incorporated in Ghana under the Companies Act, 2019 (Act 992) and the Insurance Act, 2021 (Act 1061). The company is permitted by its regulations to carry on, inter alia, the business of non-life insurance business, including fire, motor, general accident, marine, travel and aviation. The registered office of the Company is the First Floor of the Stanbic Heights Building, 215 South Liberation Link - Airport City, Accra - Ghana.

1.2 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB), as required by the Institute of Chartered Accountants (Ghana), the National Insurance Commission, per the Insurance Act 2021 (Act 1061) and the Companies Act, 2019 (Act 992).

1.3 Basis of Preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs). Additional information required by the Companies Act, 2019 (Act 992) and the Insurance Act, 2021 (1061) are included where appropriate. They have been prepared on a historical cost basis except for the following assets and liabilities that are stated at their fair values: financial instruments that are fair value through profit or loss; financial instruments classified as available-for-sale; investment properties and property, plant and equipment. The financial statements are presented in Thousands of Ghana Cedis (Gh¢'000).

2 New and amended IFRS Accounting Standards that are effective for the current year (2022)

In the current year, the Company has applied a number of amendments to Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2.1 Amendments to IAS 16 Property, Plant and Equipment-Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

2.2 Amendments to IFRS 3 Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

2.3 Amendments to IAS 37 Onerous Contracts-Cost of Fulfilling a Contract

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

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

2.4 Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.

2.4.1 IFRS 1 First-Time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

This however does not apply to the Company.

2.4.2 IFRS 9 Financial Instruments

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

2.4.3 IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

2.4.4 IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

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.

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 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.

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

4.1.1 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.

4.1.2 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.

4.1.3 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.

4.1.4 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.

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

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

Under casualty insurance contracts, the company protects the policyholders against claims for causing harm to third parties as a result of legitimate activities of the policyholders.

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

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

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

Claims incurred are expenses for the year which comprise; provision for claims reported during the year pending settlement and a provision for claims incurred but not reported (IBNR). The total of these two is net against claims settled within the year and other adjustments.

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

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

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

4.2.4 Receivables and Payables Related to Insurance Contracts
Receivable and payables arising from insurance and reinsurance contracts are recognised when due and measured at amortised cost using the effective interest rate method. These include amounts due to and from agents, brokers,

policyholders and reinsurers. The Company assesses at each reporting date, whether there is any objective evidence that insurance receivable is impaired. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognises that impairment loss in the statement of comprehensive income. Receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after its initial recognition (a loss event) and that loss event has an impact on the estimated future cash flows which can be estimated reliably.

4.2.5 Salvage and Subrogation

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

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

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

4.3 Current Taxation

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

4.4 Deferred Taxation

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

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

4.5 Property, Plant and Equipment

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

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

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

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

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

- Motor Vehicle 25%
- Furniture and equipment 20%
- Computer Hardware 25%
- Freehold building 5%
- Computer Software 25%

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

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

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

4.6 Investment Properties

Investment Properties are properties owned or leased by the Company which are held for long-term rental income and for capital appreciation other than properties held for use in the production or supply of service or for administrative purposes; or for sale in the ordinary course of business.

Investment Property is measured initially at its cost including transaction costs. The initial cost of a property interest held under a lease and classified as an investment property is the lower of the fair value of the property and the present value of the minimum lease payments. After initial recognition, the Company measures its Investment Properties using the fair value model with which investment properties are measured at values that reflect market conditions at the end of the reporting year. Gains or losses arising from changes in the fair values of investment property are recognised in profit or loss for the year in which they arise.

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

Investment properties are derecognised and eliminated from the statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment properties are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss (unless IAS 17 requires otherwise on a sale and leaseback) in the period of the retirement or disposal.

4.7 Financial Assets and Financial Liabilities

4.7.1 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.

4.7.2 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.

4.7.3 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.

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

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

4.7.4 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.

4.7.5 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.

4.7.6 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.

4.7.7 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.

4.7.8 Amortised Cost Measurement

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

4.7.9 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.

4.7.10 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.

4.7.11 Impairment of Financial Assets

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

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

a. financial difficulty of the issuer or the obligor;

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

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

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

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

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

- national or local economic conditions that correlate with defaults in the 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 equired 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.

4.7.12 Modification Assessment for the Government of Ghana Bonds under DDEP
The Company used the principles of IAS 39 to assess for modification where the contract terms of debt instruments are modified. An assessment is performed to ascertain if the new terms are "substantially different" from the old terms i.e., if the modification is significant or not.

IAS 39 states that in some circumstances the renegotiation or modification of the contractual cash flows of a financial asset can lead to its derecognition although there is no explicit guidance on when a modification of a financial asset leads to derecognition.

In assessing whether there is a substantial modification the Company may, but is not required to, analogise to the guidance on the derecognition of financial liabilities (IFRIC updates, May 2012, and September 2012).

The paragraph regarding derecognition of financial liabilities under IAS 39 from which the analogy is drawn states that, an exchange between an existing borrower and lender of debt instruments with substantially different terms or a substantial modification of the terms of an existing financial liability shall be accounted for as an extinguishment of the original financial liability

The Company assessed the financial liabilities and applied its analogy to assess the exchange of the old bonds for the new bonds to be acquired under the Debt Exchange program, will result in a substantial modification due to the following:

i. A holder of a single bond or a holder of portfolio of bonds will receive, in exchange for the old bond or portfolio of old bonds, seven bonds with different maturities and cash flow profiles in accordance with the terms and conditions of the GDDE program.

ii. All of the bondholders are to receive the same restructuring deal irrespective of the terms and conditions of their individual holdings. This indicates that the individual instruments, terms and conditions were not taken into account. The different bonds (series) were not each modified in contemplation of their respective terms and conditions but were instead replaced by a new uniform debt structure; and

iii. The terms and conditions of the new bonds are substantially different from those of the old bonds. The changes include many different aspects, such as significant extension of the maturity date of the bonds and reduction of the coupon rates.

Consequently, the Company will derecognize the old bonds, and a new asset recognised for the new bonds.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification is treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. This typically means measuring the loss allowance at an amount equal to 12-month expected credit losses until there is a significant increase in credit risk.

However, in some unusual circumstances following a modification that results in derecognition of the original financial asset, there may be evidence that the modified financial asset is credit-impaired at initial recognition, and thus, the financial asset should be recognised as an originated credit-impaired financial asset.

Impairment

Per IAS 39, an asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. The following are examples of such events:

- Significant financial difficulty of the issuer or the borrower.
- A breach of contract - e.g., a default or past-due event.
- A lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that the lender would not otherwise consider
- Is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

- The disappearance of an active market for that financial asset because of financial difficulties; or

- The purchase of a financial asset at a deep discount that reflects the incurred credit losses

The Company made the assessments of the factors above in relations to the Government and concluded that the new bonds should be classified as originated credit impaired.

Initial Recognition of Originated Credit-Impaired Assets
On initial recognition, originated credit-impaired assets do not carry an impairment allowance. Instead, lifetime Expected Credit Losses (ECLs) are incorporated into the calculation of the effective interest rate. This requires the Company to determine the cash shortfalls or the expected cash flows under the new terms in calculating the effective interest rate of the new bonds at initial recognition.

Subsequent Measurement of Originated Credit-Impaired Assets
The ECLs for originated credit-impaired assets are always measured at an amount equal to lifetime ECLs. However, the amount recognised as a loss allowance for these assets is not the total amount of lifetime ECLs, but instead the changes in lifetime ECLs since initial recognition of the asset. No impairment expense or allowance is recognised if, in subsequent periods, experience and expectations about the collectability of cash flows are unchanged from expectations on initial recognition.

Favourable changes in lifetime ECLs are recognised as an impairment gain, even if the favourable changes are more than the amount, if any, previously recognised in profit or loss as impairment losses.

If the Government can secure IMF Management and Executive Board Approval for an IMF program and the creditworthiness of the Government improves, the Company will revise the assessment of the expected cashflows from the new bonds and record an impairment gain.

Fair Valuation
Valuation techniques
The price of bonds is typically measured using techniques that fall under the market approach and/ or the income approach. The valuation approaches that may be considered include:

a. Market Approach
This valuation approach uses the prices and other relevant information generated by market transaction involving identical or comparable instruments. Under this approach, the price of the new bonds is based on either:

- the price of a bond from quoted prices on the bond market or stock exchange by a comparable issuer, or

- the price of a similar bond issued by a comparable issuer on an unquoted market.

This approach may not be appropriate to be used by the Company in valuing the new bonds because there is no principal or advantageous market for these bonds since they come to replace all Government bonds currently on the market.

Fair Valuation
b. Income Approach
This valuation technique converts future cash flows or income streams to a discounted amount. The value is determined on the basis of the value indicated by current market expectations about those future amounts, discounted to their present value. The common technique under the income approach that is used to measure the value of unquoted bonds is the discounted cash flow method (present value technique).

Under this method, the value of the bond is measured by discounting the estimated future cash flows of the bond using a rate of return that comprises the time value of money and the risks of the investment such as, credit risk, liquidity risk and other risks. This is based on assumptions that are inherently uncertain because they reflect estimates of the future rather than known amounts. Even contractual cash flows that may appear certain at first glance contain risk because of uncertainty about the ability of the counterparty to meet its contractual obligations. For example, contractual cash flows on a bond are subject to a risk of default. A risk premium is therefore included in the fair value measurement to reflect the amount that risk-averse market participants would demand to be compensated for the uncertainty of the cash flows.

An active market is yet to develop for the new bonds thus the discounted cash flow method under the income approach would be a more suitable valuation approach for determining the fair value of the new bonds.

IFRS 13 paragraph B.12 describes two approaches to applying a discounted cash flow method:

The Discount Rate Adjustment Technique [IFRS 13 paragraph B18]
This technique requires discounting the contractual or promised cash flows using a risk-adjusted rate. These cash flows are conditional upon the occurrence of specified events (e.g. contractual or promised cash flows for a bond are conditional on the event of no default by the debtor). The discount rate used in the discount rate adjustment technique is derived from observed rates of return for comparable assets or liabilities that are traded in the market. Accordingly, the contractual, promised or most likely cash flows are discounted at an observed or estimated market rate for such conditional cash flows (i.e. a market rate of return).

- The Expected Present Value Technique [IFRS 13 paragraph B23]

This technique requires discounting either:

- **Method 1** - the risk-adjusted expected cashflows using a risk-free rate, or

- **Method 2** - the non-risk adjusted expected cash flows using a risk-adjusted rate (this rate is different from the rate used in the discount rate adjustment technique).

This technique uses as a starting point a set of cash flows that represents the probability-weighted average of all possible future cash flows (i.e., the expected cash flows). The resulting estimate is identical to expected value, which, in statistical terms, is the weighted average of a discrete random variable's possible values with the respective probabilities as the weights. Because all possible cash flows are probability-weighted, the resulting expected cash flow is not conditional upon the occurrence of any specified event (unlike the cash flows used in the discount rate adjustment technique). In theory, the present value (i.e. the fair value) of the asset's cash flows is the same whether determined using Method 1 or Method 2. When using an expected present value technique to measure fair value, either Method 1 or Method 2 could be used. The selection of Method 1 or Method 2 will depend on facts and circumstances specific to the asset or liability being measured, the extent to which sufficient data are available and the judgements applied.

The technique observed to be commonly used by entities in Ghana for valuing government bonds is the discount rate adjustment technique whereby the contractual cash flows are discounted using yields available from the bond market. This approach is preferred over the expected present value technique because the discount rate adjustment technique avoids the complexities of determining multiple sets of cash flows with appropriate probability weights.

The Company discounted the contractual cash flows of the new bond using a yield to maturity calculated from the market yields of the old bonds at date of measurement.

The yield to maturity of the old bonds is considered the appropriate discount rate since it currently reflects the risks and uncertainty associated with the Government of Ghana and it maximises the use of relevant observable inputs and minimise the use of unobservable inputs. In determining the yield to maturity, entities should consider the suitability of old bonds based on their proximity of the maturity date to the respective new bond to be priced. For example, for the bond maturing in 2027, the old bonds which have a maturity close to 2027 are a suitable choice. Entities may also refer to an old bond which is slightly shorter running and another old bond which is slightly longer running.

Categorisation of Fair Value

IFRS 13 establishes a three-level fair value hierarchy based on the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels - the highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities, and the lowest priority is given to unobservable inputs [IFRS 13.72].

- **Level 1 inputs:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

- **Level 2 inputs:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- **Level 3 inputs:** Unobservable inputs for the asset or liability [IFRS 13.76, 81, 86, A].

The level into which a fair value measurement is categorised in its entirety is determined with reference to the observability and significance of the inputs used in the valuation technique. Categorisation into Level 1 can only be achieved through the market approach using quoted prices in an active market for an identical asset or liability, without adjustments.
Considering that there is no active market for the new bonds, the fair value measurement will, at a minimum, fall within level 2 of the hierarchy. The fair value measurement may be escalated to level 3 depending on the level of significant unobservable inputs used in the measurement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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
4.17.1 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.

4.17.2 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.

4.17.3 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

4.21.1 Computer Software

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

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

4.21.2 Deferred Expenses

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

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 has formally established an Enterprise Risk Management (ERM) framework with the aim of enabling management to effectively identify, evaluate and mitigate existing and emerging risks which can potentially prevent the company's ability to maximize stakeholders' value and achieve its business objectives.

The framework establishes a culture of continuously strengthening the risk management processes by institutionalizing the elements of risk management into the flow of business processes which cascades into a dedicated Central Risk Management function.

- **i.** Corporate strategic objectives to which management should align its risk management processes;
- **ii.** The Company's risk appetite and risk tolerance limits;
- **iii.** Executive Management Committee (EMC).
- **iv.** Risk Management Department (RMD)
- **v.** Internal Audit
- **vi.** Technical Compliance
- **vii.** Bond Monitoring

5.1 Insurance and Financial Risk Management Framework (cont'd)
The Company's risk management system is based on three lines of defense model to help ensure governance and control. This model consists of the following:

The first line of defense is the employees making day-to-day business decisions like underwriting, product development, reinsurance, sales and distribution, customer service, claims handling, finance and capital, investments, information technology, human resource, legal and procurement.

The second line of defense is the Risk Management Unit, which oversees the Company's efforts to apply appropriate risk identification and governance processes and provides tools and frameworks to manage decisions. The Risk Management Unit also coordinates very closely with the Technical Compliance Unit, and the Internal Audit to encourage better coordination across various silos to build an enterprise lens on risk management.

The third line of defense is the Internal Audit Function, which is responsible for verifying the functionality of the enterprise risk management and internal controls framework operated by the first and second lines of defense.

The Board of Directors is responsible for setting the tone for risk management by:

i. Approving the business objective of the Company;

ii. Approving the ERM framework; and

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

The Head of Risk reports to the Board of Directors through the Risk, Audit and Compliance Committee of the Board. The Risk Management Department is responsible for drawing up the ERM framework for the Boards approval. It also exercises oversight role on the risk management functions by ensuring that the Board's risk directives are adhered to.

The roles of the Risk Management Department include:

i. Draw up Enterprise Risk Management Framework

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

iii. Reports directly to the Board Committee on Risk

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

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

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 Units further ensure that the Company is not exposed to concentration risk. The Units do 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 31st December, 2022

By Currency Product	Ghana Cedi Gh¢'000	US Dollar Gh¢'000	Euro Gh¢'000	GB Pound Gh¢'000	Total Gh¢'000	Regional Accra Gh¢'000	Others Gh¢'000
Fire	5,352,645	19,488,446	887	116,654	24,958,632	24,284,578	674,054
Motor	965,531	662,484	28	17,277	1,645,320	1,390,727	254,593
Accident	4,463,583	599,699	42	57,382	5,120,706	4,905,659	215,047
Engineering	328,802	12,661,796	513,980	2,442,960	15,947,538	15,862,814	84,724
Liability	704,947	2,646,435	-	-	3,351,382	3,302,874	48,508
Bonds	1,237,592	1,336,461	-	2,003,140	4,577,193	4,019,296	557,897
Marine	23,534	453,649	11,528	920	489,631	489,631	-
Total	13,076,634	37,848,970	526,465	4,638,333	56,090,402	54,255,579	1,834,823

5.2.2 Claims development table

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

Loss year **Month of development**

	12 Months Gh¢'000	24 Months Gh¢'000	36 Months Gh¢'000	48 Months Gh¢'000	60 Months Gh¢'000	72 Months Gh¢'000	84 Months Gh¢'000
2015	17,819	5,203	7,794	1,107	431	-	374
2016	11,431	5,370	1,621	1,026	25	747	
2017	13,493	8,621	3,109	-	625		
2018	17,167	11,050	283	1,795			
2019	38,880	4,510	19,486				
2020	26,025	13,948	7				
2021	27,645	21,614					
2022	21,296						

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.

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. 22 Gh¢'000	Dec. 21 Gh¢'000
Amount due from Reinsurers	1,061	4,376
Other Receivables	7,107	3,450
Available-for-sale Debt Investment	58,276	83,851
Total	66,444	91,677

The company holds Gh¢3.3million of its debt instruments as collateral against a Gh¢3.0million overdraft facility with Ecobank Ghana Limited. The overdrawn balance as at the year-end was Gh¢0.95 million.

In order to minimize 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. 22 Gh¢'000	Dec. 21 Gh¢'000
Up to 30 days	318	1,313
31 to 60 days	212	875
61 to 90 days	106	438
Over 90 days	425	1,750
Total	1,061	4,376

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. 22 Gh¢'000	Dec. 21 Gh¢'000
Maturing within 91 days	43,520	18,914
Maturing within 182 days	42,792	39,286
Maturing within 365 days	472	15,576
Maturing after 365 days	-	10,075
Impairment Provision	(28,508)	-
Total	58,276	83,851

Computation of Impairment provision

Type of Investment	Counter Party Type	Face Value of Investment Gh¢'000	Average Imp. Reate %	Value Impaired Gh¢'000	Net Value Gh¢'000
Investment under DDEP	Government of Ghana	**7,105**	35.6%	**2,532**	4,572
Treasury Bills	Government of Ghana	**19,836**	10.3%	**1,829**	18,007
Other Quasi GoG Bonds	Other Gov. Institutions	**17,049**	25.7%	**4,387**	12,663
Fixed Deposits	Banks & Other Fin. Inst.	**42,794**	46.2%	**19,760**	23,034
Totals		**86,784**		**28,508**	58,276

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

	Maturing in 91days Gh¢'000	Maturing in 182days Gh¢'000	Maturing in 365days Gh¢'000	Maturing after 365days Gh¢'000	Impair't Prov Gh¢'000	Total
Dec- 2022						
Financial Assets:						
Amount due from Reinsurers	**1,061**	-	-	-	-	1,061
Other Receivables	**7,107**	-	-	-	-	7,107
Available-for-sale Debt Investment	**43,520**	42,792	472	-	(28,508)	58,276
Cash and Bank Balances	**21,156**	-	-	-	-	21,156
Total	**72,844**	42,792	472	-	(28,508)	87,600
Financial Liabilities:						
Amount due to Reinsurers	**10,193**	-	-	-	-	10,193
Claims Liabilities	**3,814**	31,890	18,186	-	-	53,890
Borrowings	**950**	-	-	-	-	950
Creditors and Accruals	**11,617**	-	-	-	-	11,617
Tax Liability	**581**	-	-	-	-	581
Total	**27,155**	31,890	18,186	-	-	77,231
Net Liquidity at December 31	**45,689**	10,902	(17,714)	-	(28,508)	10,369
Dec- 2021						
Financial Assets:						
Amount due from Reinsurers	**4,376**	-	-	-	-	4,376
Other Receivables	**3,450**	-	-	-	-	3,450
Available-for-sale Debt Investment	**18,914**	39,286	15,576	10,075	-	83,851
Cash and Bank Balances	**2,485**	-	-	-	-	2,485
Total	**29,225**	39,286	15,576	10,075	-	94,163
Financial Liabilities:						
Amount due to Reinsurers	**13,010**	-	-	-	-	13,010
Claims Liabilities	**10,690**	20,694	11,011	-	-	42,395
Creditors and Accruals	**9,216**	-	-	-	-	9,216
Tax Liability	**1,222**	-	-	-	-	1,222
Total	**34,138**	20,694	11,011	-	-	65,843
Net Liquidity at December 31	**(4,913)**	18,592	4,565	10,075	-	28,320

5.6 Market Risk

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

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

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

5.7 Foreign exchange exposure

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

Currency exposure at year-end in cedi-equivalents of the following major foreign currencies at 31 December 2022:

	USD Gh¢'000	GBP Gh¢'000	EUR Gh¢'000
Dec-2022			
Assets			
Due from reinsurers	**713**	**2**	**42**
Cash & cash equivalents	**20,413**	**12**	**150**
Available For Sale Equity Investment	**509,110**	**-**	**-**
Investment Properties	**180,921**	**7,438**	**-**
Total	**711,157**	**7,452**	**192**
Liabilities			
Due to reinsurers	**7,486**	**37**	**315**
Net Amount	**703,671**	**7,415**	**(123)**
Dec-2021			
Assets			
Due from reinsurers	1,449	1	190
Cash & cash equivalents	206	44	97
Available For Sale Equity Investment	235,487	-	-
Investment Properties	180,921	7,438	-
Total	418,063	7,483	287
Liabilities			
Due to reinsurers	8,105	109	379
Net Amount	409,958	7,375	(93)

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. 22 Gh¢'000	Dec. 21 Gh¢'000
Profit/(Loss) before tax	(8,296)	415
Shareholders' fund	541,760	27,088

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¢414,883 and Gh¢27,088,087 respectively, while a decrease in exchange rates by 5% would decrease profit before tax for the year and shareholders' fund by the same amounts.

5.9 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.

5.10 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.

5.11 Capital Management

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

i. To comply with the capital and solvency requirements as set out in the Insurance Act 2021 (Act 1061);

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¢50.0 million. It also requires non-life insurance companies to maintain solvency margin with which the company's assets must be at least 150% of its liability at all times.

Management monitors the company's capital adequacy and solvency margin regularly to ensure their continuous compliance. The Company's paid up capital at the end of the year was GH¢130,235,000 (December 2021 - GH¢130,235,000). The table below shows the summary of solvency margin of the Company at the end of the year to December 31, 2022.

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Available Capital Resources (Gh¢'000)	149,459	164,073
Solvency Capital Required (Gh¢'000)	29,967	29,967
Capital Adequacy Ratio	498.7%	547.5%

5.12 Fair Value of Financial Instrument

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

- **Level 1:** inputs that are quoted market prices (unadjusted) in active market for identical instruments.
- **Level 2:** inputs other than quoted prices included within level 1 that are observable either directly or indirectly. This category includes instruments valued using: quoted market price in active market for similar instrument; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- **Level 3:** inputs are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Valuation techniques include net present value and discounted cash flows models, comparison with similar instruments for which market observable prices exists and other valuation models. Assumptions and inputs used in valuation techniques risk free and benchmark interest rates, credit spreads estimating discount rate, bond and equity price volatilities and correlations. The following table shows fair value measurements recognised in the statement of financial position or disclosed in the financial statements by class of asset or liability and categorised by level according to the significance of the inputs used in making the measurement.

	Level 1 Gh¢'000	Level 2 Gh¢'000	Total Gh¢'000
Dec-2022			
Non-pledged trading assets			
Government Securities	-	35,242	35,242
Debt Securities	-	23,034	23,034
Equity Securities	1,332	509,110	510,442
Cash and cash equivalents	-	21,157	21,157
Loans and receivables	-	8,168	8,168
Balance at December 31	1,332	596,711	598,043

	Level 1 Gh¢'000	Level 2 Gh¢'000	Total Gh¢'000
Dec-2021			
Non-pledged trading assets			
Government Securities	-	24,372	24,372
Debt Securities	-	59,479	59,479
Equity Securities	1,283	235,487	236,770
Cash and cash equivalents	-	2,485	2,485
Loans and receivables	-	7,827	7,827
Balance at December 31	1,283	329,650	330,933

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

Dec-22

	Cash & Cash Equivalents Gh¢'000	Debt Securities Gh¢'000	Loans & Receivables Gh¢'000	Equity Securities Gh¢'000	Trading Liabilities Gh¢'000	Total Amount Gh¢'000
Balance at 1 January 2021	1,586	64,965	7,153	155,658	(21,964)	207,399
Movements in 2021:						
Total gains and losses:						
in profit or loss	-	9,244	-	-	-	9,244
in OCI	-	-	-	81,111	-	81,111
Purchases	-	30,502	-	-	-	30,502
Settlements	899	(20,860)	674	-	(5,025)	(24,312)
Balance at 31 December 2021	2,485	83,851	7,827	236,769	(26,989)	303,944
Movements in 2022:						
Total gains and losses:						
in profit or loss	**-**	**(3,308)**	**-**	**-**	**-**	**(3,308)**
in OCI	**-**	**-**	**-**	**273,673**	**-**	**273,673**
Purchases	**-**	**7,907**	**-**	**-**	**-**	**7,907**
Settlements	**18,672**	**(30,174)**	**341**	**-**	**5,179**	**(5,982)**
Balance at 31 December 2022	**21,157**	**58,276**	**8,168**	**510,442**	**(21,810)**	**576,233**

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:

Dec-22

	Fire Gh¢'000	Motor Gh¢'000	Accident Gh¢'000	Engineering Gh¢'000	Liability Gh¢'000	Bonds Gh¢'000	Marine Gh¢'000	Travel Gh¢'000	Aviation Gh¢'000	Total Gh¢'000
Policy Type										
Insurance premium revenue	58,851	100,964	13,334	23,402	11,812	17,401	2,998	2,699	2,453	233,914
Premium ceded to reinsurers	(43,552)	(4,428)	(7,119)	(19,822)	(6,904)	(1,944)	(1,944)	(109)	(2,095)	(93,081)
Premium Retained	15,299	96,536	6,215	3,580	4,908	1,054	1,054	2,590	358	140,833
Less Unearned Premium Provision	(2,021)	(6,925)	(162)	(229)	2,238	(415)	(415)	(290)	(28)	(4,695)
Net insurance premium revenue	13,278	89,611	6,053	3,351	7,146	639	639	2,300	330	136,138
Ceding commission earned	9,038	1,082	2,135	5,815	1,536	564	564	-	53	22,007
Claims and loss adjustments recovered	1,682	514	154	7,582	25	115	115	-	-	10,679
Net underwriting income	23,998	91,207	8,342	16,748	8,707	1,318	1,318	2,300	383	168,824
Underwriting Expenses:										
Agency commission incurred	8,969	15,979	2,451	4,727	1,601	4,177	660	364	198	38,526
Claims and loss adjustment expense	27,889	30,418	2,276	4,151	(69)	4,185	57	412	102	69,421
Operating Expenses	7,163	45,200	2,910	1,676	2,298	4,820	493	1,213	168	65,941
	44,021	91,597	7,637	10,554	3,830	13,182	610	1,989	468	173,888
Underwriting Profit / (Loss)	(20,023)	(390)	705	6,194	-4,877	2,639	708	311	(85)	(5,064)
Investment income	-	-	-	-	-	-	-	-	-	30,618
Other Income	-	-	-	-	-	-	-	-	-	1,368
Impairment of Investment	-	-	-	-	-	-	-	-	-	(32,990)
Finance Cost	-	-	-	-	-	-	-	-	-	(2,228)
Profit before tax	(20,023)	(390)	705	6,194	4,877	2,639	708	311	(85)	(8,296)

Dec-22

	Fire Gh¢'000	Motor Gh¢'000	Accident Gh¢'000	Engineering Gh¢'000	Liability Gh¢'000	Bonds Gh¢'000	Marine Gh¢'000	Travel Gh¢'000	Aviation Gh¢'000	Total Gh¢'000
Policy Type										
Insurance premium revenue	43,749	184,700	10,104	24,598	10,910	16,169	1,246	988	1,562	194,026
Premium ceded to reinsurers	(32,746)	(3,663)	(4,723)	(21,781)	(4,372)	(4,775)	(663)	(93)	(1,341)	(74,157)
Premium Retained	11,003	81,037	5,381	2,817	6,538	11,394	583	895	221	119,869
Less Unearned Premium Provision	(1,570)	(7,226)	518	6,056	(2,607)	(4,236)	(82)	(168)	47	(9,268)
Net insurance premium revenue	9,433	73,811	5,899	8,873	3,931	7,158	501	727	268	110,601
Ceding commission earned	6,132	768	5,899	3,475	781	863	144	-	49	13,610
Claims and loss adjustments recovered	5,877	11,055	5,899	2,546	35	10,038	21	-	-	29,748
Net underwriting income	21,442	85,634	5,899	14,894	4,747	18,059	666	727	267	153,959
Underwriting Expenses:										
Agency commission incurred	6,253	17,039	1,977	3,707	1,889	3,674	98	124	128	34,889
Claims and loss adjustment expense	809	35,232	1,854	6,832	3,520	14,511	197	(6)	(95)	62,854
Operating Expenses	4,740	34,907	2,318	1,213	2,816	4,908	251	385	95	51,633
	11,802	87,178	2,318	11,752	8,225	23,093	546	503	128	149,376
Underwriting Profit / (Loss)	9,640	(1,544)	1,324	3,142	(3,478)	(5,034)	120	224	189	4,583
Investment income	-	-	-	-	-	-	-	-	-	14,489
Other Income	-	-	-	-	-	-	-	-	-	10,627
Finance Cost	-	-	-	-	-	-	-	-	-	(2,170)
Profit before tax	9,640	(1,544)	1,324	3,142	(3,478)	(5,034)	120	224	189	27,529

7. Product line analysis

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

		Direct Premium Income GH¢'000	Reinsurance Premium Income GH¢'000	Gross Written Premium GH¢'000	Adjustment in unearned Premium GH¢'000	Insurance Premium Revenue GH¢'000	Reinsurance Cost GH¢'000	Total
Dec-22	**Fire**	**57,841**	**1,010**	**58,851**	**(2,021)**	**56,830**	**(43,552)**	**13,278**
	Motor	**100,716**	**248**	**100,964**	**(6,925)**	**94,039**	**(4,428)**	**89,611**
	Accident	**12,252**	**1,082**	**13,334**	**(162)**	**13,172**	**(7,119)**	**6,053**
	Engineering	**23,176**	**226**	**23,402**	**(229)**	**23,173**	**(19,822)**	**3,351**
	Liability	**11,728**	**84**	**11,812**	**2,238**	**14,050**	**(6,904)**	**7,146**
	Bonds	**17,390**	**11**	**17,401**	**3,137**	**20,538**	**(7,108)**	**13,430**
	Marine	**2,978**	**20**	**2,998**	**(415)**	**2,583**	**(1,944)**	**639**
	Travel	**2,699**	**-**	**2,699**	**(290)**	**2,409**	**(109)**	**2,300**
	Aviation	**2,453**	**-**	**2,453**	**(28)**	**2,425**	**(2,095)**	**330**
		231,233	**2,681**	**233,914**	**(4,695)**	**229,219**	**(93,081)**	**136,138**
Dec-21	Fire	43,328	421	43,749	(1,570)	42,179	(32,746)	9,433
	Motor	84,550	150	84,700	(7,226)	77,474	(3,663)	73,810
	Accident	9,288	816	10,104	518	10,622	(4,723)	5,897
	Engineering	24,541	57	24,598	6,056	30,654	(21,781)	8,872
	Liability	10,704	206	10,910	(2,607)	8,303	(4,372)	3,932
	Bonds	16,165	4	16,169	(4,236)	11,933	(4,775)	7,158
	Marine	1,246	-	1,246	(82)	1,164	(663)	502
	Travel	988	-	988	(168)	820	(93)	728
	Aviation	1,562	-	1,562	47	1,609	(1,341)	268
		192,372	1,654	194,026	(9,268)	184,758	(74,157)	110,601

8. Reinsurance commission

	Dec. 22 GH¢'000	Dec. 21 GH¢'000
Fire	**9,038**	6,132
Motor	**1,082**	76
Accident	**2,135**	1,398
Engineering	**5,815**	3,475
Liability	**1,536**	781
Bonds	**1,784**	863
Marine	**564**	144
Aviation	**53**	49
	22,007	13,610

9. Investment Income

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Interest on Short Term Investments	**22,783**	9,331
Dividends on Equities	**7,835**	5,158
	30,618	14,489

10. Other Income

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Unrealised Fair Value Gains on Investment Properties	**-**	10,570
Interest on Staff Loan	**11**	17
Profit on Disposal	**18**	1
Other Sundry Income	**33**	39
Exchange Gain	**1,306**	-
	1,368	10,627

11. Commission Expense

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Fire	**8,969**	6,253
Motor	**15,979**	17,038
Accident	**2,451**	1,977
Engineering	**4,727**	3,707
Liability	**1,601**	1,889
Bonds	**4,177**	3,674
Marine	**60**	98
Travel	**364**	124
Aviation	**198**	128
	38,526	34,889

12. Claims and Loss Adjustment Expenses

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Claims Reported/Expense during the year	**62,249**	62,410
Increase / (Decrease) in provision	**7,172**	444
	69,421	62,854

13. Operating Expenses

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
These include:		
Auditors' Remuneration	**85**	85
Directors' Remuneration	**239**	312
Depreciation	**1,430**	1,481
Donations	**27**	59

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
14. Finance Cost		
Lease Finance Cost	2,069	2,170
Interest on overdraft	159	-
	2,228	2,170
15. Taxation		
15.1 Income tax expense		
Current tax (See note 15.30)	627	413
Tax Audit Liability from previous years	1,080	-
Deferred tax charge/(credit) (See note 34)	(808)	6,432
	899	6,845

15.2 Company Income Tax

	Balance at 1 Jan. Gh¢'000	Payments and credits Gh¢'000	Charged for the year Gh¢'000	Balance at 31 Dec. Gh¢'000
Year of Assessment				
Corporate Tax 2021	(2,650)	-	-	(2,650)
Tax Audit Liability for 2021	-	-	1,080	1,080
Corporate Tax 2022	-	(1,193)	627	(566)
Balance at 31 December	(2,650)	(1,193)	1,707	(2,136)

15.3 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. 22 Gh¢'000	Dec. 21 Gh¢'000
Profit/(Loss) before taxation	(8,296)	27,429
Tax at applicable tax rate at 25% (December 2021: 25%)	(2,074)	6,882
Tax impact of permanent non-deductible expenses	3,376	1,957
Tax rebates on fresh graduate employment	-	(6)
Deferred Tax attributable to revaluation gains on Investment Properties	-	(2,642)
Tax liability from previous years tax audit		-
Other temporary differences	(1,483)	654
Income Tax Expense	899	6,845
Effective tax rate	10.84%	24.86%

16. Property, Plant & Equipment

	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
Dec-22							
Cost/Revaluation							
Balance at 01/01/22	235	6,784	5,941	292	2,480	1	15,733
Additions	-	1,503	423	-	329	-	2,255
Balance at 31/12/22	235	8,287	6,364	292	2,809	1	17,988
Depreciation:							
Balance at 01/01/22	202	5,590	5,259	292	2,081	1	13,425
Charge for the year	12	780	378	-	260	-	1,430
Balance at 31/12/22	214	6,370	5,637	292	2,341	1	14,855
Carrying Amount At 31/12/22	21	1,917	726	-	468	-	3,132
Dec-21							
Cost/Revaluation							
Balance at 01/01/22	235	5,245	5,611	292	2,238	1	13,622
Additions	_	1,538	329	-	242	-	2,109
Balance at 31/12/22	235	6,783	5,940	292	2,480	1	15,731
Depreciation:							
Depreciation Balance at 01/01/21	191	4,739	4,854	286	1,873	1	11,944
Charge for the year	12	851	405	6	207	-	1,481
Balance at 31/12/22	203	5,590	5,259	292	2,081	1	13,424
Carrying Amount At 31/12/22	32	1,193	681	-	400	-	2,306

17. Leases

17.1 Right of use lease asse

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Cost:		
Balance at 1 January	19,209	19,179
Additions during the year	191	31
Balance at December 31	19,400	19,210
Amortisation:		
Balance at 1 January	9,630	7,579
Charged for the year	2,404	2,051
Balance at December 31	12,034	9,630
Net Book Value	7,366	9,580
17.2 Lease Liability		
Balance at 1 January	8,045	9,732
Lease Finance Cost	2,069	2,170
Payments made during the year	(6,835)	(3,857)
Balance at December 31	3,279	8,045

18. Intangible Assets

	Computer software licences Gh¢'000	Deferred expense Gh¢'000	Total
Cost:			
Balance at 1 January 2021	2,215	292	2,507
Additions	509	-	509
Balance at 31 December 2021	2,724	292	3,016
Movements in 2022:			
Additions	24	-	24
Balance at 31 December 2022	2,748	292	3,040
Accumulated amortisation and impairment:			
Balance at 1 January 2021	1,559	292	1,851
Amortisation and impairment during the year	358	-	358
Balance at 31 December 2021	1,917	292	2,209
Movements in 2022:			
Amortisation and impairment during the year	265	-	265
Balance at 31 December 2022	2,182	292	2,474
Carrying amount at 31 December 2022	566	-	566
Carrying amount at 31 December 2021	807	-	807

19. Investment Properties

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Balance at 1 January	188,359	177,157
Revaluation	-	10,570
Acquisitions	376	632
Balance at December 31	188,735	188,359

The book values of the properties are not significantly different from their fair values at the end of the year to December 2022. The values range between Gh¢180 million and Gh¢190 million. The Company will undertake a fair valuation in the coming year.

Sensitivity analyses:
A quantitative sensitivity analysis of a ±5% change in the Fair Value of the properties is estimated at Gh¢9.4 million positively or negatively on the profit before tax for the year to December 31, 2022, and about Gh¢6.6 million positively or negatively on the value of equity as at 31 December 2022.

20. Available-for-Sale Financial Asset

20.1 Available-for-Sale Equity Investments

	Listed Equity Securities Gh¢'000	Unlisted Equity Securities Gh¢'000	Total
Balance at 1 January 2021			
Changes in 2021:	784	154,875	155,659
Revaluation			
Balance at 31 December 2021	499	80,613	81,112
Changes in 2022:	1,283	235,488	236,771
Revaluation			
Balance at 31 December 2022	**50**	**273,622**	**273,672**
Balance at 31 December 2021	1,333	509,110	510,443
	1,283	235,488	236,771

Listed Equity Investments:

Details of the Company's shareholdings in other companies listed on the Ghana Stock Exchange (GSE) as at December 2022 are as follows:

- GCB Bank Ltd - 48,566 shares
- Societe Generale (Ghana) Ltd - 144,863 shares
- The Trust Bank (Gambia) - 193,493 shares
- Republic Bank Ghana Ltd - 18,420 shares
- Standard Chartered Bank (Ghana) - 7,000 shares
- Guinness Ghana Breweries Ltd - 45,814 shares
- Unilever Ghana Ltd - 13,400 shares
- Mechanical Llyod Company Ltd - 75,145 shares
- Produce Buying Company Ltd - 18,550 shares
- Aluworks - 22,000 shares
- Cocoa Processing Company Ltd - 13,042 shares
- Pioneer Kitchen Ltd - 12,600 shares
- Clydestone Ltd - 141,821 share
- Benso Oil Palm Plantation - 70,181 share

Unlisted Equity Investments:

- Waica Reinsurance Corporation - 10,448,141 shares
- Accra Breweries Ltd - 184,980 shares
- CFAO Motors - 500 shares

The shares of Waica Reinsurance Reinsurance Corporation Plc. have been valued using the Free Cash Flow method (Income Approach) by the Financial Advisory Unit of Deloitte Ghana. The valuation range resulting from this method was $207.9million to $230.6million. The value per share also ranges between $4.24 to $4.70. The Company used the lower value of $4.24 and converted using the mid-rate of the Bank of Ghana interbank USD rate as at December 31, 2022 of GH¢11.50/$1.

Sensitivity Analysis:
The Company is exposed to equity securities price risk because of investments in quoted 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¢66,650, positively or negatively.

20.2 Available-for-Sale Reserve

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Balance at 1 January	129,090	68,158
Revaluation of Equity Investments	205,266	60,932
Balance at December 31	334,356	129,090

21. Amounts due from Reinsurers

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Balance at 1 January	4,376	2,395
Movements during the year	(3,315)	1,981
Balance at December 31	1,061	4,376

22. Other Receivables

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Staff Debtors	319	403
Agency Loan	94	–
Prepayments & Deposits	4,692	1,407
Sundry Debtors	1,557	1,213
Current Account with Starlife Assurance	333	328
Current Account with Star Microinsurance	77	77
National Reconstruction Levy	2	2
Accountable Imprest	33	20
Balance at December 31	7,107	3,450

a. The maximum amount owed by staff to the Company did not at any time during the year exceed Gh¢319,394 (December 2021 - Gh¢403,169).

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

23. Available-for-Sale Debt Instruments

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Government of Ghana Bonds (Eligible for DDEP)	7,107	24,372
Other Government Securities	31,090	-
Other GoG Securities held as Statutory Deposit	5,795	3,105
Fixed Deposits	42,794	56,374
Impairment Provision	(28,508)	-
Balance at December 31	58,276	83,851
23.1 Impairment Provision on Available-for-Sale Debt Instruments		
Write-off on Fixed Deposit Investments	4,482	-
Impairment Provision on Debt Instruments	28,508	-
	32,990	-

23.3 Significant inputs into the valuation of GoG Bonds and Other Debt Securities

The significant unobservable inputs used in the fair value measurements are per below:

- Weighted Average Discount Rate of 18.71% was used to discount all projected cash flow
- Present Values of Coupons were computed on semi-annual basis

24. Cash and Bank Balances

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Cash on Hand	226	50
Cash at Bank	20,930	2,435
	21,156	2,485

25. Stated Capital

	Dec. 22 No. of Shares (million)	Dec. 21 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	6,295,000	6,295,000

	No. of Shares ('000)	Value Gh¢;00	No. of Shares ('000)	Value Gh¢'000
Balance at 1 January	6,295,000	130,235	6,295,000	130,235
Issued of shares	-	-	-	-
Balance at December 31	6,295,000	130,235	6,295,000	130,235
Other disclosures required by the Companies:				
Issue for Cash	4,800,242	111,983	4,800,242	111,983
Issue Other than Cash Consideration	569,203	6,950	569,203	6,950
Transfer from Income Surplus	925,555	11,302	925,555	11,302
Balance at December 31	6,295,000	130,235	6,295,000	130,235

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

26. Contingency Reserve

This represents amount set aside as undistributable reserve fund from Income Surplus annually in accordance with the Insurance Act, 2021 (Act 1061). 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.

27. Income Surplus

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

28. Insurance Claims Liabilities

28.1 Movement in total claims liability

	Jan-22 Gh¢'000	Additions during the year Gh¢'000	Reduction during the year Gh¢'000	Dec-22 Gh¢'000
Settled but Outstanding	10,690	52,353	(59,229)	3,814
Outstanding Claims Provision	31,744	63,282	(52,087)	42,939
Incurred But Not Settled (IBNR)	11,012	7,172	-	18,184
RI. Share of Claims Prov. during the year	(11,049	-	-	(11,049)
Balance at 31 December	**42,397**	**122,809**	**(111,316)**	**53,888**

28.2 Claims Liabilities by Product

Dec-22

	Settled but Outstanding Gh¢'000	Reported but not settled Gh¢'000	Incurred but not reported Gh¢'000	RI. share of Claims prov. Gh¢'000	Dec-22 Gh¢'000
Fire	-	29,380	1,366	(180)	30,566
Motor	3,814	9,076	12,130	(10,584)	14,436
Accident	-	1,775	875	-	2,650
Engineering	-	313	96	(27)	382
Liability	-	215	1,857	(258)	1,814
Bonds		1,919	1,521	-	3,440
Marine	-	119	31	-	150
Travel	-	141	17	-	158
Aviation	-	1	291	-	292
Balance at 31 December	3,814	42,939	18,184	(11,049)	53,888

Dec-21

	Settled but Outstanding Gh¢'000	Reported but not settled Gh¢'000	Incurred but not reported Gh¢'000	RI. share of Claims prov. Gh¢'000	Dec-22 Gh¢'000
Fire	-	3,439	1,130	(180)	4,389
Motor	10,690	20,333	7,715	(10,584)	28,154
Accident	-	1,536	172	(27)	1,681
Engineering	-	240	96	(258)	78
Liability	-	3,790	993	-	4,783
Bonds		2,022	678	-	2,700
Marine	-	226	2		228
Travel	-	158	2	-	160
Aviation	-	-	224	-	224
Balance at 31 December	10,690	31,744	11,012	(11,049)	42,397

Sensitivity Analysis:

Claims estimation is based on the following parameters:

- **i.** The general price levels or inflationary trends within the economy
- **ii.** The rate of currency depreciation as significant portion of risk underwritten are quoted in foreign currencies
- **iii.** The awareness level of the insuring public and their rights to claim under insurance contracts
- **iv.** The general level of risk consciousness of the population

The impact of a 5% average change in the above parameter will result in a change to the tune of Gh¢2,694,344 positive or negative in the statement of financial position, depending on the direction of the change.

29. Provision for Unearned Premium

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Balance at 1 January	59,901	50,633
Movement during the year	4,695	9,268
Balance at 31 December	64,596	59,901
30. Amount Due To Reinsurers		
Balance at 1 January	13,010	7,816
Movements during the year	(2,789)	5,194
Balance at 31 December	10,221	13,010
31. Creditors and Accruals		
Commission Payable	1,853	2,351
Withholding Tax	1,323	1,051
Current Account with Star Assurance Group Ltd.	131	131
Accruals	538	496
Sundry Creditors	4,493	1,908
Balance at 31 December	8,338	5,937
32. Bank Overdraft		
Overdraft Balance with Ecobank	950	-

The Company secured a 12-month overdraft arrangement to the tune of GH¢3.0million with Ecobank Ghana Ltd at a spread of 4% over the Ghana Reference Rate (GRR), to support the smooth running of operations during the year to December 2022.

33. National Fiscal Stabilization Levy

Year of Assessment

	Balance at 1 Jan. '22 Gh¢'000	Payments during the year Gh¢'000	Charge for the year Gh¢'000	Balance at Dec.'22 Gh¢'000
Year 2021	1,221	-	-	1,221
Year 2022	**-**	**(641)**	**-**	**641)**
	1,222	**(641)**	**-**	**580**

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

34. Deferred Tax

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Balance at 1 January	**48,794**	22,176
Origination / reversal of temporary differences:		
recognised in the income statement	**(808)**	6,432
recognised in equity	**68,406**	20,186
Balance at 31 December	**116,392**	48,794

35. Analysis of Cash and Cash Equivalents

	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Cash and Bank Balances (Note 21)	**21,156**	2,485
Short term Investments (Note 20)	**58,276**	83,851
Balance at 31 December	**79,432**	86,336

36. Contingent Liabilities

There were no contingent liabilities as at the year-end December 31, 2022 (December 2021 - Nil)

37. Capital Commitments

There were no material capital commitments as at the year-end December 31, 2022 (December 2021 - Nil)

38. Events after Balance Sheet Date

The Government of Ghana embarked on a Domestic Debt Exchange Program (DDEP) which meant the issuance of new bonds with extended maturity dates and entirely new coupon arrangements. The financial impact of this arrangements on the Company has been estimated and incorporated in the Financial Statements.

39. Related Party Transactions

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

Through the group structure, as well as common directorship, the Company considers the Star Assurance Group Ltd and its subsidiaries, as well as Telemedia Communications Ltd.

Below are balances held on related parties account as at the close of the year to December 2022:

Operating Expenses	Nature of Transaction	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Balances due from:		2	13
StarLife Assurance Company Ltd	Rent Prepayment	77	77
Star Micro insurance Ltd	Insurance Claims	-	319
Star Assurance Employees	Staff Loans	79	409
Balances due to:			
StarLife Assurance Company Ltd	Rent / Facility Maint. Fees	914	155
Telemedia Communications Ltd	Advertising Expense	1,042	513
Star Assurance Group Ltd.	Clearing Charges on Vehicle	-	131
		1,956	799
Payments to Related Parties:			
StarLife Assurance Co. Ltd	Claims payment	32	129
	Life Insurance premium	186	153
Telemedia Communications Ltd	Advertising Services	1,609	1,656
		1,827	1,938
Receipts from Related Parties:			
StarLife Assurance Company Ltd	Insurance Premium	644	356
Star Microinsurance Ltd	Insurance Premium	16	33
Telemedia Communications Ltd	Insurance Premium	1	6
		661	395
Compensation to key management personnel:			
Salaries and other short-term employment benefits		2,339	2,109
Employers' pension contributions		538	485
		2,877	2,594

Transactions with directors:
Directors' emoluments are disclosed in Note 13. Remuneration in the form of salaries is paid to executive directors and other executive management staff. Non-executive directors are paid fees.

Operating Expenses	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Staff Cost	21,347	18,470
Wages	352	216
Medical	909	720
Staff Uniform	488	420
Training/Seminar - Staff	2,380	1,296
	25,476	21,122
Promotional Expenses		
Marketing and Advertisement	6,786	5,312
Agents Training & Support Expenses	554	232
Donations	27	59
Business Promotions	3,576	1,752
	10,943	7,355

Operating Expenses	Dec. 22 Gh¢'000	Dec. 21 Gh¢'000
Administrative Expenses		
Legal Fees & Expenses	263	242
Motor Vehicles Running	3,201	2,081
Motor Vehicles Repairs	509	282
Generator Expenses	569	323
Travelling & Transport-Local	1,034	664
Repairs - Others	586	228
Printing & Stationery	1,372	1,319
NIC Stickers & Fire Certificates	2,810	2,639
Bank Charges	732	386
Auditors' Remuneration and Charges	89	85
Professional Fees	1,179	634
Software Support Services	716	486
Board Meeting Expenses	34	39
Directors' Remuneration	239	312
Communication Expenses	865	962
Subs/Reg & Licensing	471	345
NIC Subscription	1,872	1,270
Client Rescue fund Levy of NIC	147	122
Office Expenses	291	208
Entertainment	394	321
Insurance	866	680
Cleaning and Sanitation	667	674
Security Services	998	698
Depreciation	1,430	1,480
Amortisation Expenditure	265	358
Trekking Expenses	29	9
Rent & Rates	3,892	2,720
Lease Amortisation	2,404	2,051
Electricity & Water	1,598	1,431
Exchange Loss	-	107
	29,522	23,156
Total	65,941	51,633

Star Assurance
...your solid partner

HEAD OFFICE
1ST Floor Stanbic Heights Building,
Airport City, Accra
Tel: +233-0289 353537/0289353539
0302 245906/ 0302 245908
Fax +233-0302 230624