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SIC Insurance Company Limited

**Report and Financial Statements
For the year ended 31 December 2018**

SIC Insurance Company Limited

Reports and financial statements

For the year ended 31 December 2018

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SIC Insurance Company Limited

Corporate Information

Board of directors:

Dr. Jimmy Ben Heymann	-Chairman
Mr. Stephen Oduro	-Managing Director
Mrs. Pamela Djamson-Tettey	-Non Executive Director
Mr. James Appietu-Ankrah	-Non Executive Director
Mr. Michael A. Addo	-Non Executive Director
Mr. Daniel Ofori	-Non Executive Director
Mr. Christian Tetteh Sottle	-Non Executive Director
Mr. Kwabena Gyima Osei-Bonsu	-Non Executive Director
Mr. Nicholas Kwame Oteng	-Non Executive Director

Company Secretary: Mrs. Lydia Hlomador

Registered office: Nyemitei House
28/29 Ring Road East
Osu – Accra

Actuarists: Stallion Consultants Limited

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

Registrars: NTHC Limited
Martco House
P.O. Box KIA 9563
Airport, Accra

Bankers: - Local

- ADB Bank Limited
- Barclays Bank Ghana Limited
- Ecobank Ghana Limited
- GCB Bank Limited
- National Investment Bank Limited
- Societe Generale Ghana Limited
- UMB Bank Limited
- Stanbic Ghana Limited
- ARB Apex Bank Limited
- Akuapim Rural Bank Limited

Bankers: - Foreign Ghana International Bank Limited

SIC Insurance Company Limited

Report of the directors

The directors have the pleasure in presenting their Annual Report together with the audited consolidated and separate financial statements of the group for the year ended 31 December 2018.

1. Principal activities

The principal activities of the company and the subsidiary are:

SIC Insurance Company Limited

i. To undertake non-life insurance business

SIC Financial Services Limited

ii. To undertake the provision of investment advisory, asset and fund management, and financial consultancy services.

2. Results for the year

	2018 GH¢	2017 GH¢
The balance brought forward on income surplus account at 1 January was	(48,953,516)	(15,247,367)
To which must be added:		
Profit/(loss) for the year after charging all expenses, depreciation and taxation of	<u>46,499,743</u>	<u>(23,472,701)</u>
	<u>(2,453,773)</u>	<u>(38,720,068)</u>
From which is made an appropriation to contingency reserve of	-	<u>(4,857,893)</u>
	<u>(2,453,773)</u>	<u>(43,577,961)</u>
Adjustment on subsidiary	-	(1,855,144)
IFRS 9 Transition	8,926,209	-
Fair value change in assets classified as FVOCI	25,316,107	-
Prior year adjustment	225,418	-
Non-Controlling Interest	<u>(557,542)</u>	<u>(3,520,411)</u>
Leaving a balance to be carried forward on income surplus account of	<u>31,456,419</u>	<u>(48,953,516)</u>

3. Nature of business

There was no change in the nature of the business of the group during the year.

4. Auditors

In accordance with section 134(5) of the Companies Act 1963, Act (179) the auditors, Messrs. Deloitte & Touche will continue as the auditors of the Company.

On behalf of the board of directors


.....
Board Chairman
Date:


.....
Managing Director
Date:

SIC Insurance Company Limited

Financial highlights

	Group 2018 GH¢	2017 GH¢	Company 2018 GH¢	2017 GH¢
Gross premium	177,986,624	161,929,753	177,986,624	161,929,753
Net premium earned	97,817,184	98,896,121	97,817,184	98,896,121
Claims incurred	(35,883,964)	(38,491,870)	(35,883,964)	(38,491,870)
Underwriting Loss	(39,709,130)	(4,045,285)	(44,579,604)	(7,266,598)
Profit/(loss) before tax	64,848,344	(25,734,280)	61,500,400	14,013,401
Profit/(loss) after tax	46,499,742	(23,472,701)	44,664,218	11,357,689
Shareholders' funds	275,797,885	124,536,420	294,114,785	101,169,466
Net assets	275,797,885	124,536,420	294,114,785	101,169,466
Total assets	<u>553,303,058</u>	<u>402,567,122</u>	<u>518,780,704</u>	<u>216,693,637</u>
Number of shares issued and fully paid for	195,645,000	195,645,000	195,645,000	195,645,000
Earnings per share (GH¢)	0.2377	(0.1200)	0.2283	0.0581
Net assets per share (GH¢)	1.4097	0.6365	1.5033	0.5171
Current ratio	0.8649	0.5946	0.9274	1.0287
Return on shareholders' funds	17%	(19%)	15%	11%

Statement of Directors' Responsibilities

The Companies Act, 1963 (Act 179) requires the directors to prepare consolidated and Separate financial statements for each financial year which give a true and fair view of the state of affairs of the Group at the end of the financial year and of the consolidated profit and loss and other comprehensive income for that year.

The Directors believe that in preparing the consolidated financial statements, they used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements, estimates, and that all international accounting standards which they consider to be appropriate were followed.

The Directors are responsible for ensuring that the group keeps accounting records that disclose reasonable accuracy of the consolidated financial position of the group to enable the directors ensure that the consolidated financial statements comply with the Companies Act, 1963 (Act 179) and Insurance Act, 2006 (Act 724).

STALLION CONSULTANTS LIMITED

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P.O. Box KA 30681, Kotoka International Airport, Accra-Ghana

Tel: (233) 30- 250-3209 / 250-3210

Email: enquiries@stallionconsultants.com

Actuarial Opinion as at December 31, 2018

We have done an actuarial valuation to determine the technical liabilities for SIC Insurance Company Limited as at December 31, 2018.

Basis of Opinion

In our opinion, for the purposes of determining the statutory technical liabilities for the financial statement of SIC Insurance Company Limited for the year ending December 31, 2018, the assumptions are in aggregate the Appointed Actuary's best estimates and the methods employed are relevant to the economic environment in Ghana. This report has been prepared, and our opinions have been given, in accordance with Internationally Accepted Actuarial Practice.

This actuarial opinion covers the period from January 1, 2018 to December 31, 2018.

Opinion

We hereby certify that, in our opinion, as at December 31, 2018:

- Stallion Consultants Limited was appointed by SIC Insurance Company Limited to perform an actuarial valuation as at December 31, 2018 for the purpose of determining the information required for the annual financial statements of SIC Insurance Company Limited for the year ending December 31, 2018;
- The Company intends to use the results contained in this report and the attached Appendix A in preparing its annual financial statements and we are not aware of any reason why this would not be appropriate;
- The assumptions established for the actuarial valuation are the Appointed Actuary's best estimates. The valuation report includes all products in the company's portfolio and we are not aware of any other significant matters or events that have occurred prior to the date of this report that would have a material effect on the figures shown herein;
- This actuarial opinion covers the actuarial investigation performed on SIC Insurance Company Limited;
- The effective date of our valuation of the Company is December 31, 2018; the next actuarial valuation should be performed with effective date not later than December 31, 2019.



Charles Osei – Akoto, ASA, MAAA
Executive Chairman
Stallion Consultants Limited

May 23, 2019

Independent auditor's report To the Shareholders of SIC Insurance Company Limited Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of SIC Insurance Company Limited which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, the notes to the consolidated financial statements including a summary of significant accounting policies and other national disclosures.

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of SIC Insurance Company Limited and its subsidiary as at 31 December 2018 and the consolidated and separate financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Insurance Act, 2006 (Act 724) and in the manner required by the Companies Act, 1963 (Act 179).

Basis 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 Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (IFAC Code) as adopted by the Institute of Chartered Accountants Ghana (ICAG) and we have fulfilled our other ethical responsibilities in accordance with IFAC Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p>The methodology and assumptions used in setting outstanding claims and other technical insurance reserves</p>	
<p>Insurance reserves include the company's insurance liabilities, a provision for Incurred But Not Reported (IBNR) claims, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period as detailed in note 20. The determination of the value of the insurance reserves requires significant judgment in the selection of key assumptions and methodologies. These are complex and involve judgement (both economic and demographic).</p> <p>Management exercise significant judgement in respect of the appropriate methodology in estimating the claims and other technical reserves. Where possible the company adopts multiple techniques to estimate the required level of provisions. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and extent of development of each accident year.</p> <p>There is a risk that IBNR determination will be based on inaccurate data and assumptions leading to a misstatement in amounts recorded.</p> <p>National Insurance Commission (NIC) sets out a particular methodology (chain ladder, average cost per claim, Bornhuetter Ferguson or Standard Development) that the actuarial report should follow and specifies the main sections the report must cover. There is also the risk that valuation method may not be consistent with previous years in an attempt to show a favorable position.</p> <p>The disclosure relating to insurance liabilities which is included in notes to the financial statements are considered important to the users of the financial statements given the level of judgement and estimation involved.</p>	<p>We have performed audit procedures over the setting of outstanding claims and other technical insurance reserves by the company.</p> <p>We have tested the design and implementation and operating effectiveness of key controls over the reserving process. We also tested the completeness and accuracy of the underlying data used in the actuarial calculations through performing reconciliations on the data back to the financial ledgers and the actuarial data used by our Deloitte actuarial specialists. Having done this, we worked with those specialists to:</p> <ul style="list-style-type: none"> • consider the suitability of the methodology used in setting insurance reserves • challenge management's key assumptions and judgements against industry benchmark; and • assess whether the reserving methodology has been applied consistently across periods; • assess the independence, objectivity, capability and competence of Management's expert <p>We also performed work to understand the sensitivity of reserves to changes in key assumptions and methodology used by management by performing the following tests:</p> <ul style="list-style-type: none"> • Used the results of Management and our risk assessment of the reserves to focus our efforts on reserves that have been identified as higher-risk; • Leveraged the work and materials of the SIC Group actuaries and the externally prepared actuarial reviews to the extent possible; • Examined specific notices and correspondence between SIC and insurers related to large losses; • Tested the completeness, accuracy and validity of data in the policy in-force file critical to reserving; • Tested results of the loss recognition testing and statutory asset adequacy analysis; <p>Reviewed Liability Adequacy Test; and</p> <ul style="list-style-type: none"> • Reconciled data and results to the financial statement. <p>Our tests did not reveal any significant differences and was satisfactory.</p> <p>We considered the disclosure relating to the insurance liabilities and have found it to be appropriate and adequate.</p>

Independent auditor's report-continued

To the Shareholders of SIC Insurance Company Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Emphasis of Matter – Effect of legal actions against SIC Insurance Company Limited

Without modifying our opinion, we draw attention to Note 8b of the consolidated financial statements, this describes:

1. A legal action brought against SIC Company Limited in 2013 by Ivory Finance Limited. This is in respect of a credit guarantee bond issued by SIC Insurance Company Limited to Ivory Finance Company to cover a loan facility Ivory extended to Ital Construct International Limited. The credit guarantee bond issued has resulted in a legal action for a claim of GH¢ 91,800,303 against SIC Insurance Company Limited. SIC Insurance Company Limited has paid GH¢ 19,303,800 in accordance with its bond obligation.

No further provision has been made at the end of the reporting period since SIC Insurance Company Limited and its Legal Counsel have won an appeal at the Supreme Court for the High Court to hear the case again and believe the payment of additional amount is not probable.

The outcome of this case could have a material effect on the performance of the Company.

Other Information

The directors are responsible for the other information. The other information comprises the Statement of Directors' Responsibility and the Report of the Directors.

The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

Independent auditor's report-continued **To the Shareholders of SIC Insurance Company Limited** **Report on the Audit of the Consolidated and Separate Financial Statements**

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

Auditor's Responsibilities for the Consolidated and Separate Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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.



Independent auditor's report-continued

To the Shareholders of SIC Insurance Company Limited Report on the Audit of the Consolidated and Separate Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

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

We confirm that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Group has kept proper books of account, so far as appears from our examination of those books.
- iii) The Group's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns

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

The company has generally complied with the provisions of the Insurance Act, 2006 (Act 724).

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

Deloitte Touche

For and on behalf of Deloitte & Touche (ICAG/F/2019/129)

Chartered Accountants

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

4th July, 2019

classification: confidential

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A full list of partners and directors is available on request

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

SIC Insurance Company Limited

Consolidated and separate statement of financial position

As at 31 December 2018

Assets	Note	Group		Company	
		2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Non-Current Assets					
Property, plant and equipment	22	99,770,873	34,070,388	98,977,886	33,382,718
Intangible assets	23	785,124	68,627	253,923	38,891
Investment properties	24	99,297,443	8,422,403	99,297,443	8,422,403
Long term investments	25	125,325,430	175,375,020	124,901,263	40,145,252
Deferred tax asset	21d	-	4,861,134	-	-
Investment in subsidiary	26	-	-	5,878,526	1,585,715
Investment in associate	27	<u>20,137,283</u>	<u>14,444,887</u>	<u>20,137,283</u>	<u>14,444,887</u>
		345,316,153	237,242,459	349,446,324	98,019,866
Current assets					
Short term investments	28	68,338,396	64,915,304	59,273,314	57,621,078
Trade & other receivables	29	79,904,154	59,958,449	50,786,324	22,372,331
Inventories	30	1,729,538	1,187,751	1,729,538	1,187,751
Unearned reinsurance premium	5	31,535,770	23,514,951	31,535,770	23,514,951
Cash and bank balances	31a	<u>26,479,047</u>	<u>15,748,208</u>	<u>26,009,434</u>	<u>13,977,660</u>
Total current assets		207,986,905	165,324,663	169,334,380	118,673,771
Total assets		553,303,058	402,567,122	518,780,704	216,693,637
Equity and liabilities					
Equity					
Stated capital	32	25,000,000	25,000,000	25,000,000	25,000,000
Capital surplus	33	78,026,677	17,788,506	78,026,677	17,788,506
Income surplus		31,456,419	(48,953,516)	53,966,301	9,076,664
Contingency reserve	34	29,520,344	29,520,344	29,520,344	29,520,344
Available-for-sale reserves	35	103,351,710	93,295,894	107,601,463	19,783,952
Non-controlling interest		<u>8,442,735</u>	<u>7,885,192</u>	-	-
Shareholders' funds		275,797,885	124,536,420	294,114,785	101,169,466
Non-current liabilities					
Employee benefits	38	9,806,945	-	9,806,945	-
Deferred tax	21d	<u>27,224,138</u>	-	<u>32,273,730</u>	<u>165,507</u>
		37,031,083	-	42,080,675	165,507
Current liabilities					
Bank Overdraft	31b	7,297,752	5,124,742	7,297,752	5,124,742
Unearned premium	5	69,658,597	48,230,363	69,658,597	48,230,363
Outstanding claims	8a	45,661,889	27,882,632	45,661,889	27,882,632
Trade & other payables	36	90,758,693	104,469,676	34,119,932	30,051,272
Borrowings	37	22,015,000	86,855,253	22,015,000	-
Taxation	21a	1,278,559	4,256,933	490,350	3,147,175
National stabilisation levy	21b	<u>3,803,600</u>	<u>1,211,103</u>	<u>3,341,724</u>	<u>922,480</u>
Total current liabilities		240,474,090	278,030,702	182,585,244	115,358,664
Total liabilities		277,505,173	278,030,702	224,665,919	115,524,171
Total equity and liabilities		553,303,058	402,567,122	518,780,704	216,693,637

SIC Insurance Company Limited

Consolidated and separate statement of financial position

As at 31 December 2018

The Consolidated Financial Statements were approved by the Board of Directors on.....
and signed on their behalf by:


.....
Board Chairman


.....
Managing Director

The accompanying notes form an integral part of these financial statements

SIC Insurance Company Limited

Consolidated and separate statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

	Note	Group		Company	
		2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Gross written premium	5,6	177,986,624	161,929,753	177,986,624	161,929,753
Less: Reinsurances ceded	7	<u>(66,762,025)</u>	<u>(63,114,248)</u>	<u>(66,762,025)</u>	<u>(63,114,248)</u>
Net written premium		111,224,599	98,815,505	111,224,599	98,815,505
Movement in unearned Premium	5	<u>(13,407,415)</u>	<u>80,616</u>	<u>(13,407,415)</u>	<u>80,616</u>
Net premium earned		97,817,184	98,896,121	97,817,184	98,896,121
Claims incurred	8a	<u>(35,883,964)</u>	<u>(38,491,870)</u>	<u>(35,883,964)</u>	<u>(38,491,870)</u>
Brokerage and advisory fees	9	13,961,232	10,822,055		
Commissions	10	<u>(1,960,823)</u>	<u>6,329,939</u>	<u>(1,960,823)</u>	<u>6,329,939</u>
Management expenses	11	<u>(113,642,760)</u>	<u>(81,601,530)</u>	<u>(104,552,002)</u>	<u>(74,000,788)</u>
Underwriting loss		(39,709,131)	(4,045,285)	(44,579,605)	(7,266,598)
Investment income	12	15,654,704	12,776,859	12,176,206	11,637,483
Other income	13	101,074,411	14,612,386	100,493,381	14,253,821
Finance costs	14	<u>(6,878,821)</u>	<u>(23,158,650)</u>	<u>(3,274,948)</u>	<u>(1,225,805)</u>
Profit/(loss) before tax & Exceptional Item		70,141,163	185,310	64,815,034	17,398,901
Impairment loss	15	<u>(5,292,820)</u>	<u>(25,919,590)</u>	<u>(3,314,634)</u>	<u>(3,385,500)</u>
Profit/(Loss) before tax		64,848,344	(25,734,280)	61,500,400	14,013,401
Taxation	21(c)	<u>(15,050,328)</u>	<u>2,976,699</u>	<u>(13,761,162)</u>	<u>(1,955,042)</u>
National stabilisation levy	21(b)	<u>(3,298,273)</u>	<u>(715,120)</u>	<u>(3,075,020)</u>	<u>(700,670)</u>
Profit/(Loss) after tax		46,499,742	(23,472,701)	44,664,218	11,357,689
Other Comprehensive Income					
Net change in fair value of available for sale financial assets	35	10,123,761	55,226,612	87,817,511	8,661,517
Gain on property revaluation (net of tax)		<u>60,238,171</u>	<u>-</u>	<u>60,238,171</u>	<u>-</u>
Total Comprehensive Income		<u>116,861,675</u>	<u>31,753,911</u>	<u>192,719,900</u>	<u>20,019,206</u>
Basic earnings per share	16	0.2377	(0.1200)	0.2283	0.0581

SIC Insurance Company Limited

Statement of consolidated and separate comprehensive income

For the year ended 31 December 2018

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Profit attributable to:				
Equity holders of the parent	45,942,200	(13,023,584)	44,664,218	11,357,689
Non-Controlling Interest	<u>557,542</u>	<u>(10,449,117)</u>	<u>-</u>	<u>-</u>
	<u>46,499,742</u>	<u>(23,472,701)</u>	<u>44,664,218</u>	<u>11,357,689</u>
Total comprehensive income attributable to				
Equity holders of the parent	116,304,133	28,233,500	192,719,900	20,019,206
Non-Controlling Interest	<u>557,542</u>	<u>3,520,411</u>	<u>-</u>	<u>-</u>
	<u>116,861,675</u>	<u>31,753,911</u>	<u>192,719,900</u>	<u>20,019,206</u>

The accompanying notes form an integral part of these financial statements

Consolidated and separate statement of changes in equity

For the year ended 31 December 2018

Group	2018	Stated capital GH¢	Income surplus GH¢	Contingency reserves GH¢	Capital surplus GH¢	Available-for-sale reserve GH¢	Non- controlling interest GH¢	Total GH¢
Bal at 1 January 2018	25,000,000	(48,953,516)	29,520,344	17,788,506	93,295,894	7,885,192	124,536,420	
Profit for the year	-	46,499,742	-	-	-	-	46,499,742	
IFRS 9 transition adjustment	-	8,926,209	-	-	-	-	8,926,209	
Fair value change in assets classified as FVOCI	-	25,316,107	-	-	-	-	25,316,108	
Net gain on available-for-sale investment	-	-	-	-	10,123,761	-	10,123,761	
Revaluation on PPE	-	-	-	60,238,171	-	-	60,238,171	
Non-controlling interest	-	(557,542)	-	-	-	557,543	-	
Adjustment on subsidiary	-	225,419	-	-	(67,945)	-	157,474	
Bal at 31 December 2018	25,000,000	31,456,419	29,520,344	78,026,677	103,351,710	8,442,735	275,797,885	
2017								
Bal at 1 January 2017	25,000,000	(15,247,367)	24,662,451	17,788,506	36,582,647	4,364,781	93,151,018	
Loss for the year	-	(23,472,701)	-	-	-	-	(23,472,701)	
Transfer (from)/to reserve	-	(4,857,893)	4,857,893	-	-	-	-	
Net gain on available-for-sale investment.	-	-	-	-	55,226,612	-	55,226,612	
Non-controlling interest	-	(3,520,411)	-	-	-	3,520,411	-	
Adjustment on subsidiary	-	(1,855,144)	-	-	1,486,635	-	(368,509)	
Bal at 31 December 2017	25,000,000	(48,953,516)	29,520,344	17,788,506	93,295,894	7,885,192	124,536,420	

Consolidated and separate statement of changes in equity

For the year ended 31 December 2018

Company

2018	Stated capital GH¢	Income surplus GH¢	Contingency reserves GH¢	Capital surplus GH¢	Available-for-sale reserve GH¢	Total GH¢
Bal at 1 January 2018	25,000,000	9,076,664	29,520,344	17,788,506	19,783,952	101,169,466
Profit for the year	-	44,664,218	-	-	-	44,664,218
Transfer (from)/to reserve	-	-	-	-	-	-
Revaluation on PPE	-	-	-	-	-	-
Net gain on available -for-sale investment	-	-	-	60,238,171	-	60,238,171
Prior year adjustment	-	225,419	-	-	87,817,511	87,817,511
Bal at 31 December 2018	25,000,000	53,966,301	29,520,344	78,026,677	107,601,463	294,114,785

2017	Stated capital GH¢	Income surplus GH¢	Contingency reserves GH¢	Capital surplus GH¢	Available-for-sale reserve GH¢	Total GH¢
Bal at 1 January 2017	25,000,000	2,576,868	24,662,451	17,788,506	11,122,435	81,150,260
Profit for the year	-	11,357,689	-	-	-	11,357,689
Transfer (from)/to reserve	-	(4,857,893)	4,857,893	-	-	-
Net gain on available -for-sale investment	-	-	-	-	-	-
Bal at 31 December 2017	25,000,000	9,076,664	29,520,344	17,788,506	19,783,952	101,169,466

SIC Insurance Company Limited

Consolidated and separate statement of cash flows

For the year ended 31 December 2018

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Operating activities				
Operating profit(loss)	64,848,343	(25,734,280)	61,500,400	14,013,401
Adjustment to reconcile profit before tax to net				
Depreciation	7,211,906	2,589,397	6,969,403	2,463,858
Amortisation of intangible assets	102,274	41,787	87,409	26,921
IFRS 9 transition adjustment	8,926,209	-	-	-
Profit on disposal of property, plant & equipment	-	(420)	-	(420)
Share of associate profit	(5,692,396)	(3,292,826)	(5,692,396)	(3,292,826)
Revaluation (gain)/loss on investment properties	(81,446,040)	-	(81,446,040)	-
Interest received	(13,742,912)	(10,640,680)	(10,264,414)	(9,501,304)
Dividend received	(1,911,792)	(2,136,179)	(1,911,792)	(2,136,179)
Adjustment	(728,480)	(239,782)	(503,100)	308,384
Working capital adjustments:				
Change in provision for unearned premium	21,428,235	(1,526,786)	21,428,235	(1,526,786)
Change in receivables	(19,945,705)	(35,484,233)	(28,413,993)	(4,372,097)
Change in inventories	(541,786)	(130,156)	(541,786)	(130,156)
Change in trade & other payables	(13,710,983)	49,956,019	4,068,659	(7,129,650)
Change in provision for claims	17,779,257	16,564,734	17,779,257	16,564,734
Change in employee benefits	9,806,945	-	9,806,945	-
Change in unearned reinsurance premium	(8,020,819)	1,446,170	(8,020,819)	1,446,170
Tax paid	(4,625,767)	(2,052,251)	(3,015,052)	(1,207,721)
National stabilisation levy paid	(705,776)	(229,403)	(655,776)	(222,903)
Net cash used in operating activities	(20,969,287)	(10,868,891)	(18,824,860)	5,303,426

SIC Insurance Company Limited

Consolidated and separate statement of cash flows

For the year ended 31 December 2018

	Group		Company	
	2018	2017	2018	2017
	GH¢	GH¢	GH¢	GH¢
Investing activities				
Acquisition of property, plant and equipment	(3,900,725)	(7,169,610)	(3,552,906)	(6,444,293)
Acquisition of intangible assets	(818,771)	(64,550)	(302,440)	(19,950)
Proceeds from sale of property, plant and equipment	-	420	-	420
Dividend received	1,911,792	2,136,179	1,911,792	2,136,179
Interest received	<u>13,742,912</u>	<u>10,640,680</u>	<u>10,264,414</u>	<u>9,501,304</u>
Net cash used/flow from investing activities	<u>10,935,208</u>	<u>5,543,119</u>	<u>8,320,860</u>	<u>5,173,660</u>
Financing activities				
Movement in borrowings	<u>22,015,000</u>	<u>21,932,845</u>	<u>22,015,000</u>	-
Net cash used in servicing of finance	<u>22,015,000</u>	<u>21,932,845</u>	<u>22,015,000</u>	-
Changes in cash and cash equivalents	11,980,921	16,607,073	11,511,000	10,477,086
Cash at 1 January	<u>75,538,770</u>	<u>58,931,697</u>	<u>66,473,996</u>	<u>55,996,910</u>
Cash at 31 December	<u>87,519,691</u>	<u>75,538,770</u>	<u>77,984,996</u>	<u>66,473,996</u>
Analysis of changes in cash and cash equivalents				
Cash and bank	26,479,047	15,748,208	26,009,434	13,977,660
Bank Overdraft	(7,297,752)	(5,124,742)	(7,297,752)	(5,124,742)
Short term investments	<u>68,338,396</u>	<u>64,915,304</u>	<u>59,273,314</u>	<u>57,621,078</u>
	<u>87,519,691</u>	<u>75,538,770</u>	<u>77,984,996</u>	<u>66,473,996</u>

SIC Insurance Company Limited

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

1. Reporting entity

SIC Insurance Company Limited underwrites non-life Insurance risks. The group also issues a diversified portfolio of investment services to provide its customers with asset management solutions for their savings and retirement needs as well as undertaking brokerage services. The group is a limited liability group incorporated and domiciled in Ghana, with its registered office at Nyemitel House 28/29 Ring Road East Osu-Accra. SIC Insurance Company Limited has a primary listing on the Ghana Stock Exchange.

2. Basis of preparation

a) Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those Standards, as adopted by the International Accounting Standards Board and applicable legislation.

The following accounting standards, interpretations and amendments to published accounting standards that impact on the operations of the group were adopted:

- IFRS 1** First time adoption of IFRS;
- IFRS 4** Insurance contracts;
- IFRS 7** Financial Instruments: Disclosures;
- IAS 1 (Revised)**, Presentation of financial statements (added disclosures about an entity's capital and other disclosures);
- IAS 14** Segment reporting;
- IAS 16** Property, plant and equipment;
- IAS 17** Leases;
- IAS 18** Revenue;
- IAS 19 (Amendment)**, Employee benefits;
- IAS 21 (Amendment)**, The effects of changes in foreign exchange rates;
- IAS 24 (Amendment)**, Related party disclosures;
- IAS 32 (Amendment)**, Financial instruments: disclosure and presentation;
- IAS 36** Impairment of assets;
- IAS 37** Provisions, contingent liabilities and contingent assets;
- IAS 38** Intangible assets;
- IAS 39 (Amendment)**, Financial instruments: recognition and measurement; and
- IAS 40** Investment properties.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value. Financial assets are held at fair value through profit and loss; investment property is measured at fair value, retirement benefit obligations and other long term employee benefits are measured at net present value, financial assets and liabilities are initially recognised at fair value.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

c) Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the group:

(a) Consolidation

i) Subsidiaries:

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date on which control ceases.

The group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

ii) Associates:

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves.

SIC Insurance Company Limited

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

ii) Associates (cont'd):

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

(c) Foreign currency translation

i) Functional and presentation currency:

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in cedis, which is the group's presentation currency.

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

iii) Exchange differences:

The results and financial position of the group's functional currency which is not different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; and

SIC Insurance Company Limited

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

(d) Property, plant and equipment

Land and buildings comprise mainly outlets and offices occupied by the group. Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent appraisers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation surplus in shareholders' funds. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to the statement of comprehensive income.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives, as follows:

		Per annum
Motor vehicles	20%	"
Office furniture	10%	"
Household furniture	20%	"
Freehold buildings	1%	"
Office equipment	20%	"
Computers	25%	"

Leasehold land & buildings are amortised over the life of the lease

The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

(e) Investment properties

Property held for rental purposes and capital appreciation is classified as investment property. Such property is not owner occupied.

Investment property comprises freehold land and buildings. It is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

(e) Investment properties (cont'd)

If this information is not available, the group uses alternative valuation methods such as discounted cash flow projections or recent prices on less active markets. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Changes in fair values are recorded in the statement of comprehensive income.

Property located on land that is held under operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the group. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment.

However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the statement of comprehensive income. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the statement of comprehensive income.

(f) Investment

The group classifies its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

i). Financial assets at fair value through income:

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified into this category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit-taking, or if so designated by management.

ii). Loans & receivables:

Loans & receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the group intends to sell in the short term or that it has designated as at fair value through income or available-for-sale. Loans & receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans & receivables.

SIC Insurance Company Limited

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

iii). Held-to-maturity financial assets:

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities – other than those that meet the definition of loans and receivables – that the group's management has the positive intention and ability to hold to maturity.

iv). Available-for-sale financial assets:

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Regular way purchases and sales of investments are recognised on trade date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus, (in the case of all financial assets not carried at fair value through profit or loss), transaction costs that are directly attributable to their acquisition. Investments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the group has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans & receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as net realised gains/losses on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

(g) Impairment of assets

i). Financial assets carried at amortised cost:

The group assesses at each statement of financial position date whether there is 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 only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to management's attention about the following events:

- (i) significant financial difficulty of the issuer or debtor;
- (ii) a breach of contract, such as a default or delinquency in payments;
- (iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;

SIC Insurance Company Limited

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

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

- Adverse changes in the payment status of issuers or debtors in the group; or
- National or local economic conditions that correlate with defaults on the assets in the group.

(g) Impairment of assets

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient approach, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

ii). Financial assets carried at fair value:

The group assesses at each statement of financial position date whether there is objective evidence that an available-for-sale financial asset is impaired, including in the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not subsequently reversed. The impairment loss is reversed through the statement of comprehensive income, if in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

iii). Impairment of other non-financial assets:

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

SIC Insurance Company Limited

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

(i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(j) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

(k) Insurance and investment contracts – classification

The group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

(l) Insurance contracts

i). Recognition and measurement:

Insurance contracts are classified into categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

ii). Non-life insurance contracts:

These contracts are casualty, property and personal accident insurance contracts.

Casualty insurance contracts protect the group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Personal accident insurance contracts mainly compensate the policy holder for bodily injuries suffered. It can be extended to family members and employees of the insured.

For all these contracts, premiums 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 statement of financial position date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

SIC Insurance Company Limited

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

ii). Non-life insurance contracts (cont'd)

Claims and loss adjustment expenses are charged to Income as incurred based on the estimated liability for compensation owed to contract holders or third party properties damaged by the contract holders. They include direct and indirect claims settlement costs arising from events that have occurred up to the statement of financial position date event if they have not yet been reported to the group. The group does not discount its liabilities for unpaid claims other than for disability claims.

Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

iii). Liability adequacy test:

At each statement of financial position date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

In determining the adequacy on unearned premium, the liability adequacy test on unexpired risk premium was determined by computing the premium unearned on each policy as at 31 December 2018. Liability adequacy test in respect of claims is determined by taking the settled amount for each claim, agreed with the claimant. The sum insured is considered the best test for non-settled claims.

iv). Reinsurance contracts held:

Contracts entered into by the group with reinsurers under which the group is compensated for losses on one or more contracts issued by the group and that meet the classification requirements for insurance contracts which are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within loans and receivables), as well as longer term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the group's property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the group for the related claim, the difference is amortised over the estimated remaining settlement period.

SIC Insurance Company Limited

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

v). Receivables and payables related to insurance contracts:

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the statement of comprehensive income.

vi). Salvage and subrogation reimbursements:

Some insurance contracts permit the group to sell (usually damaged) property acquired in settling a claim (i.e., salvage). The group may also have the right to pursue third parties for payment of some or all costs (i.e., subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property. Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

(m) Deferred tax

Deferred 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. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

(n) Employee benefits

i). Pension obligations:

The group operate various pension schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ii). Other post-employment obligations:

The group provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The cost is expensed in the statement of comprehensive income when incurred.

iii). Termination benefits:

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the statement of financial position date are discounted to present value.

(o) Provisions

i). Restructuring costs and legal claims:

Provisions for restructuring costs and legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) Revenue recognition

Revenue comprises the fair value for services, net of value-added tax, after eliminating revenue within the group. Revenue is recognised as follows:

i). Premiums:

Written premiums for non-life insurance business comprise the premiums on contracts incepting in the financial year. Written premiums are stated gross of commissions payable to intermediaries. Unearned premiums are those proportions of the premium which relate to periods of risk after the statement of financial position date. Unearned premiums are calculated on the basis of the number of days beyond the statement of financial position date.

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ii). Investment income:

Investment Income consists primarily of dividends, Interest receivable and realised gains and losses.

iii). Fee, commission and other income:

Fee, commission and other Income consists primarily of reinsurance and profit commissions, asset management fees, policyholder administration fees and other contract fees.

iv). 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 group 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.

v). 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.

vi). Rental income:

Rental income is recognised on an accrual basis.

(q) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Assets acquired in terms of finance leases are capitalized at the lower of cost and the present value of the minimum lease payment at inception of the lease, and amortised over the estimated useful life of the asset.

The capital element of future obligations under the leases is included as a liability in the statement of financial position.

(r) Dividend distribution

Dividend distribution to the group's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by shareholders.

(s) Critical accounting estimates and judgments in applying accounting policies

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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i). *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 group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the group will ultimately pay for such claims.

ii). *Impairment of available-for-sale equity financial assets (cont'd):*

The group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the group 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.

(t) Management of insurance and financial risk

The group issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the group manages them.

i). *Insurance risk:*

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

ii). *Sources of uncertainty in the estimation of future claim payments:*

Claims on casualty contracts are payable when the insured event occurs. The group is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and larger variables affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopt. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

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ii). Sources of uncertainty in the estimation of future claim payments (cont'd)

The liability for these contracts comprise a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the statement of financial position date. The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Casualty contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the statement of financial position date.

In calculating the estimated cost of unpaid claims (both reported and not), the group estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims has happened. For casualty contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid the group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

iii) Financial risk

The group is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts.

The most important components of this financial risk are interest rate risk, equity price risk, currency risk and credit risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risk that the group primarily faces due to the nature of its investments and liabilities is interest rate risk.

a) Interest rate risk:

Interest-rate risk is the only financial risk that has a materially different impact across the assets and liabilities categorised in the group's assets and liabilities management (ALM) framework.

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The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date.

A 5% increase or decrease is used when reporting interest rate risk internally, it represents management's assessment of the reasonably possible change in interest rates.

	5% change in Interest rate GH¢	31-Dec-18 Amount GH¢	Scenario 1 5% Increase GH¢	Scenario 2 5% decrease GH¢
Pre-tax profit	3,242,417	64,848,343	68,090,760	61,605,926
Shareholders' equity	13,789,894	275,797,883	289,587,777	262,007,989

	5% change in Interest rate GH¢	31-Dec-17 Amount GH¢	Scenario 1 5% Increase GH¢	Scenario 2 5% decrease GH¢
Pre-tax loss	(1,286,714)	(25,734,280)	(27,020,994)	(24,447,566)
Shareholders' equity	6,184,265	123,685,310	129,869,575	117,501,004

Assuming no management actions, a series of such rises would increase pre-tax profit for 2018 by GH¢3,242,417 (2017: GH¢1,286,714), while a series of such falls would decrease pre-tax profit for 2018 by GH¢3,242,417. (2017: GH¢1,286,714). Also a series of such rises would increase the shareholders' equity by GH¢13,789,894. (2017: GH¢6,184,265) whilst a series of such falls would decrease shareholders' equity by GH¢ 13,789,894. (2017: GH¢ 6,184,265).

b) Credit risk:

The group has exposure to credit risk, which is the risk that counterparty will be unable to pay amounts in full when due. Key areas where the group is exposed to credit risk are:

- reinsurers' share of insurance liabilities,
- amounts due from reinsurers in respect of claims already paid,

The group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and business lines are approved by the Board of Directors.

Maximum exposure to credit risk before collateral held

The Group's maximum exposure to credit risk at 31 December 2018 and 2017 is the same as the balances of the various financial assets in the statement of financial position listed below.

	2018 GH¢	2017 GH¢
Short term investments	68,338,396	64,915,304
Trade and other receivables	79,904,154	59,958,449
Cash and bank balances	26,479,047	15,748,208
	<u>174,721,597</u>	<u>140,621,961</u>

No assets that are impaired at the end of the reporting period.

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For the year ended 31 December 2018

c) Liquidity risk:

The group is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The group's approach to managing liquidity risk is to ensure that it will maintain adequate liquidity to meet its liabilities when due. Please refer to note 19 for the details of the insurance liabilities which may have an impact on the liquidity risk.

The table below presents the cash flows payable by the group under financial liabilities by remaining contractual maturities at the balance sheet date.

Maturity analysis of financial assets and liabilities

2018	Carrying amount GH¢	Up to one year GH¢	More than one year GH¢	Total GH¢
Financial assets				
Short term investments	68,338,396	68,338,396	-	68,338,396
Other receivables	79,904,154	79,904,154	-	79,904,154
Cash and bank balances	26,479,047	26,479,047	-	26,479,047
Total undiscounted assets	<u>174,721,597</u>	<u>174,721,597</u>	-	<u>174,721,597</u>
Financial liability				
Bank overdraft	7,297,752	7,297,752	-	7,297,752
Insurance contract liabilities	115,320,486	115,320,486	-	115,320,486
Trade and other accounts payable	90,758,693	90,758,693	-	90,758,693
Borrowings	22,015,000	22,015,000	-	22,015,000
Total undiscounted liabilities	<u>235,391,931</u>	<u>235,391,931</u>	-	<u>235,391,931</u>
Total liquidity gap	<u>(60,670,334)</u>	<u>(60,670,334)</u>	-	<u>(60,670,334)</u>
2017				
Financial assets				
Short term investments	64,915,304	64,915,304	-	64,915,304
Other receivables	59,958,449	59,958,449	-	59,958,449
Cash and bank balances	15,748,208	15,748,208	-	15,748,208
Total undiscounted assets	<u>140,621,961</u>	<u>140,621,961</u>	-	<u>140,621,961</u>
Financial liability				
Bank overdraft	5,124,742	5,124,742	-	5,124,742
Insurance contract liabilities	76,112,994	76,112,994	-	76,112,994
Trade and other accounts payable	104,469,676	104,469,676	-	104,469,676
Total undiscounted liabilities	<u>185,707,412</u>	<u>185,707,412</u>	-	<u>185,707,412</u>
Total liquidity gap	<u>(45,085,451)</u>	<u>(45,085,451)</u>	-	<u>(45,085,451)</u>

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d) Currency risk

The group operates locally and its exposures to foreign exchange risk arise primarily with respect to the US dollar, the Euro and the UK pound due to the reinsurance businesses undertaken with foreign based Reinsurers as well as policies undertaken in foreign currencies. The group receives claims from its reinsurers in foreign currencies and also has some investments in foreign currencies which mitigates the foreign currency exchange rate risk for these operations.

As a result, foreign exchange risk arises from recognised assets and liabilities denominated in other currencies.

The following table details the group's sensitivity to a 10% increase and decrease in the cedi against the relevant foreign currencies. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity the impact of change in a single factor is shown, with other assumptions unchanged.

2018	10% change in exchange rate GH¢	31-Dec-18	Scenario 1	Scenario 2
		Amount GH¢	10% increase GH¢	10% decrease GH¢
Pre-tax profit/(loss)	6,484,834	64,848,343	71,333,177	58,363,509
Shareholders' equity	27,579,788	275,797,883	303,377,671	248,218,095

2017	10% change in exchange rate GH¢	31-Dec-17	Scenario 1	Scenario 2
		Amount GH¢	10% increase GH¢	10% decrease GH¢
Pre-tax profit/(loss)	(2,573,428)	(25,734,280)	(28,307,708)	(23,160,852)
Shareholders' equity	12,368,531	123,685,310	136,053,841	111,316,779

Assuming no management actions, a series of such rises would increase pre-tax profit for 2018 by GH¢6,484,834 (2017: GH¢2,573,428), while a series of such falls would decrease pre-tax profit for 2018 by GH¢6,484,834. (2017: GH¢2,573,428). Also a series of such rises would increase the shareholders' equity by GH¢27,579,788. (2017: GH¢12,368,531), whilst a series of such falls would decrease shareholders' equity by GH¢27,579,788. (2017: GH¢12,368,531).

The following significant exchange rates were applied during the year:

	2018 GH¢ Selling	2018 GH¢ Buying	2017 GH¢ Selling	2017 GH¢ Buying
US Dollar	4.8224	4.8176	4.4179	4.4134
GB Pound	6.1746	6.1675	5.9708	5.9629
Euro	5.5150	5.5111	5.2989	5.2938

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4. Application of new and revised standards, amendments and Interpretations

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

IFRS 9 Financial Instruments

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

The company plans to adopt the new standard on the required effective date and will not restate comparative information. During 2018, the company has performed a detailed impact assessment of all three aspects of IFRS 9.

This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the company in 2018 when the company will adopt IFRS 9. Overall, the company expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The company expects an increase in the loss allowance resulting in a negative impact on equity as discussed below. In addition, the company will implement changes in classification of certain financial instruments. The company by the directive of the NIC has deferred the implementation of IFRS 9 till 2021.

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Company has applied IFRS 15 *Revenue from Contracts with Customers* (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The company has adopted the terminology used in IFRS 15 to describe such balances.

Apart from providing more extensive disclosures for the company's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the company.

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New and revised IFRS Standards in issue but not yet effective

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

IFRS 16	Leases
IFRS 17	Insurance contract
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
Annual Improvements to IFRS Standards 2015–2017 Cycle	<i>Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs</i>
Amendments to IAS 19 <i>Employee Benefits</i>	<i>Plan Amendment, Curtailment or Settlement</i>
IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 (amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods, except as noted below:

IFRS 16 Leases

General impact of application of IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the company will be 1 January 2019.

The company has chosen the modified retrospective application of IFRS 16. Consequently, the company will not restate the comparative information.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of a lease

The company will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

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- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The company will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the company.

Impact on Lessee Accounting

Operating leases

IFRS 16 will change how the company accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the company will:

- a) Recognise right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;
- c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the company will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

Finance leases

The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is, the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. On initial application the company will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on an analysis of the company's finance leases as at 31 December 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed that the impact of this change will not have an impact on the amounts recognised in the company's financial statements.

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IFRS 17 Insurance Contracts

In May 2018, the IASB Issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective,

IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

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

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

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

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
 - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
 - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the company's financial statements.

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

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

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5. Segment information

Segmental information is presented in respect of the group's business segments. The primary format and business segments, is based on the group's management and internal reporting structure. The group's results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The group does not have a geographical segment.

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5. Segment information (continued)

Class of business	Motor GH¢	Fire GH¢	Accident GH¢	Marine & Aviation GH¢	2018		2017	
					Total GH¢	Total GH¢	Total GH¢	Total GH¢
Gross premiums	63,181,072	49,944,180	50,011,046	14,850,326	177,986,624	161,929,753		
Reinsurances	<u>(710,985)</u>	<u>(38,756,902)</u>	<u>(14,663,315)</u>	<u>(12,630,823)</u>	<u>66,762,025</u>	<u>(63,114,248)</u>		
Net premiums Movement in unearned premium	62,470,087	11,187,278	35,347,731	2,219,503	111,224,599	98,815,505		
	<u>198,082</u>	<u>(5,851,808)</u>	<u>(7,807,003)</u>	<u>53,314</u>	<u>(13,407,415)</u>	<u>80,616</u>		
Premium earned	62,668,169	5,335,470	27,540,729	2,272,817	97,817,184	98,896,121		
Commissions	<u>(7,556,142)</u>	<u>4,771,839</u>	<u>(207,391)</u>	<u>1,030,871</u>	<u>(1,960,823)</u>	<u>6,329,939</u>		
Claims	55,112,026	10,107,309	27,333,338	3,303,688	95,856,361	105,226,060		
	<u>(19,207,474)</u>	<u>(10,859,996)</u>	<u>(5,247,233)</u>	<u>(569,261)</u>	<u>(35,883,964)</u>	<u>(38,491,870)</u>		
Management expenses	35,904,553	(752,688)	22,086,105	2,734,428	59,972,397	66,734,190		
	<u>(37,113,506)</u>	<u>(29,337,957)</u>	<u>(29,377,236)</u>	<u>(8,723,303)</u>	<u>(104,552,002)</u>	<u>(74,000,788)</u>		
Underwriting results transferred to Rev. A/c	<u>(1,208,953)</u>	<u>(30,090,645)</u>	<u>(7,291,131)</u>	<u>(5,988,875)</u>	<u>(44,579,605)</u>	<u>(7,266,598)</u>		

Notes to the consolidated and Separate financial statements

For the year ended 31 December 2018

Unearned premium	2018			2017	
	Motor GH¢	Fire GH¢	Accident GH¢	Marine & Aviation GH¢	Total GH¢
Unearned Premium - Start	23,519,447	15,114,028	5,536,687	4,060,201	49,757,149
Unearned Reins Prem - Start	(147,072)	(14,502,291)	(5,874,632)	(2,990,956)	(24,961,121)
Unearned Premium - Close	(23,438,045)	(28,855,675)	(10,567,450)	(6,797,427)	(48,230,363)
Unearned Reins Prem - Close	<u>263,752</u>	<u>22,392,130</u>	<u>3,098,392</u>	<u>5,781,496</u>	<u>23,514,951</u>
Movement in Unearned Prem	<u>198,082</u>	<u>(5,851,808)</u>	<u>(7,807,003)</u>	<u>53,314</u>	<u>80,616</u>

The non-life insurance business is organised into four segments as shown above.

Motor: This business unit underwrites motor insurance by giving cover which indemnifies the insured against any accidental loss to motorbikes and vehicles. There are three types of motor insurances namely; comprehensive, third party and third party fire & theft.

Marine & Aviation: Marine insurance provides cover on airborne cargoes, ships, fishing vessels as well as ports & harbours installations. Aviation on the other hand covers aircrafts itself, cargo and passengers.

Fire: Fire insurance covers accidental destruction of properties including household buildings, personal effects, commercial and industrial buildings, plants & machinery, raw materials, finished goods and profits (business disruption) policies. Fire cover is usually in three parts, namely; fire, lighting, and limited explosions.

Accident: Accident policies covers a broad range of activities including personal accidents, family personal accidents, group personal accidents, burglary, cash-in-transit, goods-in-transit, banker's indemnity, pedals cycle, products liability, contractors all-risk, travel insurance, bonds etc.

The business segments operate on a short-term insurance cycle.

SIC Insurance Company Limited

Notes to the consolidated and Separate financial statements

For the year ended 31 December 2018

6. Gross premium

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Motor	63,181,072	61,886,693	63,181,072	61,886,693
Fire	49,944,180	49,272,923	49,944,180	49,272,923
Accident	50,011,046	36,141,271	50,011,046	36,141,271
Marine and aviation	14,850,326	14,628,866	14,850,326	14,628,866
	<u>177,986,624</u>	<u>161,929,753</u>	<u>177,986,624</u>	<u>161,929,753</u>

7. Reinsurances

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Motor	710,985	528,977	710,985	528,977
Fire	38,756,902	41,295,739	38,756,902	41,295,739
Accident	14,663,315	13,341,746	14,663,315	13,341,746
Marine and aviation	12,630,823	7,947,786	12,630,823	7,947,786
	<u>66,762,025</u>	<u>63,114,248</u>	<u>66,762,025</u>	<u>63,114,248</u>

8a. Claims incurred

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Payments during the year	28,187,341	31,699,650	28,187,341	31,699,650
Claims outstanding at 31 December	45,661,889	27,882,632	45,661,889	27,882,632
	<u>73,849,230</u>	<u>59,582,282</u>	<u>73,849,230</u>	<u>59,582,282</u>
Claims outstanding at 1 January	(27,882,632)	(11,317,898)	(27,882,632)	(11,317,898)
	45,966,598	48,264,384	45,966,598	48,264,384
Net recoveries	(10,082,634)	(9,772,514)	(10,082,634)	(9,772,514)
Claims net of recoveries	<u>35,883,964</u>	<u>38,491,870</u>	<u>35,883,964</u>	<u>38,491,870</u>

Claims provision

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

Claims provisions are based on previous claims experience, knowledge of events, terms and conditions of relevant policies and interpretation of circumstances. Each notified claim is assessed on a separate case-by-case basis with regard to specific circumstances, information available from the insured and the loss adjuster and past experience of similar claims. The company employs staff experienced in claims handling and rigorously applies standardized policies and procedures around claims assessment.

SIC Insurance Company Limited

Notes to the consolidated and Separate financial statements

For the year ended 31 December 2018

Actuary

The valuation of the IBNR was carried out by Stallion Consultants Limited (Actuarles, Pensions and Benefits Consultants) with registered office as 3rd Floor, Gulf House, Tetteh Quarshie Interchange, Airport West, Accra.

8b. Exceptional claims

Ivory Finance Limited

The credit guarantee bonds issued by SIC and its consequent legal action for a claim of GH¢ 91,800,303 in respect of a contentious consent judgment is still pending. The Supreme Court upheld SIC's appeal and has remitted the substantive case of fraud to the High Court to be heard on its merit. In the likely event that the action succeeds, there will be no judgement to enforce against SIC whatsoever.

9. Brokerage and advisory fees

	Group		Company	
	2018 GH¢	2017 GH¢		2017 GH¢
Asset Management	12,435,481	7,308,944	-	-
Corporate Finance	1,198,243	2,406,841	-	-
Brokerage Fees	<u>327,508</u>	<u>1,106,270</u>	-	-
	<u>13,961,232</u>	<u>10,822,055</u>	-	-

10. Commissions

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Receivable	16,303,942	19,284,826	16,303,942	19,284,826
Payable	<u>(18,264,765)</u>	<u>(12,954,887)</u>	<u>(18,264,765)</u>	<u>(12,954,887)</u>
Net commissions	<u>(1,960,823)</u>	<u>6,329,939</u>	<u>(1,960,823)</u>	<u>6,329,939</u>

11. Management expenses

Management expenses is stated after charging:

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Directors' emoluments	652,356	594,316	474,904	409,557
Staff cost	80,086,867	51,734,924	73,833,218	46,957,217
Depreciation	7,211,906	2,588,080	6,969,403	2,463,858
Software amortisation	102,274	41,786	87,409	26,921
Audit fees	<u>293,488</u>	<u>229,211</u>	<u>165,000</u>	<u>124,211</u>

SIC Insurance Company Limited

Notes to the consolidated and Separate financial statements

For the year ended 31 December 2018

12. Investment income

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Dividend	1,911,792	2,136,179	1,911,792	2,136,179
Interest on fixed deposits	6,810,927	4,216,559	5,448,050	4,216,559
Interest on treasury bills	4,577,001	5,041,783	4,577,001	5,041,783
Statutory Investments	174,507	199,515	174,507	199,515
Other investment income	<u>2,180,477</u>	<u>1,182,823</u>	<u>64,856</u>	<u>43,447</u>
	<u>15,654,704</u>	<u>12,776,859</u>	<u>12,176,206</u>	<u>11,637,483</u>

13. Other income

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Rent	1,368,557	1,208,644	1,368,557	1,208,644
Sale of stickers	2,465,750	2,163,886	2,465,750	2,163,886
Net medical income	4,106,735	2,250,583	4,106,735	2,250,583
Share of associate profit	5,692,396	3,292,826	5,692,396	3,292,826
Profit on disposal of assets	-	420	-	420
Revaluation gain-investment properties	81,446,040	-	81,446,040	-
Sundry income	2,828,216	5,363,872	2,247,186	5,102,923
Gain on exchange	<u>3,166,717</u>	<u>332,155</u>	<u>3,166,717</u>	<u>234,539</u>
	<u>101,074,411</u>	<u>14,612,386</u>	<u>100,493,381</u>	<u>14,253,821</u>

14. Finance cost

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Interest on overdraft facility	3,274,948	1,225,805	3,274,948	1,225,805
Interest on loans	<u>3,603,873</u>	<u>21,932,845</u>	-	-
	<u>6,878,821</u>	<u>23,158,650</u>	<u>3,274,948</u>	<u>1,225,805</u>

15. Impairment loss

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Impairment on financial assets	3,382,336	-	3,314,634	-
Impaired investment – SIC FSL				
Tanink taxi project	<u>1,910,484</u>	<u>25,919,590</u>	-	<u>3,385,500</u>
	<u>5,292,820</u>	<u>25,919,590</u>	<u>3,314,634</u>	<u>3,385,500</u>

SIC Insurance Company Limited

Notes to the consolidated and Separate financial statements

For the year ended 31 December 2018

The impairment refers to loans taken for the taxi and tanker project. The taxi project has crystallized with a court judgement for the payment of the loss amount. The tanker project has beneficiaries servicing the facility. However, some of the beneficiaries have defaulted and SIC FSL has a liability to settle with Capital Bank (Now GCB Bank). The Company also impaired its investments with Books Asset Management and Weston Capital.

16. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the group by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the group and held as treasury shares.

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Profit attributable to the group's equity holders	46,499,742	(23,472,701)	44,664,218	11,357,689
Weighted average number of ordinary shares in issue	195,645,000	195,645,000	195,645,000	195,645,000
Basic earnings per share	0.2377	(0.1200)	0.2283	0.0581

17. Financial instruments classification summary

The group's financial assets are summarised below by measurement category as follows:

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Available-for-sale (Note 18) Receivables (including insurance receivables) (Note 19)	125,123,030	175,171,900	124,698,863	39,942,132
	27,010,476	12,943,514	27,010,476	12,943,514

The group does not hold financial assets in the category of Held-to-maturity as well as Fair value designated through income.

18. Available-for-sale financial assets

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Equity securities:				
Listed	12,961,391	156,020,590	12,537,224	20,790,822
Unlisted	112,161,639	19,151,310	112,161,639	19,151,310
Total available-for-sale financial assets	125,123,030	175,171,900	124,698,863	39,942,132

SIC Insurance Company Limited

Notes to the consolidated and Separate financial statements

For the year ended 31 December 2018

19. Receivables

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Receivables arising from insurance and reinsurance contracts:				
Due from agents, brokers and intermediaries	<u>27,010,476</u>	<u>12,943,514</u>	<u>27,010,476</u>	<u>12,943,514</u>
Total receivables including insurance receivables	<u>27,010,476</u>	<u>12,943,514</u>	<u>27,010,476</u>	<u>12,943,514</u>
Current portion	<u>27,010,476</u>	<u>12,943,514</u>	<u>27,010,476</u>	<u>12,943,514</u>

The carrying amount is a reasonable approximation of fair value.

The group's receivables are non-interest bearing assets. Management has assessed all receivables for impairment purposes, and no impairment loss was determined.

20. Insurance liabilities

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Claims reported and loss adjustment expenses (Note 8a)	<u>33,215,748</u>	<u>19,786,145</u>	<u>33,215,748</u>	<u>19,786,145</u>
Claims incurred but not reported (IBNR) (Note 8a)	<u>12,446,141</u>	<u>8,096,487</u>	<u>12,446,141</u>	<u>8,096,487</u>
Unearned premiums (Note 5)	<u>69,658,597</u>	<u>48,230,363</u>	<u>69,658,597</u>	<u>48,230,363</u>
Total insurance liabilities	<u>115,320,486</u>	<u>76,112,995</u>	<u>115,320,486</u>	<u>76,112,995</u>

The gross claims reported, the loss adjustment expense liabilities and the liability for claims incurred but not reported exclude expected recoveries from salvage, subrogation and reinsurers.

21. Taxation - Group

(a) Income tax payable

	At 1-Jan GH¢	Charge for the year GH¢	Payment during the year GH¢	At 31-Dec GH¢
Income tax				
Up to 2016	2,260,433	-	-	2,260,433
2017	1,996,500			1,996,500
2018	-	<u>1,647,393</u>	<u>(4,625,767)</u>	<u>(2,978,374)</u>
	<u>4,256,933</u>	<u>1,647,393</u>	<u>(4,625,767)</u>	<u>1,278,559</u>

Notes to the consolidated and Separate financial statements

For the year ended 31 December 2018

(b) Reconstruction/Stabilization levy

	At 1-Jan GH¢	Charge for the year GH¢	Payment during the year GH¢	At 31-Dec GH¢
Up to 2016	725,386	-	-	725,386
2017	485,717	-	-	485,717
2018	-	<u>3,298,273</u>	<u>(705,776)</u>	2,592,497
	<u>1,211,103</u>	<u>3,298,273</u>	<u>(705,776)</u>	<u>3,803,600</u>

Taxation - Company

(a) Income tax payable

	At 1-Jan GH¢	Charge for the year GH¢	Payment during the year GH¢	At 31-Dec GH¢
Income tax				
Up to 2016	377,059	-	-	377,059
2017	2,770,116	-	-	2,770,116
2018	-	<u>358,227</u>	<u>(3,015,052)</u>	(2,656,825)
	<u>3,147,175</u>	<u>358,227</u>	<u>(3,015,052)</u>	<u>490,350</u>

(b)

**Reconstruction/Stabilization
levy**

	At 1-Jan GH¢	Charge for the year GH¢	Payment during the year GH¢	At 31-Dec GH¢
Up to 2016	444,713	-	-	444,713
2017	477,767	-	-	477,767
2018	-	<u>3,075,020</u>	<u>(655,776)</u>	2,419,244
	<u>922,480</u>	<u>3,075,020</u>	<u>(655,776)</u>	<u>3,341,724</u>

(c) Income tax expenses

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Corporate tax	1,647,393	4,049,562	358,227	3,977,837
Deferred tax	13,402,935	(7,026,261)	13,402,935	(2,022,795)
	<u>15,050,328</u>	<u>(2,976,699)</u>	<u>13,761,162</u>	<u>1,955,042</u>

(d) Deferred tax

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Balance at 1 January	(4,861,134)	2,165,127	165,507	2,188,302
Charge/(credit) to P & L	13,379,984	(7,026,261)	13,402,935	(2,022,795)
Charge to OCI	18,705,288	-	18,705,288	-
Balance at 31 December	<u>27,224,138</u>	<u>(4,861,134)</u>	<u>32,273,730</u>	<u>165,507</u>

Notes to the consolidated and Separate financial statements

For the year ended 31 December 2018

2018 Cost	Leasehold buildings		Leasehold land		Freehold buildings		Freehold land		Computers		Capital work in progress		Other machinery & equipment		Total	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance as at 1 January	6,141,107	5,199,628	-	7,796,797	9,429,000	1,767,226	2,794,159	14,805,557	568,851	18,137,431	47,933,474	3,900,725				
Additions for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	47,718,413	6,010,987	21,091,750	(836,079)	(9,429,000)	-	-	-	-	-	-	-	-	-	-	-
Adjustment	(475,000)	(237,815)	(836,079)	(836,079)	(9,429,000)	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December	<u>53,384,520</u>	<u>10,972,800</u>	<u>28,052,468</u>	<u>28,052,468</u>	<u>2,336,077</u>	<u>2,794,159</u>	<u>18,137,431</u>	<u>115,677,455</u>								
Accumulated Depreciation																
Balance as at 1 January	2,439,197	1,518,838	651,465	-	-	1,395,364	-	7,858,222	-	-	-	-	-	-	-	-
Charge for the year	3,215,478	974,890	280,524	280,524	-	292,464	-	2,448,550	-	-	-	-	-	-	-	-
Revaluation	(2,439,198)	(1,518,840)	(651,464)	(651,464)	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	(14,282)	-	(544,626)	-	-	-	-	-	-	-	-
Balance as at 31 December	<u>3,215,477</u>	<u>974,888</u>	<u>280,525</u>	<u>280,525</u>	<u>1,673,546</u>	<u>2,794,159</u>	<u>9,762,146</u>	<u>15,906,582</u>								
Net book value	<u>50,169,043</u>	<u>9,997,912</u>	<u>27,771,943</u>	<u>27,771,943</u>	<u>662,531</u>	<u>2,794,159</u>	<u>8,375,285</u>	<u>99,770,873</u>								

Notes to the consolidated and Separate financial statements
For the year ended 31 December 2018

22. Property, plant and equipment (continued)

Group

2017 Cost	Leasehold buildings GH¢	Leasehold land GH¢	Freehold buildings GH¢	Freehold land GH¢	Computers GH¢	Capital work in progress GH¢	Other machinery & equipment GH¢	Total GH¢
Balance as at 1 January	6,141,107	5,508,012	7,725,852	9,429,000	1,341,818	2,793,659	7,998,382	40,937,830
Additions for the year	-	-	70,945	-	425,408	500	6,672,757	7,169,610
Adjustment	-	(308,384)	-	-	-	-	137,891	(170,493)
Disposal	-	-	-	-	-	-	(3,473)	(3,473)
Balance as at 31 December	<u>6,141,107</u>	<u>5,199,628</u>	<u>7,796,797</u>	<u>9,429,000</u>	<u>1,767,226</u>	<u>2,794,159</u>	<u>14,805,557</u>	<u>47,933,474</u>
Accumulated Depreciation								
Balance as at 1 January	2,261,363	1,415,731	575,792	-	1,224,817	-	5,808,076	11,285,779
Charge for the year	177,834	103,107	75,673	-	170,547	-	2,062,236	2,589,397
Adjustment	-	-	-	-	-	-	(8,617)	(8,617)
Disposal	-	-	-	-	-	-	(3,473)	(3,473)
Balance as at 31 December	<u>2,439,197</u>	<u>1,518,838</u>	<u>651,465</u>	-	<u>1,395,364</u>	-	<u>7,858,222</u>	<u>13,863,086</u>
Net book value	<u>3,701,910</u>	<u>3,680,790</u>	<u>7,145,332</u>	<u>9,429,000</u>	<u>371,862</u>	<u>2,794,159</u>	<u>6,947,335</u>	<u>34,070,388</u>

Notes to the consolidated and Separate financial statements

For the year ended 31 December 2018

22. Property, plant and equipment (continued)

Company

2018 Cost	Leasehold buildings GH¢	Leasehold land GH¢	Freehold buildings GH¢	Freehold land GH¢	Computers GH¢	Capital work in progress GH¢	Other machinery & equipment GH¢	Total GH¢
Balance as at 1 January	6,141,107	5,199,628	7,796,729	9,429,000	1,564,258	3,266,498	13,130,545	46,527,765
Additions for the year					500,159	-	3,052,747	3,552,906
Revaluation	47,718,413	6,010,987	21,091,750	-	-	-	-	74,821,150
Adjustment	(475,000)	(237,815)	(836,079)	(9,429,000)	-	-	-	(10,977,894)
Balance as at 31 December	<u>53,384,520</u>	<u>10,972,800</u>	<u>28,052,400</u>	-	<u>2,064,417</u>	<u>3,266,498</u>	<u>16,183,292</u>	<u>113,923,927</u>
Accumulated Depreciation								
Balance as at 1 January	2,439,198	1,518,840	651,464	-	1,234,623	-	7,300,922	13,145,047
Charge for the year	3,215,478	974,890	280,524	-	258,315	-	2,240,197	6,969,404
Revaluation	(2,439,198)	(1,518,840)	(651,464)	-	-	-	-	(4,609,502)
Adjustment					(14,282)	-	(544,626)	(558,908)
Balance as at 31 December	<u>3,215,478</u>	<u>974,890</u>	<u>280,524</u>	-	<u>1,478,656</u>	-	<u>8,996,493</u>	<u>14,946,041</u>
Net book value	<u>50,169,042</u>	<u>9,997,910</u>	<u>27,771,876</u>	-	<u>585,761</u>	<u>3,266,498</u>	<u>7,186,799</u>	<u>98,977,886</u>

Notes to the consolidated and Separate financial statements
For the year ended 31 December 2018

22. Property, plant and equipment (continued)

Company

2017	Leasehold buildings GH¢	Leasehold land GH¢	Freehold buildings GH¢	Freehold land GH¢	Computers GH¢	Capital work in progress GH¢	Other machinery & equipment GH¢	Total GH¢
Balance as at 1 January	6,141,107	5,508,012	7,725,784	9,429,000	1,193,996	3,265,998	7,127,959	40,391,856
Additions for the year	-	-	70,945	-	370,262	500	6,002,586	6,444,293
Adjustment	-	(308,384)	-	-	-	-	-	(308,384)
Balance as at 31 December	<u>6,141,107</u>	<u>5,199,628</u>	<u>7,796,729</u>	<u>9,429,000</u>	<u>1,564,258</u>	<u>3,266,498</u>	<u>13,130,545</u>	<u>46,527,765</u>
Accumulated Depreciation								
Balance as at 1 January	2,261,364	1,415,733	575,791	-	1,087,173	-	5,341,128	10,681,189
Charge for the year	<u>177,834</u>	<u>103,107</u>	<u>75,673</u>	-	<u>147,450</u>	-	<u>1,959,794</u>	<u>2,463,858</u>
Balance as at 31 December	<u>2,439,198</u>	<u>1,518,840</u>	<u>651,464</u>	-	<u>1,234,623</u>	-	<u>7,300,922</u>	<u>13,145,047</u>
Net book value	<u>3,701,909</u>	<u>3,680,788</u>	<u>7,145,265</u>	<u>9,429,000</u>	<u>329,635</u>	<u>3,266,498</u>	<u>5,829,623</u>	<u>33,382,718</u>

SIC Insurance Company Limited

Notes to the consolidated financial statement For the year ended 31 December 2018

23. Intangible asset

Computer software Cost	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Balance as at 1 January	2,170,730	2,106,180	1,435,053	1,415,103
Additions	818,771	64,550	302,440	19,950
Balance as at 31 December	<u>2,989,501</u>	<u>2,170,730</u>	<u>1,737,493</u>	<u>1,435,053</u>
Amortisation				
Balance as at 1 January	2,102,103	2,060,316	1,396,162	1,369,241
Charge for the year	102,274	41,787	87,408	26,921
Balance as at 31 December	<u>2,204,377</u>	<u>2,102,103</u>	<u>1,483,570</u>	<u>1,396,162</u>
Net book value	<u>785,124</u>	<u>68,627</u>	<u>253,923</u>	<u>38,891</u>

24. Investment property

	Leasehold properties	Freehold land & buildings	2018 Total	2017 Total
	GH¢	GH¢	GH¢	GH¢
Balance as at 1 January	7,279,703	1,142,700	8,422,403	8,422,403
Transfer	-	9,429,000	9,429,000	-
Revaluation	<u>81,446,040</u>	-	<u>81,446,040</u>	-
Balance as at 31 December	<u>88,725,743</u>	<u>10,571,700</u>	<u>99,297,443</u>	<u>8,422,403</u>

25. Long term investments

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Equity shares	125,123,030	175,171,900	124,698,863	39,942,132
Mutual fund	<u>202,400</u>	<u>203,120</u>	<u>202,400</u>	<u>203,120</u>
	<u>125,325,430</u>	<u>175,375,020</u>	<u>124,901,263</u>	<u>40,145,252</u>

26. Investment in subsidiary

	2018 GH¢	2017 GH¢
Balance as at 1st January	1,585,715	1,585,715
Adjustments during the year (revaluation)	<u>4,292,811</u>	-
Balance as at 31st December	<u>5,878,526</u>	<u>1,585,715</u>

The subsidiary company is:

SIC Insurance Company Limited

Notes to the consolidated financial statement

For the year ended 31 December 2018

	Nature of business	Number of shares	% Interest held
SIC Financial Services Limited	Investment advisory, asset & fund management	3,000	70

Summary of the subsidiary's financial statements as at 31 December 2018 is as shown in the table below:

SIC Financial Services Limited

	2018 GH¢	2017 GH¢
Non-current assets	6,797,946	5,744,043
Current assets	<u>38,652,525</u>	<u>181,880,659</u>
Total Assets	<u>45,450,471</u>	<u>187,624,702</u>
Non-current liabilities	-	-
Current liabilities	57,888,846	162,672,036
Equity attributable to owners of the Company	(20,881,110)	17,067,473
Non-controlling interests	<u>8,442,735</u>	<u>7,885,193</u>
Total equity and liabilities	<u>45,450,471</u>	<u>187,624,702</u>
	2018 GH¢	2017 GH¢
Revenue	13,961,232	10,822,055
Other incomes:	581,030	358,565
Investment income	3,478,498	1,139,376
Operating expenses	(9,090,758)	(7,600,740)
Finance cost	(3,603,873)	(21,932,845)
Impairment loss	(1,978,186)	(22,534,090)
Income tax	<u>(1,489,469)</u>	<u>4,917,291</u>
Profit/(loss) for the year	1,858,474	(34,830,389)
Profit/(loss) attributable to owners of the Company	1,300,932	(24,381,272)
Profit/(loss) attributable to the non-controlling interests	<u>557,542</u>	<u>(10,449,117)</u>
Profit/(loss) for the year	1,858,474	(34,830,389)
Other comprehensive income attributable to owners of the Company	-	32,595,567
Other comprehensive income attributable to the non-controlling interests	-	<u>13,969,528</u>
Other comprehensive income for the year	-	46,565,095
Total comprehensive income attributable to owners of the Company	1,300,932	8,214,294
Total comprehensive income attributable to the non-controlling interests	<u>557,542</u>	<u>3,520,411</u>
Total comprehensive income for the year	<u>1,858,474</u>	<u>11,734,705</u>

SIC Insurance Company Limited

Notes to the consolidated financial statement

For the year ended 31 December 2018

27. Investment in associated company

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Balance at 1 January	14,444,887	11,152,061	14,444,887	11,152,061
Movement in investment	<u>5,692,396</u>	<u>3,292,826</u>	<u>5,692,396</u>	<u>3,292,826</u>
Balance at 31 December	<u>20,137,283</u>	<u>14,444,887</u>	<u>20,137,283</u>	<u>14,444,887</u>

The associate company is:

	Nature of business	Number of shares	% Interest Held
SIC Life Company Limited	Life assurance	20,000,000	20

28. Short term investments

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Ghana Gov't treasury bills	32,855,522	36,005,654	31,413,594	35,899,332
Bank time deposits	<u>35,482,874</u>	<u>28,909,650</u>	<u>27,859,720</u>	<u>21,721,746</u>
	<u>68,338,396</u>	<u>64,915,304</u>	<u>59,273,314</u>	<u>57,621,078</u>

Included in Ghana Gov't Treasury bill is a statutory deposit of GH¢ 1,874,022 (2017: GH¢ 1,699,515). The statutory deposit represents an escrow agreement between the National Insurance Commission (NIC) and SIC Insurance Company Limited. As part of the conditions for granting an Insurance license to 'the company', the NIC required 'the company' to deposit 10% of its minimum capital as a statutory deposit into an escrow account. These instruments are carried at purchase amount plus any accrued interest and the investments are not available for the day to day running of the company.

29. Trade and other receivables

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Accrued income and prepayments	449,916	898,104	404,916	501,420
Staff debtors	2,326,000	3,185,525	2,326,000	3,185,525
Sundry debtors	49,325,182	42,931,306	20,297,352	5,741,872
Agents & reinsurance balance	27,010,476	12,943,514	27,010,476	12,943,514
Rent debtors	<u>747,580</u>	-	<u>747,580</u>	-
	<u>79,904,154</u>	<u>59,958,449</u>	<u>50,786,324</u>	<u>22,372,331</u>

SIC Insurance Company Limited

Notes to the consolidated financial statement For the year ended 31 December 2018

30. Inventories

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Fuel and lubricants	35,312	18,516	35,312	18,516
Medical Stores	735,421	449,049	735,421	449,049
Stationery and printing stock	603,972	586,654	603,972	586,654
Computer stationery Stock	<u>354,833</u>	<u>133,532</u>	<u>354,833</u>	<u>133,532</u>
	<u>1,729,538</u>	<u>1,187,751</u>	<u>1,729,538</u>	<u>1,187,751</u>

31. Cash and cash equivalents

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
a. Cash and bank balances	<u>26,479,047</u>	<u>15,748,208</u>	<u>26,009,434</u>	<u>13,977,660</u>
b. Bank Overdraft				
Ecobank Ghana Limited	<u>7,297,752</u>	<u>5,124,742</u>	<u>7,297,752</u>	<u>5,124,742</u>

The company has an overdraft facility of GH¢7,000,000 with the Ecobank Ghana Limited to support the company's operational expenses requirement. Interest rate is at 20% per annum.

32. Stated capital

- (a) The number of authorised shares is 500,000,000 of no par value.
- (b) The number of shares issued is 195,645,000.
- (c) The number of shares fully paid is 195,645,000.

Stated capital is made up as follows:

	2018 GH¢	2017 GH¢
Issued and fully paid for cash	200	200
Transfer from income surplus	42,600	42,600
Transfer from capital surplus	<u>24,957,200</u>	<u>24,957,200</u>
	<u>25,000,000</u>	<u>25,000,000</u>

There are no shares in treasury and no call or installment unpaid on any share.

SIC Insurance Company Limited

Notes to the consolidated financial statement For the year ended 31 December 2018

33. Capital surplus

The movement in the capital surplus account for the year is as follows:

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Balance at 1 January	17,788,506	17,788,506	17,788,506	17,788,506
Revaluation gain - property	78,943,459	-	78,943,459	-
Deferred tax effect	<u>(18,705,288)</u>	<u>-</u>	<u>(18,705,288)</u>	<u>-</u>
Balance at 31 December	<u>78,026,677</u>	<u>17,788,506</u>	<u>78,026,677</u>	<u>17,788,506</u>

34. Contingency reserve

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Balance at 1 January	29,520,344	24,662,451	29,520,344	24,662,451
Transfer from Income surplus	<u>-</u>	<u>4,857,893</u>	<u>-</u>	<u>4,857,893</u>
Balance at 31 December	<u>29,520,344</u>	<u>29,520,344</u>	<u>29,520,344</u>	<u>29,520,344</u>

This represents sums set aside to cover fluctuation in securities and variations in statistical estimate in accordance with the Insurance Act, 2006 (Act 724). There were no transfers from Income surplus due to underwriting losses incurred in the current year. The contingency reserve is currently more than the stated capital.

35. Available-for-sale reserves

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Balance at 1 January	93,295,894	36,582,647	19,783,952	11,122,435
Fair valuation	10,123,761	55,226,612	87,817,511	8,661,517
Adjustment	<u>(67,945)</u>	<u>1,486,635</u>	<u>-</u>	<u>-</u>
Balance at 31 December	<u>103,351,710</u>	<u>93,295,894</u>	<u>107,601,463</u>	<u>19,783,952</u>

The available-for-sale reserve is used to record the differences resulting from the valuation of the related investments.

36. Trade and other payables

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
Agents & brokers	4,187,376	2,443,315	4,187,376	2,443,315
Reinsurers	14,180,865	10,915,306	14,180,865	10,915,306
Sundry creditors	69,319,861	88,321,637	12,681,100	13,903,234
Current account with oil and gas	<u>3,070,591</u>	<u>2,789,418</u>	<u>3,070,591</u>	<u>2,789,418</u>
	<u>90,758,693</u>	<u>104,469,676</u>	<u>34,119,932</u>	<u>30,051,272</u>

SIC Insurance Company Limited

Notes to the consolidated financial statement For the year ended 31 December 2018

37. Borrowings

	Group		Company	
	2018 GH¢	2017 GH¢	2018 GH¢	2017 GH¢
At 1 January	86,855,253	64,922,408	-	-
Additions	22,015,000	-	22,015,000	-
Accrued Interest	-	21,932,845	-	-
Write off	(86,855,253)	-	-	-
	<u>22,015,000</u>	<u>86,855,253</u>	<u>22,015,000</u>	<u>-</u>

The company has a short-term loan facility of US\$ 5,000,000 with GHIB at interest rate of 8.85866% that is 3 months libor rate +margin of 6.5%.

38. Employee benefit

	January 1, 2018 to December 31, 2018			January 1, 2017 to December 31, 2017		
	January Benefit Scheme	Post-Employment Medical Benefit	Total	Retirement Benefit Scheme	Post - Employment Medical Benefit	Total
Actuarial Liability						
Active Members	634,822	3,502,304	4,137,126	644,541	6,250,299	6,894,840
Retired Members	n/a	5,669,819	5,669,819	n/a	6,456,351	6,456,351
Excess Interest Account	-	-	-	-	-	-
Total : Actual Liability	634,822	9,172,122	9,806,945	644,541	12,706,650	13,351,191

SIC Insurance Company Limited

Notes to the consolidated financial statement For the year ended 31 December 2018

Detailed pension Expenses for Accounting Purposes Retirement Benefit Scheme and Post-Employment Medical Scheme As at December, 2018.

	January 1, 2018 to December 31, 2018			January 1, 2017 to December 31, 2017		
	Retirement Benefit Scheme	Post-Employment Medical scheme	Combined Scheme	Retirement Benefit Scheme	Post-Employment Medical scheme	Combined Scheme
Financial Assumptions at the end of the year	GHC	GHC	GHC	GHC	GHC	GHC
Assumed Discount rate on liabilities	21.50%	21.50%	21.50%	17.35%	17.35%	17.35%
Assumed rate of salary increase	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Assumed rate of inflation	9.50%	9.50%	9.50%	11.80%	11.80%	11.80%
Assume rate of Medical	10.50%	10.50%	10.50%	13.50%	13.50%	13.50%
Present Value Of Obligation, 1st January	644,541	12,706,650	13,351,192	358,952	11,297,705	11,656,656
Current Service Cost	152,105	382,217	534,322	101,816	342,551	444,367
Interest Expenses (Income)	131,270	2,165,058	2,296,328	70,813	2,130,512	2,201,325
Past Service cost and gain and losses on settlements	-	-	-	-	-	-
	283,375	2,547,275	2,830,650	172,629	2,473,063	2,645,692
Remeasurements:						
Returns on Plan Assets excluding amounts included in interest expenses (Income)	-	-	-	-	-	-
Actuarial gain/loss from change in demographic assumption	-	-	-	-	-	-
Actuarial gain/loss from change in financial assumptions	(220,104)	(8,215,888)	(8,435,992)	75,533	(1,386,446)	(1,310,913)
Experience Actuarial gain/loss	7,108	3,354,378	3,361,486	213,563	1,176,396	1,389,959

SIC Insurance Company Limited

Notes to the consolidated financial statement

For the year ended 31 December 2018

Change in asset ceiling, excluding amounts included in interest expense.	-	-	-	-	-	-	-	-	-
Payments from Plan	(212,996)	(4,861,510)	(5,074,506)	289,096	(210,050)	79,046			
Benefit paid	(80,098)	(1,220,293)	(1,300,391)	(176,135)	(854,067)	(1,030,202)			
Present value of obligation, 31st December	634,822	9,172,122	9,806,945	644,541	12,706,650	13,351,191			
Present value of obligation	634,822	9,172,122	9,806,945	644,541	12,706,650	13,351,191			
Fair value of plan assets	-	-	-	-	-	-			
Liability (Assets) recognized in balance sheet	634,822	9,172,122	9,806,945	644,541	12,706,650	13,351,191			
Current service cost	152,105	382,217	534,322	101,816	342,551	444,367			
Net Interest Cost/Income	131,270	2,165,058	2,296,328	70,813	2,130,512	2,201,325			
Expense (Income) recognized in the income statement	283,375	2,547,275	2,830,650	172,629	2,473,063	2,645,692			
Remeasurements									
Net actuarial (gain) loss recognized in year	(212,996)	(4,861,509)	(5,074,506)	289,096	(210,050)	79,046			
Past service cost and gains and losses on settlements	-	-	-	-	-	-			
Expense (Income) recognized in the other Comprehensive Income	(212,996)	(4,861,509)	(5,074,506)	289,096	(210,050)	79,046			

SIC Insurance Company Limited

Notes to the consolidated financial statement

For the year ended 31 December 2018

Sensitivity Analysis

The sensitivity tests indicated that the resulting liabilities are most sensitive to the discount rate assumption followed closely by the medical inflation assumption; changes in the rate of salary increases assumption had minimal effect on the liabilities.

The results of the sensitivity analysis as at December 31, 2018 can be summarized as follows:

		31-Dec-18						
	Base Case	Discount Rate - 2%	Discount Rate + 2%	Rate of Salary Increase - 2%	Rate of Salary Increase + 2%	Medical Inflation - 2%	Medical Inflation + 2%	Mortality Loading + 10%
Accrued Liability								
Retirement Benefit Sch	634,822	725,593	564,250	559,002	730,745	634,822	634,822	637,772
Post-Employment Medical	9,172,122	10,627,646	8,046,397	9,172,122	9,172,122	7,927,363	10,763,850	9,393,862
Total	9,806,945	11,353,239	8,610,647	9,731,125	9,902,598	8,562,186	11,398,672	10,031,634
Percentage		15.80%	-12.20%	-0.80%	1.0%	-12.70%	16.20%	2.30%

SIC Insurance Company Limited

Notes to the consolidated financial statement For the year ended 31 December 2018

39. Temporary exemptions from IFRS 9

The company is applying the temporary exemption from IFRS 9 and below is the predominance percentage calculated as at 1 January 2018 (being the first time of assessment) that justify this temporary exemption application:

	2018 GH¢	1 Jan 2018 GH¢
Insurance Liabilities -	115,320,486	76,112,995
Total Liabilities	224,665,919	115,524,172
Predominance percentage - 1 Jan. 2018	51.3%	65.9%

The Company's predominance rate was lower than 80% at the date of assessment which was 1 January 2018. The predominance rate was reassessed at year end but the company's predominance rate was still below the 80% required.

If an entity no longer qualifies for the temporary exemption from IFRS 9 as a result of a reassessment (IFRS 4 paragraph 20G(a)), then the entity is permitted to continue to apply the temporary exemption from IFRS 9 only until the end of the annual period that began immediately after that reassessment.

In this case, the Company is permitted to continue to apply the temporary exemption from IFRS 9 only until 31 December 2019.

Financial Assets classification and measurement

Instrument	Description of business model and cash flow characteristics	Carrying Amount as at 31 Dec. 2018	Classification under IFRS 9	Fair value as at 31 Dec. 2018	Fair value change
Short term investment	HTC & SPPI	59,273,314	Amortised cost	59,273,314	-
Trade and other receivables	HTC & SPPI	50,786,324	Amortised cost	50,786,324	-
Unearned reinsurance premium	HTC & SPPI	31,535,770	Amortised cost	31,535,770	-
Cash and cash equivalent	HTC & SPPI	26,009,434	Amortised cost	26,009,434	-

*HTC – Hold to collect contractual cash flows

*SPPI – Solely payments of principal and interest

SIC Insurance Company Limited

Notes to the consolidated financial statement For the year ended 31 December 2018

Credit risk of Financial Assets

For information about the credit risk exposure, including significant credit risk concentrations, inherent in the various financial assets identified above, refer to the credit risk disclosures in note 3tiii(b).

40. Contingencies, capital and financial commitments

The group entered into various commitments in the normal course of insurance business that are not reflected in the accompanying financial statements.

The group has contingent liabilities in respect of claims and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

However, the group like all other insurers, is subject to litigation in the normal course of its business.

41. Related party transactions

A number of business transactions are entered into with related parties in the normal course of business. These include premiums, claims, etc. These transactions were carried out on commercial terms and at market rates. The volumes of related party transactions, outstanding balances at the year-end are as follows:

	2018	2017
	GH¢	GH¢
The following transactions were carried out with related parties;		
Social Security & National Insurance Trust		
Premium income	1,387,866	1,811,675
Claims paid	922	436,616
Ghana Reinsurance Company Limited		
Premium income	23,157	26,580
Claims paid		-
SIC Life Insurance Company		
Premium income	533,421	354,269
Claims paid	904	79,271
Dividend received from SIC Life		
Ghana Commercial Bank Limited		
Premium income	1,218,614	1,072,136
Claims paid	5,478	492,238
Ghana Cocoa Board		
Premium income	372,302	228,572
Claims paid	1,413	152,369
SIC FSL		
Payment made by SIC on SIC FSL's behalf	26,375	12,525

SIC Insurance Company Limited

Notes to the consolidated financial statement For the year ended 31 December 2018

Staff provident fund contribution deposited with SIC FSL **3,778,045** 2,551,511

42. Related party transactions (cont'd)

Transactions with directors

Directors' emoluments are disclosed in note 11

Year end balances arising from transactions with related party are as follows;

	2018	2017
	GH¢	GH¢
Amount due from related parties		
Premium receivable from SIC Life	-	-
Premium receivable from SIC FSL	-	-
Ghana Oil and Gas Insurance Pool (GOGIP)	3,713,857	3,400,568
Amount due to related parties		
Ghana Oil and Gas Insurance Pool (GOGIP)	3,070,591	2,789,418
The compensation of executive and management staff is shown below;		
Salaries and other benefits	4,594,155	3,112,426
Employers SSF	313,695	168,901
Employers PF	207,249	147,282

43. Social responsibilities

An amount of **GH¢520,377** was spent on fulfilling the social responsibility of the company (2017: GH¢ 777,228)

44. Compliance with legal and regulatory requirement

The company's transactions were within its powers and the company complied with the relevant provisions of the Companies Act 1963 (Act 179) and the Insurance Law.

Section 71(1), Capitalization, Solvency and Financial Provision, requires an insurer to maintain a capital adequacy ratio of 150% by 31 December 2018 and investment to total assets ratio of 55% at all times in accordance with the regulations. The company's capital adequacy ratio and investment to assets ratio as at the year-end were 169.8 % (2017: 157.71 %) and 65% (2017: 63%) respectively which were within the minimum requirements per the regulations.

45. Events after reporting date

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

SIC Insurance Company Limited

Notes to the consolidated financial statement For the year ended 31 December 2018

46. Shareholders' information

(a) Directors' shareholding as at 31 December 2018

Name of Director	Number of shares held	% Shares held
James Appietu Ankrah	2,000	0.001
Mr. Daniel Ofori	<u>7,810,815</u>	<u>3.9920</u>
	<u>7,812,815</u>	<u>3.9930</u>

(b) Analysis of shareholding as at 31st December, 2018.

Range of shareholding	No. of Shareholders	Shares holdings	% of Shareholders	% Holding
1 - 1000	9,046	464,885	73.16	2.24
1001 - 5000	2,367	5,944,578	19.16	3.05
5000 - 10000	462	3,776,619	3.74	1.93
10001 and others	<u>487</u>	<u>185,458,918</u>	<u>3.94</u>	<u>92.78</u>
	<u>12,362</u>	<u>195,645,000</u>	<u>100.00</u>	<u>100.00</u>

SIC Insurance Company Limited

Notes to the consolidated financial statement For the year ended 31 December 2018

(c) List of the twenty largest shareholders as at 31 December 2018

	Name of shareholder	Shares held	% Holding
1	GOVERNMENT OF GHANA C/O MINISTRY OF FINANCE	78,258,000	40.00%
2	SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	23,127,392	11.82%
3	SCGN/BANQUE PICTET & CIE SA RE, GENEVA RE, PATRICK SCHEGG	9,666,764	4.94%
4	SCGN/BANQUE PICTET & CIE SA RE NONTAX 6275J,	9,666,764	4.94%
5	OFORI DANIEL	7,810,815	3.99%
6	DEGBOTSE EMMANUEL KOBLA	5,085,565	2.60%
7	SCGN/JPMC RE DUET AFRICA OPPORTUNITIES MATER FUND IC GTI:AEX26	4,214,200	2.15%
8	SCGN/JPM IRE RE CORONATION FD MGR IRE ON BEHALF	3,851,210	1.97%
9	SCGN/CITIBANK LONDON OP - AFRICA FUND, (NON-UCITS)	3,799,800	1.94%
10	SCGN/JP MORGAN CHASE DUET GAMLA LIV AFRICA, OPPORTUNITIES FUND IC	2,844,505	1.45%
11	SIC-FSL/SIC LIFE SECURITIES TRADING A/C,	2,677,300	1.37%
12	TEACHERS FUND,	2,662,200	1.36%
13	GHANA COMMERCIAL BANK LTD	2,066,700	1.06%
14	SIC EMPLOYEE SHARE OWNERSHIP PLAN	2,000,000	1.02%
15	PRESTIGE CAPITAL LIMITED,	1,939,588	0.99%
16	GHANA REINSURANCE COMPANY LIMITED GENERAL BUSINESS	1,661,912	0.85%
17	SCGN/CITIBANK KUWAIT INV AUTHORITY	1,303,900	0.67%
18	METLIFE CLASSIC A/C, STD NOMS TVL PTY/METLIFE GOLD PLAN FUND MICAC	985,000	0.50%
19	STATE INSURANCE COMPANY PROVIDENT FUND ACCOUNT	921,669	0.47%
20	MAINSTREAM REINSURANCE COMPANY LIMITED	517,332	0.26%
	TOTAL	165,060,616	84.37%
	OTHERS	30,584,384	15.63%
		195,645,000	100.00%