

**SIC INSURANCE COMPANY LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**For the period ended 31 December, 2019**

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**SIC INSURANCE COMPANY LIMITED  
DIRECTORS, OFFICIALS AND REGISTERED OFFICE**

**Board of Directors:**

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

**Executive Management:**

Mr. Stephen Oduro	Managing Director
Mr. Faris Attrickie	General Manager, Operations

**Company Secretary:**

Mrs. Lydia Hlomador

**Registered Office:**

Nyemitei House  
28/29 Ring Road East  
Osu-Accra

**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 Generalè Ghana  
Limited, UMB Bank Limited and Stanbic Bank Limited

**Bankers: - Foreign**

Ghana International Bank Limited

**SIC INSURANCE COMPANY LIMITED  
DIRECTORS' REPORT**

**The Directors have pleasure in presenting their Quarterly Report of the company for the  
For the period ended 31 December, 2019**

**1. Principal activities**

The principal activity of the Company is to undertake non-life insurance business

**2. Results for the year**

The balance brought forward on income surplus  
account at 1 January was

**2019  
GH¢**

53,966,300

**Balance as restated**

**53,966,300**

**To which must be added:**

Profit/(Loss) for the year after charging all expenses,  
depreciation and taxation of

8,557,795

**62,524,095**

From which is made an appropriation to statutory reserve.

(6,345,424)

**56,178,671**

Dividend paid

-

Leaving a balance to be carried forward on income surplus account of

**56,178,671**

=====

**3. Nature of business**

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

**4. Auditors**

In accordance with section 139(5) of the Companies Act 2019, Act (992) the auditors,  
Messrs. Deloitte & Touche will continue as the auditors of the Company.

**5. Approval of Financial Statements**

The Unaudited Financial Statements of SIC Insurance Company Ltd. as indicated above were  
approved by the Board of Directors on 30-01-2020 and are signed on their behalf by:

**Dr. Jimmy Ben Heymann  
Board Chairman**

**Mr. Stephen K. Oduro  
Managing Director**

## **SIC INSURANCE COMPANY LIMITED**

### **Financial Highlights**

	<b>2019</b>	<b>2018</b>
	<b>GH¢</b>	<b>GH¢</b>
Gross written premium	<b>211,514,138</b>	177,986,624
Net written premium	<b>106,730,566</b>	111,224,599
Claims incurred	<b>(18,451,775)</b>	(35,883,964)
Underwriting Loss	<b>(7,673,246)</b>	(44,579,605)
Profit/Loss before tax	<b>12,225,422</b>	61,500,400
Profit/Loss after tax	<b>8,557,795</b>	44,664,218
Shareholders' funds	<b>300,420,903</b>	294,114,785
Net assets	<b>300,420,903</b>	294,114,786
Total assets	<b>530,514,981</b>	518,780,705
Number of shares issued and fully paid for	<b>195,645,000</b>	195,645,000
Earnings per share (GH¢)	<b>0.0437</b>	0.2283
Net assets per share (GH¢)	<b>1.5355</b>	1.5033
Current ratio	<b>1.0368</b>	<b>1.0546</b>
Return on shareholders funds	<b>2.85%</b>	<b>15.19%</b>

## **STATEMENT OF DIRECTORS' RESPONSIBILITY**

The Companies Act 2019 (Act 992) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the income statement for that year.

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

The directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 2019 (Act 992) and Insurance Act 2006 (Act 724).

**SIC Insurance Company Limited****Statement of Financial Position**

For the period ended 31 December, 2019

	Note	2019 GH¢	2018 GH¢
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment	21	93,080,400	98,977,886
Intangible assets	22	189,445	253,923
Investment properties	24	99,390,644	99,297,443
Long term investment	25	122,649,587	124,901,263
Investment in subsidiary	26	5,878,526	5,878,526
Investment in associated companies	27	20,137,283	20,137,283
		<u>341,325,886</u>	<u>349,446,325</u>
<b>Current assets</b>			
Short term investments	28	70,471,322	59,273,315
Trade & other receivables	29	38,726,947	50,786,324
Inventories	30	1,729,538	1,729,537
Unearned reinsurance premium	5	49,645,878	31,535,770
Cash and bank balances	31a	28,615,411	26,009,434
		<u>189,189,095</u>	<u>169,334,380</u>
<b>Total current assets</b>		<b>189,189,095</b>	<b>169,334,380</b>
<b>Total assets</b>		<b>530,514,981</b>	<b>518,780,705</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Stated capital	32	25,000,000	25,000,000
Capital surplus	33	78,026,677	78,026,677
Income surplus		56,178,671	53,966,300
Contingency reserve	34	35,865,768	29,520,344
Available-for-sale reserves	35	105,349,787	107,601,463
		<u>300,420,903</u>	<u>294,114,785</u>
<b>Shareholders funds</b>		<b>300,420,903</b>	<b>294,114,785</b>
<b>Non-current liabilities</b>			
Short term loan	37	5,534,700	22,015,000
Employee benefit scheme	38	9,806,945	
Deferred tax	20d	32,273,730	32,273,730
		<u>47,615,375</u>	<u>54,288,730</u>
<b>Current liabilities</b>			
Bank Overdraft	31b	7,388,071	7,297,752
Unearned premium	5	86,028,683	69,658,597
Outstanding claims	8a	33,392,093	45,661,889
Trade & other payables	36	53,443,273	34,119,932
Taxation	20a	1,360,985	490,350
National stabilisation levy	20b	865,597	3,341,724
		<u>182,478,703</u>	<u>160,570,244</u>
<b>Total current liabilities</b>		<b>182,478,703</b>	<b>160,570,244</b>
<b>Total liabilities</b>		<b>230,094,078</b>	<b>214,858,974</b>
<b>Total equity and liabilities</b>		<b>530,514,981</b>	<b>518,780,705</b>

The Unaudited Financial Statements were approved by the Board of Directors on.....30-01-2020 and signed on their behalf by:

**Dr. Jimmy Ben Heymann**  
Board Chairman

**Mr. Stephen K. Oduro**  
Managing Director

**SIC INSURANCE COMPANY LIMITED**

**Statement of Comprehensive Income  
For the period ended 31 December, 2019**

	Note	2019 GH¢	2018 GH¢
Gross written premium	5,6	211,514,138	177,986,624
Less: Reinsurances	7	(104,783,571)	(66,762,025)
<b>Net written premium</b>		<b>106,730,566</b>	111,224,599
Movement in unearned premium	5	1,740,021	(13,407,415)
<b>Net premium earned</b>		<b>108,470,588</b>	97,817,184
Claims incurred	8	(18,451,775)	(35,883,964)
Commissions	9	2,303,784	(1,960,823)
Management expenses	10	(99,995,842)	(104,552,002)
<b>Underwriting (Loss)/Profit</b>		<b>(7,673,246)</b>	(44,579,605)
Investment income	11	11,527,270	12,176,206
Other income	12	11,867,466	100,493,382
Finance costs	13	(3,496,068)	(3,274,948)
<b>Profit/Loss before Tax &amp; Exceptional Item</b>		<b>12,225,422</b>	64,815,034
Impairment on investment	14	-	(3,314,634)
<b>Profit/Loss before tax</b>		<b>12,225,422</b>	61,500,400
Taxation	20a	(3,056,355)	(13,761,162)
National stabilisation levy	20b	(611,271)	(3,075,020)
<b>Profit/Loss after tax</b>		<b>8,557,795</b>	44,664,218
<b>Other Comprehensive Income</b>			
net change in fair value of available for sale financial assets		(2,251,676)	87,817,511
<b>Total Comprehensive Income</b>		<b>6,306,119</b>	132,481,729
<b>Basic earning per share</b>		<b>0.0437</b>	<b>0.2283</b>

The accompanying notes form an integral part of these financial statements

**SIC Insurance Company Limited**

**Statement of changes in shareholders funds  
For the period ended 31 December, 2019**

<b>Company</b>	<b>Stated capital GH¢</b>	<b>Income surplus account GH¢</b>	<b>Contingency reserves GH¢</b>	<b>Capital surplus GH¢</b>	<b>Available-for sale reserves GH¢</b>	<b>Total GH¢</b>
<b>2019</b>						
<b>Balance at 1 Jan. 2019</b>	<b>25,000,000</b>	<b>53,966,300</b>	<b>29,520,344</b>	<b>78,026,677</b>	<b>107,601,463</b>	<b>294,114,784</b>
Profit for the year	-	8,557,795	-	-	-	<b>8,557,795</b>
Transfer (from)/to reserve	-	(6,345,424)	6,345,424	-	-	-
Net loss on avai-for-sale invest.	-	-	-	-	(2,251,676)	<b>(2,251,676)</b>
Dividend Paid	-	-	-	-	-	-
<b>Balance at 31 Dec 2019</b>	<b>25,000,000</b>	<b>56,178,671</b>	<b>35,865,768</b>	<b>78,026,677</b>	<b>105,349,787</b>	<b>300,420,903</b>
<b>2018</b>						
<b>Balance at 1 Jan. 2018</b>	<b>25,000,000</b>	<b>9,076,664</b>	<b>29,520,344</b>	<b>17,788,506</b>	<b>19,783,952</b>	<b>101,169,466</b>
Profit for the year	-	44,664,218	-	-	-	<b>44,664,218</b>
Transfer to reserve	-	-	-	-	-	-
Revaluation on PPE	-	-	-	60,238,171	-	<b>60,238,171</b>
Net gain on avai-for-sale invest.	-	-	-	-	87,817,511	<b>87,817,511</b>
Proir year adjustment	-	225,419	-	-	-	<b>225,419</b>
<b>Balance at 31 Dec 2018</b>	<b>25,000,000</b>	<b>53,966,301</b>	<b>29,520,344</b>	<b>78,026,677</b>	<b>107,601,463</b>	<b>294,114,785</b>

The accompanying notes form an integral part of these financial statements



**SIC Insurance Company Limited**  
**Statement of Cash flow Position**  
**For the period ended 31 December, 2019**

	2019 GH¢	2018 GH¢
<b>Operating activities</b>		
Operating profit/loss	12,225,422	61,500,400
	-----	-----
	12,225,422	61,500,400
<b>Adjustment to reconcile profit before tax to net cash</b>		
<b>Non-cash:</b>		
Depreciation	6,730,862	6,969,403
Amortisation of intangible assets	64,478	87,409
Available-for-sale reserve	-	-
Profit on disposal of property, plant & equipment	-	-
Share of associate profit	-	(5,692,396)
Revaluation (gain)/loss on investment properties	-	(81,446,040)
Interest received	(10,605,187)	(10,264,414)
Dividend received	(922,083)	(1,911,792)
<b>Working capital adjustments:</b>		
Change in provision for unearned prem	16,370,086	21,428,235
Change in receivables	12,059,377	(28,413,993)
Change in inventories	(0)	(541,786)
Change in trade & other payables	19,323,341	4,068,659
Change in provision for claims	(12,269,796)	17,779,257
Change in unearned reinsurance premium	(18,110,108)	(8,020,819)
Tax paid	(2,185,720)	(3,015,052)
National stabilisation levy paid	(3,087,398)	(655,776)
Adjustments	1,804	
	-----	-----
<b>Net cash used in operating activities</b>	19,595,078	(28,128,705)
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(928,382)	(3,552,906)
Acquisition of intangible assets	-	(302,440)
Proceeds from sale of property, plant and equipment	-	-
Investment properties	-	-
Purchase / Redemption of long term investments	-	-
Dividend received	922,083	1,911,792
Interest received	10,605,187	10,264,414
	-----	-----
<b>Net cash used/flow from investing activities</b>	10,598,888	8,320,860
<b>Financing activities</b>		
Movement in borrowings	(16,480,300)	22,015,000
	-----	-----
<b>Net cash used in servicing of finance</b>	(16,480,300)	22,015,000
Changes in cash and cash equivalents	13,713,666	2,207,155
Cash at 1 January	77,984,996	66,473,996
	-----	-----
Cash at 31 December	91,698,662	68,681,150
<b>Analysis of changes in cash and cash equivalents</b>		
Cash and bank	28,615,411	26,009,434
Bank Overdraft	(7,388,071)	(7,297,752)
Short term investments	70,471,322	59,273,315
	-----	-----
	91,698,662	77,984,997
	=====	=====

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements**

**For the period ended 31 December, 2019**

#### **1. Reporting Entity**

SIC Insurance Company Limited underwrite non-life insurance risks. The Company is a limited liability Company incorporated and domiciled in Ghana, with its registered office at Nyemitei 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 legislations.

The following accounting standards, interpretations and amendments to published accounting standards that impact on the operations of the Company 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;

**IAS19** (*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 benefit are measured at net present value, financial assets and liabilities are initially recognised at fair value.

##### **(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.

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements**

**For the period ended 31 December, 2019**

#### **3. Significant accounting policies**

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

##### **(a) Consolidation**

###### **i). *Subsidiaries:***

Subsidiaries are all entities over which the Company 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 Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date on which control ceases.

The Company 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 Company'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-Company 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 Company.

###### **ii). *Associates:***

Associates are all entities over which the Company 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.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company'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 Company.

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements For the period ended 31 December, 2019**

#### **(b) Segment reporting**

A business segment is a Company 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 Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ghana cedis, which is the Company'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:***

(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

(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 Company. 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. 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.

## SIC INSURANCE COMPANY LIMITED

### Notes to the financial statements

For the period ended 31 December, 2019

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 Company 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:

Motor vehicles	20%	per annum
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 long-term rental yields, that is not occupied by any unit, subsidiary or associate of the Company is classified as investment property.

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. If this information is not available, the Company 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 Company. 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.

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements**

#### **For the period ended 31 December, 2019**

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 Company 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 Company 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.

##### **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 Company'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 Company 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 Company has also transferred substantially all risks and rewards of ownership.

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements**

**For the period ended 31 December, 2019**

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 Company 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 Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or Company of financial assets is impaired. A financial asset or Company 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 Company of financial assets that can be reliably estimated. Objective evidence that a financial asset or Company 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
- (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;
- (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 Company of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company, including:
  - Adverse changes in the payment status of issuers or debtors in the Company; or
  - National or Local economic conditions that correlate with defaults on the assets in the Company.

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements**

**For the period ended 31 December, 2019**

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 Company 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 Company 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).



## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements For the period ended 31 December, 2019**

#### **(h) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the state 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.

#### **(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 Company 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 Company 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 Company'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).

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements**

#### **For the period ended 31 December, 2019**

Property insurance contracts mainly compensate the Company'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.

Claims and loss adjustment expenses are charged to statement of comprehensive 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 Company. The Company does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of actuaries and assessments for individual cases reported to the Company 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 of unearned premium, the liability adequacy test on unexpired risk premium was determined by computing the premium unearned on each policy as at 31 December 2019. 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.

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements**

**For the period ended 31 December, 2019**

iv). Reinsurance contracts held:

Contracts entered into by the company 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.

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 company 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.

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements**

#### **For the period ended 31 December, 2019**

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 Company 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.

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements**

**For the period ended 31 December, 2019**

#### **(n) Employee benefits**

##### **i). Pension obligations:**

The Company operate various pension schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The Company 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 Company pays fixed contributions into a separate entity. The Company 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.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company 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.

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements**

**For the period ended 31 December, 2019**

ii). **Other post-employment obligations:**

The Company 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. 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 Company 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 Company 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 Company. 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.

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 Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements**

**For the period ended 31 December, 2019**

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 Company 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 Company's shareholders is recognised as a liability in the Company'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 Company 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.

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

ii). **Impairment of available-for-sale equity financial assets:**

The Company 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 Company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

(t) **Management of insurance and financial risk**

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

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements**

**For the period ended 31 December, 2019**

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 Company 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 Company 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 Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. 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. 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 Company 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 Company, 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.



## SIC INSURANCE COMPANY LIMITED

### Notes to the financial statements For the period ended 31 December, 2019

In estimating the liability for the cost of reported claims not yet paid the Company 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 Company 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 Company 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 Company 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 Company's assets and liabilities management (ALM) framework.

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 managements assessment of the reasonably possible change in interest rates.

	5% change in interest rate GH¢	31 Dec 2019 Amount GH¢	Scenario 1 5% increase GH¢	Scenario 2 5% decrease GH¢
Pre-tax profit/(Loss)	611,271	12,225,422	12,836,693	11,614,151
Shareholders' equity	15,021,045	300,420,903	315,441,948	285,399,858

  

	5% change in interest rate GH¢	31 Dec 2018 Amount GH¢	Scenario 1 5% increase GH¢	Scenario 2 5% decrease GH¢
Pre-tax profit/(Loss)	3,075,020.00	61,500,400	64,575,420	58,425,380
Shareholders' equity	14,705,739.25	294,114,785	308,820,524	279,409,046

## SIC INSURANCE COMPANY LIMITED

### Notes to the financial statements

For the period ended 31 December, 2019

Assuming no management actions, a series of such rises would increase pre-tax profit/loss for 2019 by **GH¢611,271** while a series of such falls would decrease pre-tax profit/loss for 2019 by **GH¢611,271**. Also a series of such rises would increase the shareholders' equity by **GH¢15,021,045** whilst a series of such falls would decrease shareholders' equity by **GH¢15,021,045**.

**b). Credit risk:**

The Company 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 Company is exposed to credit risk are:

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

The Company 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 company's maximum exposure to credit risk at 31 December 2019 and 2018 is the same as the balances of the various financial assets in the statement of financial position listed below

	2019	2018
	GH¢	GH¢
Short term investments	70,471,322	59,273,314
Trade and other receivables	38,726,947	50,786,324
Cash and bank balances	28,615,411	26,009,434
	<u>137,813,680</u>	<u>136,069,072</u>

No assets have been impaired at the end of the reporting period.

**c). Liquidity risk:**

The Company 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 Company'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 18 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 company under financial liabilities by remaining contractual maturities at the balance sheet date.

**SIC INSURANCE COMPANY LIMITED**

**Notes to the financial statements  
For the period ended 31 December, 2019**

**Maturity analysis of financial assets and liabilities**

2019	Carrying amount GH¢	Up to one year GH¢	More than one year GH¢	Total GH¢
<b>Financial assets</b>				
Short term investments	70,471,322	70,471,322	-	<b>70,471,322</b>
Other receivables	38,726,947	38,726,947	-	<b>38,726,947</b>
Cash and bank balances	28,615,411	28,615,411	-	<b>28,615,411</b>
<b>Total undiscounted assets</b>	<b>137,813,680</b>	<b>137,813,680</b>	<b>-</b>	<b>137,813,680</b>
<b>Financial liability</b>				
Bank overdraft	7,388,071	7,388,071	-	<b>7,388,071</b>
Insurance contract liabilities	119,420,776	119,420,776	-	119,420,776
Borrowings	5,534,700	5,534,700	-	5,534,700
Trade and other accounts payable	53,443,273	53,443,273	-	<b>53,443,273</b>
<b>Total undiscounted liabilities</b>	<b>185,786,820</b>	<b>185,786,820</b>	<b>-</b>	<b>185,786,820</b>
<b>Total liquidity gap</b>	<b>(47,973,140)</b>	<b>(47,973,140)</b>	<b>-</b>	<b>(47,973,140)</b>

**d). Currency risk:**

The Company 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 Company 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 Company'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.

	10% change in exchange rate GH¢	31 Dec 2019	Scenario 1	Scenario 2
		Amount GH¢	10% increase GH¢	10% decrease GH¢
2019				
Pre-tax profit	1,222,542	<b>12,225,422</b>	<b>13,447,964</b>	<b>11,002,879</b>
Shareholders' equity	30,042,090	<b>300,420,903</b>	<b>330,462,993</b>	<b>270,378,813</b>
		31 Dec 2018	Scenario 1	Scenario 2
	10% change in exchange rate GH¢	Amount GH¢	10% increase GH¢	10% decrease GH¢
2018				
Pre-tax profit	6,150,040	<b>61,500,400</b>	<b>67,650,440</b>	<b>55,350,360</b>
Shareholders' equity	29,411,479	<b>294,114,785</b>	<b>323,526,264</b>	<b>264,703,307</b>

## SIC INSURANCE COMPANY LIMITED

### Notes to the financial statements

For the period ended 31 December, 2019

Assuming no management actions, a series of such rises would increase pre-tax profit/loss for 2019 by **GH¢1,222,542** while a series of such falls would decrease pre-tax profit/loss for 2019 by **GH¢1,222,542**. Also a series of such rises would increase the shareholders' equity by **GH¢30,042,090** whilst a series of such falls would decrease shareholders' equity by **GH¢30,042,542**.

The following significant exchange rates were applied during the year:

	2019 GH¢ Selling	2019 GH¢ Buying	2018 GH¢ Selling	2018 GH¢ Buying
US Dollar	5.5365	5.5309	4.7800	4.7752
GB Pound	7.3203	7.3124	6.2178	6.2111
Euro	6.2131	6.2096	5.5417	5.5367

#### 4. Application of new and revised standards, amendments and interpretations

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.

##### 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 2019, 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.

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements For the period ended 31 December, 2019**

#### **IFRS 15 Revenue from contracts with customers**

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

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

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

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

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

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

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

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements For the period ended 31 December, 2019**

#### **IFRS 16 Leases**

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

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

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

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

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

In 2019, the company will continue to assess the potential effect of IFRS 16 on its financial statements.

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements For the period ended 31 December, 2019**

#### **IFRS 17 Insurance Contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective,

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

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

- A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts.
- IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

#### **Transfers of Investment Property — Amendments to IAS 40**

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

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

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

## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements For the period ended 31 December, 2019**

#### **Annual Improvements 2014-2016 Cycle (issued in December 2016)**

These improvements include:

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

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose.

The amendment is effective from 1 January 2018. This amendment is not applicable to the company.

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

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.

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

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

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



## **SIC INSURANCE COMPANY LIMITED**

### **Notes to the financial statements For the period ended 31 December, 2019**

#### **IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration**

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

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

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

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

#### **IFRIC Interpretation 23 Uncertainty over Income Tax Treatment**

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

The Interpretation specifically addresses the following:

Whether an entity considers uncertain tax treatments separately

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

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

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

**SIC INSURANCE COMPANY LIMITED**

**Notes to the financial statements  
For the period ended 31 December, 2019**

**5. Segment information**

Segmental information is presented in respect of the Company's business segments. The primary format and business segments, is based on the Company's management and internal reporting structure. The Company'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 Company does not have a geographical segment.

Class of business					2019	2018
	Motor GH¢	Fire GH¢	Accident GH¢	Marine & Aviation GH¢	Total GH¢	Total GH¢
Gross written Premium	67,153,670	87,555,365	44,389,912	12,415,191	<b>211,514,138</b>	177,986,624
Reinsurances	(844,744)	(76,458,673)	(18,264,492)	(9,215,663)	<b>(104,783,571)</b>	(66,762,025)
Net written premiums	<b>66,308,926</b>	<b>11,096,692</b>	<b>26,125,419</b>	<b>3,199,529</b>	<b>106,730,566</b>	111,224,599
Movement in unearned premium	(838,393)	(1,521,479)	3,635,101	464,792	<b>1,740,021</b>	(13,407,415)
Premium earned	<b>65,470,533</b>	<b>9,575,213</b>	<b>29,760,520</b>	<b>3,664,321</b>	<b>108,470,588</b>	97,817,184
Commissions	(8,986,825)	9,424,926	1,382,067	483,615	<b>2,303,784</b>	(1,960,823)
Claims	<b>56,483,708</b>	<b>19,000,140</b>	<b>31,142,587</b>	<b>4,147,936</b>	<b>110,774,372</b>	95,856,361
	(8,985,637)	4,870,739	(13,952,745)	(384,133)	<b>(18,451,775)</b>	(35,883,964)
Management expenses	<b>47,498,071</b>	<b>23,870,879</b>	<b>17,189,843</b>	<b>3,763,804</b>	<b>92,322,596</b>	59,972,397
	(31,747,702)	(41,392,848)	(20,985,863)	(5,869,430)	<b>(99,995,842)</b>	(104,552,002)
Underwriting results transferred to Rev. A/c	<b>15,750,369</b>	<b>(17,521,969)</b>	<b>(3,796,020)</b>	<b>(2,105,627)</b>	<b>(7,673,246)</b>	(44,579,605)
<b>Total assets</b>					<b>530,514,981</b>	518,780,705
<b>Total liabilities</b>					<b>230,094,078</b>	224,665,919
<b>Shareholders funds</b>					<b>300,420,903</b>	294,114,785
<b>Unearned premium</b>						
	<b>Motor GH¢</b>	<b>Fire GH¢</b>	<b>Accident GH¢</b>	<b>Marine &amp; Aviation GH¢</b>	<b>2019 Total GH¢</b>	<b>2018 Total GH¢</b>
Unearned Premium - Start	23,438,045	28,855,675	10,567,450	6,797,427	<b>69,658,596</b>	48,230,363
Unearned Rein Prem - Start	(263,752)	(22,392,130)	(3,098,392)	(5,781,496)	<b>(31,535,770)</b>	(23,514,951)
Unearned Prem - Close	(24,310,149)	(52,934,645)	(6,271,987)	(2,511,901)	<b>(86,028,683)</b>	(69,658,597)
Unearned Rein Prem - Close	297,463	44,949,621	2,438,031	1,960,762	<b>49,645,878</b>	31,535,770
Movement in Unearned Prem	<b>(838,393)</b>	<b>(1,521,479)</b>	<b>3,635,101</b>	<b>464,792</b>	<b>1,740,021</b>	(13,407,415)

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

## SIC INSURANCE COMPANY LIMITED

### Notes to the financial statements

For the period ended 31 December, 2019

- i) **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.
- ii) **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.
- iii) **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.
- iv) **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, bankers indemnity, pedals cycle, products liability, contractors all-risk, travel insurance, bonds etc.

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

#### 6. Gross written premium

	2019 GH¢	2018 GH¢
Motor	67,153,670	63,181,072
Fire	87,555,365	49,944,180
Accident	44,389,912	50,011,046
Marine and aviation	12,415,191	14,850,326
	-----	-----
	211,514,138	177,986,624
	=====	=====

#### 7. Reinsurances

	2019 GH¢	2018 GH¢
Motor	844,744	710,985
Fire	76,458,673	38,756,902
Accident	18,264,492	14,663,315
Marine and aviation	9,215,663	12,630,823
	-----	-----
	104,783,571	66,762,025
	=====	=====

## SIC INSURANCE COMPANY LIMITED

### Notes to the financial statements For the period ended 31 December, 2019

#### 8a Claims incurred

	2019 GH¢	2018 GH¢
Payments during the year	33,561,336	28,187,341
Claims outstanding as at 31 Dec	33,392,093	45,661,889
	-----	-----
	66,953,429	73,849,230
Claims outstanding at 1-Jan	(45,661,889)	(27,882,632)
	-----	-----
	21,291,540	45,966,598
Net recoveries	(2,839,765)	(10,082,634)
	-----	-----
Claims net of recoveries	18,451,775	35,883,964
	=====	=====

#### 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.

#### b 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 Commissions

	2019 GH¢	2018 GH¢
Receivable	23,410,951	16,303,942
Payable	(21,107,167)	(18,264,765)
	-----	-----
Net commissions	2,303,784	(1,960,823)
	=====	=====

**SIC INSURANCE COMPANY LIMITED**

**Notes to the financial statements  
For the period ended 31 December, 2019**

**10. Management expenses**

Management expenses is stated after charging:

	<b>2019</b>	2018
	<b>GH¢</b>	GH¢
Directors' emoluments	<b>317,672</b>	474,914
Staff cost	<b>61,325,725</b>	73,833,218
Depreciation	<b>6,730,862</b>	6,969,403
Software amortisation	<b>64,478</b>	87,409
Audit fees	<b>180,000</b>	165,000

**11. Investment Income**

	<b>2019</b>	2018
	<b>GH¢</b>	GH¢
Dividend	<b>922,083</b>	1,911,792
Interest on fixed deposits	<b>5,827,819</b>	5,448,050
Interest on treasury bills	<b>4,405,328</b>	4,577,001
Statutory Investments	<b>318,239</b>	174,507
Other investment income	<b>53,801</b>	64,856
	<b>11,527,270</b>	12,176,206

**12. Other income**

	<b>2019</b>	2018
	<b>GH¢</b>	GH¢
Rent	<b>1,196,172</b>	1,368,557
Sale of stickers	<b>2,981,526</b>	2,465,750
Medical income	<b>4,985,878</b>	4,106,735
Share of associate profit	-	5,692,396
Revaluation gain -investment properties	-	81,446,040
Sundry income	<b>2,703,890</b>	2,247,186
Gain on exchange	-	3,166,717
	<b>11,867,466</b>	100,493,381

**13. Finance charge**

	<b>2019</b>	2018
	<b>GH¢</b>	GH¢
Overdraft & Other Charges	<b>3,496,068</b>	3,274,948

**14. Impairment on investment**

	<b>2019</b>	2018
	<b>GH¢</b>	GH¢
Impaired investment	-	3,314,634

## SIC INSURANCE COMPANY LIMITED

### Notes to the financial statements For the period ended 31 December, 2019

#### 15. Earnings per share

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

	2019 GH¢	2018 GH¢
Profit attributable to the Company's equity holders	8,557,795	570,226
Weighted average number of ordinary shares in issue	195,645,000	195,645,000
<b>Basic earnings per share</b>	<b>0.0437</b>	<b>0.0029</b>

#### 16. Financial instruments classification summary

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

	2019 GH¢	2018 GH¢
Available-for-sale (Note 17)	122,442,747	124,698,863
Receivables (including insurance receivables)(Note 18)	11,450,581	27,010,476

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

#### 17. Available-for-sale financial assets

	2019 GH¢	2018 GH¢
<b>Equity securities:</b>		
Listed	10,281,108	12,537,224
Unlisted	112,161,640	112,161,639
<b>Total available-for-sale financial assets</b>	<b>122,442,747</b>	<b>124,698,863</b>

#### 18. Receivables

	2019 GH¢	2018 GH¢
<b>Receivables arising from insurance and reinsurance contracts:</b>		
i). Due from policy holders	-	-
Due from agents, brokers and intermediaries	11,450,581	27,010,476
<b>Total receivables including insurance</b>	<b>11,450,581</b>	<b>27,010,476</b>
Current portion	11,450,581	27,010,476

The carrying amount is a reasonable approximation of fair value.

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

**SIC INSURANCE COMPANY LIMITED**

**Notes to the financial statements  
For the period ended 31 December, 2019**

<b>19. Insurance liabilities</b>	<b>2019</b>	<b>2018</b>
	<b>GH¢</b>	<b>GH¢</b>
Claims reported and loss adjustment expenses	<b>19,732,010</b>	33,215,748
Claims incurred but not reported (IBNR)	<b>13,660,084</b>	12,446,141
Unearned premiums	<b>86,028,683</b>	69,658,597
	-----	-----
<b>Total insurance liabilities</b>	<b>119,420,776</b>	115,320,486
	=====	=====

**20. Taxation - Company**

**Taxation - Company**

(a) Income tax payable

	At 1/Jan	Charge for the year	Paym't during the year	At 30/Jan
	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>	<b>GH¢</b>
Income tax				
Upto 2018	490,350	-	-	490,350
2019	-	3,056,355	(2,185,720)	870,635
	-----	-----	-----	-----
	490,350	3,056,355	(2,185,720)	1,360,985
	=====	=====	=====	=====

(b) Reconstruction/Stabilization levy

**up to 2018**

2019	3,341,724	-	-	<b>3,341,724</b>
	-	611,271	(3,087,398)	<b>(2,476,127)</b>
	3,341,724	611,271	(3,087,398)	865,597
	-----	-----	-----	-----
	3,832,074	3,667,626	(5,273,118)	2,226,583
	=====	=====	=====	=====

(c) Income tax expenses

	<b>2019</b>	<b>2018</b>
	<b>GH¢</b>	<b>GH¢</b>
Corporate tax	<b>3,056,355</b>	358,227
Deferred tax	-	<b>13,402,935</b>
National stabilization levy	<b>611,271</b>	-
	-----	-----
	<b>3,667,626</b>	<b>13,761,162</b>
	=====	=====

(d) Deferred tax

	<b>2019</b>	<b>2018</b>
	<b>GH¢</b>	<b>GH¢</b>
Balance at 1st January	<b>32,273,730</b>	165,507
Income statement charge/(credit)	-	32,108,223
	-----	-----
<b>Balance as at 31 Dec</b>	<b>32,273,730</b>	32,273,730
	=====	=====

**SIC INSURANCE COMPANY LIMITED**

**Notes to the financial statements**  
**For the period ended 31 December, 2019**

**21. Property, plant and equipment**

2019	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¢
Balance as at 1st Jan.	53,384,520	10,972,800	28,052,400	-	2,064,417	3,266,498	16,183,292	113,923,927
Additions for the year	136,247	-	-	-	7,300	-	691,634	835,181
Adjustments	-	-	-	-	-	-	(116,507)	(116,507)
<b>Balance as at 30 Sept</b>	<b>53,520,767</b>	<b>10,972,800</b>	<b>28,052,400</b>	<b>-</b>	<b>2,071,717</b>	<b>3,266,498</b>	<b>16,758,419</b>	<b>114,642,601</b>
<b>Accumulated Depreciation</b>								
Balance as at 1st Jan.	3,215,478	974,890	280,524	-	1,478,656	-	8,996,493	14,946,041
Charge for the year	3,220,019	974,890	70,131	-	244,941	-	2,220,882	6,730,862
Disposal	-	-	-	-	-	-	(114,702)	(114,702)
<b>Balance as at 30 Sept</b>	<b>6,435,497</b>	<b>1,949,780</b>	<b>350,655</b>	<b>-</b>	<b>1,723,597</b>	<b>-</b>	<b>11,102,673</b>	<b>21,562,201</b>
<b>Net book value</b>	<b>47,085,270</b>	<b>9,023,020</b>	<b>27,701,745</b>	<b>-</b>	<b>348,120</b>	<b>3,266,498</b>	<b>5,655,747</b>	<b>93,080,400</b>
<b>2018</b>								
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance as at 1st Jan.	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
Adjustments	(475,000)	(237,815)	(836,079)	(9,429,000)	-	-	-	(10,977,894)
<b>Balance as at 30 Sept</b>	<b>53,384,520</b>	<b>10,972,800</b>	<b>28,052,400</b>	<b>0</b>	<b>2,064,417</b>	<b>3,266,498</b>	<b>16,183,292</b>	<b>113,923,927</b>
<b>Accumulated Depreciation</b>								
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)
<b>Balance as at 30 Sept</b>	<b>3,215,478</b>	<b>974,890</b>	<b>280,524</b>	<b>-</b>	<b>1,478,656</b>	<b>-</b>	<b>8,996,493</b>	<b>14,946,041</b>
<b>Net book value</b>	<b>50,169,042</b>	<b>9,997,910</b>	<b>27,771,876</b>	<b>-</b>	<b>585,761</b>	<b>3,266,498</b>	<b>7,186,799</b>	<b>98,977,887</b>



**SIC INSURANCE COMPANY LIMITED**

**Notes to the financial statements  
For the period ended 31 December, 2019**

**22. Intangible assets**

**Computer software**

<b>Cost</b>	<b>2019 GH¢</b>	<b>2018 GH¢</b>
Balance as at 1 January	<b>1,737,493</b>	1,435,053
Additions	-	<b>302,440</b>
<b>Balance as at 31 Dec</b>	<b>1,737,493</b>	1,737,493
<b>Amortisation</b>		
Balance as at 1 January	<b>1,483,570</b>	1,396,162
Charge for the year	<b>64,478</b>	<b>87,408</b>
<b>Balance as at 31 Dec</b>	<b>1,548,048</b>	1,483,570
<b>Net book value</b>	<b>189,445</b>	253,924

**23 Disposal of assets**

	<b>Property, plant &amp; equipment</b>		<b>Shares</b>	
	<b>2019 GH¢</b>	<b>2018 GH¢</b>	<b>2019 GH¢</b>	<b>2018 GH¢</b>
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Net book value	-	-	-	-
Proceeds from sale	-	-	-	-
Profit on disposal	-	-	-	-

Depreciation expense of GH¢6,730,861.92(2018: GH¢ 6,969,404) has been charged in management expenses.

**SIC INSURANCE COMPANY LIMITED**

**Notes to the financial statements  
For the period ended 31 December, 2019**

**24. Investment properties**

	Leasehold properties	Freehold land & buildings	2019 Total	2018 Total
	GH¢	GH¢	GH¢	GH¢
<b>Balance as at 1 January</b>	88,725,743	10,571,700	<b>99,297,443</b>	8,422,403
<b>Transfer</b>	-			9,429,000
<b>Revaluation</b>	-	93,201	<b>93,201</b>	81,446,040
<b>Balance as at 31 Dec</b>	88,725,743	10,664,901	<b>99,390,644</b>	99,297,443

**25. Long term investments**

	2019 GH¢	2018 GH¢
Equity shares	<b>122,442,747</b>	124,698,863
Mutual fund	<b>206,840</b>	202,400
	<b>122,649,587</b>	124,901,263

**26. Investment in subsidiary**

	2019 GH¢	2018 GH¢
Balance as at 1st January	<b>5,878,526</b>	<b>1,585,715</b>
Adjustments during the year(revaluation)	-	<b>4,292,811</b>
<b>Balance as at 31 Dec</b>	<b>5,878,526</b>	5,878,526

The subsidiary company is:

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

**SIC INSURANCE COMPANY LIMITED**

**Notes to the financial statements  
For the period ended 31 December, 2019**

**27. Investment in associated company**

	<b>2019 GH¢</b>	2018 GH¢
<b>Balance at 1 January</b>	<b>20,137,283</b>	14,444,887
Movement in investment	-	5,692,396
<b>Balance as at 31 Dec</b>	<b>20,137,283</b>	20,137,283

	<b>Nature of business</b>	<b>Number of shares</b>	<b>% Interest held</b>
SIC Life Company Limited	Life Assurance	<b>20,000,000</b>	20

**28. Short-term investments**

	<b>2019 GH¢</b>	2018 GH¢
Ghana Gov't treasury bills	<b>34,237,090</b>	31,413,594
Bank time deposits	<b>36,234,232</b>	27,859,720
	<b>70,471,322</b>	59,273,314

Included in Ghana Gov't Treasury bill is a statutory deposit of GHS 2,192,261 (2018: GHS 1,874,022)

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 & other receivables**

	<b>2019 GH¢</b>	2018 GH¢
Premium debtors	-	-
Accrued income and prepayments	<b>696,153</b>	404,916
Staff debtors	<b>2,913,396</b>	2,326,000
Sundry debtors	<b>22,929,256</b>	20,297,352
Agents & reinsurance balance	<b>11,450,581</b>	27,010,476
Rent debtors	<b>737,561</b>	747,580
	<b>38,726,947</b>	50,786,324

**30. Inventories**

	<b>2019 GH¢</b>	2018 GH¢
Fuel and lubricants	<b>35,312</b>	35,312
Medical Stores	<b>735,421</b>	735,421
Stationery and printing stock	<b>603,972</b>	603,972
Computer stationery Stock	<b>354,833</b>	354,833
	<b>1,729,538</b>	1,729,538

**SIC INSURANCE COMPANY LIMITED**

**Notes to the financial statements  
For the period ended 31 December, 2019**

**31a. Cash and cash equivalents**

	<b>2019</b>	2018
	<b>GH¢</b>	GH¢
Cash at bank and in hand	<b>28,615,411</b>	26,009,434
	<b>28,615,411</b>	26,009,434
	=====	=====

**b Bank Overdraft**

	<b>2019</b>	2018
	<b>GH¢</b>	GH¢
Ecobank	<b>7,388,071</b>	<b>7,297,752</b>
	<b>7,388,071</b>	7,297,752
	=====	=====

**Ecobank**

The company has an overdraft facility of **GH¢7,000,000** with the bank to support the company's operational expenses requirement. Interest rate is at **20.00%** 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:

	<b>2019</b>	2018
	<b>GH¢</b>	GH¢
Issued and fully paid for cash	<b>200</b>	200
Transfer from income surplus	<b>42,600</b>	42,600
Transfer from capital surplus	<b>24,957,200</b>	24,957,200
	<b>25,000,000</b>	25,000,000
	=====	=====

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

**33 Capital surplus**

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

	<b>2019</b>	2018
	<b>GH¢</b>	GH¢
Balance at 1 January	<b>78,026,677</b>	17,788,506
Revaluation gain / loss - PPE	-	78,943,459
Deferred tax effect	-	(18,705,288)
<b>Balance as at 31 Dec</b>	<b>78,026,677</b>	78,026,677
	=====	=====

**SIC INSURANCE COMPANY LIMITED**

**Notes to the financial statements  
For the period ended 31 December, 2019**

**34 Contingency reserve**

	2019 GH¢	2018 GH¢
Balance at 1 January	29,520,344	29,520,344
Transfer from income surplus	6,345,424	-
<b>Balance as at 31 Dec</b>	<b>35,865,768</b>	<b>29,520,344</b>

This represents sums set aside to cover fluctuation in securities and variations in statistical estimate in accordance with the Insurance Act, 2006 (Act 724).

**35 Available-for-sale reserves**

	2019 GH¢	2018 GH¢
Balance at 1 January	107,601,463	19,783,952
Fair valuation gain/(loss)	(2,251,676)	87,817,511
Adjustment	-	-
<b>Balance as at 31 Dec</b>	<b>105,349,787</b>	<b>107,601,463</b>

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

**36 Trade & other payables**

	2019 GH¢	2018 GH¢
Agents & brokers	5,722,300	4,187,376
Reinsurers	27,542,533	14,180,865
Sundry creditors	20,178,440	12,681,100
Current account with oil and gas	-	3,070,591
	<b>53,443,273</b>	<b>34,119,932</b>

**37 Borrowings**

	2019 GH¢	2018 GH¢
Ghana International Bank	5,534,700	22,015,000

The loan facility with GHIB is \$1m at an interest rate of 8.85% pa.

**38 Employee benefit scheme**

	2019 GH¢	2018 GH¢
Staff benefit provisions	9,806,945	9,806,945

**39 Contingencies, capital and financial commitments**

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

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

## SIC INSURANCE COMPANY LIMITED

### Notes to the financial statements For the period ended 31 December, 2019

#### 40 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:

	<b>2019</b>	2018
	<b>GH¢</b>	GH¢
<b>a.</b> The following transactions were carried out with related parties;		
<b>i) Social Security &amp; National Insurance Trust</b>		
Premium income	1,341,339	1,387,866
Claims paid	11,193	922
<b>ii) Ghana Reinsurance Company Limited</b>		
Premium income	17,775	23,157
Claims paid	-	-
<b>iii) SIC Life Insurance Company</b>		
Premium income	571,264	533,421
Claims paid	-	904
Dividend received from SIC Life		
<b>iv) Ghana Commercial Bank Limited</b>		
Premium income	1,277,416	1,218,614
Claims paid	2,960	5,478
<b>v) Ghana Cocoa Board</b>		
Premium income	1,663,138	372,302
Claims paid	543	1,413
<b>vi) SIC FSL</b>		
Payment made by SIC on SIC FSL's behalf	-	26,375
Staff provident fund contribution deposited with SIC FSL	3,818,502	3,778,045
<b>b. Year end balances arising from transactions with related party are as follows;</b>		
<b>i) Amount due from related parties</b>		
Premium receivable from SIC Life	-	-
Premium receivable from SIC FSL	-	-
Ghana Oil and Gas Insurance Pool	-	3,713,857
<b>ii) Amount due to related parties</b>		
GOGIP	-	3,070,591
<b>c. The compensation of executive and management staff is shown below;</b>		
Salaries and other benefits	3,189,362	4,594,155
Employers SSF	261,623	313,695
Employers PF	188,464	207,249
<b>d. Transactions with directors</b>		
Directors emoluments are disclosed in note 10		

#### 41 Social responsibilities

An amount of GH¢689,038 was spent on fulfilling the social responsibility of the company (2018: GH¢520,377).

## SIC INSURANCE COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December, 2019

#### 42 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 2019 (Act 992) 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 2017 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 31 December were 243% (2018: 169.8%) and 65% (2018: 65%) respectively which were within the minimum requirements per the regulations.

#### 43 Events after reporting date

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

#### Shareholders' information

##### 43a. Directors' shareholding as at 30 Sept 2019

Name of Director	Number of shares held	% Shares held
Mr. Daniel Ofori	7,810,815	3.9890
Mr. James Appietu - Ankrah	2,000	0.0010
	<b>7,812,815</b>	<b>3.9900</b>

##### b Analysis of shareholding as at 30 Sept, 2019

Range of shareholding	No. of Shareholders	Shares holdings	% of Shareholders	% Holding
1 - 1000	8,820	4,274,089	73.12	2.18
1001 - 5000	2,339	5,904,346	19.39	3.02
5000 - 10000	445	3,621,287	3.69	1.85
10001 and others	458	181,845,278	3.80	92.95
	<b>12,062</b>	<b>195,645,000</b>	<b>100.00</b>	<b>100.00</b>

**SIC INSURANCE COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the period ended 30th September, 2019**

**c. List of the twenty largest shareholders as at 31 December 2019**

<b>Name of shareholder</b>	<b>Shares held</b>	<b>% Holding</b>
1 GOVERNMENT OF GHANA C/O MINISTRY OF FINANCE	78,258,000	39.90%
2 SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	23,127,392	11.79%
3 SCGN/BANQUE PICTET AND CIE SA, GENEVA RE, PATRICK SCHEGG	9,666,764	4.93%
4 SCGN/ BANQUE PICTET & CIE SA RE NON TAX 6275J	9,666,764	4.93%
5 OFORI DANIEL	7,810,815	3.98%
6 SCGN/JPMC RE DUET AFRICA OPPORTUNITIES MASTER FUND, IC GTI:AEX26	6,714,200	3.42%
7 DEGBOTSE EMMANUEL KOBLA	5,085,565	2.59%
8 SCGN/JP MORGAN CHASE DUET GAMLA LIV AFRICA, OPPORTUNITIES FUND IC	3,977,100	2.03%
9 SCGN/JPM IRE RE CORONATION FD MGR IRE ON BEHALF	3,626,810	1.85%
10 PRESTIGE CAPITAL LIMITED	2,720,505	1.39%
11 SIC-FSL/SIC LIFE SECURITIES TRADING A/C,	2,662,200	1.36%
12 TEACHERS FUND	2,066,700	1.05%
13 GHANA COMMERCIAL BANK LTD	2,000,000	1.02%
14 SIC EMPLOYEE SHARE OWNERSHIP PLAN	1,939,588	0.99%
15 GHANA REINSURANCE COMPANY LIMITED GENERAL BUSINESS	1,661,912	0.85%
16 SCGN/CITIBANK KUWAIT INV AUTHORITY	1,303,900	0.66%
17 METLIFE CLASSIC A/C, STD NOMS TVL PTY/METLIFE GOLD PLAN FUND MICAC	985,000	0.50%
18 STATE INSURANCE COMPANY PROVIDENT FUND ACCOUNT	921,669	0.47%
19 MAINSTREAM REINSURANCE COMPANY LIMITED	517,332	0.26%
20 DONEWELL INSURANCE COMPANY LTD	500,000	0.25%
	<b>165,212,216</b>	<b>84.23%</b>
OTHERS	<b>30,932,784</b>	<b>15.77%</b>
	<b>196,145,000</b>	<b>100.00%</b>