

SIC Insurance Company Limited**Report and Financial Statements 2007**

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SIC Insurance Company Limited

Report and Financial Statements 2007

Directors, Officials and Registered Office

Directors:	Prof. I. M. Ofori	Chairman
	Mr. Peter Osei Duah	Managing
	Mr. S. K. Apea	Member (Resigned Feb.2007)
	Ms. Margaret Ekua Prah	Member
	Dr. Y. S. Karikari Brobbey	Member
	Mr. Kwame Owusu	Member
	Dr. Kwaku Osafo	Member
	Mr. D. K. M. Soadzedey	Member
	Mr. Franklin Owusu Asafo-Adjei	Member

Secretary: Mrs. Barbara Oteng-Gyasi (Appt September 2007)

Registered Office: Nyemitei House
28/29 Ring Road East
Osu-Accra

Auditors: Deloitte & Touche
Chartered Accountants
4 Liberation Road
P.O. Box GP 453
Accra

Bankers: - Local

Ghana Commercial Bank Limited
Merchant Bank (Ghana) Limited
National Investment Bank Limited
SG-SSB Bank Limited
HFC Bank (Ghana) Limited
Standard Chartered Bank Ghana Limited
Barclays Bank Ghana Limited
Ecobank Ghana Limited
International Commercial Bank Limited

Bankers: - Foreign

Ghana International Bank Limited
Barclays Bank International Limited

SIC Insurance Company Limited

Directors' Report

The Directors have pleasure in presenting their Annual Report together with the audited financial statements of the company for the year ended 31 December, 2007.

1. Principal activities

The company was incorporated to undertake insurance business.

2. Results for the year

GH¢

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

1,829,600

To which must be added:

Profit for the year after charging all expenses, depreciation and taxation of

5,583,857

7,413,457

From which is made an appropriation to statutory reserve of

(1,584,130)

5,829,328

Proposed dividend

(2,233,543)

3,595,785

=====

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 134(5) of the Companies Code 1963, (Act 179) the auditors, Messrs. Deloitte & Touche, continue in office as auditors of the company.

5. Reporting currency

The Government of Ghana re-denominated the currency with effect from 1 July 2007 by exchanging ¢10,000 (ten thousand cedis) for GH¢1 (one Ghana cedis). Transactions from 1 January to 30 June have been converted to Ghana cedis. All currency amounts prior to 1 July 2007 have also been converted to and presented in Ghana cedis.

On behalf of the Board

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Chairman of the Board

.....
Managing Director

SIC Insurance Company Limited

Financial summary

	2007	2006	2005
	GH¢	GH¢	GH¢
Gross premium	52,804,319	44,581,800	36,388,700
Net premium	36,087,878	25,045,400	27,490,600
Premium earned	35,224,667	26,523,200	22,887,700
Claims incurred	(9,406,862)	(8,585,400)	(9,235,900)
Commissions	(355,083)	(13,700)	(645,700)
Management expenses	(20,514,083)	(17,317,800)	(12,223,700)
Underwriting profit	4,948,639	606,300	782,400
Investment income	1,660,297	2,288,000	1,471,600
Profit before tax	7,936,078	4,019,500	2,482,500
Profit after tax	5,583,857	2,951,900	2,263,400
Dividend	(2,233,543)	(1,300,000)	(1,000,000)
Shareholders' funds	44,714,472	30,598,800	28,946,900
Net assets	44,714,472	30,598,800	28,946,900
Total assets	85,578,872	64,091,600	53,042,900
Number of shares issued and fully paid for	195,645,000	195,645,000	195,645,000
Earnings per share (GH¢)	0.0285	0.0151	0.0116
Share price (GH¢)	-	-	-
Dividend per share (GH¢)	0.0114	0.0066	0.0051
Net assets per share (GH¢)	0.2285	0.1564	0.1480
Current assets/current liab.	1.03	1.02	0.96
Return on shareholders funds (%)	0.1249	0.0965	0.0782
Return on turnover (%)	0.1057	0.0662	0.0622

SIC Insurance Company Limited

Statement of Directors' Responsibilities

The Ghana Companies Code 1963 (Act 179) 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 profit or loss of the company for that year.

The directors believe that in preparing the 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 Code, 1963 (Act 179) and Insurance Act 2006 (Act 724).

They are also responsible for taking such steps as are reasonable to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The above statements which should be read in conjunction with the statement of the auditors responsibilities on page 6 is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements.

Independent auditors' report

To the members of SIC Insurance Company Limited

We have audited the accompanying financial statements of SIC Insurance Company Limited, as at 31 December, 2007, set out on pages 7 to 23, which have been prepared on the basis of the significant accounting policies on page 10 to 12 and other explanatory notes as set out on pages 13 to 23.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Code 1963, (Act 179) and the Insurance Act 2006 (Act 724). These responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the company has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies Code 1963, (Act 179) and the Insurance Act 2006 (Act 724). The financial statements give a true and fair view of the financial position of the company as at 31 December 2007, and of its financial performance and cash flow for the year then ended and are drawn up in accordance with the Ghana National Accounting Standards issued by the Institute of Chartered Accountants, Ghana and relevant International Financial Reporting Standards.

Report on other legal and regulatory requirements

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

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. in our opinion proper books of accounts have been kept by the company, so far as appears from our examination of those books; and
- iii. the balance sheet and profit and loss account of the company are in agreement with the books of accounts.

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

Chartered Accountants
Accra, Ghana

.....2008

SIC Insurance Company Limited

Revenue Account

For the year ended 31 December, 2007

	Note	2007 GH¢	2006 GH¢
Gross premium	2	52,804,319	44,581,800
Less: Re-insurance	2	(16,716,441)	(19,536,400)
Net premium		36,087,878	25,045,400
Unearned premium	3	(863,212)	1,477,800
Premium earned		35,224,667	26,523,200
Claims incurred	4	(9,406,862)	(8,585,400)
Commissions(net)	5	(355,083)	(13,700)
Management expenses	6	(20,514,083)	(17,317,800)
Underwriting profit		4,948,639	606,300
Investment income	7	1,660,297	2,288,000
Other income	8	1,327,142	1,125,200
Profit before tax		7,936,078	4,019,500
Taxation	9(c)	(2,352,220)	(846,500)
National reconstruction levy	9(b)	-	(221,100)
Profit after tax transferred to Income surplus account		5,583,857	2,951,900

Income Surplus Account

For the year ended 31 December, 2007

	2007 GH¢	2006 GH¢
At 1 January	1,829,600	1,515,200
Net profit after tax from revenue account	5,583,857	2,951,900
Less: proposed dividend	(2,233,543)	(1,300,000)
Transfer to contingency reserve	(1,584,130)	(1,337,500)
At 31 December	3,595,785	1,829,600

SIC Insurance Company Limited

Balance Sheet

As at 31 December, 2007

	Note	2007 GH¢	2006 GH¢
Stated capital	10	2,500,000	2,500,000
Capital surplus	11	31,485,257	20,719,900
Income surplus		3,595,785	1,829,600
Contingency reserve	12	7,133,430	5,549,300
Shareholders funds		44,714,472	30,598,800
Represented by:			
Property, plant and equipment	13(a)	18,273,444	16,370,700
Investment properties	13(b)	5,977,580	-
Long term investments	14	17,091,994	16,244,500
Investment in subsidiary	15	325,713	150,000
Investment in associated company	16	5,073,215	-
		46,741,946	32,765,200
Current assets			
Short term investments	17	11,540,689	9,041,427
Lease deposit	18	877,273	877,273
Trade & other receivables	19	20,769,905	17,104,400
Inventories		336,096	286,600
Cash and bank balances		5,312,963	4,016,700
Total current assets		38,836,926	31,326,400
Current liabilities			
Provision for unearned premium	3	13,776,912	12,913,700
Outstanding claims		2,184,267	4,662,772
Trade & other payables	20	18,358,291	10,859,100
Taxation	9	1,131,301	727,900
Proposed dividend		2,233,543	1,300,000
Obligation under finance lease	21	134,886	138,000
Total current liabilities		37,819,199	30,601,472
Net current assets		1,017,727	724,928
Obligations under finance lease	21	(148,494)	(283,428)
Deferred tax	9(d)	(2,896,707)	(2,607,900)
Total non-current liabilities		(3,045,201)	(2,891,328)
Net assets		44,714,472	30,598,800

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Chairman of the Board

.....
Managing Director

SIC Insurance Company Limited

Statement of Changes in Shareholders' Funds

For the year ended 31 December, 2007

	Stated capital GH¢	Contingency reserves GH¢	Capital surplus GH¢	Income surplus account GH¢	Total shareholders' funds GH¢
Balance at 1 January	2,500,000	5,549,300	20,719,900	1,829,600	30,598,800
Transfer to contingency reserve	-	1,584,130	-	(1,584,130)	-
Capital surplus	-	-	10,765,357	-	10,765,357
Dividend proposed	-	-	-	(2,233,543)	(2,233,543)
Net profit	-	-	-	5,583,857	5,583,857
	-----	-----	-----	-----	-----
Balance at 31 December	2,500,000	7,133,430	31,485,257	3,595,785	44,714,472
	=====	=====	=====	=====	=====

Cash flow statement

For the year ended 31 December, 2007

	Note	2007 GH¢	2006 GH¢
Operating activities			
Operating profit	22	7,301,353	3,208,000
Depreciation		1,414,263	1,215,400
Profit on disposal of property, plant & equipment		(183,451)	(7,100)
Decrease/(Increase) in provision for unearned premium		863,212	(1,477,800)
Increase in receivables		(3,665,505)	(8,281,100)
Increase in inventories		(49,496)	(1,900)
Increase in trade & other payables		7,316,368	7,326,500
(Decrease)/increase in provision of claims		(2,478,505)	2,704,800
(Decrease)/increase in lease obligations		(138,048)	88,600
Increase in lease deposits		-	(582,273)
Net cash flow from operating activities		10,380,190	4,193,127
Taxation			
Company tax paid		(1,660,012)	(812,900)
Investing activities			
Acquisition of property, plant and equipment		(469,190)	(678,100)
Proceeds from sale of property, plant and equipment		2,306,234	7,100
Net cash inflow/(outflow) from investing activities		1,837,044	(671,000)
Financing activities			
Purchase of long term investments		(847,494)	(601,400)
Investment in subsidiary		(175,713)	(150,000)
Investment in associated company		(5,073,215)	-
Dividend received		113,916	69,900
Interest received		520,809	741,600
Dividend paid		(1,300,000)	(800,000)
Net cash flow from servicing of finance		(6,761,697)	(739,900)
Changes in cash and cash equivalent		3,795,525	1,969,327
Cash at 1 January		13,058,127	11,088,800
Cash at 31 December		16,853,652	13,058,127
Analysis of changes in cash and cash equivalent			
Cash and bank		5,312,963	4,016,700
Short term investments		11,540,689	9,041,427
		16,853,652	13,058,127

SIC Insurance Company Limited

Notes to the financial statements

For the year ended 31 December, 2007

1. Basis of accounting

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain landed properties and in accordance with Ghana National Accounting Standards.

Accounting policies

The following policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements.

a) Property, plant & equipment

Depreciation has been provided using the straight-line method so as to write-off the gross value of assets over their estimated useful lives at the following rates:

Motor vehicles	20%	per annum
Office furniture	10%	"
Household furniture	20%	"
Freehold properties	1.0%	"
Office equipment	25%	"
Computers	33.33%	"

Leasehold properties are amortised over the life of the lease.

b. Trade receivables

Trade receivables are stated after providing for debts considered to be doubtful of collection.

c. Investment property

Investment property, which is property held to earn rentals and/or capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the value of investment property are included in profit or loss in the period in which they arise.

d. Finance 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 balance sheet.

SIC Insurance Company Limited

Notes to the financial statements

For the year ended 31 December, 2007 - continued

e. **Outstanding claims**

Full provision is made for the estimated cost of claims notified but not settled at the balance sheet date using the best information available at that time.

In the case of claims incurred but not reported at the balance sheet date a further provision of 20% calculated on estimated amount of outstanding claims is made in respect of all non-life business.

Outstanding claims are stated net of recoveries.

f. **Unearned premium reserve**

Provision for unearned premium which is calculated on the basis of total net premiums is made up as follows:

- (i) For businesses other than the marine not less than 45% of the net premium; and
- (ii) For marine businesses not less than 75% of the net premium.

g. **Premium recognition**

- (i) General business other than marine and aviation:

Premiums in respect of general business other than marine and aviation business are accounted for in the period in which the risk commences and the recognition of premium income is based on 55% of retained premiums.

- (ii) Marine and aviation business:

Premiums and claims in respect of marine and aviation business are recorded by the underwriting years and the result for each underwriting year is not determined until after 36 months.

h. **Foreign currencies**

Transactions denominated in foreign currencies are translated into cedis and recorded at the rates of exchange ruling at the dates of the transactions.

Balances denominated in foreign currencies are translated into cedis at rates of exchange ruling at the balance sheet date.

Gains and losses resulting from currency translation are included in profit or loss for the year.

SIC Insurance Company Limited

Notes to the financial statements

For the year ended 31 December, 2007 - continued

i. **Investments**

Investments are held for the purposes of both trading and investment. Investments are included in the balance sheet at the lower of cost and market value. Gains and losses on sale of investments are shown separately in other operating income or expense as applicable. Equity investments are stated at market values and the changes in market value of investments are recognized in capital surplus account.

ii. The company has investment interest in an associated company (SIC-Life) and has opted to deal with it on cost basis.

j. **Taxation**

(i). **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

(ii). **Deferred tax**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Temporary differences arise from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of assessable tax profit. In general, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are recognised if the temporary differences arises from goodwill or from the initial recognition of other assets and liabilities which affect neither the tax profits nor the accounting profit at the time of the transaction.

Deferred tax is calculated at the tax rates applicable to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the financial statements

For the year ended 31 December, 2007 - continued

2. Underwriting results

	Marine & Aviation GH¢	Fire GH¢	Motor GH¢	Accident GH¢	2007 Total GH¢	2006 Total GH¢
Gross premiums	6,570,870	8,697,640	23,649,598	13,886,211	52,804,319	44,581,800
Reinsurances	(3,750,147)	(5,557,697)	(4,729,920)	(2,678,677)	(16,716,441)	(19,536,400)
Net premiums	2,820,723	3,139,943	18,919,678	11,207,534	36,087,878	25,045,400
Increase in provision	(919,213)	1,497,712	1,664,106	(3,105,817)	(863,212)	1,477,800
Premium earned	1,901,510	4,637,655	20,583,784	8,101,718	35,224,667	26,523,200
Commissions	(57,523)	(75,633)	(168,309)	(53,618)	(355,083)	(13,700)
Claims	1,843,986 (2,479,299)	4,562,022 (827,172)	20,415,475 (5,329,617)	8,048,100 (770,774)	34,869,584 (9,406,862)	26,509,500 (8,585,400)
Management exp.	(635,313) (943,648)	3,734,850 (1,907,810)	15,085,857 (13,149,527)	7,277,327 (4,513,098)	25,462,722 (20,514,083)	17,924,100 (17,317,800)
Underwriting results transferred to Rev. A/c	(1,578,961)	1,827,041	1,936,330	2,764,228	4,948,639	606,300

3. Provision for unearned premium

	Marine & Aviation GH¢	Fire GH¢	Motor GH¢	Accident GH¢	2007 Total GH¢	2006 Total GH¢
Net Premium	2,820,723	3,139,943	18,919,678	11,207,534	36,087,878	25,045,400
Less: Policies incepted & expired within the yr.	(31,239)	(4,375,747)	(1,728,358)	(1,196,831)	(7,332,175)	-
Provision for unearned premium	2,789,484	(1,235,804)	17,191,320	10,010,703	28,755,703	25,045,400
At 31/12/2007	2,092,113	(556,112)	7,736,094	4,504,817	13,776,912	12,913,700
At 31/12/2006	(1,172,900)	(941,600)	(9,400,200)	(1,399,000)	(12,913,700)	(14,391,500)
Charge to revenue a/c	919,213	(1,497,712)	(1,664,106)	3,105,817	863,212	(1,477,800)

In line with the requirements of the Insurance Act, provisions are made for unearned premium as follows: a provision of 45% percent of net premium has been made for non-life insurance business other than marine and 75% in the case of marine business.

SIC Insurance Company Limited
Notes to the financial statements

For the year ended 31 December, 2007 - continued

4. Claims incurred	2007	2006
	GH¢	GH¢
Payments during the year	12,316,474	12,400,300
Claims outstanding at 31/12/07	2,184,267	2,376,700
	-----	-----
	14,500,741	14,777,000
Claims outstanding at 31/12/06	(2,376,700)	(1,958,000)
	-----	-----
	12,124,041	12,819,000
Net recoveries	(2,717,179)	(4,233,600)
	-----	-----
Claims net of recoveries	9,406,862	8,585,400
	=====	=====
5. Commissions	2007	2006
	GH¢	GH¢
Receivable	4,007,355	3,801,900
Payable	(4,362,438)	(3,815,600)
	-----	-----
Net commissions	(355,083)	(13,700)
	=====	=====
6. Management expenses	2007	2006
The following items have been charged in arriving at operating profit	GH¢	GH¢
Staff cost	10,594,294	9,120,600
Depreciation	1,414,263	1,215,400
Audit fees	45,000	38,000
Donations	84,837	54,500
Directors' emolument	444,232	269,700
Provision for doubtful debts	463,477	702,700
Bad debt	1,054,899	1,701,800
Repairs & maintenance	394,760	337,082
Advertising	463,119	412,663
Utilities	253,082	286,268
Security services	180,577	163,951
Fuel cost	353,757	314,562
Telephones	278,712	286,998
Others	4,489,074	2,413,576
	-----	-----
	20,514,083	17,317,800
	=====	=====
7. Investment income	2007	2006
	GH¢	GH¢
Dividend	113,916	69,900
Mortgage loans interest	71,701	15,500
Interest on bank deposits	520,809	741,600
Interest on treasury bills	622,203	875,400
Other investment income	331,668	585,600
	-----	-----
	1,660,297	2,288,000
	=====	=====

SIC Insurance Company Limited

Notes to the financial statements

For the year ended 31 December, 2007 - continued

8. Other income	2007 GH¢	2006 GH¢
Rent	157,671	136,200
Profit on disposal of assets	183,451	7,100
Sundry income	579,083	900,100
Gain on exchange	406,937	81,800
	1,327,142	1,125,200

9. Taxation

(a) Income tax payable

	At 1/1/07 GH¢	Charge for the year GH¢	Paym't during the year GH¢	At 31/12/07 GH¢
1997-2002	(480,900)	-	-	(480,900)
2003	179,800	-	-	179,800
2004	983,800	-	-	983,800
2005	(403,300)	-	-	(403,300)
2006	213,000	-	(226,671)	(13,671)
2007	-	2,058,337	(1,433,341)	624,996
Tax Credit				
1998-1999	(200)	-	-	(200)
Capital gains tax	-	5,076	-	5,076
	492,200	2,063,413	(1,660,012)	895,601

(b) Reconstruction levy

2001	41,800	-	-	41,800
2002	45,000	-	-	45,000
2003	42,900	-	-	42,900
2004	235,100	-	-	235,100
2005	(170,800)	-	-	(170,800)
2006	41,700	-	-	41,700
2007	-	-	-	-
	235,700	-	-	235,700
	727,900	2,063,413	(1,660,012)	1,131,301

(c) Income tax expenses

	2007 GH¢	2006 GH¢
Corporate tax	2,063,413	846,500
Deferred tax	288,807	-
	2,352,220	846,500

Notes to the financial statements

For the year ended 31 December, 2007 - continued

	2007 GH¢	2006 GH¢
(d) Deferred tax		
Balance at 1st January	2,607,900	2,607,900
Accelerated capital allowance	288,807	-
	-----	-----
Balance at 31 December	2,896,707	2,607,900
	=====	=====

10. 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.
- (d) Stated capital is made up as follows:

	Amount GH¢
Issued and fully paid during the year	200
Transfer from income surplus	42,600
Transfer from capital	2,457,200

	2,500,000
	=====

- (e) There are no shares in treasury and no call or installment unpaid on any share.

11. Capital surplus

This represents surplus arising from revaluation of certain landed properties. The landed properties were professionally valued by a consortium of Valuers namely, Koaconsult Limited and Valuation and Development Services at 31 March 2007 on the basis of their open market values.

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

	2007 GH¢	2006 GH¢
Balance at 1 January	20,719,900	20,719,900
Revaluation surplus	9,118,808	-
Accum. Depreciation released on revaluation	1,646,549	-
	-----	-----
Balance at 31 December	31,485,257	20,719,900
	=====	=====

12. Contingency reserve

	2007 GH¢	2006 GH¢
Balance at 1 January	5,549,300	4,211,800
Transfer from income surplus	1,584,130	1,337,500
	-----	-----
Balance at 31 December	7,133,430	5,549,300
	=====	=====

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

Notes to the financial statements

For the year ended 31 December, 2007 - continued

13(a) Property, plant and equipment

Cost/valuation	At 1/1/07 GH¢	Additions GH¢	Transfer/ disposal GH¢	Revaluation GH¢	At 31/12/07 GH¢
Leasehold properties	9,034,800	92,888	(3,920,395)	5,939,407	11,146,700
Freehold land & buildings	7,026,700	-	(1,064,570)	183,470	6,145,600
Computers	1,426,000	126,535	-	-	1,552,535
Capital work in progress	781,300	-	-	-	781,300
Other machinery & equipment	3,161,500	249,767	(52,183)	-	3,359,083
	21,430,300	469,190	(5,037,148)	6,122,877	22,985,219

Depreciation	At 1/1/07 GH¢	Charge for year GH¢	Disposal GH¢	Released on revaluation GH¢	At 31/12/07 GH¢
Leasehold properties	1,261,400	682,856	(83,251)	(1,178,149)	682,856
Freehold land & buildings	468,400	61,456	-	(468,400)	61,456
Computers	1,270,800	155,777	-	-	1,426,577
Other machinery & equipment	2,059,000	514,174	(32,287)	-	2,540,887
	5,059,600	1,414,263	(115,538)	(1,646,549)	4,711,775

Net book value

At 31 December 2007 **18,273,444**

At 31 December 2006 **16,370,700**

The company transferred some building properties worth GH¢2.0 million to SIC Life Company Limited as contribution towards capital. Additionally, some buildings which are being solely or significantly occupied by the company's tenants have been treated as investment properties.

Notes to the financial statements

For the year ended 31 December, 2007 - continued

13(b) Investment properties

Cost/valuation	At 1/1/07 GH¢	Revaluation GH¢	At 31/12/07 GH¢
Leasehold properties	2,311,679	2,523,201	4,834,880
Freehold land & buildings	669,970	472,730	1,142,700
	-----	-----	-----
	2,981,649	2,995,931	5,977,580
	=====	=====	=====

13(c) Disposal/transfer of assets

	Property, plant & equip.		Shares	
	2007 GH¢	2006 GH¢	2007 GH¢	2006 GH¢
Cost	(2,055,498)	(11,600)	(99,572)	-
Accumulated depn./valuation gain	32,287	11,600	-	-
	-----	-----	-----	-----
Net book value	(2,023,211)	-	(99,572)	-
Proceeds from sale	2,105,138	7,100	201,096	-
	-----	-----	-----	-----
Profit on disposal	81,927	7,100	101,524	-
	=====	=====	=====	=====

14. Long term investments

	2007 GH¢	2006 GH¢
Mortgage loans	44,452	101,800
	-----	-----
	44,452	101,800
Equity shares	15,412,216	14,507,400
HFC house bonds	1,635,326	1,635,300
	-----	-----
	17,091,994	16,244,500
	=====	=====

SIC Insurance Company Limited

Notes to the financial statements

For the year ended 31 December, 2007 - continued

15. Investment in subsidiary	2007 GH¢	2006 GH¢
Balance 1 January	150,000	-
Additions during the year	175,713	150,000
Balance 31 December	<u>325,713</u>	<u>150,000</u>

The subsidiary company is:

	Nature of business	Number of shares	% Interest held
SIC Financial Services Limited	Investment advisory, asset & fund management	3,000	100

16. Investment in associated company	Company 2007 GH¢	2006 GH¢	Group 2007 GH¢	2006 GH¢
Balance 1 January	-	-	-	-
Additions during the year	5,073,215	-	5,073,215	-
Balance 31 December	<u>5,073,215</u>	<u>-</u>	<u>5,073,215</u>	<u>-</u>

The associated company is:

	Nature of business	Number of shares '000	% Interest held
SIC Life Company Limited	Life Assurance	20,000,000	20

17. Short-term investments	2007 GH¢	2006 GH¢
Ghana Gov't treasury bills	5,011,474	4,484,800
Bank time deposits	6,529,215	4,556,627
	<u>11,540,689</u>	<u>9,041,427</u>

SIC Insurance Company Limited

Notes to the financial statements

For the year ended 31 December, 2007 - continued

18. Lease deposit	2007	2006
	GH¢	GH¢
Horizon Finance & Leasing Company Limited	557,273	557,273
Ecobank Leasing Company Limited	320,000	320,000
	-----	-----
	877,273	877,273
	=====	=====

The company entered into back to back leasing arrangement with the above named leasing companies. It therefore made cash deposits to the tune of the assets leased, interest income is received on the deposits made, whilst the company also bears the cost of lease interest.

19. Trade & other receivables	2007	2006
	GH¢	GH¢
Premium debtors	19,513,032	12,503,100
Provision for bad debts	(5,261,711)	(3,798,300)
	-----	-----
	14,251,321	8,704,800
Accrued income and prepayments	1,238,796	304,500
Staff debtors	398,514	427,200
SIC - Life account	749,624	3,069,900
Sundry debtors	435,849	3,675,200
Agents & reinsurance balance	4,072,961	1,333,800
Provisions	(377,160)	(411,000)
	-----	-----
	20,769,905	17,104,400
	=====	=====

20. Trade & other payables	2007	2006
	GH¢	GH¢
Agents & reinsurers	15,734,790	8,555,000
Sundry creditors	2,623,501	2,304,100
	-----	-----
	18,358,291	10,859,100
	=====	=====

Notes to the financial statements

For the year ended 31 December, 2007 - continued

21. Obligation under finance lease	2007	2006
	GH¢	GH¢
Horizon Finance & Leasing Company Limited	73,974	166,888
Ecobank Leasing Company Limited	209,406	254,540
	283,380	421,428
	=====	=====
Analysis of obligation		
Amount due within one year	134,886	138,000
Amount due within two and five years	148,494	283,428
	283,380	421,428
	=====	=====
22. Operating profit		
(before returns on investments and servicing of finance)		
	2007	2006
	GH¢	GH¢
Profit before taxation	7,936,078	4,019,500
	-----	-----
Dividend received	7,936,078	4,019,500
Interest received	(113,916)	(69,900)
	(520,809)	(741,600)
	7,301,353	3,208,000
	=====	=====

23. Bank guarantee

Included in short term investments is an amount of GH¢420,000 deposited with Merchant Bank Ghana Limited as security for loans that the bank has granted to the company's staff. This deposit earns interest.

24. 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. There were no outstanding amounts at the end of the year:

Notes to the financial statements

For the year ended 31 December, 2007 - continued

Shareholders' information

25. Directors' shareholding as at 25 January 2008

Name of Director	Number of shares held	% Shares held
Prof. Isaac Mensah Ofori	1,000	0.0005
Peter Osei Duah	200,000	0.1022
Dr. Kwaku Osafo	2,000	0.0010
Mr. Kwame Owusu	7,000	0.0035
Ms. Margaret Ekua Prah	3,300	0.0016
Mr. Franklin Owusu Asafo-Adjei	40,000	0.0204
Dr. Brobbey Karikari Yaw Safo	1,000	0.0005
Mr. D.K.M. Soadzedey	10,000	0.0051

26. List of the twenty largest shareholders as at 25 January 2008

Name of shareholder	Shares held	% Holding
1 Government of Ghana	78,258,000	40.000
2 SIC Employee Share Ownership Plan	19,564,500	10.000
3 Social Security & National Insurance Trust	16,090,392	8.224
4 Standard Bank PLC Client's Account/STD Nominees	9,103,039	4.653
5 BBGN/HSBC Bank PLC Account Clients	8,500,000	4.345
6 Ghana Reinsurance Company Limited	6,666,612	3.408
7 SIC Life Company Limited	3,333,300	1.704
8 BBGN/JP Morgan Chase Onshore 6178C	2,200,000	1.124
9 Ghana Commercial Bank Limited	2,000,000	1.022
10 Teachers' Fund	1,666,700	0.852
11 Renaissance Investment Management	1,600,000	0.818
12 Amoah Kofi Dr	1,500,000	0.767
13 BBGN/Barclays Kenya Nom. Limited A/C 9341	1,250,000	0.639
14 Mainstream Reinsurance	666,600	0.341
15 SIC Provident Fund	659,000	0.337
16 Ghana Cocoa Board	507,500	0.259
17 Strategic African Securities	501,500	0.256
18 Donewell Life Company Limited	500,000	0.256
19 STD.Nom/METLIFE Share Holders Fund	500,000	0.256
20 Donewell Insurance Company Limited	500,000	0.256
	-----	-----
	155,567,143	79.517
	=====	=====