SIC Insurance Company Limited

Report and financial statements 2010

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SIC Insurance Company Limited

Directors, officials and registered office

Directors:	Mr. Max Cobbina	Chairman
	Mr. Benjamin Acolatste	Managing Director
	Dr. Kwaku Osafo	Member
	Mr. Kwasi Osei	Member
	Dr. Vitus Anaab-Bisi	Member
	Dr. Kofi Koduah Sarpong	Member
	Dr. Kofi Amoah	Member
	Mrs Yvonne Osei Tutu	Member
	Mr. Kingsley Awuah-Darku	Member
Ag. Secretary:	Mr. Prince Emmanuel K. Mawuvenu	
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	
Registrars:	NTHC Limited Martco House P O Box KIA 9563 Airport, 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 Plc	

SIC Insurance Company Limited

Directors' report

The directors have pleasure in presenting their Annual Report together with the audited consolidated financial statements of the group for the year ended 31 December, 2010.

1. **Principal activities**

The principal activities of the company and the subsidiary are:

i. to undertake non-life insurance business and
ii. to undertake the provision of investment advisory, asset and fund management, and financial consultancy services.

2. **Results for the year**

	GH¢
The balance brought forward on income surplus account at 1 January was	**17,893,447**
To which must be added:	
Profit for the year after charging all expenses, depreciation and taxation of	**6,170,306**
	24,063,753
From which is made an appropriation to statutory reserve of	**(1,921,283)**
	22,142,470
Dividend paid	-
Leaving a balance to be carried forward on income surplus account of	**22,142,470**

3. **Nature of business**

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

4. **Auditors**

In accordance with section 134(5) of the Companies Code 1963, Act (179) the auditors, Messrs. Deloitte & Touche, continue in office as group auditors.

On behalf of the board

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Board Chairman **Managing Director**

SIC Insurance Company Limited

Financial highlights

	Group 2010 GH¢	Group 2009 GH¢	**Company 2010 GH¢**	Company 2009 GH¢
Gross premium	**64,042,765**	56,877,215	**64,042,765**	56,877,215
Net premium	**47,180,451**	40,900,655	**47,180,451**	40,900,655
Claims incurred	**(12,565,341)**	(12,659,793)	**(12,565,341)**	(12,659,793)
Underwriting profit	**3,514,058**	1,213,695	**5,120,209**	2,308,253
Profit before tax	**8,233,480**	7,683,879	**8,044,291**	7,487,560
Profit after tax	**6,170,306**	6,029,308	**6,028,415**	5,891,490
Shareholders' funds	**83,312,946**	62,722,500	**83,840,538**	61,888,890
Net assets	**83,312,946**	62,722,500	**83,840,538**	61,888,890
Total assets	**255,221,745**	185,374,366	**137,441,579**	117,438,935
Number of shares issued and fully paid for	**195,645,000**	195,645,000	**195,645,000**	195,645,000
Earnings per share (GH¢)	**0.0315**	0.0308	**0.0308**	0.0301
Net assets per share (GH¢)	**0.4258**	0.3206	**0.4285**	0.3163
Current assets/current liabilities	**1.4466**	1.3302	**1.1387**	1.3302
Return on shareholders funds (%)	**0.0741**	0.0961	**0.0719**	0.0952

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 group at the end of the financial year and of the income statement 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 group keeps accounting records which disclose with reasonable accuracy the financial position of the group 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 group 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 consolidated financial statements of SIC Insurance Company Limited and its subsidiary (the Group) set out on pages 8 to 44, which comprise the statement of consolidated financial position as at 31 December 2010 and the statement of consolidated comprehensive income, consolidated statement of changes in shareholders' funds and statement of consolidated cash flow for the year then ended together with the summary of significant accounting policies and other explanatory notes, and have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.

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). This responsibility includes: 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 auditors' 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 group 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 group as at 31 December 2010, and of its financial performance and cash flow for the year then ended and are drawn up in accordance with International Financial Reporting Standards.

Independent auditors' report - continued
To the members of SIC Insurance Company Limited

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 group, so far as appears from our examination of those books; and
iii. the balance sheet and profit and loss account of the group are in agreement with the books of accounts.

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

Chartered Accountants
Accra, Ghana

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SIC Insurance Company Limited

Statement of consolidated comprehensive income

For the year ended 31 December, 2010

		Group		Company	
		2010	2009	**2010**	2009
	Note	**GH¢**	GH¢	**GH¢**	GH¢
Gross premium	6	**64,042,765**	56,877,215	**64,042,765**	56,877,215
Less: Reinsurances	7	**(16,862,314)**	(15,976,560)	**(16,862,314)**	(15,976,560)
Net premium		**47,180,451**	40,900,655	**47,180,451**	40,900,655
Claims incurred	8	**(12,565,341)**	(12,659,793)	**(12,565,341)**	(12,659,793)
Commissions	9	**(356,897)**	908,598	**(356,897)**	908,598
Management expenses	10	**(30,744,155)**	(27,935,765)	**(29,138,004)**	(26,841,207)
Underwriting profit		**3,514,058**	1,213,695	**5,120,209**	2,308,253
Investment income	11	**1,695,111**	1,960,721	**1,610,638**	1,925,687
Other income	12	**3,428,807**	5,029,828	**1,717,940**	3,773,985
Finance costs	13	**(404,496)**	(520,365)	**(404,496)**	(520,365)
Profit before tax		**8,233,480**	7,683,879	**8,044,291**	7,487,560
National stabilisation levy		**(402,215)**	(95,979)	(402,215)	(93,595)
Taxation	19(c)	**(1,660,959)**	(1,558,592)	(1,613,661)	(1,502,475)
Profit after tax transferred to Income surplus account		**6,170,306**	6,029,308	**6,028,415**	5,891,490
Basic earnings per share - GH¢	14	**0.0315**	0.0308	**0.0308**	0.0301

SIC Insurance Company Limited

Statement of consolidated financial position

As at 31 December, 2010

	Note	Group 2010 GH¢	Group 2009 GH¢	Company 2010 GH¢	Company 2009 GH¢
Stated capital	20	**25,000,000**	2,500,000	**25,000,000**	2,500,000
Capital surplus	21	**9,316,952**	31,816,952	**9,316,952**	31,816,952
Income surplus		**22,142,470**	17,893,447	**21,629,455**	17,522,323
Contingency reserve	22	**12,501,991**	10,580,708	**12,501,991**	10,580,708
Available-for-sale reserves	23	**13,871,900**	(548,240)	**15,392,140**	(531,093)
Contribution towards capital		**479,633**	479,633	-	-
Shareholders funds		**83,312,946**	62,722,500	**83,840,538**	61,888,890
Represented by:					
Property, plant and equipment	24	**19,787,444**	18,404,995	**19,616,142**	18,280,981
Investment properties	26	**6,013,805**	6,013,805	**6,013,805**	6,013,805
Intangible assets	25	**98,004**	165,619	-	118,155
Long term investment	27	**32,527,390**	18,147,386	**32,452,978**	18,092,513
Investment in subsidiary	28	-	-	**1,865,492**	325,713
Investment in associated companies	29	**5,073,215**	5,073,215	**5,073,215**	5,073,215
		63,499,858	47,805,020	**65,021,632**	47,904,382
Current assets					
Short term investments	30	**8,695,205**	11,205,179	**8,463,296**	10,608,623
Lease deposit	31	**1,862,856**	1,560,929	**1,862,856**	1,560,929
Trade & other receivables	32	**171,487,578**	113,780,718	**52,521,720**	46,419,477
Inventories		**556,994**	523,782	**556,993**	523,782
Unearned reinsurance premium		**7,375,194**	5,289,458	**7,375,194**	5,289,458
National stabilisation levy		-	41,730	-	44,114
Cash and bank balances	35	**1,744,060**	5,167,550	**1,639,888**	5,088,170
Total current assets		**191,721,887**	137,569,346	**72,419,947**	69,534,553
Current liabilities					
Unearned premium		**18,765,244**	16,452,305	**18,765,244**	16,452,305
Outstanding claims	8	**1,792,856**	3,054,836	**1,792,856**	3,054,836
Trade & other payables	33	**143,589,921**	96,477,395	**25,285,635**	29,375,694
Taxation	19(a)	**3,378,055**	3,000,285	**3,374,739**	3,004,378
National stabilisation levy		**90,693**	-	**88,309**	-
Other current financial liabilities	34	**756,875**	387,897	**756,875**	387,897
Total current liabilities		**168,373,644**	119,372,718	**50,063,658**	52,275,110
Net current assets		**23,348,243**	18,196,629	**22,356,289**	17,259,443
Other non-current financial liabilities	34	**(681,584)**	(419,136)	**(681,584)**	(419,136)
Deferred tax	19(d)	**(2,853,571)**	(2,860,013)	**(2,855,799)**	(2,855,799)
Total non-current liabilities		**(3,535,155)**	(3,279,149)	**(3,537,383)**	(3,274,935)
Net assets		**83,312,946**	62,722,500	**83,840,538**	61,888,890

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Board Chairman

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Managing Director

SIC Insurance Company Limited

Consolidated statement of changes in shareholders' funds

For the year ended 31 December, 2010

Group

	Stated capital GH¢	Income surplus account GH¢	Contingency reserves GH¢	Capital surplus GH¢	Available-for sale reserves GH¢	Total GH¢
Balance at 1 Jan. 2009	2,500,000	17,095,526	8,874,392	31,816,952	6,028,864	**66,315,734**
Total recognised income & exp.	-	6,029,308	-	-	-	**6,029,308**
Transfer (from)/to reserve	-	(1,706,316)	1,706,316	-	-	**-**
Net loss on available-for-sale invest.	-	-	-	-	(6,577,104)	**(6,577,104)**
Transfer to equity holders	-	(3,525,071)	-	-	-	**(3,525,071)**
Balance at 31 Dec 2009	2,500,000	17,893,447	10,580,708	31,816,952	(548,240)	**62,242,867**
Balance at 1 January 2010	2,500,000	17,893,447	10,580,708	31,816,952	(548,240)	**62,242,867**
Total recognised income & exp.	-	6,170,306	-	-	-	**6,170,306**
Transfer (from)/to reserve	22,500,000	(1,921,283)	1,921,283	(22,500,000)	-	**-**
Net gain on available-for-sale invest.	-	-	-	-	14,420,140	**14,420,140**
Transfer to equity holders	-	-	-	-	-	**-**
Balance at 31 Dec 2010	25,000,000	22,142,470	12,501,991	9,316,952	13,871,900	**82,833,313**

Company

	Stated capital GH¢	Income surplus account GH¢	Contingency reserves GH¢	Capital surplus GH¢	Available-for sale reserves GH¢	**Total GH¢**
Balance at 1 Jan. 2009 - restated	2,500,000	16,800,066	8,874,392	31,816,952	6,006,024	**65,997,434**
Total recognised income & exp.	-	5,891,490	-	-	-	**5,891,490**
Net loss on available-for-sale invest.	-	-	-	-	(6,537,117)	**(6,537,117)**
Transfer (from)/to reserve	-	(1,706,316)	1,706,316	-	-	**-**
Transfer to equity holders	-	(3,462,917)	-	-	-	**(3,462,917)**
Balance at 31 Dec 2009	2,500,000	17,522,323	10,580,708	31,816,952	(531,093)	**61,888,890**
Balance at 1 January 2010	2,500,000	17,522,323	10,580,708	31,816,952	(531,093)	**61,888,890**
Total recognised income & exp.	-	6,028,415	-	-	-	**6,028,415**
Transfer (from)/to reserve	22,500,000	(1,921,283)	1,921,283	(22,500,000)	-	**-**
Net gain on available-for-sale invest.	-	-	-	-	15,923,233	**15,923,233**
Transfer to equity holders	-	-	-	-	-	**-**
Balance at 31 Dec 2010	25,000,000	21,629,455	12,501,991	9,316,952	15,392,140	**83,840,538**

SIC Insurance Company Limited

Statement of consolidated cash flow

For the year ended 31 December, 2010

	Group		Company	
	2010	2009	**2010**	2009
Operating activities	**GH¢**	GH¢	**GH¢**	GH¢
Operating profit	**8,233,480**	7,683,879	**8,044,291**	7,487,560
	8,233,480	7,683,879	**8,044,291**	7,487,560
Adjustment to reconcile profit before tax to net cash flows				
Non-cash:				
Depreciation	**1,456,459**	1,178,610	**1,390,336**	1,120,493
Amortisation of intangible assets	**149,209**	165,445	**118,155**	118,155
Available-for-sale reserve	**14,420,140**	(6,577,104)	**15,923,233**	(6,537,117)
Profit on disposal of property, plant & equipment	**(170,643)**	(152,734)	**(170,643)**	(149,604)
Interest received	**(974,355)**	(686,165)	**(889,882)**	(685,517)
Dividend received	**(720,756)**	(1,274,556)	**(720,756)**	(1,240,170)
Working capital adjustments:				
Increase in provision for unearned premium	**2,312,939**	5,312,447	**2,312,939**	5,312,447
(Increase)/decrease in receivables	**(57,706,860)**	22,721,228	**(6,102,243)**	(1,894,812)
Increase in inventories	**(33,212)**	(24,385)	**(33,211)**	(24,384)
Increase/(decrease) in trade & other payables	**47,099,643**	(29,198,186)	**(4,090,059)**	(4,647,160)
(Decrease)/increase in provision for claims	**(1,261,980)**	1,452,812	**(1,261,980)**	973,179
Increase in lease obligations	**631,426**	(113,163)	**631,426**	(113,163)
Increase in lease deposits	**(301,927)**	-	**(301,927)**	-
Increase in unearned reinsurance premium	**(2,085,736)**	(1,521,014)	**(2,085,736)**	(1,521,014)
Tax paid	**(1,276,747)**	(1,138,695)	**(1,243,300)**	(1,053,436)
National stabilisation levy paid	**(269,792)**	(137,709)	**(269,792)**	(137,709)
Net cash used in operating activities	**9,501,289**	(2,309,290)	**11,250,851**	(2,992,252)
Investing activities				
Acquisition of property, plant and equipment	**(2,838,908)**	(711,577)	**(2,725,496)**	(640,229)
Acquisition of intangible assets	**(81,594)**	(49,206)	**-**	-
Proceeds from sale of property, plant and equipment	**170,643**	152,734	**170,643**	149,604
Acquisition of investment properties	**-**	(36,225)	-	(36,225)
Net cash used/flow from investing activities	**(2,749,859)**	(644,274)	**(2,554,853)**	(526,850)
Financing activities				
Purchase of long term investments	**(14,380,004)**	6,803,277	**(15,900,244)**	6,735,065
Dividend received	**720,756**	686,165	**720,756**	685,517
Interest received	**974,355**	1,274,556	**889,882**	1,240,170
Dividend paid	-	(3,525,071)	-	(3,462,917)
Net cash used in servicing of finance	**(12,684,893)**	5,238,927	**(12,749,827)**	5,197,835
Changes in cash and cash equivalents	**(5,933,463)**	2,285,363	**(5,593,609)**	1,678,732
Cash at 1 January	**16,372,729**	14,087,366	**15,696,793**	14,018,061
Cash at 31 December	**10,439,266**	16,372,729	**10,103,184**	15,696,793
Analysis of changes in cash and cash equivalents				
Cash and bank	**1,744,060**	5,167,550	**1,639,888**	5,088,170
Short term investments	**8,695,205**	11,205,179	**8,463,296**	10,608,623
	10,439,265	16,372,729	**10,103,184**	15,696,793

Notes to the consolidated financial statements

For the year ended 31 December, 2010

1. Reporting Entity

SIC Insurance Company Limited underwrite non-life insurance risks, The group also issues a diversified portfolio of investment services to provide its customers with asset management solutions for their savings and retirement needs as well as undertaking brokerage services. The group is a limited liability group incorporated and domiciled in Ghana, with its registered office at 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 legislation.

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

IFRS 1 First time adoption of IFRS;
IFRS 4 Insurance contracts;
IFRS 7 Financial Instruments: Disclosures;
IAS 1 (Revised), Presentation of financial statements (added disclosures about an entity's capital and other disclosures);
IAS 14 Segment reporting;
IAS 16 Property, plant and equipment;
IAS 17 Leases;
IAS 18 Revenue;
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.

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

3. Significant accounting policies

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

(a) Consolidation

i). ***Subsidiaries:***

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

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

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

ii). ***Associates:***

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

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

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

(b) Segment reporting

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

(c) Foreign currency translation

i). ***Functional and presentation currency:***

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

ii). ***Transactions and balances:***

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

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

iii). ***Exchange differences:***

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and
(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

(d) Property, plant and equipment

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

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

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	25%	"
Computers	33.33%	"

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. 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 group 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 group uses alternative valuation methods such as discounted cash flow projections or recent prices on less active markets. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Changes in fair values are recorded in the income statement.

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

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

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

(f) Investment

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

i). ***Financial assets at fair value through income:***

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

ii). ***Loans & receivables:***

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

iii). ***Held-to-maturity financial assets:***

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

iv). ***Available-for-sale financial assets:***

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

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

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans & receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement 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 income statement as net realised gains/losses on financial assets.

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

(g) Impairment of assets

i). ***Financial assets carried at amortised cost:***

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

(i) significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as a default or delinquency in payments;

(iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;

(iv) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

• Adverse changes in the payment status of issuers or debtors in the group; or

• National or local economic conditions that correlate with defaults on the assets in the group.

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 income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient approach, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

ii). ***Financial assets carried at fair value:***

The group assesses at each balance sheet 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 income statement. Impairment losses recognised in the income statement on equity instruments are not subsequently reversed. The impairment loss is reversed through the income statement, 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 companied at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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 group issues contracts that transfer insurance risk or financial risk or both.

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

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

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

(l) Insurance contracts

i). ***Recognition and measurement:***

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

ii). ***Non-life insurance contracts:***

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

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

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

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

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third party properties damaged by the contract holders. They include direct and indirect claims settlement costs arising from events that have occurred up to the balance sheet date even if they have not yet been reported to the group. The group does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

iii). ***Liability adequacy test:***

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

In determining the adequacy on unearned premium, the liability adequacy test on unexpired risk premium was determined by computing the premium unearned on each policy as at 31 December 2010. Liability adequacy test in respect of claims is determined by taking the settled amount for each claim, agreed with the claimant. The sum insured is considered the best test for non-settled claims.

iv). ***Reinsurance contracts held:***

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

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

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

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 income statement.

vi). ***Salvage and subrogation reimbursements:***

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

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

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

(m) Deferred Income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income 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 income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

(n) Employee benefits

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

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

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

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

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

iii). ***Termination benefits:***

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

(o) Provisions

i). ***Restructuring costs and legal claims:***

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

(p) Revenue recognition

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

i). ***Premiums:***

Written premiums for non-life insurance business comprise the premiums on contracts incepting in the financial year. Written premiums are stated gross of commissions payable to intermediaries.

Unearned premiums are those proportions of the premium which relate to periods of risk after the balance sheet date. Unearned premiums are calculated on the basis of the number of days beyond the balance sheet 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 group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

v). ***Dividend income:***

Dividend income for available-for-sale equities is recognised when the right to receive payment is established – this is the ex-dividend date for equity securities.

vi). ***Rental income:***

Rental income is recognised on an accrual basis.

(q) Leases

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

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Assets acquired in terms of finance leases are capitalized at the lower of cost and the present value of the minimum lease payment at inception of the lease, and amortised over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the balance sheet.

(r) Dividend distribution

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

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

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

i). ***The ultimate liability arising from claims made under insurance contracts:***

The estimation of the ultimate liability arising from claims made under insurance contracts is the group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the group will ultimately pay for such claims.

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

decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in

(t) Management of insurance and financial risk

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

i). ***Insurance risk:***

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

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

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

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

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

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

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

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

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

iii). ***Financial risk:***

The group is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, currency risk and credit risk.

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

a). ***Interest rate risk:***

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

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. A 5% increase or decrease is used when reporting interest rate risk internally, it represents management's assessment of the reasonably possible change in interest rates.

	31-Dec-10 Amount GH¢	Scenario 1 5% increase GH¢	Scenario 2 5% decrease GH¢
Pre-tax profit	8,233,480	8,645,154	7,821,806
Shareholders' equity	83,312,946	87,478,593	79,147,299

Assuming no management actions, a series of such rises would increase pre-tax profit for 2010 by GH¢ 384,194, while a series of such falls would decrease pre-tax profit for 2010 by GH¢384,194. Also a series of such rises would increase the shareholders' equity by GH¢3,136,125, whilst a series of such falls would decrease shareholders' equity by GH¢3,136,125.

b). ***Credit risk:***

The group has exposure to credit risk, which is the risk that counterparty will be unable to pay amounts in full when due. Key areas where the group is exposed to credit risk are:
– reinsurers' share of insurance liabilities,
– amounts due from reinsurers in respect of claims already paid,
– amounts due from insurance contract holders,
– amounts due from insurance intermediaries,

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

The following table shows the carrying value of assets that are neither past due nor impaired, the ageing of assets that are past due but not impaired and assets that have been impaired.

	2010	2009
	GH¢	GH¢
Neither past due nor impaired	**2,793,001**	16,672,572
Past due but not impaired - less than 30 days	**15,080,463**	7,167,640
Past due 31 to 60 days	**2,506,744**	2,038,912
Past due 61 to 90 days	**5,571,407**	356,126
Past due more than 90 days	**11,981,703**	7,038,150
Past due and impaired	**1,157,831**	392,830
	39,091,149	33,666,230

c). ***Liquidity risk:***

The group is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The group's approach to managing liquidity risk is to ensure that it will maintain adequate liquidity to meets its liabilities when due.

d). ***Currency risk:***

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

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

	2010	2009	**2010**	2009	**2010**	2009
	USD	USD	**GBP**	GBP	**Euro**	Euro
	GH¢	GH¢	**GH¢**	GH¢	**GH¢**	GH¢
Assets	**7,564,998**	5,205,465	**40,755**	37,138	**231,867**	206,342
Liabilities	**12,933,151**	13,103,496	**85,134**	86,255	**28,270**	22,743

Notes to the consolidated financial statements
For the year ended 31 December, 2010 - continued

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

	31-Dec-10 Amount GH¢	Scenario 1 10% increase GH¢	Scenario 2 10% decrease GH¢
Pre-tax profit	**8,233,480**	9,056,828	7,410,132
Shareholders' equity	**83,312,946**	91,644,241	74,981,651

Assuming no management actions, a series of such rises would increase pre-tax profit for 2010 by GH¢ 768,388, while a series of such falls would decrease pre-tax profit for 2010 by GH¢768,388. Also a series of such rises would increase the shareholders' equity by GH¢6,272,250, whilst a series of such falls would decrease shareholders' equity by GH¢6,272,250.

The following significant exchange rates were applied during the year:

	2010 GH¢ Selling	**2010 GH¢ Buying**	2009 GH¢ Selling	2009 GH¢ Buying
US Dollar	1.4456	1.4320	1.4441	1.4238
GB Pound	2.4678	2.3450	2.3280	2.2949
Euro	2.0843	2.0054	2.0831	2.0543

4. The following new standards, amendments to standards and interpretations to existing standards are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these financial statements.

IAS 1 (Revised) presentation of financial statements

IAS 23 (Amendment) Borrowing Costs

IAS 27 (Revised) Consolidated and separate financial statements

IAS 28 (Amendment) Investments in associates

IFRS 5 (Amendment) Non-current assets held-for-sale and discontinued operations (and consequential amendment to IFRS 1,

IAS 32 Financial instruments: Presentation and IFRS 7, Financial instruments: Disclosures

IAS 36 (Amendment) Impairment of assets

IAS 38 (Amendment) Intangible assets

IAS 19 (Amendment) Employee benefits

IFRIC 12 Service concession arrangements

IFRIC 13 Customer Loyalty programmes

IFRIC 15 Agreements for the construction of real estate

IFRIC 16 Hedges of a net investment in a foreign operation

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

5. Segment information

Segmental information is presented in respect of the group's business segments. The primary format and business segments, is based on the group's management and internal reporting structure.

The group's results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The group does not have a geographical segment.

Class of business	Marine & Aviation GH¢	Fire GH¢	Motor GH¢	Accident GH¢	**2010 Total GH¢**	2009 Total GH¢
Gross premiums	4,097,562	15,455,484	30,378,746	14,110,973	**64,042,765**	56,877,215
Reinsurances	(909,592)	(4,118,922)	(8,468,257)	(3,365,543)	**(16,862,314)**	(15,976,560)
Net premiums	3,187,970	11,336,562	21,910,489	10,745,430	**47,180,451**	40,900,655
Premium earned	3,187,970	11,336,562	21,910,489	10,745,430	**47,180,451**	40,900,655
Commissions	(22,127)	(88,874)	(166,890)	(79,005)	**(356,897)**	908,597
	3,165,843	11,247,688	21,743,599	10,666,425	**46,823,554**	41,809,252
Claims	(687,796)	(1,727,045)	(8,412,275)	(1,738,225)	**(12,565,341)**	(12,659,793)
	2,478,047	9,520,643	13,331,324	8,928,200	**34,258,213**	29,149,459
Management expenses	(1,713,194)	(4,301,806)	(18,793,353)	(4,329,651)	**(29,138,004)**	(26,781,208)
Underwriting results transferred to Rev. A/c	764,852	5,218,837	(5,462,029)	4,598,549	**5,120,209**	2,368,251
Total assets					**255,221,745**	117,394,821
Total liabilities					**171,908,799**	55,550,045
Shareholders funds					**83,312,946**	61,844,776

Unearned premium	Marine & Aviation GH¢	Fire GH¢	Motor GH¢	Accident GH¢	**2010 Total GH¢**	2009 Total GH¢
Unearned premium - b/f	1,278,358	2,154,776	8,994,168	4,025,003	**16,452,305**	11,139,859
Less: Unearned premium - c/f	(1,140,029)	(2,849,792)	(11,127,020)	(3,648,402)	**(18,765,243)**	(16,452,305)
Reinsurance c/f	909,592	4,118,922	8,468,257	3,365,543	**16,862,314**	5,289,458
Movement in unearned premium	1,047,921	3,423,906	6,335,405	3,742,144	**14,549,376**	(22,988)

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

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

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 premium

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Motor	**30,378,746**	27,345,687	**30,378,746**	27,345,687
Fire	**15,455,484**	14,850,737	**15,455,484**	14,850,737
Accident	**14,110,973**	9,888,410	**14,110,973**	9,888,410
Marine and aviation	**4,097,562**	4,792,381	**4,097,562**	4,792,381
	64,042,765	56,877,215	**64,042,765**	56,877,215

7. Reinsurances

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Motor	**8,468,257**	5,583,969	**8,468,257**	5,583,969
Fire	**4,118,922**	4,638,503	**4,118,922**	4,638,503
Accident	**3,365,543**	3,842,243	**3,365,543**	3,842,243
Marine and aviation	**909,592**	1,911,845	**909,592**	1,911,845
	16,862,314	15,976,560	**16,862,314**	15,976,560

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

8. Claims incurred

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Payments during the year	**17,290,331**	15,433,865	**17,290,331**	15,433,865
Claims outstanding at 31/12/10	**1,792,856**	3,054,836	**1,792,856**	3,054,836
	19,083,187	18,488,701	**19,083,187**	18,488,701
Claims outstanding at 31/12/09	**(3,054,836)**	(2,081,657)	**(3,054,836)**	(2,081,657)
	16,028,351	16,407,044	**16,028,351**	16,407,044
Net recoveries	**(3,463,010)**	(3,747,251)	**(3,463,010)**	(3,747,251)
Claims net of recoveries	**12,565,341**	12,659,793	**12,565,341**	12,659,793

9. Commissions

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Receivable	**6,437,938**	6,331,318	**6,437,938**	6,331,318
Payable	**(6,794,835)**	(5,422,720)	**(6,794,835)**	(5,422,720)
Net commissions	**(356,897)**	908,598	**(356,897)**	908,598

10. Management expenses

Mangement expenses is stated after charging:

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Directors' emoluments	**445,578**	241,801	**290,488**	195,585
Staff cost	**18,841,724**	16,693,096	**18,207,371**	16,079,244
Depreciation	**1,456,460**	1,225,877	**1,390,336**	1,120,493
Software amortisation	**149,209**	169,412	**118,155**	118,155
Audit fees	**75,213**	71,265	**60,000**	60,000

11. Investment income

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Dividend	**720,756**	686,165	**720,756**	685,517
Interest on bank deposits	**191,847**	990,109	**191,847**	990,109
Interest on treasury bills	**244,822**	250,061	**244,822**	250,061
Other investment income	**537,686**	34,386	**453,213**	-
	1,695,111	1,960,721	**1,610,638**	1,925,687

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

12. Other income

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Rent	**317,695**	320,106	**317,695**	320,106
Brokerage and investment advisory fee	**1,710,372**	1,221,691	-	-
Profit on disposal of assets	**170,643**	152,734	**170,643**	149,604
Sundry income	**305,436**	845,886	**304,941**	838,968
Gain on exchange	**817,787**	2,489,411	**817,787**	2,465,307
Management fees	**106,874**	-	**106,874**	-
	3,428,807	5,029,828	**1,717,940**	3,773,985

13. Finance costs

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Interest on finance leases	**404,496**	520,365	**404,496**	520,365

14. Earnings per share

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

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Profit attributable to the group's equity holders	**6,170,306**	6,029,308	**6,028,415**	5,891,490
Weighted average number of ordinary shares in issue	**195,645,000**	195,645,000	**195,645,000**	195,645,000
Basic earnings per share	**0.0315**	0.0308	**0.0308**	0.0301

15. Financial instruments classification summary

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

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Available-for-sale (Note 16)	**38,075,362**	16,967,395	**38,075,362**	16,966,795
Receivables (including insurance receivables) (Note 17)	**37,933,318**	29,309,520	**37,933,318**	29,309,520

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

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

16. Available-for-sale financial assets

	Group 2010 GH¢	Group 2009 GH¢	Company 2010 GH¢	Company 2009 GH¢
Equity securities:				
Listed	**10,628,963**	12,058,652	10,628,963	12,058,652
Unlisted	**27,446,399**	4,908,743	27,446,399	4,908,143
Total available-for-sale financial assets	**38,075,362**	16,967,395	**38,075,362**	16,966,795

17. Receivables

	Group 2010 GH¢	Group 2009 GH¢	Company 2010 GH¢	Company 2009 GH¢
i). ***Receivables arising from insurance and reinsurance contracts:***				
Due from policy holders	**29,573,409**	25,445,733	**29,573,409**	25,445,733
Due from agents, brokers and intermediaries	**8,359,909**	3,863,787	**8,359,909**	3,863,787
Total receivables including insurance receivables	**37,933,318**	29,309,520	**37,933,318**	29,309,520
Current portion	**37,933,318**	29,309,520	**37,933,318**	29,309,520

The carrying amount is a reasonable approximation of fair value.

The group's receivables are non-interest bearing assets. Management has assessed all receivables for impairment purposes, an impairment loss of GH¢1,157,831 was considered for debts which could not be verified with certainty and the viability of some of the companies are in doubt.

18. Insurance liabilities

	Group 2010 GH¢	Group 2009 GH¢	Company 2010 GH¢	Company 2009 GH¢
Claims reported and loss adjustment expenses	**1,494,046**	2,545,697	**1,494,046**	2,545,697
Claims incurred but not reported (IBNR)	**298,809**	509,139	**298,809**	509,139
Unearned premiums	**18,765,243**	16,452,304	**18,765,243**	16,452,304
Total insurance liabilities	**20,558,098**	**19,507,140**	**20,558,098**	19,507,140

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

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

19. Taxation - Group

(a) Income tax payable

Income tax	At 1-Jan GH¢	Charge for the year GH¢	Paym't during the year GH¢	**At 31-Dec GH¢**
1997-2002	(480,900)	-	-	**(480,900)**
2003	179,800	-	-	**179,800**
2004	983,800	-	-	**983,800**
2005	(507,745)	-	(224,857)	**(732,602)**
2006	(263,671)	-	(227,561)	**(491,232)**
2007	355,642	-	(456,474)	**(100,832)**
2008	1,417,494	-	-	**1,417,494**
2009	1,075,289	-	(61,841)	**1,013,448**
2010	-	1,654,517	(306,014)	**1,348,503**
Capital gains tax	5,076	-		**5,076**
Tax credit				
1998-1999	(200)	-	-	**(200)**
	2,764,585	1,654,517	(1,276,747)	**3,142,355**
(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**
	235,700	-	-	**235,700**
	3,000,285	1,654,517	(1,276,747)	**3,378,055**

(c) Income tax expenses

	2010 GH¢	2009 GH¢
Corporate tax	**1,654,517**	1,595,286
Deferred tax	**6,442**	(36,694)
	1,660,959	1,558,592

(d) Deferred tax

	2010 GH¢	2009 GH¢
Balance at 1st January	**2,860,013**	2,896,707
Accelerated capital allowance	**(6,442)**	(36,694)
Balance at 31 December	**2,853,571**	2,860,013

e) National stabilisation levy

	2010 GH¢	2009 GH¢
Balance b/f	**(41,730)**	-
Charge for the year	**402,215**	95,979
Payments during the year	**(269,792)**	(137,709)
	90,693	(41,730)

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

19. Taxation - Company

(a) Income tax payable

Income tax	At 1-Jan GH¢	Charge for the year GH¢	Paym't during the year GH¢	**At 31-Dec GH¢**
1997-2002	(480,900)	-	-	**(480,900)**
2003	179,800	-	-	**179,800**
2004	983,800	-	-	**983,800**
2005	(507,745)	-	(224,857)	**(732,602)**
2006	(263,671)	-	(227,561)	**(491,232)**
2007	383,301	-	(456,474)	**(73,173)**
2008	1,424,825	-	-	**1,424,825**
2009	1,044,392	-	(61,841)	**982,551**
2010	-	1,613,661	(272,567)	1,341,094
Tax credit				
1998-1999	(200)	-	-	**(200)**
Capital gains tax	5,076	-	-	**5,076**
	2,768,678	1,613,661	(1,243,300)	**3,139,039**
(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**
	235,700	-	-	**235,700**
	3,004,378	1,613,661	(1,243,300)	**3,374,739**

(c) Income tax expenses

	2010 GH¢	2009 GH¢
Corporate tax	**1,613,661**	1,543,383
Deferred tax	**-**	(40,908)
	1,613,661	1,502,475

(d) Deferred tax

	2010 GH¢	2009 GH¢
Balance at 1st January	**2,855,799**	2,896,707
Accelerated capital allowance	**-**	(40,908)
Balance at 31 December	**2,855,799**	2,855,799

e) **National stabilisation levy**

	2010 GH¢	2009 GH¢
Balance b/f	**(44,114)**	-
Charge for the year	**402,215**	93,595
Amount paid during the year	**(269,792)**	(137,709)
National stabilisation levy	**88,309**	(44,114)

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

20 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 for cash	**200**
Transfer from income surplus	**42,600**
Transfer from capital surplus	**24,957,200**
	25,000,000

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

21. 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:

	Group		**Company**	
	2010 GH¢	2009 GH¢	**2010 GH¢**	2009 GH¢
Balance at 1 January	**9,316,952**	9,316,952	**31,816,952**	31,816,952
Transfer to stated capital	**(22,500,000)**	-	**(22,500,000)**	-
Accum. Depreciation released on revaluation	-	-	**-**	-
Balance at 31 December	**(13,183,048)**	9,316,952	**9,316,952**	31,816,952

22. Contingency reserve

	2010 GH¢	2009 GH¢
Balance at 1 January	**10,580,708**	8,874,392
Transfer from income surplus	**1,921,283**	1,706,316
Balance at 31 December	**12,501,991**	10,580,708

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 consolidated financial statements

For the year ended 31 December, 2010 - continued

23. Available-for-sale reserves

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Balance at 1 January	**(548,240)**	6,028,864	**(531,093)**	6,006,024
Fair valuation	**14,420,140**	(6,577,104)	**15,923,233**	(6,537,117)
Balance at 31 December	**13,871,900**	(548,240)	**15,392,140**	(531,093)

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

24. Property, plant and equipment - group

Cost/valuation	**At 1-Jan GH¢**	**Additions GH¢**	**Disposal GH¢**	**Restatement GH¢**	**At 31-Dec GH¢**
Leasehold buildings	7,825,483	394,375	-	-	**8,219,858**
Leasehold land	3,993,710	-	-	-	**3,993,710**
Freehold buildings	4,764,540	454,542	(700)	-	**5,218,382**
Freehold land	1,529,370	-	-	-	**1,529,370**
Computers	2,180,133	167,608	(1,200)	-	**2,346,541**
Other machinery & equipment	4,250,042	1,780,388	(380,464)	4,803	**5,654,769**
Capital work in progress	781,300	41,995	-	-	**823,295**
	25,324,578	2,838,908	(382,364)	4,803	**27,785,925**

Depreciation	At 1-Jan GH¢	Charge for year GH¢	Disposal GH¢	Restatement GH¢	**At 31-Dec GH¢**
Leasehold buildings	888,588	261,800	-	-	**1,150,388**
Leasehold land	547,080	219,417	(700)	-	**765,797**
Freehold buildings	148,879	30,511	-	-	**179,390**
Computers	2,026,725	134,969	(1,200)	4,803	**2,165,297**
Other machinery & equipment	3,308,311	809,762	(380,464)	-	**3,737,609**
	6,919,583	1,456,459	(382,364)	4,803	**7,998,481**
Net book value					
At 31 December 2010					**19,787,444**
At 31 December 2009					18,404,995

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

24. Property, plant and equipment - group - continued

Disposal of assets

	Property, plant & equip.	
	2010	2009
	GH¢	GH¢
Cost	**382,364**	(222,881)
Accumulated depreciation	**(382,364)**	222,881
Net book value	**-**	-
Proceeds from sale	**170,643**	152,734
Profit on disposal	**170,643**	152,734

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.

Depreciation expense of GH¢1,456,459 (2009: GH¢1,178,610) has been charged in management expenses.

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

24. Property, plant and equipment - company

Cost/valuation	At 1-Jan GH¢	Additions GH¢	Disposal GH¢	**At 31-Dec GH¢**
Leasehold buildings	7,825,483	394,375	-	**8,219,858**
Leasehold land	3,993,710	-	-	**3,993,710**
Freehold buildings	4,764,540	454,542	(700)	**5,218,382**
Freehold land	1,529,370	-	-	**1,529,370**
Computers	2,115,068	140,460	(1,200)	**2,254,328**
Other machinery & equipment	4,057,792	1,694,124	(367,501)	**5,384,415**
Capital work in progress	781,300	41,995	-	**823,295**
	25,067,263	2,725,496	(369,401)	**27,423,358**

Depreciation	At 1-Jan GH¢	Charge for year GH¢	Disposal GH¢	**At 31-Dec GH¢**
Leasehold buildings	888,588	261,800	-	**1,150,388**
Leasehold land	547,080	219,417	-	**766,497**
Freehold buildings	148,879	30,511	(700)	**178,690**
Computers	1,969,432	120,585	(1,200)	**2,088,817**
Other machinery & equipment	3,232,303	758,022	(367,501)	**3,622,824**
	6,786,282	1,390,335	(369,401)	**7,807,216**

Net book value	
At 31 December 2010	**19,616,142**
At 31 December 2009	18,280,981

Disposal of assets

	Property, plant & equipment 2010 GH¢	2009 GH¢
Cost	**369,401**	(218,968)
Accumulated depreciation	**(369,401)**	218,968
Net book value	**-**	-
Proceeds from sale	**170,643**	149,604
Profit on disposal	**170,643**	149,604

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.
Depreciation expense of GH¢1,390,335 (2009: GH¢1,120,516) has been charged in management expenses.

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

25. Intangible assets - group

Cost/valuation	At 1 Jan GH¢	Additions GH¢	Restatement GH¢	**At 31 Dec GH¢**
Computer software	510,536	81,594	173	**592,303**
	510,536	81,594	173	**592,303**

Amortisation	At 1 Jan GH¢	Charge for year GH¢	Restatement GH¢	**At 31 Dec GH¢**
Computer software	344,917	149,209	173	**494,299**
	344,917	149,209	173	**494,299**
Net book value				
At 31 December 2010				**98,004**
At 31 December 2009				165,619

Intangible assets - company

Cost/valuation	At 1 Jan GH¢	Additions GH¢	**At 31 Dec GH¢**
Computer software	354,465	-	**354,465**
	354,465	-	**354,465**

Amortisation	At 1 Jan GH¢	Charge for year GH¢	**At 31 Dec GH¢**
Computer software	236,310	118,155	**354,465**
	236,310	118,155	**354,465**
Net book value			
At 31 December 2010			**-**
At 31 December 2009			118,155

The orion and premia softwares have been fully amortised over three years, however management believes that the group will continue to derive economic benefits from the use of these software over the next few years, hence the decision to fair value the softwares. An additional software the USIS payroll software was acquired during the year.

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

26. Investment properties

Cost/valuation	At 1-Jan GH¢	Addition GH¢	**At 31-Dec GH¢**
Leasehold properties	4,871,105	**-**	**4,871,105**
Freehold land & buildings	1,142,700	**-**	**1,142,700**
	6,013,805	**-**	**6,013,805**

27. Long term investments

	Group		**Company**	
	2010 GH¢	2009 GH¢	**2010 GH¢**	2009 GH¢
Mortgage loans	**17,744**	20,696	**17,744**	20,696
	17,744	20,696	**17,744**	20,696
Equity shares	**31,084,320**	16,701,364	**31,009,908**	16,646,491
HFC house bonds	**1,425,326**	1,425,326	**1,425,326**	1,425,326
	32,527,390	18,147,386	**32,452,978**	18,092,513

28. Investment in subsidiary

	2010 GH¢	2009 GH¢
Balance	**1,865,492**	325,713
Disposal during the year		

The subsidiary company is:

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

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

29. Investment in associated company

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Balance	**5,073,215**	5,073,215	**5,073,215**	5,073,215

The associated company is:

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

30. Short-term investments

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Ghana Gov't treasury bills	**2,333,963**	4,116,529	**2,333,963**	**4,116,529**
Bank time deposits	**6,361,242**	7,088,650	**6,129,333**	**6,492,094**
	8,695,205	11,205,179	**8,463,296**	10,608,623

31 Lease deposit

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Horizon Finance & Leasing Company Limited	**568,942**	568,942	**568,942**	568,942
Ecobank Leasing Company Limited	**320,000**	320,000	**320,000**	320,000
Dalex Finance Leasing Company Limited	**973,914**	671,987	**973,914**	671,987
	1,862,856	1,560,929	**1,862,856**	1,560,929

The group entered into a 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 group also bears the cost of lease interest.

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

32. Trade & other receivables

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Premium debtors	**37,933,318**	33,273,400	**37,933,318**	33,273,400
	37,933,318	33,273,400	**37,933,318**	33,273,400
Accrued income and prepayments	**2,677,727**	2,285,609	**2,665,724**	2,154,325
Staff debtors	**303,367**	482,612	**303,367**	482,612
Trading portfolio	**117,794,692**	67,080,431	-	-
SIC - Life account	**1,623,542**	1,498,269	**1,623,542**	1,498,269
Sundry debtors	**1,509,472**	570,275	**350,309**	420,749
Agents & reinsurance balance	**9,645,460**	8,590,122	**9,645,460**	8,590,122
	171,487,578	113,780,718	**52,521,720**	46,419,477

33. Trade & other payables

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Agents & reinsurers	**15,237,173**	18,602,349	**15,237,173**	18,602,349
Sundry creditors	**10,306,887**	10,794,615	**9,797,293**	10,773,345
Liability on managed funds	**117,794,692**	67,080,431	**-**	-
Current account with oil and gas	**251,169**	**-**	**251,169**	-
	143,589,921	96,477,395	**25,285,635**	29,375,694

34. Obligation under finance lease

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Ecobank Leasing Company Limited	**-**	50,158	**-**	50,158
Dalex Finance & Leasing Company Limited	**1,438,459**	756,875	**1,438,459**	756,875
	1,438,459	807,033	**1,438,459**	807,033

Analysis of obligation

Amount due within one year	**756,875**	387,897	**756,875**	387,897
Amount due within two and five years	**681,584**	419,136	**681,584**	419,136
	1,438,459	807,033	**1,438,459**	807,033

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

35. Cash and cash equivalents

	Group		Company	
	2010	2009	**2010**	2009
	GH¢	GH¢	**GH¢**	GH¢
Cash at bank and in hand	**1,744,060**	5,167,550	**1,639,888**	5,088,170
Short term deposits	**6,361,242**	6,621,457	**6,129,333**	6,492,094
Government securities	**2,333,963**	4,583,722	**2,333,963**	4,116,529
	10,439,265	16,372,729	**10,103,184**	15,696,793

36. Contingencies, capital and financial commitments

The group entered into various commitments in the normal course of insurance business that are not reflected in the accompanying financial statements. There were no outstanding amounts at the end of the year:

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

The group, like all other insurers, is subject to litigation in the normal course of its business. The group does not believe that such litigation will have a material effect on its profit or loss and financial condition.

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

37. Related party transactions

A number of business transactions are entered into with related parties in the normal course of business. These include premiums, claims, facultative reinsurance business, commissions and treaty reinsurances. Additionally banking transactions are carried out with some related parties. 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:

	2010	2009
	GH¢	GH¢
i) Social Security & National Insurance Trust		
Premium income	**227,512**	211,282
Claims paid	**64,267**	51,241
ii) Ghana Reinsurance Company Limited		
Premium income	**65,058**	24,273
Claims paid	**20,805**	3,117
Reinsurances premiums	**5,881,462**	4,761,699
Reinsurance recoveries	**2,935,263**	2,690,623
iii) SIC Life Insurance Company		
Premium income	**104,434**	91,883
Claims paid	**37,702**	1,954
Shared expenses	**125,273**	-
Rental income	**-**	13,476
iv) Ghana Commercial Bank Limited		
Premium income	**123,734**	124,432
Claims paid	**4,362**	95,686
Bank balance	**717,716**	522,189
v) Ghana Cocoa Board		
Premium income	**964,273**	959,872
Claims paid	**174,072**	128,081

38. Social responsibilities

An amount of GH¢127,686 was spent on fulfilling the social responsibility of the company (2009: GH¢79,969).

Notes to the consolidated financial statements

For the year ended 31 December, 2010 - continued

Shareholders' information

40. Directors' shareholding as at 31 December 2010

Name of Director	Number of shares held	% Shares held
Dr. Kofi Amoah	1,500,000	0.767
Mr. Kwasi Osei	40,000	0.020
Mr. Benjamin Acolatse	6,000	0.003
Dr. Vitus Anaab -Bisi	3,500	0.002
Dr. Kwaku Osafo	2,000	0.001

41. List of the twenty largest shareholders as at 31 December 2010

	Name of shareholder	Shares held	% Holding
1	Government of Ghana	**78,258,000**	40.000
2	Social Security & National Insurance Trust	**22,090,392**	11.291
3	STD Nom. TVL (Pty) Ltd./Standard Bank Plc clients A/C	**7,027,160**	3.592
4	Ghana Reinsurance Company Limited	**6,666,612**	3.408
5	SIC Employee Share Ownership Plan	**3,631,110**	1.856
6	SIC Life Company Limited	**3,333,300**	1.704
7	BBGN/BBH Cust DZ Bank Int. S.A. Lux-Silk FD-African Lion FD GH	**3,222,993**	1.647
8	BBGN/Barclays Maur. Re. Deut Africa Opportunity Fund	**3,172,000**	1.621
9	SIC- FSL/SIC Provident Fund	**3,146,465**	1.608
10	BBGN/Barclays Maur. Re. Renaissance African Master Fund	**2,821,976**	1.442
11	BBGN/JP Morgan Chase Onshore 6178C	**2,200,000**	1.124
12	BBGN/PICTET Africa Non Tax 6257J	**2,050,000**	1.048
13	Ghana Commercial Bank Limited	**2,000,000**	1.022
14	Teachers' Fund	**1,666,700**	0.852
15	Dr. Kofi Amoah	**1,500,000**	0.767
16	STD Nom. TVL (Pty) Ltd./Standard Bank Plc clients A/C	**1,094,500**	0.559
17	BBGN/Barclays Maur. Re. AIG Sub-Sah. Africa Master Fund	**1,000,000**	0.511
18	BBGN/Barclays Maur. Re. Renaissance African Market Fund	**850,000**	0.434
19	Ghana Cocoa Company Limited	**824,500**	0.421
20	STD Nom. TVL (Pty) Ltd./Metlife Classic Fund	**615,000**	0.314
		147,170,708	75.223