



2019
ANNUAL
REPORT



@QICGHANA





CORPORATE MISSION

QIC is in existence to provide high quality Insurance services through innovative and superior products coupled with excellence in customer care

CORPORATE VISION

The vision of QIC is to become a leader in the insurance industry in Ghana

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**NOTICE OF VIRTUAL ANNUAL GENERAL MEETING OF
QUALITY INSURANCE COMPANY**

COMPANY NUMBER CS037572018

Notice is hereby given that the 23rd Annual General Meeting of Quality Insurance Company Limited (QIC) will be held virtually at 10:00 GMT on Wednesday 5th August 2020 via zoom to all shareholders from the head office of Quality Insurance Company Limited, Digital Address GA - 048 - 5151 to transact the following business:-

Agenda

Ordinary Resolutions

- 1 To receive and consider the financial statements of Quality Insurance Company Limited for the year ended 31st December 2019 with the reports of the Directors and the Auditors thereon.
- 2 To authorize the Directors to fix the fees of the external Auditors.
- 3 To propose the non-payment of dividend for the year ended 31st December 2019.
- 4 To approve the remuneration of Directors.

Special Resolutions:

- 5 To authorize the Company to effect all the changes in the Company's Regulations/ Constitution to make it compliant with the new Companies Act 2019 (Act 992).
- 6 To amend the Company's Regulations/Constitution to accommodate the holding of Annual General Meetings by electronic or virtual means where the Directors deem it necessary to do so.

Notes

- Members are to visit www.qicghana.com to download the Company's year 2019 audited financial statements
- In compliance with the current restrictions on public gatherings in force pursuant to the Imposition of Restrictions Act, 2020 (Act 1012) and consequent regulatory directives, attendance and participation by all members and/or their proxies in this year's annual general meeting of QIC shall be strictly virtual (i.e. by online participation).
- A member entitled to attend and vote at the annual general meeting may appoint a proxy to attend (via online participation) and vote on his/her behalf. Such a proxy need not be a member of the Company.
- The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting (via online participation). Where a member attends the meeting in person (participates online), the proxy appointment shall be deemed to be revoked.
- A copy of the Form of Proxy can be downloaded from: www.qichana.com and may be filled and sent via email to: headoffice@qicghana.com or deposited at the head office of the Company, Quality House, Ring Road Central, Accra not later than 10:00 GMT on Monday, August 3, 2020.

Dated this 1st day of July 2020
 By Order of the Board



Petrina Eileen Frimpong
 Company Secretary

CORPORATE INFORMATION
DIRECTORS, OFFICIALS AND REGISTERED OFFICE

Board of Directors	<i>Bishop Gabriel E. Kumordji, SVD</i> <i>Mr. Francis Kobena Enu Addison</i> <i>Mr. Augustine Kwame Addo</i> <i>Dr. Charles D. Jebuni</i> <i>Mr. Frank B. Adu Jnr.</i> <i>Ms Kizzita Frances Mensah</i> <i>Sir Fosuaba Mensah Banahene</i> <i>Mr. Stephen Kpordzih</i> <i>Prof. Raymond A. Atuguba</i>	<i>(Chairman)</i> <i>CEO / Managing Director</i> <i>Member</i> <i>Member</i> <i>Member</i> <i>Member</i> <i>Member</i> <i>Member</i> <i>Member</i>
Registered Office	<i>Quality House</i> <i>RRC Behind Total Filling Station</i> <i>Near Paloma Restaurant</i> <i>P. O. Box MP 1252</i> <i>Mamprobi Accra</i> <i>Ghana</i>	
Company secretary	<i>Ms Petrina Eileen Frimpong</i> <i>P. O. Box C 1541</i> <i>Cantonment - Accra</i>	
Auditors	<i>Ernst & Young Chartered Accountants</i> <i>G15 White Avenue</i> <i>Airport Residential Area</i> <i>P. O. Box KA 16009, Airport</i> <i>Ernst & Young Chartered Accountants</i>	
Bankers	<i>Absa Bank Ghana Limited</i> <i>National Investment Bank limited</i> <i>Agricultural Development Bank Limited</i> <i>GCB Bank Limited</i> <i>United Bank for Africa</i> <i>Zenith Bank (Ghana) Limited</i> <i>Bank of Africa Ghana</i> <i>Fidelity Bank Limited</i> <i>Access Bank Ghana Limited</i> <i>First Atlantic Bank</i> <i>GHL Bank</i>	

CHAIRMAN'S STATEMENT

Dear Shareholders, Ladies and Gentlemen,

It is my pleasure to stand before you again this year. It would have been my desire to present the performance of your company to you in person, however, I am talking to you in this rather different format. This first virtual Annual General Meeting is one small example of how radically the coronavirus has altered our lives in such a short space of time. This crisis poses existential challenges for many people, families and also businesses around the world. At this time, it is a special privilege to be healthy and to live in a country that is safe.

The coronavirus crisis is one of those events which can be imagined in theory, but which cannot be solved using standard approaches. Scientists may have issued warnings about a pandemic like this, but who would have considered the kind of drastic economic consequences that we now have to expect for this year and some years to come.

- Economic output in the world will probably contract more sharply than during the financial crisis twelve years ago.
- Unemployment rates are already climbing significantly and are expected to increase.
- Some companies are revising their sales forecasts down heavily, now that production has been close to zero for weeks on end in some industrial sectors.

At present, no one can predict how fast the economy will pick up again as the lockdown is eased. Many firms are expecting a recovery in the last quarter of the year. However, the world economy is currently far away from returning to pre-pandemic business as usual. With regards to the economic situation, which is gradually slowing down in all countries, including Ghana, the Board and Management can do little beyond protecting the assets of the company, by exercising technical prudence, committing to the most profitable businesses and cutting operating costs. Low interest rates have led to changes in management models, such as committing to greater technical discipline and diversification of our investments, although this is not without risk. In any case, uncertainty and volatility are not favorable environments for the insurance business, which requires more predictable environments to broaden supply and demand and enable clients to make the best decisions. Therefore, taking into account all these circumstances, the company is focusing on profitable growth, with reinforcement of technical foundations, greater risk diversification and a major technological, organizational and cultural transformation process. This is allowing us to enhance our strengths, correct some weaknesses and prepare to take advantage of the many opportunities and challenges we will face over these years.

Macroeconomic Overview

Financial Year 2019 was eventful for the Ghanaian economy. On the growth front, FY 2019 witnessed real GDP growth of 7% per the Ministry of Finance 2020 Budget Report. The Ghana non-life insurance industry maintained robust growth during FY 2019 and reported 20% increase in gross premium, while life insurance industry registered a growth of 17%.

It was the expectation of the entire insurance industry that non-life insurance premium will grow further in view of the adjustment in motor insurance premium calculation in 2020, however the Covid-19 coronavirus pandemic has led to a downward forecast in motor premium projection for 2020.

Recapitalization

The National Insurance Commission announced a new minimum capital requirement (MCR) for its regulated entities on 20th June, 2019. Per the directive, All Life and Non-Life insurance companies are required to capitalize to the tune of GH¢50 million by 30th June, 2021. To comply with this new requirement., series of initiatives are being considered and at the appropriate time, the Board will seek approval for recapitalization from all shareholders.

The audited net worth of your company as at 31st December, 2019 is Gh¢38,104,230, implying additional capital of Gh¢11,895,770 is required to achieve the new minimum capital of Gh¢50,000,000 by June, 2021.

Financial Performance

Your company continued its growth in FY 2019, reporting an increase of 20% increase in gross premium. The gross premium and net profits for FY 2019 were GHC44,562,993 and GHC3,022,067 respectively. While Agriculture portfolio posted a modest growth as did the Motor classes of business, underwriting results for the year were impacted positively due to the non-motor portfolio and accordingly underwriting profit for FY 2019 increased to GHC1,056,293 as against a loss of GHC1,259,076 in the previous year, recording a 184% growth in underwriting profit. Your company maintained its competitiveness in motor market by introducing the Go-Girl Comprehensive Insurance Policy, which offered among others, a free courtesy car to women when their cars are under repair as a result of an accident. Your company has a net worth (including fair value of shares) of GHC38,104,230 and total assets of GHC60,442,454, while the solvency ratio is 351%, compared to the regulatory expected minimum of 150%.

I am also pleased that the investment performance of your company during FY 2019 has been very strong with investment income growing by 2% to GHC4,974,047 providing a mean yield of 15%. With the sound financial performance during FY 2019, and mindful of the need to recapitalize by 2021, we the Board, respectfully propose that your company does not declare any dividend for the year under review.

Compliance

The provisions of the new Companies Act 2019 (Act 992) requires all company secretaries, Directors and shareholders to provide their Tax Identification Numbers (TINs) and signatures for reregistration with the Registrar General's Department. Accordingly, you may recall that at the last AGM, shareholders were provided with forms to fill and return to the Company Secretary for the purpose. Unfortunately, many shareholders are yet to heed to this request, and I would like to use this forum to request all shareholders to complete these forms and hand over same to the Company Secretary as a matter of urgency.

Review of the Four-Year Strategic Plan

Regarding the goal of profitable growth, your company's revenues reached GHC44,562,993, a significant increase of 20%. Our efforts to digitize our operations and provide greater client accessibility are bearing fruit. Thus, digital business revenue was 15% of total revenue, far exceeding our expectations for the year, and on track to reach forecasts for the three-year period. Our advances in better positioning on external digital platforms, such as through social media, the optimization of our presence on comparison search engines and the development of simpler and more attractive pricing calculators are all noteworthy. All of these have enabled us to provide more than Thirty Thousand (30,000) quotes, and have sold almost One Thousand Two Hundred (1,200) fully digital policies. In 2020, we will continue

driving the growth of the digital business, by improving analytics and optimizing digital advertising, whiles expanding the use of data mined internally and externally. Gaining competitiveness on comparison engines and enhancing the strategic positioning of our digital brands will be two priority focuses during 2020.

As regards the creation of sustainable shareholder value, your company's adjusted Return on Equity was 8% at the close of the year under review.

In the bid for diversification, it is our intention to see much of your company's growth in the coming years coming from non-motor. In 2019, we grew this business by more than 101%, in line with the target for the three-year period. We now have a map of non-motor insurance development opportunities and have made progress in harmonizing controls and systems, as well as creating differential products for the mass affluent market. We view growth in the non-motor lines as a clear strategic priority, built around three programs: distribution, products and technical management. We are convinced that this business will gradually gain a greater dimension in the company.

Moving on now to client orientation, in 2020, we have implemented the transactional Net Promoter Score, giving us information about client satisfaction at key touchpoints in their relationship with the company and we believe this will improve our processes and operations. As regards distribution channels, we believe that the network of tied agents and strategic brokers will be a major differentiator in the company's ability to provide its clients with excellent service. Therefore, we continue to develop actions and reinforce the value propositions for this group of intermediaries.

With regards to the bancassurance business, in addition to improving existing agreements with our current partners, we have implemented new agreements with major banking institutions.

As I have always emphasized in the past years, culture and talent are of ultimate priority to the Board and Management, hence we will continue working to increase our employees and collaborators commitment to our company's values.

- We will continue to promote gender equality and remain committed to ensuring that at least 50% of the vacancies in job positions of responsibility are filled by women.
- We maintain our aspiration that at least 3 percent of the workforce will be persons with a disability.
- We remain committed to the continuity of our current strategic plan and we will continue to make prudent underwriting decisions in a complex environment.

Despite the environment, we are keeping all of our ambitions intact in the strategic project, with the focus on profitable growth, but surrounded by a large-scale cultural, sales, operational and technological transformation. We are striding confidently along this transformational path by preparing the company for greater challenges, without losing focus on prudent business management.

Future Outlook

The low penetration of insurance in the domestic market, expansion in rural economy, sanitization of the financial sector, governmental initiatives to encourage renewable energy and the readjustment of motor comprehensive premiums would provide continued growth opportunity for the sector.

Having maintained our leadership in the domestic motor portfolio market after launching the Go-Girl Policy last year, and on the verge of launching a new Multi-Line Insurance Policy, your company is well positioned to take advantage of the growth in the domestic market. The eight operating branches of your company have been well equipped in their respective geographical areas and have shown good performance in consolidating their positions and gaining traction for the next level of growth. I assure you that your company has been fully geared up to be a market leader in unique retail insurance policies and would continue to focus to achieve underwriting surplus in the nearest future.

In closing, I would like to send a good-luck message to everyone in these difficult days we are going through due to the corona virus. Our clients, intermediaries, providers and ourselves can all be potentially affected by this disease so I ask you to act prudently, but without fear. Let us all follow the recommendations of the health authorities and try not to take unnecessary risks with personal or professional activities. Our best wishes for a speedy recovery go out to all those who are already affected.

We are hopeful that we will all overcome this situation as best as possible, both in terms of personal health and the economic damage it may have caused.

Thank you and God Bless us all.



Most Rev. Gabriel E. Kumordji, SVD
Chairman

REPORT OF THE DIRECTORS

The directors present their report and the financial statements of the company for the year ended 31 December 2019.

Directors' responsibility statement

The directors are responsible for the preparation of the financial statements that give a true and fair view of Quality Insurance Company Limited, comprising the statement of financial position as at the year ended 31 December 2019, the statements of comprehensive income, changes in equity and cash flows for the year ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992).

In addition, the directors are responsible for the preparation of the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be in operations in the subsequent year.

Financial statements

The results for the year are summarized as follows:

	2019	2018
	GHS	GHS
Retained earnings balance at beginning of the year	1,918,210	3,128,521
Profit for the year after taxation	<u>3,022,067</u>	<u>1,044,222</u>
	4,940,277	4,172,743
Dividend declared	(313,267)	(1,141,788)
Transfer to contingency reserve	(1,336,890)	(1,112,745)
Retained earnings at the end of the year	<u>3,290,120</u>	<u>1,918,210</u>

The directors consider the state of the company's affairs to be satisfactory.

Dividend

The board of directors do not recommend for the payment of dividend for the year.

Particulars of entries in the interest register

The directors do not have any interest to be entered in the interest register during the year.

Corporate social responsibility of the company

The company engaged in some corporate social responsibility (CSR) in the year. Below is a breakdown of activities undertaken.

Event	Event details	2019 (GH₵)	2018 (GH₵)
National Catholic Secretariat	Sponsoring of annual plenary assembly of the Ghana Catholic Bishops' Conference	100,000	50,000
Religious societies in health and education	Sponsoring of their educational and health activities	26,119	60,160
Total		126,119	110,160

Auditors

Audit remuneration for the financial year is GHS163,568 (2018: GH₵134,072). Ernst & Young, having indicated their willingness, continue in office pursuant to Section 139 (5) of the Companies Act, 2019 (Act 992).

Directors' capacity building

The company sponsored the board chairman in a corporate governance training to enable him discharge his duties during the year.

Nature of business

The company is registered to carry on the business of providing general insurance services. There was no material change in the nature of business of the company during the year.

Shareholders register

The Shareholders Register is in the process of being regularized in accordance with the provisions of the Companies Act, 2019 (Act 992)

Deferred implementation of IFRS 9

The Company has applied the temporary exemption from IFRS 9 and therefore, continues to apply IAS 39 to its financial assets and liabilities in its reporting period starting on 1 January 2018. This is in line with the National Insurance Commission's directive on the implementation plan for IFRS 17.

Approval of financial statements

The financial statements of Quality Insurance Company Limited were approved by the Board of Directors and signed on their behalf by:


Director
Date: 29th May, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF QUALITY INSURANCE COMPANY LIMITED

Opinion

We have audited the financial statements of Quality Insurance Company Limited (the 'Company') set out on pages 9 to 56 which comprise the statement of financial position as at 31 December 2019, statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Quality Insurance Company Limited as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Insurance Act 2006, (Act 724).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of Quality Insurance Company Limited. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Quality Insurance Company Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUALITY INSURANCE COMPANY LIMITED

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of insurance contract liabilities</p> <p>As at 31 December 2019, insurance contract liabilities amounted to GHS15.5 million (2018: GHS13.5 million), as detailed in note 27 of these financial statements.</p> <p>As set out in note 2.16, valuation of these liabilities requires professional judgment and also involve number of assumptions made by management.</p> <p>The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries.</p> <p>The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money.</p> <p>The provision for Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the balance sheet date, and is computed using the 365th method or other method to be prescribed by the NIC from time to time.</p> <p>The valuation of these liabilities also depends on accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. As a result of all of the above factors, insurance contract liabilities represent a high risk for the Company.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Testing the underlying Company data to source documentation. • Evaluating and testing the claims handling processes of the Company. • Evaluating and testing of key controls designed to ensure the integrity of the data used in the actuarial reserving process. • Checking samples of claims reserves through comparing the estimated amount of the claims reserve to appropriate documentation, such as reports from loss adjusters, confirmations obtained from lawyers' etc. • Re-performing reconciliations between the claims data recorded in the Company's systems and the data used in the actuarial reserving calculations. • Recalculating the unearned premium portion and cross checking the same with Company's calculation. • Checking samples of unearned premium with appropriate documentation. <p>In addition we:</p> <ul style="list-style-type: none"> • performed necessary reviews to ascertain whether the results are appropriate for financial disclosure. • reviewed the actuarial report compiled by the independent external actuaries of the Company and calculations underlying these provisions, particularly the following areas; <ul style="list-style-type: none"> • Appropriateness of the calculation methods and approach (actuarial best practice) • Review of assumptions • Sensitivities to key assumptions • Risk profiles • Consistency between valuation periods • General application of financial and mathematical rules.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF QUALITY INSURANCE COMPANY LIMITED

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, 2019 (Act 992). The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2019 (Act 992) and the Insurance Act 2006, (Act 724), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUALITY INSURANCE COMPANY LIMITED**

opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal requirements

The Companies Act, 2019 (Act 992) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- 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;
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
- Proper returns adequate for the purpose of our audit have been received from branches not visited by us; and
- The statement of financial position and the statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.
- In our opinion, to the best of our information and according to the explanations given to us, the accounts give the information required under the Act, in the manner so required and give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss for the financial year then ended.

We are independent of the Company pursuant to Section 143 of the companies Act, 2019 (Act 992).

The Engagement Partner on the audit resulting in this independent auditor's report is Pamela Des-Bordes (ICAG/P/1329).



For and on behalf of Ernst & Young (ICAG/P/2020/126)
Chartered Accountants
Accra, Ghana

Date: 29th May, 2020

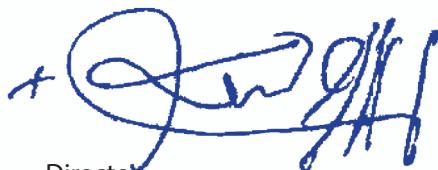
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER, 2019

Notes	2019	2018
	GH¢	GH¢
Gross insurance premium revenue	3 44,562,993	37,091,507
Insurance premium ceded to reinsurers	3 (15,029,853)	(9,072,011)
Net insurance premium revenue	3 29,533,140	28,019,496
Reinsurance commission	4 4,132,701	2,838,345
Investment income	5 4,974,047	4,898,798
Other operating income	6 269,442	308,950
Net income	38,909,330	36,065,589
Change in provision for unearned premium	7 (386,686)	(1,219,361)
Commission expense	8 (6,024,531)	(4,846,098)
Insurance claims and loss adjustment expenses	9 (15,424,401)	(12,124,836)
Insurance claims and loss adjustment expenses recovered	10 6,726,573	3,290,054
Net insurance benefits and claims	23,800,285	21,165,348
Operating and other expenses	11a (16,902,378)	(17,148,916)
Finance cost	(598,125)	(67,760)
Share of loss in associate	15b (75,689)	(115,012)
Impairment – Held to maturity	15d (1,628,576)	(1,560,264)
Profit before tax	4,595,517	2,273,396
Income tax expense: Current Tax	12(a) (1,603,325)	(913,953)
National Fiscal Stabilization Levy	12(a) (229,776)	(113,670)
Deferred Tax	12(a) 259,651	(201,551)
Profit for the year after tax	3,022,067	1,044,222
Other comprehensive income:		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):		
other comprehensive income	35 (66,215)	-
Total comprehensive income for the year	2,955,852	1,044,222

The notes 1 to 36 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 GH	2018 GH
Assets			
Cash and cash equivalents	13	3,170,105	811,738
Reinsurance recoverable	14	8,010,585	3,937,541
Loans and receivables	15a	293,749	3,050,093
Investment in associate	15b	2,824,111	609,800
Held to maturity investments	15c	28,947,229	28,884,405
Other receivables	16	470,607	653,002
Current income tax	12c	-	69,657
Statutory deposit	17	2,307,137	2,007,726
Asset held for sale	18	-	46,338
Property, plant and equipment	19	10,655,167	10,477,132
Right-of-Use Assets	22	2,608,402	-
Investment property	20	910,420	817,862
Intangible assets	21	244,942	373,455
Total Assets		<u>60,442,454</u>	<u>51,738,749</u>
Equity and Liabilities			
Equity			
Stated capital	23	19,999,362	19,999,362
Contingency reserve	24	7,400,916	6,064,026
Retained earnings	25	3,290,120	1,918,210
Capital reserves		6,602,806	6,669,021
Monies held towards capital	23	<u>811,026</u>	<u>811,026</u>
		<u>38,104,230</u>	<u>35,461,645</u>
Total equity			
Liabilities			
Insurance liabilities	27	15,456,036	13,504,318
Trade and other payables	28	1,567,694	1,295,945
Deferred tax liabilities	12b	1,918,857	1,154,453
Deferred income	29	46,762	322,388
Lease Liabilities	26	2,675,500	-
Current income tax	12c&d	<u>673,375</u>	<u>-</u>
		<u>22,338,224</u>	<u>16,277,104</u>
Total Liabilities			
Total Equity and liabilities		<u>60,442,454</u>	<u>51,738,749</u>



Director

Date: 29th May, 2020



Director

Date: 29th May, 2020

The notes 1 to 36 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2019

	Stated Capital	Retained earnings GH¢	Contingency reserve GH¢	Capital reserves GH¢	Monies held Toward capital GH¢	Total GH¢
Year ended 31 December 2019						
Balance at 1 January 2019	19,999,362	1,918,210	6,064,026	6,669,021	811,026	35,461,645
Profit and loss for the year	-	3,022,067	-	-	-	3,022,067
Dividend declared - 2018	-	(313,267)	-	-	-	(313,267)
Revaluation on Building	-	-	-	(66,215)	-	(66,215)
Transfer to contingency reserve	-	(1,336,890)	1,336,890	-	-	-
Balance as at 31 December 2019	19,999,362	3,290,120	7,400,916	6,602,806	811,026	38,104,230
Year ended 31 December 2018						
Balance at 1 January 2018	1,189,181	3,128,521	4,951,281	6,669,021	19,621,207	35,559,211
Dividend declared - 2017	-	(1,141,788)	-	-	-	(1,141,788)
Profit and loss for the year	-	1,044,222	-	-	-	1,044,222
Recapitalization	18,810,181	-	-	-	(18,810,181)	-
Transfer to contingency reserve	-	(1,112,745)	1,112,745	-	-	-
Balance as at 31 December 2018	19,999,362	1,918,210	6,064,026	6,669,021	811,026	35,461,645

The notes 1 to 36 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 GH¢	2018 GH¢
Operating activities			
Profit before taxation		4,595,517	2,273,396
Adjustments for:			
Depreciation		886,655	942,735
Unrealised exchange gain		(31,104)	(12,497)
Share of loss in associate		75,689	115,012
Amortisation		128,513	291,216
Lease Amortisation		1,051,051	-
Revaluation gain – Investment property		(92,558)	(59,763)
Profit on disposal of fixed assets		(71,459)	(178,839)
Impairment - investments		1,628,576	1,560,264
finance cost		598,125	-
Dividend Income		(63,844)	-
Investment income		(4,910,203)	(4,898,798)
Operating cash flow before movement in working capital		<u>3,794,958</u>	<u>32,726</u>
Changes in loans and receivables		756,344	(715,380)
Changes in other receivables		182,395	(249,225)
Changes in statutory deposits		(299,411)	(233,835)
Changes in reinsurance recoverable		(4,073,044)	(563,266)
Changes in insurance liabilities		1,951,718	2,493,519
Change in deferred income		(275,626)	199,663
Changes in trade and other payables		198,224	292,776
Interest paid		(210,579)	(67,760)
Tax and national stabilization levy paid		(1,090,069)	(2,611,282)
Cash used in operating activities		<u>934,910</u>	<u>(1,422,064)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(111,554)	(1,095,994)
Purchase of intangible assets		-	(77,814)
Purchase of held to maturity debt security		(1,691,400)	(4,237,187)
Investments in associate		(290,000)	(200,000)
Proceeds on disposal of fixed assets		122,500	614,787
Dividend received		63,844	-
Proceeds received on Investment income		<u>4,910,203</u>	<u>4,898,798</u>
Net cash inflow / (used) in investing activities		<u>3,003,593</u>	<u>(97,410)</u>
FINANCING ACTIVITIES			
Repayment of lease liabilities		(1,371,499)	-
Dividend paid		(239,741)	(1,133,985)
Net cash used in financing activities		<u>(1,611,240)</u>	<u>(1,133,985)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,327,263	-2,653,459
Unrealised gain		31,104	12,497
Cash and cash equivalents at 1 January		<u>811,738</u>	<u>3,452,700</u>
Cash and cash equivalent as at 31 December	13	<u>3,170,105</u>	<u>811,738</u>

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1 Corporate information

The Company is a limited liability company incorporated in Ghana under the Companies Code 1963, (Act 179) and domiciled in Ghana. The address of its registered office is Quality House, RRC behind Total filling station, P. O. Box MP 1252, Mamprobi - Accra.

The Company underwrites non-life insurance risks such as those associated with property and liability.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by the Companies Code, 1963, (Act 179) and the Insurance Act 2006 (Act 724) are included where appropriate. The measurement basis applied is the historical cost basis, except as modified by the revaluation of investment property. The financial statements are presented in Ghana Cedis (GH₵).

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the respective notes where necessary.

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

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 2.17.

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**2.2 Application of new and revised standards, amendments and interpretations**

At the date of authorisation of these financial statements the following new standards and amendments to existing standards were in issue, but not yet effective:

IFRS 9 Financial Instruments

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

During 2017, the Company performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects no significant impact on its balance sheet and equity, except for the effect of applying the impairment requirements of IFRS 9. The Company expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent. The Company meets the eligibility criteria of the temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17).

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the new insurance contracts standard (IFRS 17).

The amendments introduce two alternative options of applying IFRS 9 for entities issuing contracts within the scope of IFRS 4: a temporary exemption; and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2021 and continue to apply IAS 39 to financial assets and liabilities. An entity may apply the temporary exemption from IFRS 9 if: (i) it has not previously applied any version of IFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as FVPL; and (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016.

The overlay approach allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for certain designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

An entity can apply the temporary exemption from IFRS 9 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies IFRS 9 for the first time.

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2019

2.2 Application of new and revised standards, amendments and interpretations (continued)

The Company intends to apply the temporary exemption from IFRS 9 and, therefore, continue to apply IAS 39 to its financial assets and liabilities.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

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

The core of IFRS 17 is the general model, supplemented by:

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is applicable to the Company when it becomes effective. The company is planning to early adopt the standard beginning on 1 January 2020 under the modified retrospective approach.

2.3 New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Company applies, for the first time, IFRS 16 Leases.

IFRS 16 Leases

This standard replaced IAS 17 Leases. In determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27. Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

2.3 New standards, interpretations and amendments adopted by the Company (*continued*)

In accordance with the transitional provisions of IFRS 16, the Company has adopted the new guidance applying modified retrospective approach with the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings in the period of initial application, i.e. 1st January 2019. Comparative prior year periods were not restated. Entities applying the modified retrospective approach may also elect to use certain practical expedients. Transition practical expedient allows the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect from adoption of IFRS16 on the Company's financial statements

The Company decided to implement the new standard retrospectively with the cumulative effect of initial application recognized as at the date of initial application of IFRS16, i.e. 1 January 2019 with the corresponding effects recorded in equity (retained earnings). This means that the data presented for 2018 and 2019 is not comparable. As required by the standard, this election has been consistently applied to all leases in which the Company is a lessee.

Nature of the effect of adoption of IFRS 16

The Company has lease contracts for vehicles with Leasafric Ghana Limited and lease of our Adabraka and Kumasi offices. Before the adoption of IFRS 16, the Company classified its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased assets were not capitalized and the lease payments were recognized as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Trade and other payables, respectively. Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Company recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

For all leases, except for short-term leases and leases of low-value assets other than those which are subleased, previously classified as operating leases: as at 1/1/2019 the Company has recognized right of use asset by measuring the asset as if IFRS 16 had been applied since the commencement date of a lease using a discount rate based on the Company's incremental borrowing rate of 27% at the date of initial application.

For all leases the Company has elected to recognize a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments relating to those leases recognized in the statement of financial position immediately before the date of initial application.

The Company elected the following practical expedients:

- a) Has applied a single discount rate to a portfolio of leases with reasonably similar characteristics;

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

2.3 New standards, interpretations and amendments adopted by the Company (*continued*)

- b) Relied on its assessment of whether leases are onerous applying IAS37 immediately before 1/1/2019 as an alternative to performing an impairment analysis. The analysis of the onerous contracts as at 31/12/2018 has not resulted in a need to recognize an impairment allowance. The right-of-use assets as at 1/1/2019 were therefore not adjusted for any impairment;
- c) Not to apply the new lessee accounting model to leases for which the lease term ends within 12 months after the date of initial application. Instead, it has accounted for those leases as short-term leases.

Summary of new accounting policies

Before the adoption of IFRS 16, the Company classified its leases at the inception date as an operating lease. The leased assets were treated as off-balance sheet transactions and the lease payments were recognized as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Trade and other payables, respectively.

Set out below are the new accounting policies of the Company upon adoption of IFRS 16

a) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

b) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

2.3 New standards, interpretations and amendments adopted by the Company (continued)

c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below €5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term

d) Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The renewal options for leases of motor vehicles were not included as part of the lease term because the Company has a policy of leasing motor vehicles for not more than four years and hence not exercising any renewal options.

Amounts recognized in the statement of financial position and profit or loss set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

Right-Of –Use Assets

	Vehicles	Office Buildings	Total
Cost	GH₵	GH₵	GH₵
Balance as at 1 January 2019	1,903,427	1,756,026	3,659,453
Additions in the year	-	-	-
Amortization	(680,620)	(370,431)	(1,051,051)
	<u>2,608,402</u>	<u>1,222,807</u>	<u>1,385,595</u>

Lease Liabilities

	Vehicles	Office Buildings	Total
GH₵	GH₵	GH₵	GH₵
Balance as at 1 January 2019	1,903,427	1,756,026	3,659,453
Addition	-	-	-
Interest	288,447	99,099	387,546
Payment	(978,733)	(392,766)	(1,371,499)
	<u>1,213,141</u>	<u>1,462,359</u>	<u>2,675,500</u>

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2019

2.4 Revenue Recognition

(i) Insurance premium revenue

For all insurance 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 un-earned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

(ii) Commissions

Commissions receivable are recognised as income in the period in which they are earned.

(iii) Interest income

Interest income for all interest-bearing financial instruments, including financial instruments measured at fair value through income statement is recognised within 'investment income' in the statement of profit or loss using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

2.5 Property, plant and equipment

The company recognises an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it and the cost can be reliably measured by the company.

Land and buildings are shown at fair value, based on periodic valuations by external independent appraisers every 3-5 years, 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred. Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation surplus in shareholders' funds. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to the statement of profit or loss. Land is not depreciated.

Depreciation is provided on the depreciable amount of each asset on a straight-line basis over the anticipated useful life of the asset. The de-preciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the company would currently obtain from the disposal of an asset in similar age and condition as expected at the end of the useful life of the asset.

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

2.5 Property, plant and equipment (*continued*)

The current annual depreciation rates for each class of property, plant and equipment are as follows:

Freehold Land- Building	1%
Motor vehicles	25%
Furniture and fittings	20%
Machinery and equipment	20%
Computer hardware	33.3%

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss in the year the item is derecognized.

Residual values, useful lives and methods of depreciation for property and equipment are reviewed, and adjusted if appropriate, at each financial year end.

Impairment of non-financial assets

The carrying values of property, plant and equipment are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units to which the asset belongs are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at revalue amount, in which case the reversal is treated as a revaluation increase.

2.6 Investment Properties

Buildings, or part of a building, (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation and are not occupied by the Company are classified as investment property. Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are included in other operating income in the statement of profit or loss.

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2019

2.7 Intangible asset

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific soft-ware. These costs are amortised over their estimated useful lives (three to five years).

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

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding five years).

2.8 Investment in an associate

The Company's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence, and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes and discloses this, when applicable, in the statement of changes in eq-uity. Profits or losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associ-ate. The share of profit of the associate is shown on the face of the income statement. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in associates. The Company determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any remaining investment at its fair value. Any differ-ence between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and pro-ceeds from disposal is recognised in profit or loss.

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

2.9 Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, i.e., the date that the Company commits to purchase or sale of the asset.

The company's financial assets include cash, short term-term deposits, trade and other receivables. The held to maturity are classified as short term deposits.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortised cost, using the EIR, less allowance for impairment.

Impairment

The company's assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as change in arrears or economic conditions that correlate with defaults.

Held to maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortised cost, using the EIR, less impairment. The EIR amortisation is included in 'investment income' in the income statement. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2019

2.9 Financial assets (*continued*)

Derecognition of financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the company has transferred substantially all risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under the "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognized to the extent of the company's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

2.10 Financial liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit and loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable to transaction costs.

The company's financial liabilities include trade and other payables and bank overdraft.

Subsequent measurement

The measurement of financial liabilities depends on their classifications as follows:

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss. Financial liabilities are classified as held for trading if they are acquired for the purposes of selling in the near term. Gains and losses on liabilities held for trading are recognized in the statement of profit or loss. The company has not designated any financial liabilities as at fair value through profit or loss.

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**2.10 Financial liabilities (*continued*)****Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortisation process.

Insurance payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

Derecognition insurance payables

Insurance payables are derecognised when the obligation under the liability is settled, cancelled or expired.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, provision for Unearned premiums is made which include the financial guarantee contract written in periods up to the accounting date that relates to the unexpired terms of policies in force at the balance sheet date, and is computed using the 365ths method or other method to be prescribed by the National Insurance Commission from time to time.

Provision

General Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

2.10 Financial liabilities (*continued*)

Provision (continued)

A provision is recognised for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the expected economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

2.11 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at banks and in hand, short-term fixed deposits with an original maturity of three months or less, bank overdrafts which are repayable on demand. All of the component of the cash and cash equivalent form an integral part of the company's cash management. Cash and cash equivalents are measured subsequently at amortised cost.

2.12 Reinsurance

The company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year.

Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the company will receive from the reinsurer. The impairment loss is recorded in the statement of profit or loss.

Gains or losses on buying reinsurance are recognised in the statement of profit or loss immediately at the date of purchase and are not amortised.

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

2.12 Reinsurance (*continued*)

Ceded reinsurance arrangements do not relieve the company from its obligations to policyholders.

The company also assumes reinsurance risk in the normal course of business for non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

2.13 Employee benefits

The Company contributes to the defined contribution scheme (the Social Security Fund) on behalf of employees.

Social security contributions

This is a national pension scheme under which the company pays 13.5% of qualifying employees' basic monthly salaries to a state managed Social Security Fund for the benefit of the employees. All employer contributions are charged to the statement of profit or loss as incurred and included under staff costs.

Provident fund

Employees contribute 5% of their basic salary into provident fund. This is a defined contribution scheme.

2.14 Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable, subsequent to initial recognition.

Insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of profit or loss.

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.6, have been met.

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

2.15 Taxation

(a) Income tax

Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in shareholders' equity or other comprehensive income, in which case it is recognized in shareholders' equity or other comprehensive income.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current tax assets and liabilities are offset when the Company intends to settle on net basis and the legal right to set-off exists.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred income tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:
 - when the deferred income tax assets relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
 - in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.
 - The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

2.15 Taxation (*continued*)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2.16 Foreign currency translation

The company's financial statements are presented in Ghana cedis (GH₵) which is also the company's functional currency. Items included in the financial statements of the company are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.17 Non-life Insurance contract liabilities

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the amount due to re-insurers. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries.

Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date.

The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

2.17 Non-life Insurance contract liabilities (*continued*)

The provision for Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the balance sheet date, and is computed using the 365th method or other method to be prescribed by the NIC from time to time.

Use of estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Valuation of insurance contract liabilities

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims do not form the majority of the liability in the statement of financial position. Judgement and estimates in respect of unearned premium is computed using the 365ths method or other method to be prescribed by the NIC from time to time.

(b) Deferred tax assets and liabilities

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

2.18 Salvage and subrogation reimbursements

Some insurance contracts permit the company to sell (usually damaged) property acquired in settling a claim (i.e., salvage). The company 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 recognized 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 recognized 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.

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2019

2.17 (a) Segment information 2019
General insurance business revenue account

Class of insurance business	Motor GH₵	Fire GH₵	Accident GH₵	Bonds GH₵	Marine GH₵	Travel GH₵	2019 Total GH₵
Gross premiums written	25,976,372	7,839,147	8,484,497	862,641	1,246,966	153,370	44,562,993
Change in gross unearned premium	529,432	(190,257)	(747,621)	25,296	1,945	(5,481)	(386,686)
Less: reinsurance cost	<u>(1,634,396)</u>	<u>(5,424,894)</u>	<u>(6,089,631)</u>	<u>(553,888)</u>	<u>(1,240,552)</u>	<u>(86,492)</u>	<u>(15,029,853)</u>
Net earned premiums	<u>24,871,408</u>	<u>2,223,996</u>	<u>1,647,245</u>	<u>334,049</u>	<u>8,359</u>	<u>61,397</u>	<u>29,146,454</u>
 Gross claims paid							
	(14,084,517)	(269,541)	(139,419)	-	-	(5,641)	(14,499,118)
Less: reinsurance recoveries	5,280,475	5,280,475	-	-	-	-	5,424,663
Less: Salvages	1,301,910	-	-	-	-	-	1,301,910
Less: Change in outstanding claims	<u>(925,283)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(925,283)</u>	
Net claims incurred	<u>(8,427,415)</u>	<u>(125,353)</u>	<u>(139,419)</u>	<u>-</u>	<u>-</u>	<u>(5,641)</u>	<u>(8,697,828)</u>
 Commissions earned							
	414,775	1,700,630	1,778,710	170,815	67,771	-	4,132,701
Commissions incurred	(3,511,782)	(1,059,785)	(1,147,031)	(116,622)	(168,579)	(20,732)	(6,024,531)
Expenses of management	<u>(10,201,280)</u>	<u>(3,078,541)</u>	<u>(3,331,979)</u>	<u>(338,771)</u>	<u>(489,701)</u>	<u>(60,231)</u>	<u>(17,500,503)</u>
Total expenses and commissions	<u>(13,298,287)</u>	<u>(2,437,696)</u>	<u>(2,700,300)</u>	<u>(281,578)</u>	<u>(590,509)</u>	<u>(80,963)</u>	<u>(19,392,333)</u>
Underwriting profit/(loss)	<u>3,145,706</u>	<u>(339,053)</u>	<u>(1,192,474)</u>	<u>49,471</u>	<u>(582,150)</u>	<u>(25,207)</u>	<u>1,056,293</u>

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

2.17 (b) Segment information 2018
General insurance business revenue account

Class of insurance business	Motor GH¢	Fire GH¢	Accident GH¢	Bonds GH¢	Marine GH¢	Travel GH¢	2019 Total GH¢
Gross premiums written	27,822,032	2,873,333	5,671,811	561,807	25,437	137,087	37,091,507
Change in gross unearned premium	(1,155,495)	38,308	(42,069)	(59,876)	(2,600)	2,371	(1,219,361)
Less: reinsurance cost	(2,059,346)	<u>(1,434,417)</u>	<u>(5,183,612)</u>	<u>(321,458)</u>	<u>-</u>	<u>(73,178)</u>	<u>(9,072,011)</u>
Net earned premiums	<u>24,607,191</u>	<u>1,477,224</u>	<u>446,130</u>	<u>180,473</u>	<u>22,837</u>	<u>66,280</u>	<u>26,800,135</u>
Gross claims paid	(10,966,785)	(136,056)	(522,546)	-	(71,509)	(147)	(11,697,043)
Less: reinsurance recoveries	1,200,112	52,815	340,635	-	70,092	-	1,663,654
Less: Salvages	1,626,400	-	-	-	-	-	1,626,400
Less: Change in outstanding claims	(427,793)	-	-	-	-	-	(427,793)
Net claims incurred	<u>(8,568,066)</u>	<u>(83,241)</u>	<u>(181,911)</u>	<u>-</u>	<u>(1,417)</u>	<u>(147)</u>	<u>(8,834,782)</u>
Commissions earned	590,521	481,342	1,663,286	103,196	-	-	2,838,345
Commissions incurred	(3,635,017)	(375,408)	(741,036)	(73,402)	(3,324)	(17,911)	(4,846,098)
)Expenses of management	(12,914,086)	<u>(1,333,708)</u>	<u>(2,632,671)</u>	<u>(260,773)</u>	<u>(11,807)</u>	<u>(63,631)</u>	<u>(17,216,676)</u>
Total expenses and commissions	<u>(15,958,582)</u>	<u>(1,227,774)</u>	<u>(1,710,421)</u>	<u>(230,979)</u>	<u>(15,131)</u>	<u>(81,542)</u>	<u>(19,224,429)</u>
Underwriting profit/(loss)	<u>80,543</u>	<u>166,209</u>	<u>(1,446,202)</u>	<u>(50,506)</u>	<u>6,289</u>	<u>(15,409)</u>	<u>(1,259,076)</u>

The notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

2.17 (c) Reconciliation of underwriting profit with profit before tax

	2019 GH¢	2018 GH¢
Underwriting profit/(Loss)	1,056,293	(1,259,076)
Investment income	4,974,047	4,898,798
Other operating income	269,442	308,950
Share of loss from associate	(75,689)	(115,012)
Provision for impairment	<u>(1,628,576)</u>	<u>(1,560,264)</u>
Profit before tax	<u>4,595,517</u>	<u>2,273,396</u>

3 Net insurance premium revenue

The gross earned premium income of the Company can be analyzed between the main classes of business as shown below:

	2019 GH¢	2018 GH¢
Non-life insurance		
Motor	25,976,372	27,822,032
Marine / aviation	1,246,966	25,437
Fire	7,839,147	2,873,333
General accident	8,484,497	5,671,811
Bonds	862,641	561,807
Travel	<u>153,370</u>	<u>137,087</u>
	<u>44,562,993</u>	<u>37,091,507</u>
Premium revenue ceded to reinsurers on insurance contracts issued	<u>(15,029,853)</u>	<u>(9,072,011)</u>
Net insurance premium revenue	<u>29,533,140</u>	<u>28,019,496</u>

4 Reinsurance commission

	2019 GH¢	2018 GH¢
Motor	414,775	590,521
Fire	1,700,630	481,342
Marine/Aviation	67,771	-
Bond	170,815	103,196
General accident	<u>1,778,710</u>	<u>1,663,286</u>
	<u>4,132,701</u>	<u>2,838,345</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2019

5 Investment income

	2019	2018
	GH¢	GH¢
Interest on investment	4,893,994	63,844
Dividend Received	4,878,470	-
Interest on call	<u>16,209</u>	20,328
Total	<u>4,974,047</u>	<u>4,898,798</u>

6 Other operating income

	2019	2018
	GH¢	GH¢
Exchange gain	31,104	12,497
Rental income	38,376	33,480
Profit from motor vehicles disposal	71,459	178,839
Revaluation of investment property	92,558	59,763
Interest on staff loans	<u>35,945</u>	<u>24,371</u>
	<u>269,442</u>	<u>308,950</u>

7 Provision for unearned premium

Unearned premium provision represents the liability for short term business contracts where the Company's obligations are not expired at the year end.

The detail for the provision for unearned premium is as follows:

	2019	2018
	GH¢	GH¢
Balance at 1 January	7,964,678	6,745,317
Change in unearned premium	<u>386,686</u>	<u>1,219,361</u>
Balance at 31 December	<u>8,351,364</u>	<u>7,964,678</u>

8 Commission expense

	2019	2018
	GH¢	GH¢
Motor	3,511,782	3,635,017
Marine/aviation	168,579	3,324
Fire	1,059,785	375,408
Bond	116,622	73,402
General accidents	1,147,031	741,036
Travel	<u>20,732</u>	<u>17,911</u>
	<u>6,024,531</u>	<u>4,846,098</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

9 Insurance claims and loss adjustment expense

	2019 GH¢	2018 GH¢
Motor	14,084,517	10,966,785
Fire	269,541	136,056
Accident	139,419	522,546
Marine	-	71,509
Travel	5,640	147
Change in claims provision	925,284	427,793
	<u>15,424,401</u>	<u>12,124,836</u>

10 Insurance claims and loss adjustment expense recovered

A Insurance claims and loss adjustment expense recovered from reinsurers

	2019 GH¢	2018 GH¢
Motor	5,280,475	1,200,112
Fire	144,188	52,814
Accident	-	340,635
Travel	-	-
Marine	-	70,093
	<u>5,424,663</u>	<u>1,663,654</u>

B Salvages

	2019 GH¢	2018 GH¢
Motor	1,301,910	1,626,400
Fire	-	-
	<u>1,301,910</u>	<u>1,626,400</u>

	2019 GH¢	2018 GH¢
Total	<u>6,726,573</u>	<u>3,290,054</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2019

11a Operating and other expenses

	2019 GH¢	2018 GH¢
Advertisements/Marketing	1,469,705	724,074
Association dues	77,505	46,240
Audit fees	163,568	134,072
Bank charges	123,219	119,293
Board of directors' expenses	356,177	381,409
Cleaning and conservancy	97,410	80,599
Computer accessories	9,451	1,179
Depreciation & Amortisation	1,015,168	1,233,951
Donations	126,119	110,160
Electricity and water	211,294	160,901
Fuel and lubricants	553,461	492,442
Insurance	156,740	123,659
Internet and WAN connectivity	613,778	589,391
Licensing, registration and subscription	124,602	163,160
Lease amortisation	1,051,051	-
Medical expenses	279,071	369,513
Meeting & conferences	63,656	94,504
NIC Levy	316,300	303,824
Out of station expenses	126,183	82,652
Postage and telephone	144,033	118,265
Printing and stationery	294,208	328,900
Professional fee	509,531	183,917
Public relations and staff welfare	421,364	371,967
Redundancy / retrenchment cost	-	1,785,700
Bad debt	-	24,622
Rents and rates	239,195	620,081
Repairs and maintenance	181,577	200,660
Salaries and wages	5,759,962	5,301,139
Security expenses	68,607	67,681
Operating lease expense	-	792,494
Social security	515,345	481,367
Staff provident fund-employers' contribution	177,195	170,387
Staff training	230,687	262,865
Sticker fees	1,181,938	1,012,883
Training expenses (agents)	119,828	152,904
Travel and transport	124,450	62,061
	<u>16,902,378</u>	<u>17,148,916</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

11b Staff cost

Staff cost include:

	2019 GH¢	2018 GH¢
Defined contribution scheme (PF)	177,195	170,387
National Social Security Fund	515,344	481,367
	<u>692,539</u>	<u>651,754</u>

12 Taxation

(a) Income tax expense

	2019 GH¢	2018 GH¢
Current Income Tax	(1,603,325)	(922,723)
Overprovision from prior year	-	8,770
	<u>(1,603,325)</u>	<u>(913,953)</u>
Current NFSL	(229,776)	(113,670)
Deferred Tax (P&L)	259,651	(201,551)
	<u>(1,573,450)</u>	<u>(1,229,174)</u>

(b) Deferred Tax

Deferred tax assets relates to the following

Provision for outstanding claims	384,493	428,494
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Deferred tax liability relates to the following

Property, Plant and Equipment	75,119	(251,673)
Unrealized revaluation gain on investment Property	(177,528)	(154,388)
Revaluation of building	<u>(2,200,941)</u>	<u>(1,176,886)</u>

Deferred tax liabilities

	<u>(1,918,857)</u>	<u>(1,154,453)</u>
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Changes in deferred tax assets and liabilities as it impacts the profit or loss account

	2019 GH¢	2018 GH¢	Change GH¢
Provision for outstanding claims	384,493	428,494	(44,001)
Property plant and equipment	75,119	(251,673)	326,792
Unrealized revaluation gain on investment Property	<u>(177,528)</u>	<u>(154,388)</u>	<u>(23,140)</u>
	<u>282,084</u>	<u>22,433</u>	<u>259,651</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2019

12. Taxation (Continued)

(c) Corporate tax

Corporate tax	Balance at	Charge for	Payments	
	1 January	the year	GH¢	GH¢
2018	-	913,953	(920,801)	(6,848)
2019	<u>(6,848)</u>	<u>1,603,325</u>	<u>(909,562)</u>	<u>686,915</u>

(d) National stabilization levy

	Balance at	Charge for	Payments	
	1 January	the year	GH¢	GH¢
2018	-	113,670	(176,479)	(62,809)
2019	<u>(62,809)</u>	<u>229,776</u>	<u>(180,507)</u>	<u>(13,540)</u>
2019	<u>(69,657)</u>	<u>1,833,101</u>	<u>(1,090,069)</u>	<u>673,375</u>

(e) Reconciliation of effective tax

	2019	2018
	GH¢	GH¢
Profit before tax	4,595,517	2,273,396
Tax computed at applicable tax rate of 25% (2015-25%)	1,148,879	568,349
National Fiscal Stabilization Levy	229,776	113,670
Income exempted from tax	-	(8,770)
Tax effect of non-deductible expense on PPE	(283,405)	100,943
Tax effect of other non-deductible expenses	483,956	460,674
Income subject to different tax rate	(5,756)	(5,692)
Effective tax rate	<u>1,573,450</u>	<u>1,229,174</u>
	34%	54%

13 Cash and cash equivalent

Cash and cash equivalents comprise the following:

	2019	2018
	GH¢	GH¢
Cash and Cheques on hand	39,450	536,894
Cash and bank	4,424,085	1,558,855
Overdraft	(1,293,430)	(1,284,011)
	<u>3,170,105</u>	<u>811,738</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

14 Reinsurance recoverable

Due from reinsurers are receivables on claim recoveries and facultative businesses received from various insurance companies. The carrying value of the amount due from reinsurers approximates their fair values.

	2019 GH¢	2018 GH¢
Amount due from reinsurance	<u>8,010,585</u>	<u>3,937,541</u>

15 Financial assets

The Company's financial assets are summarized by categories as follows:

	2019 GH¢	2018 GH¢
Loans and receivables (a)	293,749	3,050,093
Investments in associates(b)	2,824,111	609,800
Held to maturity financial assets	<u>28,947,229</u>	<u>28,884,405</u>
Total financial instruments other than derivative financial instruments	<u>32,065,089</u>	<u>32,544,298</u>

(a) Loans and receivables

	2019 GH¢	2018 GH¢
Amortized cost 2	56,054	593,760
Staff loans	237,695	456,333
Deposit for shares (QLAC)	-	2,000,000
Total loans and receivables	<u>293,749</u>	<u>3,050,093</u>

The effective interest rate on staff loans and advances at 31 December 2019 was 5%.

Deposit for share (QLAC) represents advance made to Quality Life Assurance Company Limited for the purchase of shares. 5,714,286 shares representing 10% of the total shares of Quality Life Assurance Company Limited has been allotted to QIC in 2019 and reclassified as investment in associate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2019

15 Financial assets (continued)

(b) Investments in associate

	2019	2018
	GH₵	GH₵
Investments in QLAC Financial Trust at January	609,800	524,812
Addition	2,290,000	200,000
shares of loss	(75,689)	(115,012)
Total held to maturity financial assets	2,824,111	609,800

QIC has 49% interest in QLAC Financial Trust, QLAC Financial Trust Limited (QFTL) is a subsidiary of Quality Life Assurance Company Limited which has the Ghana Catholic Bishop Conference as the majority shareholder. QLAC Financial Trust Limited (QFTL) is an NPRA licensed corporate trustee company to privately manage and administer pensions in Ghana. The interest in the QFTL is accounted for using the equity method.

Summary of Statement of Financial Position	2019	2018
	GH₵	GH₵
Summary of Statement of Financial Position		
Total assets	<u>1,516,682</u>	<u>1,676,629</u>
Total liabilities	<u>234,625</u>	<u>240,105</u>
Total equity	<u>1,282,057</u>	<u>1,436,524</u>
	<u>1,516,682</u>	<u>1,676,629</u>
Statement of Comprehensive Income		
Total revenue	343,958	237,908
Total cost	(500,891)	(459,106)
Loss for the year	<u>(154,467)</u>	<u>(216,634)</u>
Statement of Cashflow		
Cash flow from operating	302,376	(259,215)
Cash flow from investing	(230,294)	(249,240)
Cash flow from financing	290,000	442,120

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

(c) Held to maturity investments

	2019 GH₵	2018 GH₵
Bank of Africa	3,823,742	3,289,326
Agricultural Development Bank	8,506,258	7,357,939
First Atlantic Bank	5,105,203	5,960,534
Republic Bank Limited	4,637,822	3,758,959
Ideal Assets Management Limited	2,060,663	2,144,455
Gold Coast Fund Management	676,319	676,319
Seed Fund savings & Loans	103,945	53,052
Alltime Capital	451,858	451,858
GHL Bank	-	1,543,151
GoG Bond	<u>6,770,259</u>	<u>5,209,076</u>
Total held to maturity financial assets	<u>32,136,069</u>	<u>30,444,669</u>
Impairment (d)	<u>(3,188,840)</u>	<u>(1,560,264)</u>
Net held to maturity	<u>28,947,229</u>	<u>28,884,405</u>

	2019 GH₵	2018 GH₵	Change
(d) Impairment			
Gold Coast Fund Management	676,319	676,319	-
Ideal Assets Management Limited	2,060,663	432,087	1,628,576
Alltime Capital	<u>451,858</u>	<u>451,858</u>	-
Total Impairment	<u>3,188,840</u>	<u>1,560,264</u>	<u>1,628,576</u>

(e) Carrying amount of financial assets

	Loans and receivables	Held to maturity	Investments in associates
At 1 January 2019	3,050,093	28,884,405	609,800
Additions			2,290,000
Interest earned	-	4,910,203	-
Maturities/received	(2,756,344)	(3,218,803)	-
Impairment	<u>-</u>	<u>(1,628,576)</u>	<u>(75,689)</u>
At 31 December 2019	<u>293,749</u>	<u>28,947,229</u>	<u>2,824,111</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2019

16 Other receivables

	2019	2018
	GH₵	GH₵
Prepayments	<u>470,607</u>	<u>653,002</u>

Prepaid expenses of GH₵470,607as at end of 2019 consists of prepaid annual maintenance cost on the use of our operating software as well cost of producing staff uniforms for 2020.

17 Statutory deposit

This represents the amount deposited with the Ghana Commercial Bank as at **31 December 2019 of GH₵2,307,137 (2018: GH₵2,007,726)** in accordance with National Insurance Commission directive which requires an insurer or reinsurer to deposit ten percent of its minimum capital with the Bank of Ghana in Government securities. Interest income is earned at an average rate of 13.5%. (2018:13.54%) and this is included in the investment income.

18 Asset held for sale

This represents the net book value (GH₵46,338) of four of the Company's old vehicles which were available for sale.as at 31 December 2018. These vehicles were sold in 2019.

	2019	2018
	GH₵	GH₵
Motor vehicle -Cost	-	227,986
Less accumulated depreciation	-	<u>(181,648)</u>
Net Book Value	<u>-</u>	<u>46,338</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2019

19 Property, Plant and Equipment

	Land and building GH¢	Motor Vehicle GH¢	Furniture & Fitting GH¢	Machinery & equipment GH¢	Computer hardware GH¢	TOTAL GH¢
Cost						
Balance at 1 January 2019	9,125,631	2,623,031	427,599	1,578,863	581,743	14,336,867
Additions in the year	-	-	-	51,014	60,540	111,554
Revaluation	957,839	-	-	-	-	957,839
Disposal/	-	(94,055)	-	-	-	(94,055)
Accumulated depreciation						
Balance at 1 January 2019	485,167	1,323,959	394,340	1,106,876	549,393	3,859,735
Charge for the year	85,320	541,735	10,312	215,552	33,736	886,655
Disposal	(89,352)	-	-	-	-	(89,352)
	10,083,470	2,528,976	427,599	1,629,877	642,283	15,312,205
Net Book value 31 December 2019	9,512,983	752,634	22,947	307,449	59,154	10,655,167
Cost / Valuation	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1 January 2018	9,125,631	3,292,721	439,440	1,514,786	571,851	14,944,429
Additions in the year	-	1,017,075	4,950	64,077	9,892	1,095,994
Disposal	-	(1,686,765)	(16,791)	-	-	(1,703,556)
Accumulated depreciation						
Balance at 1 January 2018	399,847	2,017,740	393,220	884,372	503,048	4,198,227
Charge for the year	85,320	572,636	15,930	222,504	46,345	942,735
Disposal/	-	(1,266,417)	(14,810)	-	-	(1,281,227)
	485,167	1,323,959	394,340	1,106,876	549,393	3,859,735
Net Book value 31 December 2018	8,640,464	1,299,072	33,259	471,987	32,350	10,477,132

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

19 Property, Plant and Equipment (cont'd)

The Company's Buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Land and building which had an initial cost of GH₵1,279,724 and the carrying amount of Gh₵1,114,339 was revalued in 2019 to reflect the current carrying value of GH₵9,598,303. The fair value measurements of the company's buildings as at 31st December 2019 was performed by Terra consult Limited.

Terra consult are Chartered Surveyors, and members of the Ghana Institute of Surveyors who have the appropriate qualifications and experience in the fair value measurement of properties in the relevant locations. The fair value of the buildings was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The valuation methods used are the Depreciated Replacement Cost Approach to valuation. Valuation of property is based on the assumption that,, the capital value of the existing development can be equated to the cost of reinstating the development on the same plot at current labour, material and other incidental cost; with appropriate allowance for accrued depreciation in respect to physical, functional and economic obsolescence. There has been no change to the valuation technique during the year.

	2019	2018
	GH₵	GH₵
Balance as at 1st January	<u>9,125,631</u>	9,125,631
Gains on revaluation of Land and building	<u>957,839</u>	-
Balance as at 31st December	<u>10,083,470</u>	<u>9,125,631</u>
2019	Level 1	Level 2
Land and building	-	9,598,303
Level3		-

20 Investment properties

The property valuations were carried out by Terra Consult, who are independent, professionally qualified valuers. The valuer who carried out the valuation is a professional associate of the Ghana Institution of Surveyors. Valuation of property is based on the assumption that, the capital value of the existing development can be equated to the cost of reinstating the development on the same plot at current labour, material and other incidental cost; with appropriate allowance for ac-crued depreciation in respect to physical, functional and economic obsolescence.

Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are included in other operating income in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

20 Investment properties(cont'd)

Rental income generated for the year ended 31 December 2019 was GH¢38,376 and there were no operating expenses incurred on the investment property. There are no contractual obligations for repairs and maintenance or enhancement of the investment property. There is no restriction on the realisability of the investment property.

	2019 GH¢	2018 GH¢
Balance as at 1st January	<u>817,862</u>	758,099
Gains on revaluation of investment property	<u>92,558</u>	59,763

Balance as at 31st December	<u><u>910,420</u></u>	<u><u>817,862</u></u>
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2019	Level 1	Level 2	Level 3
Investment property	-	<u><u>910,420</u></u>	-

2018			
Investment property	-	<u><u>817,862</u></u>	-

21 Intangible assets

	2019 GH¢	2018 GH¢
Computer software Cost	1,740,138	1,662,324
Balance at 1 January	-	77,814
Additions in the year	<u>1,740,138</u>	<u>1,740,138</u>
Accumulated amortization		
Balance at 1 January	1,366,683	1,075,467
Charge for the year	<u>128,513</u>	<u>291,216</u>
	<u><u>1,495,196</u></u>	<u><u>1,366,683</u></u>
Net Book value 31 December	<u><u>244,942</u></u>	<u><u>373,455</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

22 Right of Use Assets

	Vehicles	Office Building	Total
Cost	GH₵	GH₵	GH₵
Balance at 1 January 2019	1,903,427	1,756,026	3,659,453
Additions in the year	-	-	-
	<u>1,903,427</u>	<u>1,756,026</u>	<u>3,659,453</u>

23 Stated capital

Authorized			
Number of ordinary shares of no par value			300,000,000

	2019 GH₵	2018 GH₵	Number of shares issued
Balance as at 1 January	<u>19,999,362</u>	<u>19,999,362</u>	<u>113,965,544</u>

Money held towards capital

Money held towards capital represents payments received on the rights issue of 2,534,456 ordinary shares of no par value as at 31st December, 2018. These are non-refundable funds and do not attract any interest. The legal process in moving these into stated capital is in progress.

24 Contingency reserves

The Company sets aside on an annual basis, a contingency reserve of not less than three per-cent of the total premiums or twenty per cent of net profit whichever is greater as required by the Insurance Act (Act 724).

Movements in the contingency reserve are shown in the statement of changes in equity on page 17.

2. Income surplus

The income surplus balance represents the amount available for dividend distribution to the members of the Company. Movements in the income surplus account are shown in the statement of changes in equity on page 17.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

26 Lease Liabilities

	Vehicles	Office Building	Total
	GH¢	GH¢	GH¢
Cost			
Balance as at 1/01/2019	1,903,427	1,756,026	3,659,453
Addition	-	-	-
Interest	288,447	99,099	387,546
Payment	(978,733)	(392,766)	(1,371,499)
	<u>1,213,141</u>	<u>1,462,359</u>	<u>1,462,359</u>

27 Insurance liabilities

	2019	2018
	GH¢	GH¢
Provision for outstanding claims	3,905,826	2,980,543
Provision for unearned premiums (Note 7)	8,351,364	7,964,678
Amount due to re-insurers	3,198,846	2,559,097
	<u>15,456,036</u>	<u>13,504,318</u>

28 Trade and other payables

	2019	2018
	GH¢	GH¢
Accruals	676,689	760,232
Dividend outstanding	144,693	71,134
Sundry creditors	746,312	464,579
	<u>1,567,694</u>	<u>1,295,945</u>

29 Deferred revenue

Deferred revenue refers to advance payments for insurance services with commencement dates in 2020 for which premiums have been fully paid in 2019. The recipient of such prepayment records unearned revenue as a liability on the statement of financial position, because it refers to revenue that has not yet been earned. The revenue will be recognized in the statement of profit or loss in 2020.

	2019	2018
	GH¢	GH¢
Balance at January	322,388	122,724
Premium recognized in 2019	(322,388)	(122,724)
Deferred premium	46,762	322,388
Total deferred revenue	46,762	322,388

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2019

30 Related party transactions

	2019 GH₵	2018 GH₵
Amount due from related party	<u>38,465</u>	<u>19,524</u>

In the normal course of business, insurance policies are sold to related parties at terms and conditions similar to those offered to major clients.

ii Transactions with related parties

	2019 GH₵	2018 GH₵
Gross earned premium;		
Quality Life Assurance Co. Limited	53,712	46,635
QLAC Financial Trust	<u>5,183</u>	<u>5,185</u>

Net claims incurred:

Amount due to related party	10,915	-
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iii Compensation of key management personnel

	2019 GH₵	2018 GH₵
Salaries	1,271,025	1,208,763
SSF	96,864	86,409
Provident Fund	<u>35,875</u>	<u>32,003</u>
	<u>1,403,764</u>	<u>1,327,175</u>

iv Directors' remuneration

	2019 GH₵	2018 GH₵
Directors' fees	134,968	124,212
Sitting Allowance	<u>221,208</u>	<u>257,197</u>
	<u>356,176</u>	<u>381,409</u>

31 Contingencies and commitments

(a) Legal proceedings and regulations

The company operates in the insurance industry and is subject to legal proceedings in the normal course of business. The Company is not threatened with any legal proceedings which will have a material effect on its results and financial position.

The company is also subject to insurance solvency regulations and has complied with all these solvency regulations. There are no contingencies associated with the company's compliance or lack of compliance with such regulations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**31 Contingencies and commitments (continued)****(b) Capital commitments**

The company has no capital commitments at the reporting date.

32 Management of insurance and financial risk

The principal risk the company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The company purchases reinsurance as part of its risks mitigation programme. The majority of the reinsurance is taken out to reduce the overall exposure of the company to certain classes of business.

Although the company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any re-insurer is unable to meet its obligations assumed under such reinsurance agreements. The company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the company substantially dependent upon any single reinsurance contract.

This section summarises the way the Company manages key risks.

Insurance risk management

The company principally issues the following types of general insurance contracts: motor, fire, marine and business interruption. Risks under non-life insurance policies usually cover twelve months duration.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the company. The company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., flood damage).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

32 Management of insurance and financial risk (continued)

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the company's risk appetite as decided by management. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 50% of shareholders' equity on a gross basis and 10% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 2% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

Key assumptions

The principal assumption underlying the liability estimates is that the company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence; changes in market factors such as public attitude to claiming; economic conditions; as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates and delays in settlement.

Sensitivities

The non-life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

31 December 2019

	Change in assumptions	Impact on profit before tax	Impact equity
		GH¢	GH¢
Average claim cost	+10%	(9,212)	(9,212)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

32 Management of insurance and financial risk (continued)

31 December 2018

	Change in assumptions	Impact on profit before tax GH₵	Impact on equity GH₵
Average claim cost	+10%	(8,584)	(8,584)

Cumulative claims development table

Development year	0	1	2	3	4
Accident year					
2015	233,820	250,380	258,580	271,999	274,320
2016	376,780	475,830	477,830	551,400	-
2017	1,096,163	1,312,084	1,316,084	-	-
2018	2,366,421	3,131,598	-	-	-
2019	9,894,530	-	-	-	-

The Chain-ladder method was used in assessing the insurance liabilities. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

Assumptions

In carrying out the valuation, the following assumptions were employed:

- Reported incurred claims data within a year has been analyzed independent of the month or day of reporting.
- Regarding Fire and Burglary IBNR reserves, claim amounts exceeding GH₵1Million were excluded to avoid distortion since a large number of the claim amounts were less than GH₵50,000. The company could set-up a separate Catastrophe Reserve or effect an appropriate reinsurance to cater for such extreme cases.
- Claims developing patterns are assumed to be uniform within a year
- For the UPR reserving, negative reserves, where encountered, were set to zero to ensure conservativeness in the reserves figure. The National Insurance Commission is yet to finalise the treatment of Negative Reserves, where encountered.
- The reserving was performed on undiscounted basis. That is, interest rate was set to zero.
- Salvage, survey fees and other claim handling expenses were allowed for in the computation of the IBNR reserves
- No allowance was made for past and future inflation of outstanding claim

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2019

32 Management of insurance and financial risk (continued)

Concentration of insurance per product line

	2019		2018	
	% of total		% of total	
	Amount	premium	Amount	premium
	GH¢		GH¢	
Motor	25,976,372	58.29%	27,822,032	75.00%
Marine/aviation	1,246,966	2.80%	25,437	0.1%
Fire	7,839,147	17.59%	2,873,333	7.70%
General accident	8,484,497	19.04%	5,671,811	15.30%
Bonds	862,641	1.94%	561,807	1.50%
Travel	153,370	0.34%	137,087	0.4%
	<u>44,562,993</u>	<u>100%</u>	<u>37,091,507</u>	<u>100%</u>

Financial risk management

The company's activities expose it to a variety of financial risks such as credit risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the Risk Management Committee of the company. The committee identifies, evaluates but does not hedge its financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as credit risk and investing excess liquidity.

Market risk

Interest Rate Risk

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

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

	31-Dec-19	Scenario 1	Scenario 2
	Amount	5% Increase	5% Decrease
	GH¢	GH¢	GH¢
Pre – tax Profit	4,595,517	4,825,930	4,365,741
Shareholders' Equity	38,104,230	40,009,442	36,199,018

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

32 Management of insurance and financial risk (continued)

Assuming no management actions, a series of such rises would increase pre-tax profit for 2019 by GH₵229,776 while a series of such falls would decrease pre-tax profit for 2019 by GH₵229,776. Also a series of such rises would increase the shareholders' equity by GH₵1,905,212 whilst a series of such falls would decrease shareholders' equity by GH₵1,905,212.

Currency Risk

The company operates locally and its exposures to foreign exchange risk arise primarily with respect to the US dollar, the Euro and the UK pound due to the reinsurance businesses undertaken with foreign based Reinsurers as well as policies undertaken in foreign currencies. The company receives claims from its reinsurers in foreign currencies and also has some investments in foreign currencies which mitigates the foreign currency exchange rate risk for these operations. As a result, foreign exchange risk arises from recognized assets and liabilities denominated in other currencies. The following table details the company's sensitivity to a 10% increase and decrease in the cedi against the relevant foreign currencies. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity the impact of change in a single factor is shown, with other assumptions unchanged.

	31-Dec-19	Scenario 1	Scenario 2
	Amount	5% Increase	5% Decrease
	GH₵	GH₵	GH₵
Pre – tax Profit	4,595,517	5,055,069	4,135,965
Shareholders' Equity	38,104,230	441,914,653	34,293,807

Assuming no management actions, a series of such rises would increase pre-tax profit for 2019 by GH₵459,552, while a series of such falls would decrease pre-tax profit for 2019 by GH₵459,552. Also a series of such rises would increase the shareholders' equity by GH₵3,810,423, whilst a series of such falls would decrease shareholders' equity by GH₵3,810,423.

The following significant exchange rates were applied during the year:

	2019	2019	2018	2018
	GH₵	GH₵	GH₵	GH₵
	Selling	Buying	Selling	Buying
US Dollar	5.515	5.735	4.770	4.970
GB Pound	7.245	7.534	6.074	6.329
Euro	6.182	6.429	5.459	5.688

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

32 Management of insurance and financial risk (continued)

Credit risk

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

- receivables arising out of direct insurance arrangements;
- receivables arising out of reinsurance arrangements; and
- reinsurers' share of insurance liabilities.

Other areas where credit risk arises include cash and cash equivalents, corporate bonds and deposits with banks and other receivables. The Company has no significant concentrations of credit risk. The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the Company procedures on credit.

Maximum exposure to credit risk before collateral held

	2019	2018
	GH¢	GH¢
Receivables arising out of direct reinsurance arrangements	<u>8,010,585</u>	3,937,541
Loans and receivable	<u>293,749</u>	3,050,093
	<u><u>8,304,334</u></u>	<u><u>6,987,634</u></u>

No collateral is held for any of the above assets. All receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated. None of the above assets are past due or impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**32 Management of insurance and financial risk (continued)****Credit quality of financial assets**

All the financial assets are deemed to be of a high grade as per the company's internal credit rating.

Impaired financial assets

At 31 December 2019, there are no impaired reinsurance assets (2018: Nil) and no impaired loans and receivables (2018: Nil).

For assets to be classified as "past-due and impaired" contractual payments must be in for more than 90 days. No collateral is held as security for any past due or impaired assets. None of the above assets are past due nor impaired.

Liquidity risk**Maturity analysis of financial liabilities**

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities.

The table below analyses the financial liabilities into the relevant maturity grouping based on the remaining period at the reporting date to the contractual maturity date.

Less than one year	2019 GH₵	2018 GH₵
Trade and other payable	1,567,694	1,295,945
Insurance liabilities	<u>7,104,672</u>	<u>5,539,640</u>
	<u>8,672,366</u>	<u>6,835,585</u>

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts when necessary.

Fair values of financial assets and liabilities

The fair values of the Company's financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual repricing or maturity dates as set out above. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that the directors expect would be available to the Company at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

32 Management of insurance and financial risk (continued)

Determination of fair value and fair values hierarchy

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly and
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

33 Capital management

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the reporting date, are:

- to comply with the capital requirements as set out in the Insurance Act 2006 (Act 724);
- to comply with regulatory solvency requirements as set out in the Insurance Act 2006 (Act 724).
- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The Insurance Act 2006 (Act 724) requires each insurance Company to hold the minimum level of paid up capital as follows;

- Non-Life insurance business companies GH₵ 15 million and
- Life insurance business companies GH₵ 15 million

Non-Life insurance businesses are required to keep a solvency margin i.e. admitted assets less admitted liabilities equivalent to the higher of 50%.

Capital adequacy and solvency margin are monitored regularly by management. The required information is filed with the National Insurance Commission on a quarterly basis.

During the year the Company held the minimum paid up capital required as well as met the required solvency margins.

The Company's paid up Capital at the end of 2019 and 2018 is presented on Note 22.

Capital Adequacy

	2019	2018
	%	%
Capital Adequacy Ratio	<u>351.33</u>	<u>301.54</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

33 Capital management (continued)

Regulatory implications

Capital Adequacy Control Level	CAR	Supervisory implications	Supervisory action
Level 3	CAR < 100%	Entity not viable	Enforcement Action leading to liquidation

34 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled, respectively

2019	Within 12 months GH¢	After 12 months GH¢	Total GH¢
Assets			
Cash and cash equivalents	3,170,105	-	3,170,105
Reinsurance recoverable	8,010,585	-	8,010,585
Loans and receivables	293,749	-	293,749
Investment in associate	-	2,824,111	2,824,111
Held to maturity	22,176,970	6,770,259	28,947,229
Other receivables	470,607	-	470,607
Current income tax	-	-	-
Statutory deposit	-	-	2,307,137
Asset held for sale	-	-	-
Property, plant and equipment	-	10,655,167	10,655,167
Right of use assets	-	2,608,402	2,608,402
Investment property	-	910,420	910,420
Intangible assets	-	244,942	244,942
Total Assets	<u>34,122,016</u>	<u>26,320,438</u>	<u>60,442,454</u>
Liabilities			
Insurance liabilities	15,456,036	-	15,456,036
Trade and other payables	1,567,694	-	1,567,694
Deferred income tax liabilities	1,918,857	-	1,918,857
Deferred income	46,762	-	46,762
Lease liabilities	1,278,160	1,397,340	2,675,500
Current income tax	673,375	-	673,375
	<u>20,940,884</u>	<u>1,397,340</u>	<u>22,338,224</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2019

34 Maturity analysis of assets and liabilities (continued)

2018	Within 12 months GH₵	After 12 months GH₵	Total GH₵
Assets			
Cash and cash equivalents	811,738	-	811,738
Reinsurance recoverable	3,937,541	-	3,937,541
Loans and receivables	1,050,093	2,000,000	3,050,093
Investment in associate	-	609,800	609,800
Held to maturity	23,675,329	5,209,076	28,884,405
Other receivables	653,002	-	653,002
Current income tax	69,657	-	69,657
Statutory deposit	-	2,007,726	2,007,726
Asset held for sale	46,338	-	46,338
Property, plant and equipment	-	10,477,132	10,477,132
Investment property	-	817,862	817,862
Intangible assets	-	373,455	373,455
Total Assets	30,243,698	21,495,051	51,738,749
Liabilities			
Insurance liabilities	13,504,318	-	13,504,318
Trade and other payables	1,295,945	-	1,295,945
Deferred income tax liabilities	1,154,453	-	1,154,453
Deferred income	322,388	-	322,388
	16,277,104	-	16,277,104

35 Management of insurance and financial risk

	2019 GH₵	2018 GH₵
Revaluation gain on land and building	957,839	-
Deferred tax liability on revaluation gain	(236,460)	-
Change in tax rate on existing revaluation gain	(784,594)	-
	(66,215)	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019**36 Events after the reporting period**

There are no events after the balance sheet date that require adjustments in the financial statements. Management has assessed the impact of the COVID-19 on the going concern of company and has concluded that the use of the going concern is appropriate and that the company will be able to recover its assets and discharge its liabilities in the foreseeable future for at least the next 12 months.

Funding and Liquidity

The pandemic is expected to impact liquidity risk, exchange rate risk and interest rate risk faced by the company. The trend of capital flows from emerging markets is expected to exert pressure on the local currency as well as reduce foreign currency liquidity in the economy. The company has a robust liquidity management framework and contingency funding plan that builds in adequate buffers to support liquidity run-off in a stress scenario.

The solvency ratio of the company as at December 31 was 349.98% and projects that it will remain above the internal limit of 250% and the regulatory limit of 150% during the crisis period

Analysis of balance sheet

The Company has performed a line-by-line analysis of its balance sheet and has done an assessment of whether the current uncertainty may impact any of the amounts presented at 31 December 2019. The Company has assessed that the coronavirus may affects the business of the company's premium generation. The company has performed an analysis and reviewed the premium and claims distribution and the impact the spread would have on the Company's performance.

Management has concluded however that the amounts recognized in the financial statement do not require further adjustment but will continue to monitor the situation as new information becomes available.

RESOLUTIONS

Resolution 1

To receive the 2019 Report and Financial Statements

The Board shall propose the acceptance of the Reports and Financial Statements as a true and fair view of the state of affairs of the Company for the year ended 31st December, 2019.

Resolved

"That the Shareholders do hereby resolve, and it is resolved to accept the Reports and Financial Statements as a true and fair view of the state of affairs of the Company for the year ended 31st December, 2019."

Resolution 2

To Authorize the Board to Fix the Remuneration of the Auditors

In accordance with Section 139(5) of the Companies Act, 2019 (Act 992), Ernst and Young Chartered Accountants will continue in office as Auditors of the Company. The Board will request that it be authorized to fix the fees of the Auditors.

Resolved

"That the Directors be and are hereby authorized to exercise the powers of the Company to keep Ernst & Young Chartered Accountants in office as the Company's Auditors and to fix their fees".

Resolution 3

To Declare Dividend

The Directors recommend the non-payment of dividends for the year ended 31st December, 2019.

Resolved

"That the Shareholders do hereby resolve and it is so resolved that dividends shall not be paid to shareholders for the year ended 31st December, 2019"

Resolution 4

To Fix Directors Remuneration

The Board would be proposing for the acceptance of members in accordance with Section 185 of the Companies Act, 2019 (Act 992) that the prevailing Directors' fees and sitting allowances should be maintained

Resolved

"That the Shareholders do hereby resolve, and it is so resolved that the prevailing Directors fees and sitting allowances shall be maintained"

PROXY FORM

I/We of
.....being member of Quality
Insurance Company Limited hereby appoint
..... or failing him/her Most Rev. Gabriel E. Kumordji, SVD Chairman of Quality Insurance
Company Limited, P. O Box MP 1252, Mamprobi, Accra as my/our proxy to vote for me/us
on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday,
5th August 2020 at 10:00 GMT.

Please indicate with an X in the space below as you wish your votes to be cast

1. Annual Report and Audited Accounts

Accept the reports and financial statements for the financial year
ended 31st December 2019.

Yes No

2. Auditors

Mandate the Board of Directors to appoint and fix the auditors fees.

Yes No

3. Dividend

Approve the non-payment of dividend for the year ended
31st December, 2019.

Yes No

4. Directors Fees and Sitting Allowance

Approve Directors' remuneration

Yes No

**5. To authorize the Company to effect all the changes in the Company's Regulations/
Constitution to make it compliant with the new Companies Act 2019 (Act 992).**

Yes No

**6. To amend the Company's Regulations/Constitution to accommodate the holding
of Annual General Meetings by electronic or virtual means where the Directors
deem it necessary to do so.**

Yes No

On any other business transacted at the meeting and otherwise instructed in the
paragraphs above, the proxy will vote as he/she thinks fit.

Signed..... this day of2020.

**1 THIS FORM SHOULD NOT BE COMPLETED AND SENT TO THE SECRETARY IF THE SENDER
WILL BE ATTENDING THE ANNUAL GENERAL MEETING**

2 A member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by
proxy. The proxy form has been prepared to enable you exercise your vote if you cannot attend.

3 Provision has been made on the form for Most Rev. Gabriel E. Kumordji, SVD, the Chairman of the meeting
to act as your proxy but if you so wish, you may insert in the blank space the name of any person whether a
member of the company or not who will attend the meeting and vote on your behalf instead of the
Chairman.

4 In the case of joint holder, each holder must sign. In case of company, the Proxy Form must be signed by a
director or its Common Seal appended.

If you intend to send a Proxy, please sign the above Proxy Form and post it to reach Quality Insurance
Company Limited not later than 3:00 pm on Tuesday 3rd August, 2020.

OUR OFFICES

HEAD OFFICE:

Postal Address: P.O.Box MP 1252,
 Mamprobi, Accra, Ghana
 Registered Office: Quality House,
 Ring Road Central, Accra, Ghana

Tel: +233(0)30 225 8125, 030 225 8130-5, 028 967 3946
 Facsimile: +233 (0)30 225 8136
 Email: headoffice@qicghana.com
 Website: www.qicghana.com

BRANCHES

ADABRAKA OFFICE

PETER'S HOUSE, ADABRAKA
 TEL: 0303968903/0302223121
 MOBILE: 0501277403
 EMAIL: adabraka@qicghana.com
 WEBSITE: www.qicghana.com

NATIONAL CATHOLIC SECRETARIAT BRANCH
 NATIONAL CATHOLIC SECRETARIAT,
 GROUND FLOOR, SHIASHIE
 TEL: 0303967543
 MOBILE: 0501409461
 EMAIL: ncs@qicghana.com
 WEBSITE: www.qicghana.com

TEMA BRANCH

DIVINE PLAZA, OFF MERIDIAN HOTEL STREET
 ADJACENT ZENITH BANK COMM 1, TEMA
 TEL: 0303215393
 MOBILE: 0501277401/0203552774
 EMAIL: tema@qicghana.com
 WEBSITE: www.qicghana.com

TAKORADI BRANCH

FIRST FLOOR, STAR OF THE SEA CATHEDRAL SHOP
 JOHN SARBAH ROAD, TAKORADI
 TEL: 0312025086
 MOBILE: 0501328567/0501328568
 EMAIL: takoradi@qicghana.com
 WEBSITE: www.qicghana.com

AHODWO, KUMASI BRANCH

APINO PLAZA, AHODWO ROUNDABOUT
 TEL: 0322040043/0322040045
 MOBILE: 0501328569/0501328570
 EMAIL: kumasi@qicghana.com
 WEBSITE: www.qicghana.com

TAMALE BRANCH

RIVOLI CINEMA ROAD
 TEL: 0372023591
 MOBILE: 0501328573/0501328576
 EMAIL: tamale@qicghana.com
 WEBSITE: www.qicghana.com

DANSOMAN BRANCH

Dansoman Hansonic Road
 Near Asoredanho
 Same premises as SG SSB
 Dansoman
 Telephone: 0303972107
 Email: dansoman@qicghana.com
 WEBSITE: www.qicghana.com

**HEAD OFFICE:**

Postal Address: P. O.Box MP 1252,
Mamprobi, Accra, Ghana
Registered Office: Quality House,
Ring Road Central, Accra, Ghana

Tel: +233(0)30 225 8125, 030 225 8130-5, 028 967 3946

Facsimile: +233 (0)30 225 8136

Email: headoffice@qicghana.com

Website: www.qicghana.com



@QICGHANA

