



# Independent Auditors' Report

To the members of SIC Insurance Company Limited

We have audited the accompanying consolidated financial statements of SIC Insurance Company Limited and its subsidiary (the Group) set out on pages 17 to 53, which comprise the statement of consolidated financial position as at 31 December 2011 and the statement of consolidated comprehensive income, consolidated statement of changes in shareholders' funds and statement of consolidated cash flow for the year then ended together with the summary of significant accounting policies and other explanatory notes, and have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.

## Directors' responsibility for the financial statements

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

## Auditors' responsibility

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

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

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

## Opinion

In our opinion, the group has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies Code 1963, (Act 179) and the Insurance Act 2006 (Act 724). The financial statements give a true and fair view of the financial position of the group as at 31 December 2011, and of its financial performance and cash flow for the year then ended and are drawn up in accordance with International Financial Reporting Standards.



## Independent auditors' report - continued

To the members of SIC Insurance Company Limited

### Report on other legal and regulatory requirements

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

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

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

A handwritten signature in blue ink, appearing to read "Deloitte, audit", with a horizontal line above it.

*Chartered Accountants  
Accra, Ghana  
30th March, 2012*

# Statement of Consolidated Comprehensive Income

For the year ended 31 December, 2011

	Note	Group 2011 GH¢	2010 GH¢	Company 2011 GH¢	2010 GH¢
Gross premium	6	79,690,362	64,042,765	79,690,362	64,042,765
Less: Reinsurances	7	(18,049,669)	(16,862,314)	(18,049,669)	(16,862,314)
<b>Net premium</b>		<b>61,640,693</b>	47,180,451	<b>61,640,693</b>	47,180,451
Claims incurred	8	(19,197,213)	(12,565,341)	(19,197,213)	(12,565,341)
Brokerage and advisory fees	9	2,582,041	1,710,372	-	-
Commissions	10	(3,372,759)	(356,897)	(3,372,759)	(356,897)
Management expenses	11	(38,812,123)	(30,744,155)	(36,319,739)	(29,138,004)
<b>Underwriting profit</b>		<b>2,840,639</b>	5,224,430	<b>2,750,982</b>	5,120,209
Investment income	12	1,552,139	1,695,111	1,510,416	1,610,638
Other income	13	3,866,162	1,718,435	3,827,940	1,717,940
Finance costs	14	(752,009)	(404,496)	(752,009)	(404,496)
<b>Profit before tax</b>		<b>7,506,931</b>	8,233,480	<b>7,337,329</b>	8,044,291
National stabilisation levy		-	(402,215)	-	(402,215)
Taxation	20(c)	(1,311,529)	(1,660,959)	(1,256,285)	(1,613,661)
<b>Profit after tax transferred to Income surplus account</b>		<b>6,195,402</b>	6,170,306	<b>6,081,044</b>	6,028,415
<b>Basic earnings per share - GH¢</b>	15	<b>0.0317</b>	0.0315	<b>0.0311</b>	0.0308

# Statement of Consolidated Financial Position

As at 31 December 2011

	Note	Group 2011 GHC	2010 GHC	Company 2011 GHC	2010 GHC
Stated capital	21	25,000,000	25,000,000	25,000,000	25,000,000
Capital surplus	22	9,316,952	9,316,952	9,316,952	9,316,952
Income surplus		22,276,271	22,142,470	21,841,221	21,629,455
Contingency reserve	23	14,892,702	12,501,991	14,892,702	12,501,991
Available-for-sale reserves	24	13,844,049	13,871,900	15,385,142	15,392,140
Minority interest		671,956	479,633	-	-
<b>Shareholders funds</b>		<b>86,001,929</b>	<b>83,312,946</b>	<b>86,436,017</b>	<b>83,840,538</b>
Represented by:					
Property, plant and equipment	25	28,418,485	19,787,444	20,078,960	19,616,142
Intangible assets	26	375,291	98,004	308,146	-
Investment properties	27	6,013,805	6,013,805	6,013,805	6,013,805
Long term investment	28	34,587,218	32,527,390	34,565,462	32,452,978
Investment in subsidiary	29	-	-	1,865,492	1,865,492
Investment in associated companies	30	5,073,215	5,073,215	5,073,215	5,073,215
		<b>74,468,014</b>	<b>63,499,858</b>	<b>67,905,080</b>	<b>65,021,632</b>
<b>Current assets</b>					
Short term investments	31	7,326,344	8,695,205	7,055,324	8,463,296
Lease deposit	32	2,344,667	1,862,856	2,344,667	1,862,856
Trade & other receivables	33	191,328,869	171,487,578	59,224,153	52,521,720
Inventories		754,479	556,994	754,480	556,993
Unearned reinsurance premium		10,951,292	7,375,194	10,951,292	7,375,194
Cash and bank balances	36	1,140,125	1,744,060	1,135,428	1,639,888
<b>Total current assets</b>		<b>213,845,776</b>	<b>191,721,887</b>	<b>81,465,344</b>	<b>72,419,947</b>
<b>Current liabilities</b>					
Unearned premium		21,222,313	18,765,244	21,222,313	18,765,244
Outstanding claims	8	3,941,657	1,792,856	3,941,657	1,792,856
Trade & other payables	34	161,292,009	143,589,921	30,061,457	25,285,635
Taxation	20	3,843,649	3,378,055	3,813,282	3,374,739
National stabilisation levy		90,693	90,693	88,309	88,309
Other current financial liabilities	35	951,590	756,875	951,590	756,875
<b>Total current liabilities</b>		<b>191,341,911</b>	<b>168,373,644</b>	<b>60,078,608</b>	<b>50,063,658</b>
Net current assets		<b>22,503,865</b>	<b>23,348,243</b>	<b>21,386,736</b>	<b>22,356,289</b>
Other non-current financial liabilities	35	-	(681,584)	-	(681,584)
Medium term loan		(8,112,632)	-		
Deferred tax	20(d)	(2,857,318)	(2,853,571)	(2,855,799)	(2,855,799)
<b>Total non-current liabilities</b>		<b>(10,969,950)</b>	<b>(3,535,155)</b>	<b>(2,855,799)</b>	<b>(3,537,383)</b>
<b>Net assets</b>		<b>86,001,929</b>	<b>83,312,946</b>	<b>86,436,017</b>	<b>83,840,538</b>

  
Chairman

  
Managing Director

# Consolidated statement of Changes in Shareholders' Funds

For the year ended 31 December 2011

Group	Stated capital GH¢	Income surplus account GH¢	Contingency reserves GH¢	Capital surplus GH¢	Available- for sale reserves GH¢	Total GH¢
Balance at 1 January 2010	2,500,000	17,893,447	10,580,708	31,816,952	(548,240)	62,242,867
Total recognised income & exp.	-	6,170,306	-	-	-	6,170,306
Transfer (from)/to reserve	22,500,000	(1,921,283)	1,921,283	(22,500,000)	-	-
Net gain on available-for-sale invest.	-	-	-	-	14,420,140	14,420,140
Transfer to equity holders	-	-	-	-	-	-
<b>Balance at 31 Dec 2010</b>	<b>25,000,000</b>	<b>22,142,470</b>	<b>12,501,991</b>	<b>9,316,952</b>	<b>13,871,900</b>	<b>82,833,313</b>
Balance at 1 January 2011	25,000,000	22,142,470	12,501,991	9,316,952	13,871,900	82,833,313
Total recognised income & exp.	-	6,195,401	-	-	-	6,195,401
Transfer (from)/to reserve	-	(2,390,711)	2,390,711	-	-	-
Net gain on available-for-sale invest.	-	-	-	-	(27,851)	(27,851)
Transfer to equity holders	-	(3,478,567)	-	-	-	(3,478,567)
Minority interest	-	(192,323)	-	-	-	-
<b>Balance at 31 Dec 2011</b>	<b>25,000,000</b>	<b>22,276,271</b>	<b>14,892,702</b>	<b>9,316,952</b>	<b>13,844,049</b>	<b>85,522,296</b>
Company	Stated capital GH¢	Income surplus account GH¢	Contingency reserves GH¢	Capital surplus GH¢	Available- for sale reserves GH¢	Total GH¢
Balance at 1 Jan. 2010	2,500,000	17,522,323	10,580,708	31,816,952	(531,093)	61,888,890
Total recognised income & exp.	-	6,028,415	-	-	-	6,028,415
Net gain on available-for-sale invest.	-	-	-	-	15,923,233	15,923,233
Transfer (from)/to reserve	22,500,000	(1,921,283)	1,921,283	(22,500,000)	-	-
Transfer to equity holders	-	-	-	-	-	-
<b>Balance at 31 Dec 2010</b>	<b>25,000,000</b>	<b>21,629,455</b>	<b>12,501,991</b>	<b>9,316,952</b>	<b>15,392,140</b>	<b>83,840,538</b>
Balance at 1 January 2011	25,000,000	21,629,455	12,501,991	9,316,952	15,392,140	83,840,538
Total recognised income & exp.	-	6,081,044	-	-	-	6,081,044
Transfer (from)/to reserve	-	(2,390,711)	2,390,711	-	(6,998)	(6,998)
Net gain on available-for-sale invest.	-	-	-	-	-	-
Transfer to equity holders	-	(3,478,567)	-	-	-	(3,478,567)
<b>Balance at 31 Dec 2011</b>	<b>25,000,000</b>	<b>21,841,221</b>	<b>14,892,702</b>	<b>9,316,952</b>	<b>15,385,142</b>	<b>86,436,017</b>

# Statement of consolidated cash flow

For the year ended 31 December 2011

	Group 2011 GH¢	2010 GH¢	Company 2011 GH¢	2010 GH¢
<b>Operating activities</b>				
Operating profit	7,506,930	8,233,480	7,337,329	8,044,291
	7,506,930	8,233,480	7,337,329	8,044,291
<b>Adjustment to reconcile profit before tax to net cash flows</b>				
<b>Non-cash:</b>				
Depreciation	1,518,522	1,456,459	1,428,196	1,390,336
Amortisation of intangible assets	311,773	149,209	261,829	118,155
Available-for-sale reserve	(27,851)	14,420,140	(6,998)	15,923,233
Profit on disposal of property, plant & equipment	143,114	(170,643)	143,114	(170,643)
Interest received	(378,668)	(974,355)	(378,668)	(889,882)
Dividend received	(1,173,471)	(720,756)	(1,131,748)	(720,756)
<b>Working capital adjustments:</b>				
Increase in provision for unearned premium	2,457,069	2,312,939	2,457,069	2,312,939
(Increase)/decrease in receivables	(19,841,291)	(57,706,860)	(6,702,433)	(6,102,243)
Increase in inventories	(197,485)	(33,212)	(197,487)	(33,211)
Increase/(decrease) in trade & other payables	17,702,088	47,099,643	4,775,822	(4,090,059)
(Decrease)/increase in provision for claims	2,148,801	(1,261,980)	2,148,801	(1,261,980)
Increase in lease obligations	(486,869)	631,426	(486,869)	631,426
Increase in lease deposits	(481,811)	(301,927)	(481,811)	(301,927)
Increase in unearned reinsurance premium	(3,576,098)	(2,085,736)	(3,576,098)	(2,085,736)
Increase in deferred taxation	3,747	-	-	-
Tax paid	(845,935)	(1,276,747)	(817,742)	(1,243,300)
National stabilisation levy paid	-	(269,792)	-	(269,792)
<b>Net cash used in operating activities</b>	<b>4,782,565</b>	<b>9,501,288</b>	<b>4,772,306</b>	<b>11,250,851</b>
<b>Investing activities</b>				
Acquisition of property, plant and equipment	(11,950,365)	(2,838,908)	(3,691,816)	(2,725,496)
Acquisition of intangible assets	(589,060)	(81,594)	(569,975)	-
Proceeds from sale of property, plant and equipment	1,657,688	170,643	1,657,688	170,643
<b>Net cash used/flow from investing activities</b>	<b>(10,881,737)</b>	<b>(2,749,859)</b>	<b>(2,604,103)</b>	<b>(2,554,853)</b>
<b>Financing activities</b>				
Purchase of long term investments	(2,059,828)	(14,380,004)	(2,112,484)	(15,900,245)
Dividend received	1,173,471	720,756	1,131,748	720,756
Interest received	378,668	974,355	378,668	889,882
Dividend paid	(3,478,567)	-	(3,478,567)	-
Medium term loan	8,112,632	-	-	-
<b>Net cash used in servicing of finance</b>	<b>4,126,376</b>	<b>(12,684,893)</b>	<b>(4,080,635)</b>	<b>(14,289,607)</b>
Changes in cash and cash equivalents	(1,972,796)	(5,933,464)	(1,912,432)	(5,593,609)
Cash at 1 January	10,439,265	16,372,729	10,103,184	15,696,793
Cash at 31 December	8,466,469	10,439,265	8,190,752	10,103,184
<b>Analysis of changes in cash and cash equivalents</b>				
Cash and bank	1,140,125	1,744,060	1,135,428	1,639,888
Short term investments	7,326,344	8,695,205	7,055,324	8,463,296
	8,466,469	10,439,265	8,190,752	10,103,184