



Accountants &  
business advisers

# 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 21 to 55, which comprise the statement of consolidated financial position as at 31 December 2012 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, and a summary of significant accounting policies and other explanatory notes.

## Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Code 1963, (Act 179) and the Insurance Act. 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 Consolidated Financial Statements give a true and fair view of the financial position of the Group as at December 31, 2012 and of its financial performance and cash flow for the year then ended in accordance with International Finance Reporting Standards and comply with the Companies Code 1963, (Act 179) and the Insurance Act 2006 (Act 724).





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# Independent Auditors' Report - continued

To the members of SIC Insurance Company Limited

## Report on other legal and regulatory requirements

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

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

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

**Eric Sowatei Tettefio**

**for: PKF**

*Chartered Accountants*

*20 Farrar Avenue*

*Adabraka - Accra*

*28-Mar-13*

# Statement of Consolidated Comprehensive Income

For the year ended 31 December, 2012

	Note	Group 2012 GH¢	2011 GH¢	Company 2012 GH¢	2011 GH¢
Gross premium	6	98,992,058	79,690,362	98,992,058	79,690,362
Less: Reinsurances	7	(22,681,984)	(18,049,669)	(22,681,984)	(18,049,669)
<b>Net premium</b>		<b>76,310,074</b>	<b>61,640,693</b>	<b>76,310,074</b>	<b>61,640,693</b>
Claims incurred	8	(25,993,785)	(19,197,213)	(25,993,785)	(19,197,213)
Brokerage and advisory fees	9	11,568,510	2,582,041	-	-
Commissions	10	(3,720,689)	(3,372,759)	(3,720,689)	(3,372,759)
Management expenses	11	(47,566,134)	(38,812,123)	(45,073,829)	(36,319,739)
<b>Underwriting profit</b>		<b>10,597,976</b>	<b>2,840,639</b>	<b>1,521,771</b>	<b>2,750,982</b>
Investment income	12	4,754,112	1,552,139	4,711,094	1,510,416
Other income	13	6,754,733	3,866,162	6,394,348	3,827,940
Finance costs	14	(460,004)	(752,009)	(460,004)	(752,009)
Bad debts write off		(19,702,060)	-	(19,702,060)	-
<b>Profit before tax</b>		<b>1,944,757</b>	<b>7,506,931</b>	<b>(7,534,851)</b>	<b>7,337,329</b>
National stabilisation levy		-	-	-	-
Taxation	20(c)	(3,919,012)	(1,311,529)	(1,499,539)	(1,256,285)
		-	-	-	-
<b>Profit after tax transferred to Income surplus account</b>		<b>(1,974,255)</b>	<b>6,195,402</b>	<b>(9,034,390)</b>	<b>6,081,044</b>
<b>Amount attributable to:</b>					
Equity holders of the parent		(4,092,296)	4,336,781	-	-
Non-controlling interest		2,118,041	1,858,621	-	-
		(1,974,255)	6,195,402	-	-
<b>Other comprehensive income</b>					
Net change in fair value of available for sale financial assets		(6,279,963)	(27,851)	(6,320,086)	(6,998)
		(8,254,218)	6,167,551	(15,354,476)	6,074,046

# Statement of consolidated financial position

As at 31 December 2012

	Note	Group		Company	
		2012 GH¢	2011 GH¢	2012 GH¢	2011 GH¢
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		11,735,646	22,276,271	6,358,503	21,841,221
Contingency reserve	23	17,862,463	14,892,702	17,862,463	14,892,702
Available-for-sale reserves	24	7,564,086	13,844,049	9,065,056	15,385,142
Minority interest		2,789,997	671,956	-	-
<b>Shareholders funds</b>		<b>74,269,144</b>	<b>86,001,930</b>	<b>67,602,974</b>	<b>86,436,017</b>
<b>Represented by:</b>					
Property, plant and equipment	25	51,431,558	28,418,485	20,705,182	20,078,960
Intangible assets	26	511,523	375,291	482,451	308,146
Investment properties	27	6,085,128	6,013,805	6,085,128	6,013,805
Long term investment	28	31,451,637	34,587,218	31,292,049	34,565,462
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>94,553,061</b>	<b>74,468,014</b>	<b>65,503,517</b>	<b>67,905,080</b>
<b>Current assets</b>					
Short term investments	31	8,989,767	7,326,344	8,918,618	7,055,324
Lease deposit	32	341,692	2,344,667	341,692	2,344,667
Trade & other receivables	33	173,867,932	191,328,869	41,243,315	59,224,153
Inventories		559,204	754,480	559,204	754,480
Unearned reinsurance premium		14,492,646	10,951,292	14,492,646	10,951,292
Cash and bank balances	36(a)	11,178,887	1,140,125	11,012,912	1,135,428
<b>Total current assets</b>		<b>209,430,128</b>	<b>213,845,777</b>	<b>76,568,387</b>	<b>81,465,344</b>
<b>Current liabilities</b>					
Bank overdraft	36(b)	9,139,564	-	9,139,564	-
Unearned premium	5	32,195,883	21,222,313	32,195,883	21,222,313
Outstanding claims	8	10,989,466	3,941,657	10,989,466	3,941,657
Trade & other payables	34	148,606,259	161,292,009	17,198,255	30,061,457
Taxation	20	4,158,182	3,843,649	1,739,578	3,813,282
National stabilisation levy		-	90,693	-	88,309
Other current financial liabilities	35	350,385	951,590	350,385	951,590
<b>Total current liabilities</b>		<b>205,439,739</b>	<b>191,341,911</b>	<b>71,613,131</b>	<b>60,078,608</b>
<b>Net current assets</b>		<b>3,990,389</b>	<b>22,503,866</b>	<b>4,955,256</b>	<b>21,386,736</b>
Medium term loan		(13,413,563)	(8,112,632)		
Bonds		(8,014,988)			
Deferred tax	20(d)	(2,845,755)	(2,857,318)	(2,855,799)	(2,855,799)
<b>Total non-current liabilities</b>		<b>(24,274,306)</b>	<b>(10,969,950)</b>	<b>(2,855,799)</b>	<b>(2,855,799)</b>
<b>Net assets</b>		<b>74,269,144</b>	<b>86,001,930</b>	<b>67,602,974</b>	<b>86,436,017</b>



Max Cobbina  
Chairman



Doris Awo Nkani  
Managing Director

# Consolidated statement of changes in shareholders' funds

For the year ended 31 December 2012

Group	Stated capital GHC	Income surplus account GHC	Contingency reserves GHC	Capital surplus GHC	Available-for sale reserves GHC	Non Controlling Interest GHC	Total GHC
Balance at 1 January 2011	25,000,000	22,142,470	12,501,991	9,316,952	13,871,900	479,633	<b>83,312,946</b>
Total recognised income & exp.	-	6,195,401	-	-	-	-	<b>6,195,401</b>
Transfer (from)/to reserve	-	(2,390,711)	2,390,711	-	-	-	-
Net gain on available-for-sale invest.	-	-	-	-	(27,851)	-	<b>(27,851)</b>
Transfer to equity holders	-	(3,478,567)	-	-	-	-	<b>(3,478,567)</b>
Non-Controlling Interest	-	(192,323)	-	-	-	192,323	-
Balance at 31 Dec 2011	25,000,000	22,276,270	14,892,702	9,316,952	13,844,049	671,956	<b>86,001,929</b>
Balance at 1 January 2012	25,000,000	22,276,270	14,892,702	9,316,952	13,844,049	671,956	<b>86,001,929</b>
Total recognised income & exp.	-	(1,974,255)	-	-	-	-	<b>(1,974,255)</b>
Transfer (from)/to reserve	-	(2,969,761)	2,969,761	-	-	-	-
Net gain on available-for-sale invest.	-	-	-	-	(6,279,963)	-	<b>(6,279,963)</b>
Transfer to equity holders	-	(3,478,567)	-	-	-	-	<b>(3,478,567)</b>
Minority interest	-	(2,118,041)	-	-	-	2,118,041	-
Balance at 31 Dec. 2012	25,000,000	11,735,646	17,862,463	9,316,952	7,564,086	2,789,997	<b>74,269,144</b>
Company	Stated capital GHC	Income surplus account GHC	Contingency reserves GHC	Capital surplus GHC	Available-for sale reserves GHC	Non Controlling Interest GHC	Total GHC
Balance at 1 Jan. 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
Net gain on available-for-sale invest.	-	-	-	-	(6,998)	-	(6,998)
Transfer (from)/to reserve	-	(2,390,711)	2,390,711	-	-	-	-
Transfer to equity holders	-	(3,478,567)	-	-	-	-	(3,478,567)
Balance at 31 Dec 2011	25,000,000	21,841,221	14,892,702	9,316,952	15,385,142	-	86,436,017
Balance at 1 January 2012	25,000,000	21,841,221	14,892,702	9,316,952	15,385,142	-	86,436,017
Total recognised income & exp.	-	(9,034,390)	-	-	-	-	(9,034,390)
Transfer (from)/to reserve	-	(2,969,761)	2,969,761	-	-	-	-
Net gain on available-for-sale invest.	-	-	-	-	(6,320,086)	-	(6,320,086)
Transfer to equity holders	-	(3,478,567)	-	-	-	-	(3,478,567)
Balance at 31 Dec 2012	25,000,000	6,358,503	17,862,463	9,316,952	9,065,056	-	67,602,974

# Statement of consolidated cash flow

For the year ended 31 December 2012

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>GHC</b>	GHC	<b>GHC</b>	GHC
<b>Operating activities</b>				
Operating profit	<b>1,944,757</b>	7,506,931	<b>(7,534,851)</b>	7,337,329
	<b>1,944,757</b>	7,506,931	<b>(7,534,851)</b>	7,337,329
<b>Adjustment to reconcile profit before tax to net cash flows</b>				
<b>Non-cash:</b>				
Depreciation	<b>1,552,376</b>	1,518,522	<b>1,451,386</b>	1,428,196
Amortisation of intangible assets	<b>401,296</b>	311,773	<b>371,582</b>	261,829
Profit on disposal of property, plant & equipment	<b>(76,705)</b>	143,114	<b>(76,705)</b>	143,114
Available-for-sale reserve	<b>(6,279,963)</b>	(27,851)	<b>(6,320,086)</b>	(6,998)
Interest received	<b>(3,042,932)</b>	(378,668)	<b>(2,999,914)</b>	(378,668)
Dividend received	<b>(1,711,180)</b>	(1,173,471)	<b>(1,711,180)</b>	(1,131,748)
<b>Working capital adjustments:</b>				
(Increase)/decrease in receivables	<b>17,460,937</b>	(19,841,291)	<b>17,980,838</b>	(6,702,433)
Increase in inventories	<b>195,275</b>	(197,485)	<b>195,276</b>	(197,487)
Increase in unearned reinsurance premium	<b>(3,541,354)</b>	(3,576,098)	<b>(3,541,354)</b>	(3,576,098)
Increase in lease deposits	<b>2,002,975</b>	(481,811)	<b>2,002,975</b>	(481,811)
Increase/(decrease) in trade & other payables	<b>(12,768,182)</b>	17,702,088	<b>(14,869,283)</b>	4,775,822
Increase in provision for unearned premium	<b>10,973,570</b>	2,457,069	<b>10,973,570</b>	2,457,069
(Decrease)/increase in provision for claims	<b>7,047,809</b>	2,148,801	<b>7,047,809</b>	2,148,801
Increase in lease obligations	<b>(601,205)</b>	(486,869)	<b>(601,205)</b>	(486,869)
Increase in deferred taxation	<b>(11,563)</b>	3,747	-	-
Tax paid	<b>(3,612,739)</b>	(845,935)	<b>(2,081,259)</b>	(817,742)
<b>Net cash used in operating activities</b>	<b>9,933,172</b>	4,782,565	<b>287,598</b>	4,772,306
<b>Investing activities</b>				
Acquisition of property, plant and equipment	<b>(24,565,450)</b>	(11,950,365)	<b>(2,077,608)</b>	(3,691,816)
Acquisition of intangible assets	<b>(537,528)</b>	(589,060)	<b>(191,421)</b>	(569,975)
Proceeds from sale of property, plant and equipment	<b>76,705</b>	1,657,688	<b>76,705</b>	1,657,688
Investment properties	<b>(71,323)</b>	-	-	-
<b>Net cash used/flow from investing activities</b>	<b>(25,097,596)</b>	(10,881,737)	<b>(2,192,324)</b>	(2,604,103)

# Statement of consolidated cash flow

For the year ended 31 December 2012 - continued

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>GHC</b>	GHC	<b>GHC</b>	GHC
<b>Financing activities</b>				
Purchase of long term investments	<b>3,135,581</b>	(2,059,828)	<b>3,273,413</b>	(2,112,484)
Dividend received	<b>1,711,180</b>	1,173,471	<b>1,711,180</b>	1,131,748
Interest received	<b>3,042,932</b>	378,668	<b>2,999,914</b>	378,668
Dividend paid	<b>(3,478,567)</b>	(3,478,567)	<b>(3,478,567)</b>	(3,478,567)
Bonds issued	<b>8,014,988</b>	-		
Medium term loan	<b>5,300,931</b>	8,112,632	-	-
<b>Net cash used in servicing of finance</b>	<b>17,727,045</b>	4,126,376	<b>4,505,940</b>	(4,080,635)
Changes in cash and cash equivalents	<b>2,562,621</b>	(1,972,796)	<b>2,601,214</b>	(1,912,432)
Cash at 1 January	<b>8,466,469</b>	10,439,265	<b>8,190,752</b>	10,103,184
Cash at 31 December	<b>11,029,090</b>	8,466,469	<b>10,791,966</b>	8,190,752
<b>Analysis of changes in cash and cash equivalents</b>				
Cash and bank	<b>11,178,887</b>	1,140,125	<b>11,012,912</b>	1,135,428
Bank overdraft	<b>(9,139,564)</b>		<b>-9,139,564</b>	
Short term investments	<b>8,989,767</b>	7,326,344	<b>8,918,618</b>	7,055,324
	<b>11,029,090</b>	8,466,469	<b>10,791,966</b>	8,190,752

