

Independent Auditors' Report

To the members of SIC Insurance Company Limited

We have audited the financial statements of SIC Insurance Company Limited, which comprise the statements of financial position at 31 December 2013, statements of comprehensive income, changes in equity and cash flows 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 Act 1963, (Act 179) and the Insurance Act, 2006 (Act 724). 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 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' judgment, 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

Directors, 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 financial statements give a true and fair view of the consolidated and separate financial position of SIC Insurance Company Limited at 31 December, 2013, and its consolidated and separate 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, 1963 (Act 179) and the Insurance Act, 2006 (Act 724).

Independent Auditors' Report - continued

To the members of SIC Insurance Company Limited

Report on other legal and regulatory requirements

The Companies Act, 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 account have been kept and the statements of financial position and comprehensive income are in agreement with the books of account;

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.



Signed By: Eric Sowatei Tettefio (ICAG/P/1088)

For and on behalf of PKF (ICAG/F/039)

Chartered Accountants

20 Farrar Avenue

Accra

9th April 2014

Statement of Consolidated Comprehensive Income

For the year ended 31 December, 2013

	Note	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Gross premium	6	98,181,730	98,992,058	98,181,730	98,992,058
Less: Reinsurances	7	(32,527,447)	(22,681,984)	(32,527,447)	(22,681,984)
Net premium		65,654,283	76,310,074	65,654,283	76,310,074
Claims incurred	8	(20,787,537)	(25,993,785)	(20,787,537)	(25,993,785)
Brokerage and advisory fees	9	3,059,896	11,568,510	-	-
Commissions	10	1,283,356	(3,720,689)	1,283,356	(3,720,689)
Management expenses	11	(43,743,422)	(47,566,134)	(40,519,795)	(45,073,829)
Underwriting profit		5,466,576	10,597,976	5,630,307	1,521,771
Investment income	12	5,069,874	4,754,112	4,944,808	4,711,094
Other income	13	4,339,770	6,754,733	3,758,295	6,394,348
Finance costs	14	(1,500,723)	(460,004)	(1,500,723)	(460,004)
Bad debts write off		(7,976,682)	(19,702,060)	(7,976,682)	(19,702,060)
Restructuring Expenses		(4,292,882)	-	(4,292,882)	-
Profit before tax		1,105,933	1,944,757	563,123	(7,534,851)
National stabilisation levy		(14,875)	-	(14,875)	-
Taxation	20(c)	(82,453)	(3,919,012)	46,404	(1,499,539)
Profit after tax transferred to Income surplus account		1,008,605	(1,974,255)	594,652	(9,034,390)
Amount Attributable to:					
Equity holders of the parent		884,419	(4,092,296)	-	-
Non-Controlling Interest		124,186	2,118,041	-	-
		1,008,605	(1,974,255)	-	-
Other Comprehensive Income					
Net change in fair value of available for sale financial assets		5,273,873	(6,279,963)	5,174,470	(6,320,086)
		5,273,873	(6,279,963)	5,174,470	(6,320,086)
Basic earnings per share - GH¢	14	0.0052	(0.0101)	0.0030	(0.0462)

Statement of Consolidated Financial Position

As at 31 December 2013

	Note	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 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		9,674,613	11,735,646	4,007,703	6,358,503
Contingency reserve	23	20,807,915	17,862,463	20,807,915	17,862,463
Available-for-sale reserves	24	12,837,959	7,564,086	14,239,526	9,065,056
Minority interest		2,914,183	2,789,997	-	-
Shareholders funds		80,551,622	74,269,144	73,372,096	67,602,974
Represented by:					
Property, plant and equipment	25	20,315,349	51,431,558	20,328,951	20,705,182
Intangible assets	26	577,210	511,523	577,170	482,451
Investment properties	27	6,085,128	6,085,128	6,085,128	6,085,128
Long term investment	28	35,136,428	31,451,637	34,730,652	31,292,049
Investment in subsidiary	29	-	-	1,585,715	1,865,492
Investment in associated companies	30	5,073,215	5,073,215	5,073,215	5,073,215
		67,187,330	94,553,061	68,380,831	65,503,517
Current assets					
Short term investments	31	14,450,815	8,989,767	14,145,216	8,918,618
Lease deposit	32	281,062	341,692	281,062	341,692
Trade & other receivables	33	44,613,283	173,867,932	34,221,166	41,243,315
Inventories		627,806	559,204	627,806	559,204
Unearned reinsurance premium		25,154,930	14,492,646	25,154,930	14,492,646
Cash and bank balances	36a	9,335,432	11,178,887	8,999,605	11,012,912
Total current assets		94,463,328	209,430,128	83,429,785	76,568,387
Current liabilities					
Bank Overdraft	36b	6,017,270	9,139,564	6,017,270	9,139,564
Unearned premium	5	45,911,302	32,195,883	45,911,302	32,195,883
Outstanding claims	8	9,824,969	10,989,466	9,824,969	10,989,466
Trade & other payables	34	12,436,141	148,606,259	12,236,332	17,198,255
Taxation	19(a)	4,093,778	4,158,182	1,613,703	1,739,578
National stabilisation levy		-	-	-	-
Other current financial liabilities	35	269,891	350,385	269,891	350,385
Total current liabilities		78,553,351	205,439,739	75,873,467	71,613,131
Net current assets		15,909,977	3,990,389	7,556,318	4,955,256
Other non-current financial liabilities					
Medium term loan	35	-	(13,413,563)	-	-
Bonds		-	(8,014,988)	-	-
Deferred tax	20(d)	(2,545,685)	(2,845,755)	(2,565,054)	(2,855,799)
Total non-current liabilities		(2,545,685)	(24,274,306)	(2,565,054)	(2,855,799)
Net assets		80,551,622	74,269,144	73,372,096	67,602,974



Mrs. Felicity Acquah
Board Chairperson



Mrs. Doris Awo Nkani
Managing Director

Consolidated Statement of Changes in Shareholders' Funds

For the year ended 31 December 2013

Group	Stated capital GH¢	Income surplus account GH¢	Contingency reserves GH¢	Capital surplus GH¢	Available-for sale reserves GH¢	Non- Controlling Interest GH¢	Total GH¢
Bal. at 1 Jan. 2012	25,000,000	22,276,270	14,892,702	9,316,952	13,844,049	671,956	86,001,929
Total recognised inc & exp.	-	(1,974,255)	-	-	-	-	(1,974,255)
Transfer (from)/to reserve	-	(2,969,761)	2,969,761	-	-	-	-
Net gain on avai-for-sale invest.	-	-	-	-	(6,279,963)	-	(6,279,963)
Transfer to equity holders	-	(3,478,567)	-	-	-	-	(3,478,567)
Minority Interest	-	(2,118,041)	-	-	-	2,118,041	-
Bal. at 31 Dec 2012	25,000,000	11,735,646	17,862,463	9,316,952	7,564,086	2,789,997	74,269,144
Bal at 1 Jan 2013	25,000,000	11,735,646	17,862,463	9,316,952	7,564,086	2,789,997	74,269,144
Total recognised inc & exp.	-	1,008,605	-	-	-	-	1,008,605
Transfer (from)/to reserve	-	(2,945,452)	2,945,452	-	-	-	-
Net gain on avai-for-sale invest.	-	-	-	-	5,273,873	-	5,273,873
Transfer to equity holders	-	-	-	-	-	-	-
Minority interest	-	(124,186)	-	-	-	124,186	-
Bal at 31 Dec 2013	25,000,000	9,674,613	20,807,915	9,316,952	12,837,959	2,914,183	80,551,622
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. 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)	
Net gain on available-for-sale invest.	-	-	-	-	(6,320,086)	(6,320,086)	
Transfer (from)/to reserve	-	(2,969,761)	2,969,761	-	-	-	
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	
Balance at 1 January 2013	25,000,000	6,358,503	17,862,463	9,316,952	9,065,056	67,602,974	
Total recognised income & exp.	-	594,652	-	-	-	594,652	
Transfer (from)/to reserve	-	(2,945,452)	2,945,452	-	5,174,470	5,174,470	
Net gain on available-for-sale invest.	-	-	-	-	-	-	
Transfer to equity holders	-	-	-	-	-	-	
Balance at 31 Dec 2013	25,000,000	4,007,703	20,807,915	9,316,952	14,239,526	73,372,096	

Statement of Consolidated Cash Flow

For the year ended 31 December 2013

	Group 2013 GH¢	2012 GH¢	Company 2013 GH¢	2012 GH¢
Operating activities				
Operating profit	1,105,933	1,944,757	563,123	(7,534,851)
	1,105,933	1,944,757	563,123	(7,534,851)
Adjustment to reconcile profit before tax to net cash flows				
Non-cash:				
Depreciation	1,210,827	1,552,376	1,128,839	1,451,386
Amortisation of intangible assets	235,555	401,296	204,523	371,582
Available-for-sale reserve	5,273,873	(6,279,963)	5,174,470	(6,320,086)
Profit on disposal of property, plant & equipment	(178,444)	(76,705)	(178,444)	(76,705)
Interest received	(2,627,403)	(3,042,932)	(2,502,337)	(2,999,914)
Dividend received	(2,442,471)	(1,711,180)	(2,442,471)	(1,711,180)
Working capital adjustments:				
Increase/(Decrease) in provision for unearned premium	13,715,419	10,973,570	13,715,419	10,973,570
(Increase)/decrease in receivables	129,254,649	17,460,937	7,022,149	17,980,838
Increase in inventories	(68,602)	195,275	(68,602)	195,276
Increase/(decrease) in trade & other payables	(136,179,443)	(12,779,745)	(4,961,923)	(14,869,283)
(Decrease)/increase in provision for claims	(1,164,497)	7,047,809	(1,164,497)	7,047,809
Increase in lease obligations	(80,494)	(601,205)	(80,494)	(601,205)
Increase in lease deposits	60,630	2,002,975	60,630	2,002,975
Increase in unearned reinsurance premium	(10,662,284)	(3,541,354)	(10,662,284)	(3,541,354)
Tax paid	(452,477)	(3,612,739)	(385,090)	(2,081,259)
National stabilisation levy paid	-	-	-	-
Net cash used in operating activities	(2,999,229)	9,933,172	5,423,011	287,599
Investing activities				
Acquisition of property, plant and equipment	31,116,209	(24,565,450)	(752,607)	(2,077,608)
Acquisition of intangible assets	(301,242)	(537,528)	(299,242)	(191,421)
Proceeds from sale of property, plant and equipment	178,444	76,705	178,444	76,705
Investment properties	-	(71,323)	-	-
Purchase of long term investments	(4,895,618)	3,135,581	(3,158,829)	3,273,413
Dividend received	2,442,471	1,711,180	2,442,471	1,711,180
Interest received	2,627,403	3,042,932	2,502,337	2,999,914
Net cash used/flow from investing activities	31,167,667	(17,207,903)	912,574	5,792,183
Financing activities				
Dividend paid	-	(3,478,567)	-	(3,478,567)
Bonds Issued	(8,014,988)	8,014,988	-	-
Medium term loan	(13,413,563)	5,300,931	-	-
Net cash used in servicing of finance	(21,428,551)	9,837,352	-	(3,478,567)
Changes in cash and cash equivalents	6,739,887	2,562,621	6,335,585	2,601,215
Cash at 1 January	11,029,090	8,466,469	10,791,966	8,190,752
Cash at 31 December	17,768,977	11,029,090	17,127,551	10,791,967
Analysis of changes in cash and cash equivalents				
Cash and bank	9,335,432	11,178,887	8,999,605	11,012,912
Bank Overdraft	(6,017,270)	(9,139,564)	(6,017,270)	(9,139,564)
Short term investments	14,450,815	8,989,767	14,145,216	8,918,618
	17,768,977	11,029,090	17,127,551	10,791,966