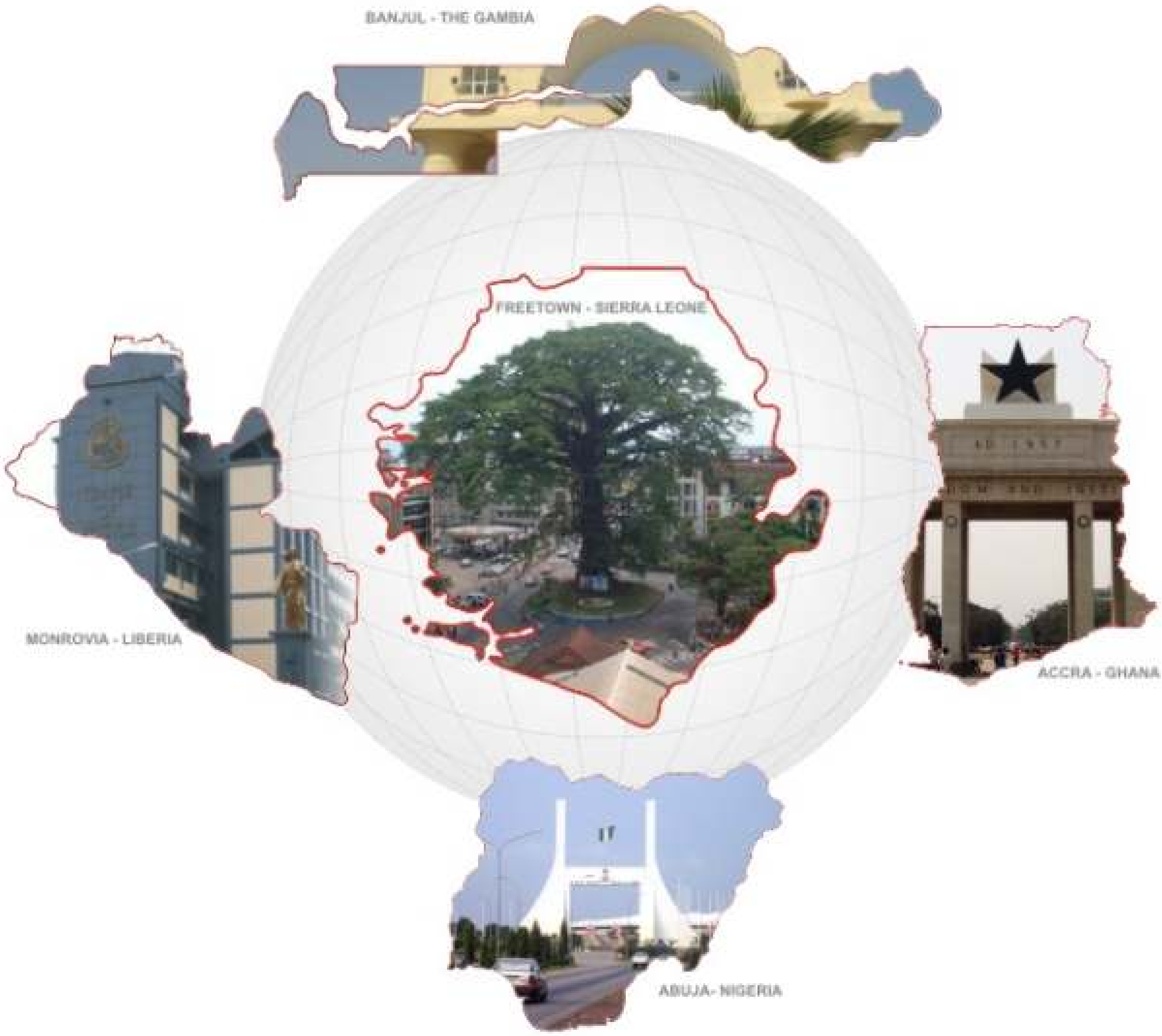
2013

ANNUAL REPORT & ACCOUNTS



WAICA RE

WAICA REINSURANCE CORPORATION PLC

WAICA Re

WAICA REINSURANCE CORPORATION PLC

Headquarters:
Maritime House (2nd Floor)
Government Wharf
Wallace Johnson Street
Freetown, Sierra Leone

Tel: + 232 (0) 76309093 (Sierra Leone)
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info@waicare.com
Website:www.waicare.com

A Sub-Regional Financial Sector Initiative

CORE VALUES

Professionalism

Speed, Team Spirit, Integrity

Commitment

Creating a World - Class Reinsurance Company
by providing
Capacity on a financially sound footing

WAICA Re, "Surely Reinsured"

Contents Pages

The Chairman's Statement For The Year Ended 31st December, 2013

Distinguished shareholders, fellow Board members, representatives of regulatory bodies here present, distinguished ladies and gentlemen.

I welcome you all to this 2nd Annual General Meeting and ask that you accept the assurance of my highest consideration. To our new shareholders, I give you a special welcome to the WAICA Re family.

On behalf of the board of directors of your esteemed company, I am delighted to present to you the Corporation's annual report and audited accounts for the year ended 31st December, 2013.

▪ **Kofi Duffuor**
(Chairman)

GLOBAL ECONOMIC DEVELOPMENT

The global economic recovery continued during the year 2013, but at a slow pace in the face of challenging diversities and downside risk to growth prospects across regions. Advanced economies strengthened gradually through the year, but growth in emerging market economies weakened slightly in response to policy uncertainties in the advanced economies, particularly the United States of America.

The uncertainties concerning the commencement of tapering in asset purchases in the U.S, alongside weakening economic conditions in some economies, spurred reversal of capital flows and volatility in currency and equity markets across many emerging and developing countries in 2013. The fallouts have been severe in some countries leading to depreciation of currencies against the US dollar.

Although Europe appears to be finally out of its recession, it is growing more slowly than projected. Greece, which has been at the center of the blocks banking and debt crises, is expected to record its first economic expansion in six years. Meanwhile Japan seems to be responding well to policy stimulus. China and other emerging markets which have become increasingly important in the global economy and for Sub-Saharan Africa in particular, have shown signs of slowing down.

While the global economy grew by 3%, Sub-Saharan African economies grew by an average of 5%, a rate that is equivalent to the 70th percentile of the distribution of growth forecasts across IMF member countries. Growths were particularly strong in mineral exporting and low income countries including La Cote D'voire, Democratic Republic of Congo, Mozambique, Rwanda, Sierra Leone, among others. Among the domestic factors that dampened growth in oil producing countries were delays in budget execution in Angola, and increased production problems in Nigeria that led to the temporary shut-down of some operations.

WAICA MEMBER ECONOMIES IN 2013

NIGERIA

Nigeria's growth was robust with GDP of 6.81% which compares favourably to the 2012 GDP of 6.58 percent. Non-oil growth was in the areas of wholesale and retail trade, agriculture and telecommunication. Electricity production also saw some improvement and provided impetus for improved economic activity.
Inflation remained on target with a downward trend which commenced in December 2012 and continued throughout the year. The year on year headline inflation fell consistently from 9.5% at the

beginning of the year to 8.0% in December 2013. Interest rates remained within target, oscillating in tandem with the level of liquidity in the banking system. The weighted average inter-bank call and OBB rates closed the year at 10.86% and 10.46% respectively.
The year-end exchange rate was officially 157.61 Naira to $1 but Forex Bureau rate was 172 Naira to $1

GHANA

While Ghana recorded a GDP growth of 7.4%, there were some worsening economic indicators during the year with the Cedi depreciating by 14.6% against the US Dollar and inflation moving back into double digits from 8.8% in 2012 to close the year at 13.5% in 2013. Export receipts from cocoa and gold declined by $1.3 billion while individual remittances declined by 4.3% year on year to $1.7 billion. The 91 day Treasury bill rate was as high as 19.5% while overall the Balance of Payment deficit was $1.2 billion.

SIERRA LEONE

Probably the most impressive economic performance in Africa was recorded in Sierra Leone with a GDP growth of 20.1% in 2013 brought about by the mining, construction and manufacturing sectors. Gross external reserves position as at December 31 was $474.96m.

The Leone remained relatively stable throughout the year starting at Le 4325.94 to $1 and closing at Le 4328.6 to $1 by December 2013. The overall fiscal deficit was Le 342 billion in December 2013 (1.9% of GDP). The year also saw a sharp fall in interest rates with the 91 day Treasury bill plummeting from 18.83% in December 2012 to 3.39% in December 2013. Inflation was 8.2%.

THE GAMBIA

Real GDP growth of the Gambian economy for 2013 was 5.6% compared to 6.1% in 2012 and the contraction of 4.3% of 2011. The 2013 growth was spearheaded by agriculture, industry and services. The overall budget deficit was $2.7 billion. Yields on Treasury bills and Sukuk al-salaam were 15.85% and 15.84% respectively.

Consumer price inflation increased to 5.6% in December, 2013 from 4.9 % in 2012. As a result of reduced foreign exchange receipt, coupled with strong domestic demand owing to the liquidity in the economy, the Dalasi depreciated against the US dollar by 14.8%, Euro 21% and Pound Sterling 14.7% as at the end of December, 2013.

LIBERIA

Liberia's domestic growth remained strong with real GDP of 8.1% in 2013 led by the mining and panning, manufacturing, services and forestry sectors. There was however a depreciation of the Liberian dollar vis-à-vis the US dollar by 12.9%; that is, L$ 81.88 to $1 at end of December, 2013 compared to L$72.50 to $1 at end of 2012. The causes were as follows: a deteriorating terms of trade (TOT), growing demand for imports and declining net inward remittances. During the year, inflation remained in single digit despite the exchange rate pressures. At the end of December 2013, average annual headline inflation slightly increased to 7.6% from 6.9% in 2012 due largely to rise in the prices of imported food items.

Liberia's Balance of Payment (BOP) recorded an overall deficit of US$ 176.8 million in 2013, from a revised surplus of US$43.7 million in 2012. The deterioration was mainly driven by a widening of the current account deficit by 13.2%. Interest rates generally showed an upward trend with commercial banks charging between 13.74% to 14.31% on loans.

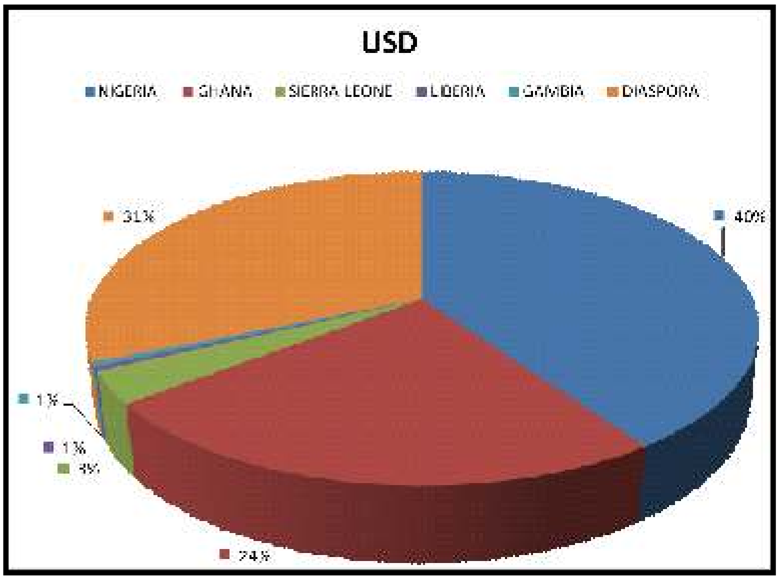
WAICA RE'S FINANCIAL PERFORMANCE

Real progress has been made since our last AGM a year ago but we have only just begun. There is so much more to do this year and the years to come. I am therefore, excited to report to you that your esteemed Corporation delivered another sterling performance in 2013 which established us as a strong player in the African insurance industry. The Corporation's achievements in 2013 were far in excess of its five-year strategic objectives and with a strong Balance Sheet, we can only expect a brighter future.

Your Corporation recorded very impressive results as premium income grew by 122% from $7,169,345 in 2012 to $15,922,737 in 2013. While we continue to expand our frontiers across Africa and beyond, WAICA member countries remained key to our operations. The distribution of premium income across various markets is shown in the table below.

PREMIUM INCOME BY COUNTRY

COUNTRY	USD
NIGERIA	6,425,049.00
GHANA	3,848,316.00
SIERRA LEONE	525,028.00
LIBERIA	65,004.00
GAMBIA	74,910.00
DIASPORA	4,984,429.00
	15,922,737.00



The major drivers of our strong performance were quick response time to our clients for both business offers and claim payments. Our ability to penetrate the East African, Central Africa and North African Markets and some stable economies in the Middle East also contributed to our growth.

A change in our retrocession programme from facultative obligatory to excess of loss enabled us to retain more premium income without increasing our risk exposures. As a result Net Premium Written came to $15,319,141 after retroceding $603,596 ($636,076 in 2012). After adjusting for unexpired risk liabilities, Net Earned Premium came to $11,131,177 in 2013 compared to $3,351,753 in 2012.

UNDERWRITING OUTGO

The increased premium production came with corresponding increases in claims and commission expenses. Claims incurred, comprising net claims paid, outstanding claims and IBNR (Incurred But Not Reported) increased by 125% to $3,510,502 from the 2012 figure of $1,555,198. However, a comparison of the net incurred loss ratio (claims incurred to net earned premium) indicates a remarkable improvement over 2012 figures, thus decreasing from 46% to 31.54% in 2013. Commission expenses came to $3,289,785 in 2013, an increase of 218% from the 2012 figure of $1,034,282.

In spite of a provision for bad debt of $1,033,410 management expenses remained within acceptable ratio of 28% to earned premium. We believe that regulatory measures to address the chronic problem of premium write offs and bad debt provisions initiated in Nigeria and being followed by Ghana will help inprove the industry wide phenomenon of premium debtors.

The above analyses show that combined ratio, which is a percentage of net earned premium, and includes claims incurred, commission and management expenses improved marginally to 90.35% in 2013 from 90.81% in 2012.

INVESTMENT INCOME

While investment figures increased significantly from $6,261,563 in 2012 to $20,186,020 in 2013, it did not have a corresponding impact on investment income for two reasons:

(i) Much of the investment placements were done in December, 2013 during the second phase of the fund-raising exercise. The period was therefore too short to impact on investment income.

(ii) Real interest rates fell across the sub region except in Ghana which was also heavily affected by currency depreciation. As a result, investment income came to $ 1,081,851 during the year.

PROFIT

Ladies and gentlemen, once again, I am glad to announce that your Corporation made a profit of $2,190,118 in 2013, a 489% increase over the 2012 figure of $374,169.

Total assets increased to $41,401,786 in 2013 from the 2012 figure of $12,612,680 while shareholders' funds increased from $7,335,423 in 2012 to $29,872,700 in 2013.

DIVIDEND

Since we are still building the company and the fact that we have just undertaken a fund-raising exercise, we the board, subject to your approval, do not recommend dividend payment for this year. We are however, optimistic that in the very near future, we may pay our first dividend.

FUND RAISING/CAPITALISATION

As we reported to you at the AGM last year, we reopened the fund-raising exercise by engaging the services of Ecobank Development Corporation (EDC) in Ghana as an issuing house. The offer opened in August, 2013 and closed at 31st December, 2013 as most investors had to seek their board's approval before buying the shares. In all, a total of 16,562,906 shares were purchased and an amount of $20,347,160 realized. This brings the number of shares issued to 24,311,603 and the combined value of share capital and share premium being $28,095,857.

TECHNICAL ACTIVITIES

There is no doubt our technical activities have been on the increase and we have always justified the confidence reposed in us by our numerous cedants and brokers. Our response time has always been commended by the international reinsurance brokers. This is the reason for the strong growth in premium income. Clearly WAICA Re has gained acceptance by the industry players both local and foreign and we will continue to do our best to provide them with the best of service.

CEDANT TRAINING

Our annual cedants training programme was held in August 2013 in Banjul, The Gambia. The attendance was encouraging as we had participants from outside of Africa. The event has always drawn the Corporation closer to its numerous cedants all over Africa and beyond.

STAFF

We recognize the importance of human resource as our most valuable asset. Therefore, we have seasoned professionals who are highly motivated, well trained and talented. Five additional staff were employed during the year, bringing the total staff strength to 23. i.e. 15 core staff and 8 support staff in Sierra Leone, Ghana and Nigeria.

INFORMATION TECHNOLOGY

Having launched our website in 2013, we were also able to deploy a robust reinsurance software with both technical and financial modules. This will enable us continue to offer unparalleled service to our customers even with the high growth in the business.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, we donated towards the "Youths in Agriculture Programme" in Sierra Leone. This we believe will offer employment to the youth in Sierra Leone, which should result in positive growth and quality lifestyle. We shall continue to contribute to uplift the underprivileged in society.

INVESTMENT STRATEGIES

With restrictions on dollar investments in the WAICA sub-region, coupled with falling interest rates and weakening local currencies, the Corporation will diversify its investment portfolios especially after the successful fund-raising exercise in 2013.

Accordingly, while we will continue to hold some investments in treasury bills and bank term deposits to enable us meet short term obligations, we shall invest in commercial and residential real estates as well as equity shares in companies with good prospects.

We also intend to engage fund managers in Ghana and Nigeria who will advise us on possible stock exchange traded equities in those markets. The Fund Managers will also help us take advantage of government Euro bonds that may be issued from time to time. These managers would be given specific mandates and quarterly meetings held to review their performance.

FUTURE OUTLOOK

With a successful fund-raising exercise, we have increased our underwriting capacity and expanded the retro-cession programme. We hope to open our Franco-phone office soon and embark on aggressive marketing in the East, North and Central Africa. Our Life operation is also expected to commence in 2015. We will also continue to build on the WAICA Re brand and these measures should enable us achieve even higher profits in the near future.

CONCLUSION

Distinguished Shareholders, with expected accelerated growth in world economy in 2014 by 3.7%, 3.9% in 2015 and even better prospects of growth for sub-Saharan Africa by 6%, we in WAICA Re are poised to take advantage of the resultant increased economic activities by providing proper and adequate reinsurance support and protection.

On this note, I wish to thank you our dear shareholders, colleagues on the Board, management and staff, regulators across the sub-region, our cedants and brokers for your abiding faith in WAICA Re. Together we will build an enviable institution in Africa.

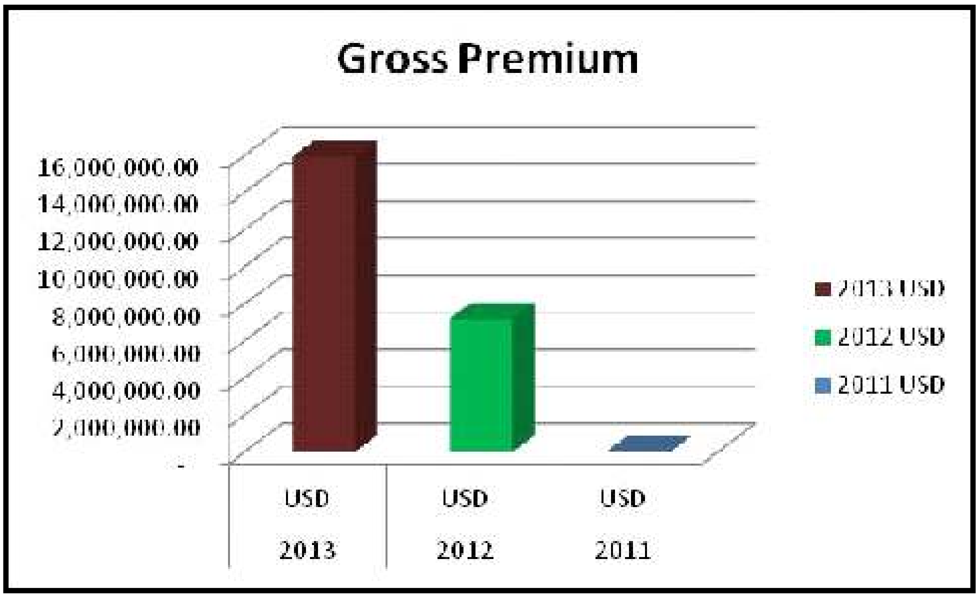
I wish the Corporation another successful year.

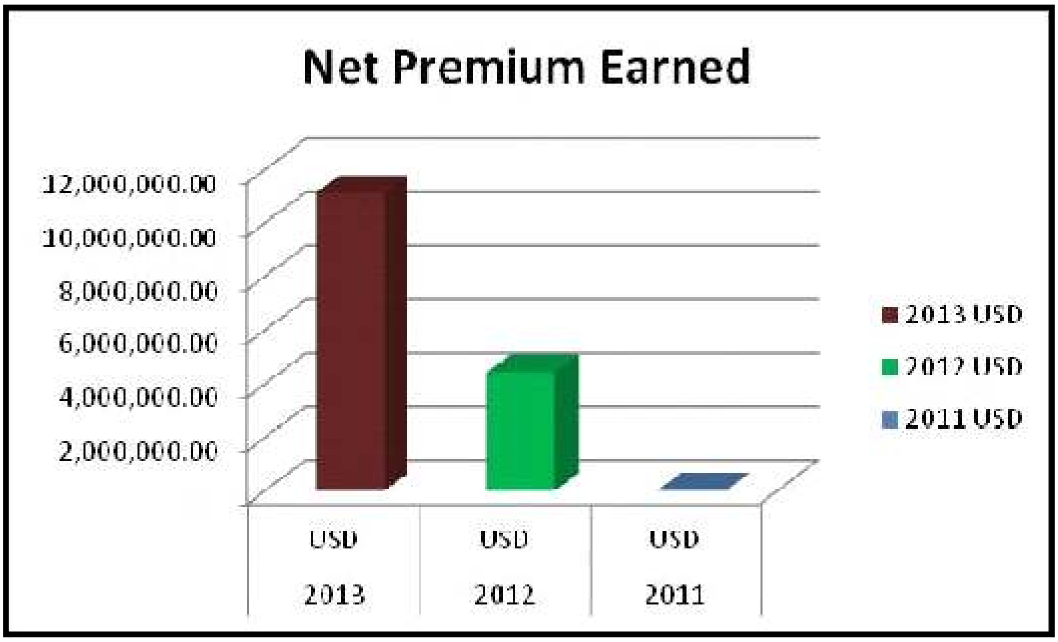
God bless us all.

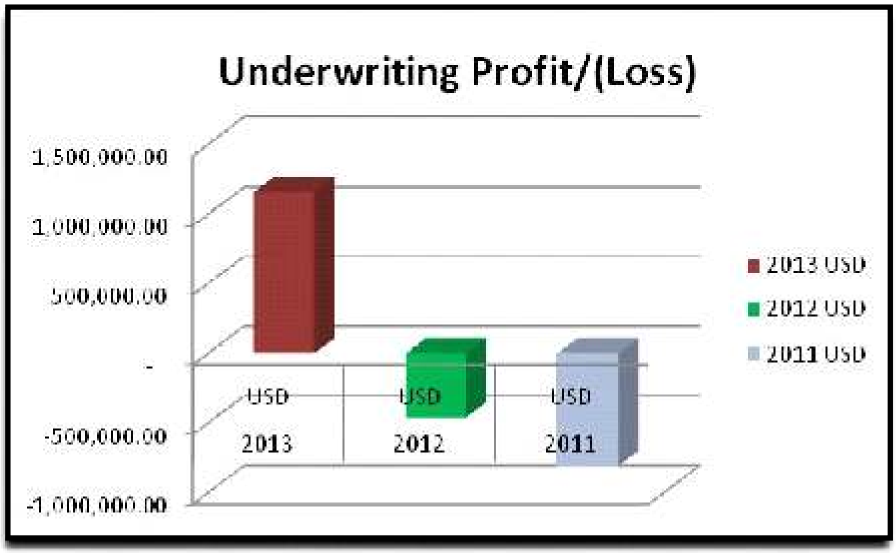
Chairman

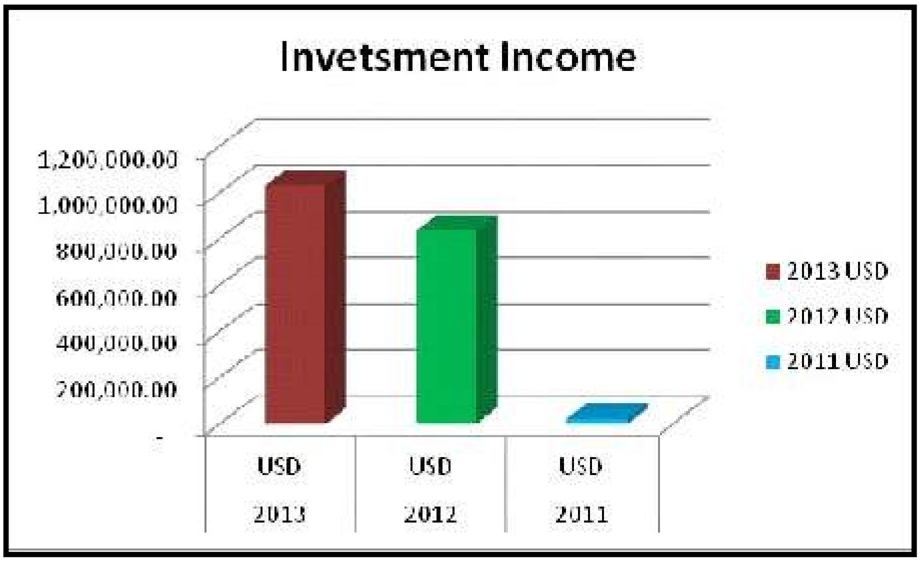
WAICA Re Performance Analysis

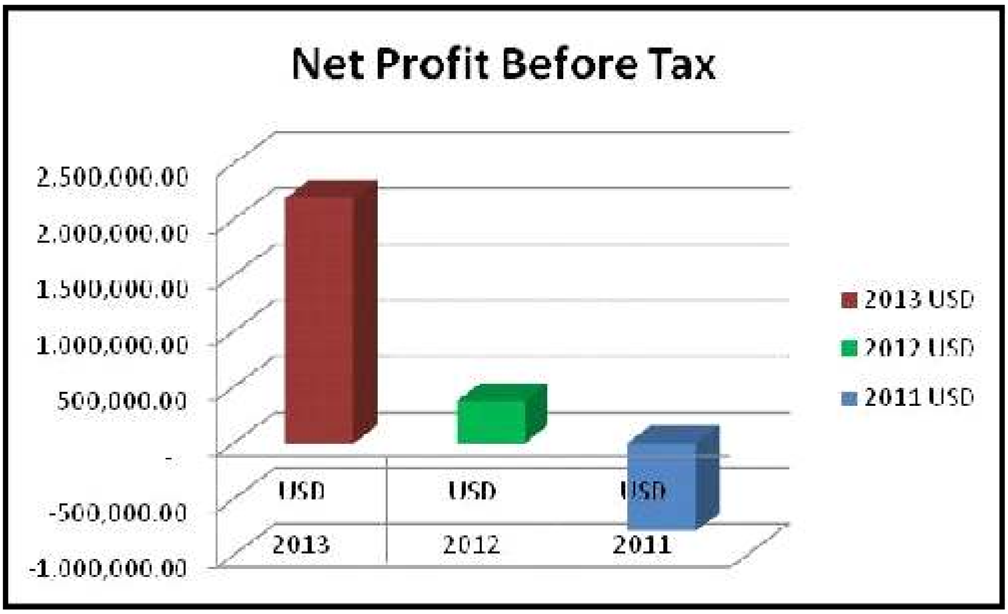
THREE YEAR FINANCIAL SUMMARY	2013 USD	2012 USD	2011 USD
Gross Premium	15,922,737.00	7,169,345.00	35,057.00
Net Premium Earned	11,131,177.00	4,446,452.00	11,493.00
Underwriting Profit/(Loss)	1,158,267.00	(459,576.00)	(810,900.00
Invetsment Income	1,031,851.00	833,745.00	23,457.00
Net Profit Before Tax	2,190,118.00	374,169.00	(787,443.00)
Total Assets	41,401,786.00	12,612,680.00	6,333,704.00
Total Investments	20,186,020.00	6,261,563.00	4,341,335.00
Shareholders' Funds	29,872,700.00	7,335,423.00	6,215,007.00

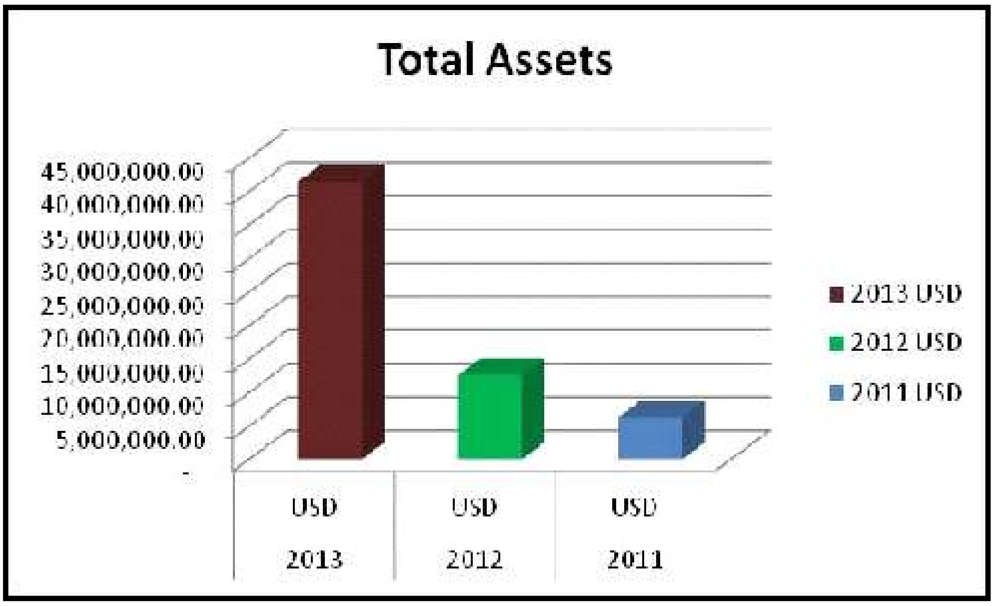


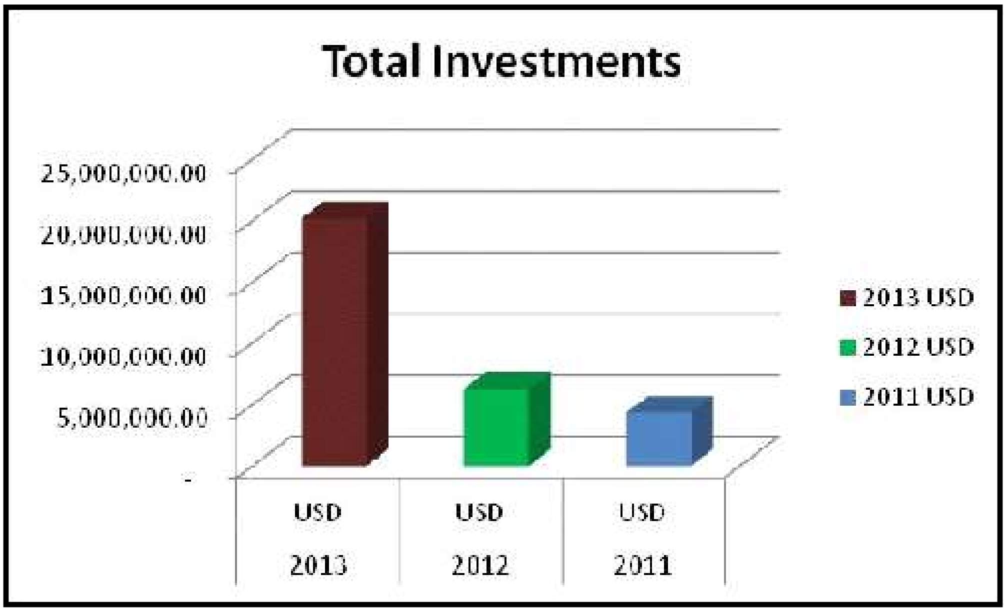


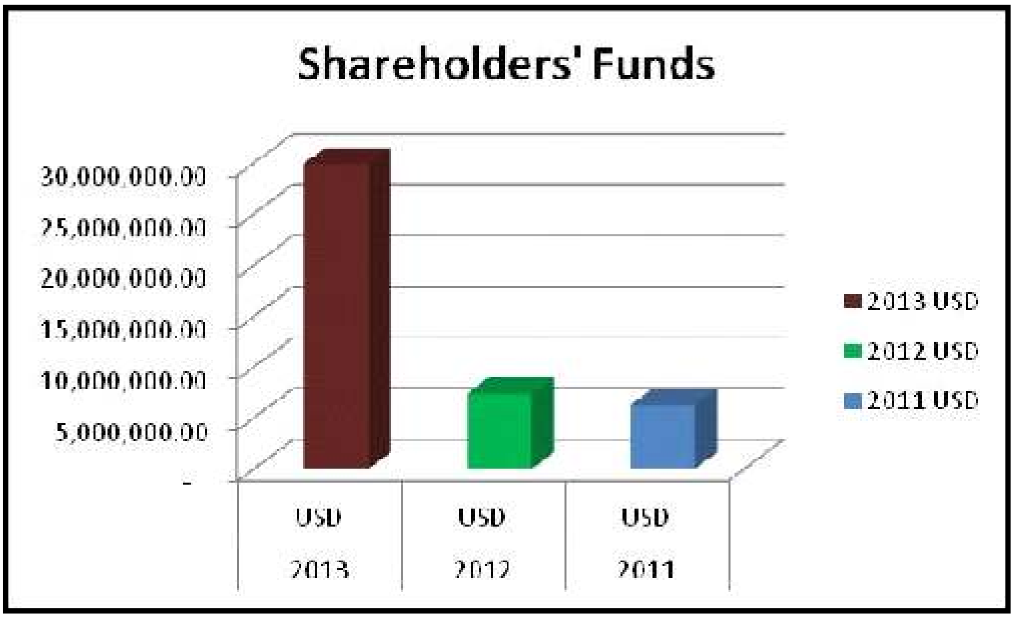

Underwriting Profit/(Loss)
1,500,000.00
1,000,000.00
500,000.00
-
-500,000.00
-1,000,000.00
USD 2013
USD 2012
USD 2011
2013 USD
2012 USD
2011 USD


Invetsment Income
1,200,000.00
1,000,000.00
800,000.00
600,000.00
400,000.00
200,000.00
-
USD 2013
USD 2012
USD 2011
2013 USD
2012 USD
2011 USD

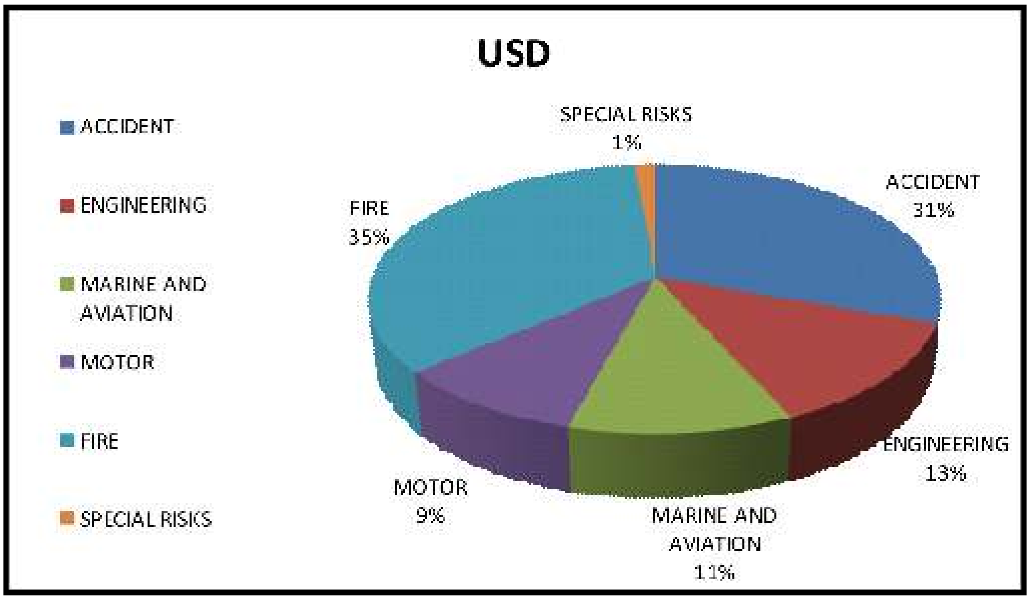

Net Profit Before Tax
2,500,000.00
2,000,000.00
1,500,000.00
1,000,000.00
500,000.00
-
-500,000.00
-1,000,000.00
USD 2013
USD 2012
USD 2011
2013 USD
2012 USD
2011 USD


Total Assets
45,000,000.00
40,000,000.00
35,000,000.00
30,000,000.00
25,000,000.00
20,000,000.00
15,000,000.00
10,000,000.00
5,000,000.00
-
USD 2013
USD 2012
USD 2011
2013 USD
2012 USD
2011 USD


Total Investments
25,000,000.00
20,000,000.00
15,000,000.00
10,000,000.00
5,000,000.00
-
USD 2013
USD 2012
USD 2011
2013 USD
2012 USD
2011 USD

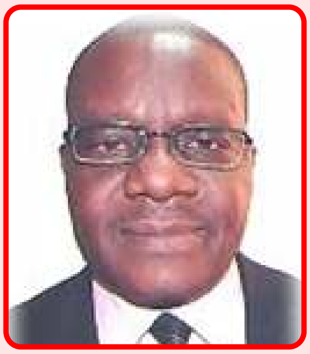

Shareholders' Funds
30,000,000.00
25,000,000.00
20,000,000.00
15,000,000.00
10,000,000.00
5,000,000.00
-
USD 2013
USD 2012
USD 2011
2013 USD
2012 USD
2011 USD

PREMIUM INCOME BY CLASS	
CLASS	USD
ACCIDENT	4,846,317.00
ENGINEERING	2,046,379.00
MARINE AND AVIATION	1,736,726.00
MOTOR	1,501,692.00
FIRE	5,583,541.00
SPECIAL RISKS	208,082.00
	15,922,737.00



Board Members


Kofi Duffuor (Chairman)


Abiola Ekundayo


Solomon .J. Samba


Alice Onomake


Rotimi Fashola


Senor Thomas - Sowe


William Coker


Fatai Kayode Lawal


David A. Johnson


Samuel O. Mintah

Management


Abiola Ekundayo
MD/CEO


Rotimi Adenayajo
Deputy Director - Technical


Samuel Jasper Baidoo
Deputy Director - Finance

General information

Directors	: Kofi Duffuor	- Chairman
	Abiola Ekundayo	- Managing Director/CEO
	Solomon Samba	
	Rotimi Fashola	
	Sam. O. Mintah	
	Alice Onomake	
	David A. Johnson	
	Fatai KayodeLawal	
	Senor Thomas-Sowe	
	William Coker	

Registered Office : Maritime House (2nd floor)
Government Wharf,
Wallace Johnson Street,
Freetown, Sierra Leone.

Bankers : Access Bank Ghana Limited
Access Bank Sierra Leone Limited
Ecobank Sierra Leone Limited
Union Trust Bank Sierra Leone Limited
Ecobank, Ghana
Ecobank, Nigeria
Union Bank, UK
Trust Bank Gambia Limited
Guaranty Trust Bank Plc, Nigeria
Bank of Sierra Leone

Corporate Secretaries : Freetown Nominees
5 Main Motor Road
Congo Cross
Freetown
Sierra Leone

Auditors : KPMG Sierra Leone
KPMG House
Chartered Accountants
37 Siaka Stevens Street
Freetown
Sierra Leone.

Report of the Directors

The directors present their report and audited financial statements for the year ended 31December 2013.

Directors' responsibility statement

The Corporation's 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 2009 of Sierra Leone 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.

Principal activity

The principal activities of the Corporation are to operate international, national, regional and sub regional reinsurance offices and institutions and to provide technical assistance to members of West Africa Insurance Companies Association (WAICA) and any other insurance and reinsurance institutions from around the world.

Results

The results for the year are shown in the attached financial statements.

Share capital

Details of the Corporation's share capital are shown in note 25 to these financial statements.

Dividends

The directors do not recommend payment of dividend.

Board committees

The board committees have been delegated with the responsibility to assist the Board in carrying out its duties and to enhance the effectiveness of the Board. The Board Committees periodically meet to achieve its objectives and also perform self evaluation to assess the effectiveness of their functioning, these committees are:

Strategy and operations committee

The committee meets at least three times in a year to assist the board of directors to exercise oversight responsibility of the Corporation's strategy, investment and operational systems.

Finance and audit committee

The finance and audit committee meets at least three times in a year to support the board in fulfilling its oversight responsibility with regard to financial reporting, the system of internal controlsand the process for monitoring compliance with laws and regulations.

Remuneration committee

The remuneration committee meets at least three times in year to help ensure appropriate oversight of human resource functions including policy and practice of the Corporation's Management.

Property and equipment

Details of the Corporation's property and equipment are shown in note 20to these financial statements.

Employment of disabled people

WAICA Reinsurance Corporation PLCdoes not discriminate against disable persons as it's clearly stated in the Corporation's staff hand book, section 1.2j. 'The Corporationshall not discriminate against a qualified individual with disability with regards to recruitment, advancement, training, compensation, discharge or other terms, conditions or privileges of employment'. There were no disabled persons employed during the year.

Health, safety and welfare at work

WAICA Reinsurance Corporation PLChas retained the services of a medical doctor for all employees of the Corporation and a conducive office environment is maintained for staff and visitors, with adequate lighting and ventilation.

Employee involvement and training

There are various forums where the staff meet and discuss issues that relate to them and their progress at the work place, these include unit meetings, and regular general meetings.

There is an approved training schedule for staff and the Corporation also has a staff performance appraisal process through which staff are appraised and promotions and /or increments made.

Directors and their interests

The following directors served during the year:

Kofi Duffuor- Chairman
Abiola Ekundayo
Solomon Samba
Rotimi Fashola
Sam. O. Mintah
Alice Onomake
David A. Johnson
Fatai Kayode Lawal
Senor Thomas-Sowe
William Coker

Auditors

In accordance with Section 308 of the Companies Act 2009 of Sierra Leone a resolution for the re-appointment of KPMG as auditors of the Corporation is to be proposed at the forthcoming Annual General Meeting.

Approval of the financial statements

The financial statements were approved by the board of directors on ..27th March,..2014 and are signed on their behalf by:

………………………………….
Chairman

………………………………….
Director

………………………………….
Director

………………………………….
Corporate Secretaries

Independent auditor's report
to the members of WAICAReinsurance Corporation PLC

We have audited the financial statements of WAICA Reinsurance Corporation PLC,which comprise the financial position at 31 December 2013, and the statements of comprehensive income, statement of changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 66.

Directors' Responsibility for the Financial Statements

The Corporation's 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 2009 of Sierra Leone 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.

Auditor's 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 amount and disclosures in the financial statements. The procedures selected depend on the auditor's 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, we consider internal control relevant to the Corporation'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 theCorporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 opinion.

KPMG
cutting through complexity™

Independent auditor's
to the members of WAICA Reinsurance Corporation PLC

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Corporation as of 31

December 2013 and its financial performance and its cash flows for the year then ended in accordance with International

Financial Reporting Standards and the requirements of the Companies Act 2009 of Sierra Leone.

KPMG
Chartered Accountants

Freetown

Date: 27 MARCH 2014

Statement of financial position
as at 31 December

In United States Dollars	**Note**	**2013**	2012
Assets			
Cash and cash equivalents	*15*	**2,498,552**	1,082,656
Financial assets	*16*	***20,186,020***	*6,261,563*
Reinsurance receivables	*17*	**7,256,806**	3,282,100
Other assets	*18*	**8,879,020**	588,116
Deferred acquisition costs	*19*	**2,131,238**	987,889
Property and equipment	*20*	**248,286**	291,992
Intangible assets	*21*	**201,864**	118,364
Total assets		**41,401,786**	12,612,680
Liabilities			
Outstanding claims	*22*	**656,444**	211,558
Reinsurance payables	*23*	**2,899,626**	1,677,773
Trade and other payables	*24*	**579,972**	182,846
Unexpired risk liabilities	*12*	**7,393,044**	3,205,080
Total liabilities		**11,529,086**	5,277,257
Equity			
Share capital	*25*	**24,311,603**	7,748,697
Share premium	*26*	**3,784,253**	-
Retained profit/(loss)	*27*	**1,338,821**	(547,013)
Contingency reserve	*28*	**438,023**	133,739
Total equity		**29,872,700**	7,335,423
Total liabilities and equity		**41,401,786**	12,612,680

The financial statements were approved by the Board of Directors on 27th March, 2014 and were signed on its behalf by:

…………………………………………………….. **Chairman**

…………………………………………………….. **Director**

…………………………………………………….. **Director**

The notes on pages 12 to 66 are an integral part of these financial statements

Statement of comprehensive income
for the year ended 31 December

In United States Dollars	Note	2013	2012
Underwriting income			
Gross premium written	*8*	**15,922,737**	7,169,345
Less: retrocession premium		**(603,596)**	(636,076)
Net written premium	*7.1*	**15,319,141**	6,533,269
Movement in unearned premiums reserve	*12*	**(4,187,964)**	(3,181,516)
Net earned premium		**11,131,177**	3,351,753
Investment income	*9*	**1,031,851**	833,745
Commission earned		**84,024**	226,346
Net premium and commission earned		**12,247,052**	4,411,844
Underwriting expenses			
Net claims incurred	*7.1*	**(3,510,502)**	(1,555,198)
Commission expenses	*7.1*	**(3,289,785)**	(1,034,282)
Management expenses	*7.1& 10*	**(3,168,156)**	(1,275,306)
Net finance cost	*11*	**(88,491)**	(172,889)
Total underwriting expenses		**(10,056,934)**	(4,037,675)
Profit before tax		**2,190,118**	374,169
Tax expense	*13*	**-**	-
Profit for the year		**2,190,118**	374,169
Other comprehensive income for the period, net of income tax		**-**	-
Total comprehensive income forthe year		**2,190,118**	374,169

The notes on pages 12 to 66 are an integral part of the financial statements

Statement of comprehensive income *(continued)*

In United States Dollars	Note	2013	2012
Profit attributable to:			
Equity holders of the Corporation		**2,190,118**	374,169
Profit for the year		**2,190,118**	374,169
Total comprehensive income attributable to:			
Equity holders of the corporation		**2,190,118**	374,169
Total comprehensive income for the year		**2,190,118**	374,169
Basic earnings per share	*14*	**0.09**	0.05
Diluted earnings per share	*14*	**0.09**	0.05

The financial statements were approved by the Board of Directors on 27th March, 2014 and were signed on its behalf by:

………………………………………………….. **Chairman**

………………………………………………….. **Director**

………………………………………………….. **Director**

The notes on pages 12 to 66 are an integral part of these financial statements

Statement of changes in equity
for the year ended 31 December

In United States Dollars	Share capital	Share premium	Retained earnings	Contingency reserve	Total
Balance at 1 January 2012	7,002,450	-	(787,788)	345	6,215,007
Total comprehensive income for the period					
Net profit for the period	-	-	374,169	-	374,169
Other comprehensive income net of income tax					
Transfer to contingency reserve	-	-	(133,394)	133,394	-
Total other comprehensive income	-	-	(133,394)	133,394	-
Total comprehensive income	-	-	240,775	133,394	374,169
Transaction with owners, recorded directly in equity					
Issue of share capital	746,247	-	-	-	746,247
Balance at 31 December 2012	7,748,697	-	(547,013)	133,739	7,335,423
Balance at 1 January 2013	**7,748,697**	**-**	**(547,013)**	**133,739**	**7,335,423**
Total comprehensive income for the year					
Net profit for the year	**-**	**-**	**2,190,118**	**-**	**2,190,118**
Other comprehensive income netof income tax					
Transfer to contingency reserve	**-**	**-**	**(304,284)**	**304,284**	**-**
Total other comprehensive income	**-**	**-**	**(304,284)**	**304,284**	
Total comprehensive income	**-**	**-**	**1,885,834**	**304,284**	**2,190,118**
Transaction with owners, recordeddirectly in equity					
Issue of share capital	**16,562,906**	**3,784,253**	**-**	**-**	**20,347,159**
Balance at 31 December 2013	**24,311,603**	**3,784,253**	**-**	**438,023**	**29,872,700**

The notes on pages 12 to 66 are an integral part of these financial statements

Statement of cash flows
for the year ended 31 December

In United States Dollars	Note	2013	2012
Cash flows from operating activities			
Profit for the year		**2,190,118**	374,169
Adjustment for:			
Write-off on intangible assets		**950**	-
Depreciation	20&21	**93,069**	64,689
Net finance cost		**88,491**	172,889
Cash flows from operating activities		**2,372,628**	611,747
Changes in operating assets and liabilities			
Changes in receivables		**(12,265,610)**	(3,511,012)
Changes in deferred acquisition costs		**(1,143,349)**	(980,605)
Changes in trade and other payables		**397,126**	99,126
Changes in reinsurance payables		**1,221,853**	1,666,935
Changes in outstanding claims		**444,886**	210,983
Changes in reinsurance funds		**4,187,964**	3,181,516
		(4,784,502)	1,278,690
Interest received			-
Interest paid		**(33,877)**	(12,545)
Income tax paid		-	-
Net cash from operating activities		**(4,818,379)**	1,266,145
Cash flow from investing activities			
Net acquisition of investment		**(9,584,719)**	433,593
Acquisition of property and equipment	*20*	**(49,363)**	(318,953)
Acquisition of intangible assets		**(84,450)**	(118,364)
Net cash used in investing activities		**(9,718,532)**	(3,724)
		=========	=======
Cash flows from financing activities			
Issued of share capital		**20,347,159**	746,247
Cash flow from financing activities		**20,347,159**	746,247
		========	========
Net increasein cash and cash equivalents		**5,810,248**	2,008,668
Cash and cash equivalents at beginning of the year		**3,446,976**	1,598,652
Effect of exchange rate fluctuations on cash and cash equivalent held		**(54,614)**	(160,344)
Cash and cash equivalents at end of the year	*15*	**9,202,610**	3,446,976
\		========	========

The notes on pages 12 to 66 are an integral part of these financial statements

1. Reporting entity

WAICA Reinsurance Corporation PLC is a corporation domiciled in Sierra Leone. The address of the Corporation's registered office is Maritime House, Government Wharf, Freetown. The Corporation is primarily established to operate international, national, regional and sub regional reinsurance offices and institutions and to provide technical assistance to members of West Africa Insurance CompaniesAssociation and any other insurance and reinsurance institutions from around the world.

2. Basis of accounting

These financial statements have been prepared in accordance with IFRS. They were authorised for issue by the Corporation's board of directors on…27th…March,..2014

The principal accounting policies applied in the preparation of these financial statements are included in notes 37.

3. Functional and presentation currency

These financial statements are presented in United Stated Dollars which is the Corporation's functional currency. Except as otherwise indicated the financial information presented in United Stated Dollars has been rounded for the nearest decimals.

4. Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual reports may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is set out below.

(i) Held to maturity investments

The Corporation classifies non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement. In making this judgement, the Corporation evaluates its intention and ability to hold such investments to maturity. The investments are therefore measured at amortised cost.

4. Use of judgements and estimates (continued)

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2013 is set out below in relation to the impairment of financial instruments and in the following notes:

Note- Measurement of defined benefit obligations: The Corporation's net obligation in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized post service costs and the fair value of any plan assets are deducted. The calculation is performed annually by a qualified actuary using key actuarial assumptions;

Notes Recognition and measurement of provisions and contingencies: A provision is recognised if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably. The estimate may be based on key assumptions about the likelihood and magnitude of an outflow of resources.

5. Reinsurance and financial risk review

This note presents information about the Corporation's exposure to reinsurance and financial risks and the Corporation's management of capital.

Information on the Corporation's reinsurance and financial risk management framework are included in Note 34.

Reinsurance risk

(a) Reinsurance risk

For the definition of reinsurance risk and information on how reinsurance risk is managed by the Corporation, See note 34(b).

Financial risk review

(a) Credit risk

For the definition of credit risk and information on how credit risk is managed by the Corporation, See note 34 (c).

(i) Analysis of credit quality

The tables below set out information about the credit quality of reinsurance receivables and the allowance for impairment/loss held by the Corporation against those assets.

5. Financial risk review(continued)

(a)Credit risk (continued)

(i) Analysis of credit quality (continued)

In United States Dollars	*2013*	*2012*
Impairment allowance		
Balance at start	**17,250**	-
Addition during the period	**1,033,410**	17,250
Balance at 31 December	**1,050,660**	17,250

Ageing of unimpaired reinsurance receivables

In United States Dollars	*2013*	*2012*
0 - 90 days	**3,047,883**	371,311
91 - 180 days	**1,880,941**	545,069
181- 270 days	**1,719,542**	708,504
271- 365 days	**608,440**	1,666,883
Balance at 31 December	**7,256,806**	3,291,767

Impaired reinsurance receivables

See accounting policy in note 37 (c).

The Corporation regards a reinsurance receivables as impaired in the following circumstances:

- when there is objective evidence that a loss event has occurred since initial recognition and the loss event has an impact on future estimated cash flows from the asset.
- the reinsurance receivables is overdue for more than 365 days or more.

A reinsurance receivable that has been renegotiated due to deterioration in the cedant's condition is usually considered to be impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly due to adherence to the renegotiated repayment plan and there are no other indicators of impairment.

Reinsurance receivables that are subject to a collective IBNR provision are not considered impaired.

(ii) Cash and cash equivalents

The Corporation held cash and cash equivalents of US$ 2,498,552 at 31 December 2013 (2012: 1,082,656).The cash and cash equivalents are held with banks.

(iii) Offsetting financial assets and financial liabilities

No financial assets and financial liabilities including financial instruments such as receivables and deposits were offset in the Corporation's statement of financial position nor were there any financial assets and financial liabilities that were subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

5. Financial risk review (continued)

(a)Credit risk (continued)

(iv) Exposures to higher risk Eurozone

This note summarises the Corporation's exposure to higher-risk eurozone countries. The Corporation regards a eurozone country as 'higher-risk' when the country exhibits higher volatility and economic and political uncertainties than other eurozone members. The specific factors that are taken intoaccount in making this assessment include the ratio of sovereign debt to GDP, seeking international financial assistance, credit ratings, levels of market yields and concentrations of maturities.

Based on its assessment of the above factors the Corporation is not exposed to higher risk Eurozone countries as its foreign account within the Eurozone is maintained with a bank in England which is regarded as a core country of the Eurozone, and not as higher risk Eurozone countries. The Corporation has no accounts or facilities with banks in countries perceived to be higher risk Eurozone countries.

The Corporation's exposure was mainly foreign balances in a eurozone bank amounting to US$1,216,919 with Union Bank in the United Kingdom.

5. Financial risks review (continued)

(b) Liquidity risk

For the definition of liquidity risk and information on how liquidity risk is managed by the Corporation, see note 34 (e). Set out below is the maturity profile of the Corporation's current assets and liabilities.

In United States Dollars	Note	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	Over 5 years
Financial Assets							
31 December 2013							
Cash and cashequivalent	*15*	**2,498,552**	**2,498,552**	-	-	-	-
Financial assets	*16*	**20,186,020**	**9,590,998**	**4,104,549**	**6,490,473**		
Reinsurance receivables	*17*	**7,256,806**	**3,047,883**	**1,880,941**	**2,327,982**	-	-
Other assets	*18*	**8,879,020**	**8,879,020**				
		38,820,398	**24,016,453**	**5,985,490**	**8,818,455**	-	-
Financial Liabilities							
Outstanding claims	*22*	**656,444**	**656,444**				
Reinsurance payables	*23*	**2,899,626**	**1,217,853**	**751,574**	**930,199**	-	-
Trade and other payables	*24*	**579,972**	**168,034**	-	**318,399**	**93,539**	-
		4,136,042	**2,042,331**	**751,574**	**1,248,598**	**93,539**	-
Total liquidity gap		**34,684,356**	**21,974,122**	**5,233,916**	**7,569,857**	**(93,539)**	-

5. Financial risk review (continued)

(a) Liquidity risk (continued)

In United States Dollars	Note	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	Over 5 years
Financial Assets							
31 December 2012							
Cash and cash equivalent	*15*	1,082,655	1,082,655	-	-	-	-
Financial assets	*16*	6,261,563	2,364,320	752,449	3,144,794	-	-
Reinsurance receivables	*17*	3,911,607	371,311	1,158,328	2,374,389	7,579	-
		11,255,825	3,818,286	1,910,777	5,519,183	7,579	-
Financial liabilities							
Outstanding claims	*22*	211,558	-	211,558	-	-	-
Reinsurance payables	*23*	1,677,773	-	1,677,773	-	-	-
Trade and other payables	*24*	214,292	-	214,292	-	-	-
		2,103,623	-	2,103,623	-	-	-
Total liquidity gap		9,152,202	3,818,286	(192,846)	5,519,183	7,579	-

5. Financial risk review (continued)

(a) Market risks

For the definition of interest risk and how it is managed by the Corporation see note 34 (d).

The table below sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios.

A summary of the Corporation's interest rate gap position on non-trading portfolios is as follows:

31 December 2013		**Market risk measures**		
	Note	**Carrying amount**	**Trading portfolios**	**Non-trading portfolios**
In United States Dollar				
Assets subject to market risk				
Cash and cash equivalents	*15*	**2,498,552**	-	**2,498,552**
Financial assets	*16*	**20,186,020**	-	**20,186,020**
Liabilities subject to market risk				
Liabilities		-	-	-

31 December 2012		Market risk measures		
	Note	Carrying amount	Trading portfolios	Non-trading portfolios
In United States Dollar				
Assets subject to market risk				
Cash and cash equivalents	*15*	1,082,656	-	1,082,656
Financial assets	*16*	6,261,563	-	6,261,563
Liabilities subject to market risk				
Liabilities				

5. Management of insurance and financial risks (continued)

(c) Market risk (continued)

In United States Dollars	Note	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	Over 5 years
Financial Assets							
31 December 2013							
Cash and cash equivalent	*15*	**2,498,552**	**2,498,552**	**-**	**-**	**-**	**-**
Financial assets	*16*	**20,186,020**	**9,590,998**	**4,104,549**	**6,490,473**	**-**	**-**
		22,684572	**12,089,550**	**4,104,549**	**6,490,473**	**-**	**-**
Financial Liabilities							
Liabilities		-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
		22,684,572	**12,089,550**	**4,104,549**	**6,490,473**	**-**	**-**

5. Financial risk review (continued)

(c) Market risk (continued)

In United States Dollars	Note	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	Over 5 years
Financial Assets							
31 December 2012							
Cash and cashequivalent	*15*	1,082,655	1,082,655	-	-	-	-
Financial assets	*16*	6,261,563	2,364,320	752,449	3,144,794	-	-
		7,344,218	3,446,975	752,449	3,144,794	-	-
Financial liabilities							
Liabilities		-	-	-	-	-	-
		7,344,218	3,446,975	752,449	3,144,794	-	-

5. Financial risk review (continued)

(c) Market risk (continued)

Currency risk

The Corporation maintains assets and liabilities in several currencies and thus is exposed to the risk of exchange rate movements associated with assets and liabilities matching. The Corporation does not apply hedging techniques to mitigate its currency risks but ensures the net exposure to this risk it within acceptable levels by constantly reviewing the level of mismatch.

The table below shows the various currencies in which assets and liabilities were denominated as at 31 December 2013.

	Note	United States Dollars	Pounds Sterling	Euro	Ghanaian Cedis	Leones	Nigerian Naira	Other	Total
Assets									
Cash and cash equivalent	*15*	**1,331,095**	**184,132**	**468,214**	**133,576**	**36,928**	**343,055**	**1,552**	**2,498,552**
Financial assets	*16*	**9,833,442**			**239,760**	**4,691,137**	**5,344,437**	**77,244**	**20,186,020**
Reinsurance receivables	*17*	**2,323,159**	**8,161**	**160,828**	**865,059**	**156,377**	**1,213,397**	**2,529,825**	**7,256,806**
Other assets	*18*	**6,935,156**			**1,920,000**	**20,287**	**3,577**	**-**	**8,879,020**
		20,422,852	**192,293**	**629,042**	**3,158,395**	**4,904,729**	**6,904,466**	**2,608,621**	**38,820,398**
Liabilities									
Outstanding claims	*22*	**67,442**	**-**	**-**	**171,581**	**6,754**	**326,483**	**84,184**	**656,444**
Reinsurance payable	*23*	**1,003,773**	**2,551**	**62,442**	**373,242**	**72,058**	**478,891**	**906,669**	**2,899,626**
		1,071,215	**2,551**	**62,442**	**544,823**	**78,812**	**805,374**	**990,853**	**3,556,070**

5. Financial risk review (continued)

(c) Market risk (continued)

Currency risk (continued)

The table below shows the various currencies in which assets and liabilities were denominated as at 31 December 2012

	Note	United States Dollars	Pounds Sterling	Euro	Ghanaian Cedis	Leones	Nigerian Naira	Other	Total
Assets									
Cash and cashequivalent	*15*	799,882	92,031	8,304	17,580	33,064	131,400	395	1,082,656
Financial assets	*16*	2,474,144	-	-	52,238	2,780,458	879,435	75,288	6,261,563
Loans and receivables including reinsurance receivables	*17*	1,787,047	-	54,179	427,084	304,752	1,273,409	23,745	3,870,216
		5,041,073	92,031	62,483	496,830	3,118,274	2,284,244	99,428	11,214,435
Liabilities									
Outstanding claims	22	11,291	-	-	9,048	2,720	188,499	-	211,558
Reinsurance payable	23	943,588	-	18,319	140,109	23,917	545,207	6,633	1,677,773
		10,914	-	319	-	-	180	-	11,413
		954,879	-	18,319	149,157	26,637	733,706	6,633	1,889,331

(c) Market risk (continued)

Foreign currency sensitivity analysis

The table below shows the concentration of United States Dollar equivalent of foreign currency denominated assets and liabilities.

2013

In United States Dollar	Pounds Sterling	Euro	Ghanaian Cedis	Leones	Nigerian Naira	Other	Total
Assets							
Cash and cash equivalent	18,413	46,821	13,358	3,693	34,306	155	116,746
Financial assets			23,976	469,114	534,444	7,724	1,035,258
Reinsurance receivables	816	16,083	86,506	15,638	121,340	252,983	493,366
Other assets	192,000	2,029 358	194,387				
	19,229	62,904	315,840	490,474	690,448	260,862	1,839,757
Liabilities							
Outstanding claims			17,158	675	32,648	8,418	58,899
Reinsurance payable	255	6,244	37,324	7,206	47,889	90,667	189,585
	255	6,244	54,482	7,881	80,537	99,085	248,484
Net on-financial position	18,974	56,660	261,358	482,593	609,911	161,777	1,591,273

5. Financial risk review (continued)

(c) Market risk (continued)

Foreign currency sensitivity analysis (continued)

The table below shows the concentration of United States Dollar equivalent of foreign currency denominated assets and liabilities.

2012

In United States Dollar	Pounds Sterling	Euro	Ghanaian Cedis	Leones	Nigerian Naira	Other	Total
Assets							
Cash and cash equivalent	9,203	830	1,750	3,306	13,140	40	28,269
Financial assets	-	-	5,224	278,046	87,944	7,529	378,743
Loans and receivables including reinsurance receivables	-	5,418	42,708	30,475	127,341	2,375	208,317
	9,203	6,248	49,682	311,827	228,425	9,944	615,329
Liabilities							
Outstanding claims	-	-	905	272	18,850	-	20,027
Reinsurance payable	-	1,832	14,011	2,392	54,521	663	73,419
	-	1,832	14,916	2,664	73,371	663	93,446
Net on-financial position	9,203	4,416	34,766	309,163	155,054	9,281	521,883

5. Financial risk review (continued)

(c) Market risk (continued)

Foreign currency sensitivity analysis (continued)

The above sensitivity analysis has been based on a 10% change in other foreign currency exchange rate against the United States Dollar. The United States Dollar has been stable for the past couple of years, but may well depreciate or strengthen against other currencies by a margin of 10 percent.

(d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Corporation's regulator, the Sierra Leone Insurance Commission sets and monitors capital requirement of the Corporation as a whole.

In implementing current capital requirements, the Sierra Leone Insurance Commission requires the Corporation to maintain a prescribed capital base as follows:

- A minimum of $207,948 (Le 150 000 000) for each class of business the Corporation underwrites. The Corporation held a total of $2,472,284 for the six classes of business as at 31 December 2013(2012: $2,093,023).

6. Fair values of financial instruments

See accounting policy in note 37 (c)(vi)

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Corporation determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

6. Fair values of financial instruments (continued)

(a) Valuation models

The Corporation measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Corporation uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Corporation uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

6. Fair values of financial instruments (continued)

(b) Valuation framework

The Deputy Director - Finance has overall responsibility for verifying all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- quarterly calibration and back-testing of models against observed market transactions; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous measurement.

When third party information, such as broker quotes or pricing services, is used to measure fair value, these would be assessed and documented to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Corporation for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

(c) Financial instruments measured at fair value

At the reporting date no financial instruments were reported at fair value

(d) Financial instruments not measured at fair value

The following table sets out the fair value of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

31 December 2013

Assets *In United States Dollars*	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total carrying amount**
Cash and cash equivalents	-	**2,498,552**	**-**	**2,498,552**	**2,498,552**
Reinsurance receivables			**7,256,806**	**7,256,806**	**7,256,806**
Held-to-maturity investment	-	**20,186,020**	**-**	**20,186,020**	**20,186,020**
Liabilities					
Reinsurance payables	-	-	**2,899,626**	**2,899,626**	**2,899,626**

6. Fair values of financial instruments (continued)

(d) Financial instruments not measured at fair value (continued)

31 December 2012

Assets *In United States Dollars*	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Cash and cash equivalents	-	1,082,656	-	1,082,656	1,082,656
Reinsurance receivables			3,282,100	3,282,100	3,282,100
Held-to-maturity investment	-	3,481,574	-	3,481,574	3,481,574
Available for sale	-	2,779,989	-	2,779,989	2,779,989
Liabilities					
Reinsurance payables	-	-	1,677,773	1,677,773	1,677,773

7. Segment information.

7.1 The segments for the year ended 31 December 2013 are as follows:

At 31 December 2013, the Corporation carries on reinsurance business in the following areas:

- Fire and Engineering
- Motor
- Accident
- Marine & Aviation
- Special risks

All underwriting revenue sources are as captioned by the five business segment shown above.

Investment and other income is generated from asset management and other related services arising from reinsurance and investment contracts.

In United States Dollars	Fire & Engineering	Motor	Accident	Marine & Aviation	Special risk	Unallocated	Total
Underwriting income							
Net Gross premiums less retrocession	**7,251,465**	**1,503,832**	**4,671,131**	**1,684,631**	**208,082**	**-**	**15,319,141**
Less: unearned premium	**(1,877,364)**	**(350,529)**	**(1,304,980)**	**(585,804)**	**(69,287)**	**-**	**(4,187,964)**
Net earned premium	**5,374,101**	**1,153,303**	**3,366,151**	**1,098,827**	**138,795**	**-**	**11,131,177**
Investment income	**-**	**-**	**-**	**-**	**-**	**1,031,851**	**1,031,851**
Commission earned	**55,977**	**-**	**18,861**	**9,186**	**-**	**-**	**84,024**
Net premium and commission earned	**5,430,078**	**1,153,303**	**3,385,012**	**1,108,013**	**138,795**	**1,031,851**	**12,247,052**

7. Segment information (continued)

7.1 The segments for the year ended 31 December 2013 are as follows: (continued)

In United States Dollars	Fire & engineering	Motor	Accident	Marine & Aviation	Special risk	Unallocated	Total
Underwriting expenses							
Commissions expense	2,274,360	347,456	1,320,291	454,427	36,599	-	4,433,133
Deferred acquisition cost	(557,471)	(84,900)	(349,519)	(137,845)	(13,613)	-	(1,143,348)
	1,716,889	262,556	970,772	316,582	22,986	-	3,289,785
Net claims incurred	1,417,578	673,964	746,976	671,984	-	-	3,510,502
Management expenses	1,513,254	299,218	964,668	349,614	41,402	-	3,168,156
Net financial cost	42,267	8,358	26,945	9,765	1,156	-	88,491
Total underwriting expenses	4,689,988	1,244,096	2,709,361	1,347,945	65,544	-	10,056,934
Income from operations	740,090	(90,793)	675,651	(239,932)	73,251	1,031,851	2,190,118

7. Segment information (continued)

7.1 The segments for the year ended 31 December 2012 are as follows:

In United States Dollars	Fire & engineering	Motor	Accident	Marine & Aviation	Special risk	Unallocated	Total
Underwriting income							
Gross premiums less retrocession	3,103,456	722,741	1,769,266	883,696	54,110	-	6,533,269
Less: unearned premium	(1,374,334)	(324,835)	(796,171)	(661,826)	(24,350)	-	(3,181,516)
Net earned premium	1,729,122	397,906	973,095	221,870	29,760	-	3,351,753
Investment income	-	-	-	-	-	833,745	833,745
Commission earned	174,105	-	27,190	25,051	-	-	226,346
Net premium and commission earned	1,903,227	397,906	1,000,285	246,921	29,760	833,745	4,411,844
Underwriting expenses							
Commissions expense	1,035,603	158,790	543,581	270,633	6,280	-	2,014,887
Deferred acquisition cost	(267,864)	(71,322)	(435,831)	(202,762)	(2,826)	-	(980,605)
	767,739	87,468	107,750	67,871	3,454	-	1,034,282
Net claims incurred	645,772	81,144	615,300	212,982	-	-	1,555,198
Management expenses	639,000	128,564	327,767	170,350	9,625	-	1,275,306
Net finance cost	86,627	17,429	44,434	23,094	1,305	-	172,889
Total underwriting expenses	2,139,138	314,605	1,095,251	474,297	14,384	-	4,037,675
Income from operations	(235,911)	83,301	(94,966)	(227,376)	15,376	833,745	374,169

8. Gross premium written

In United States Dollars	*2013*	*2012*
West Africa	**11,149,326**	6,293,583
East Africa	**3,400,639**	682,999
North Africa	**670,936**	19,109
Others	**701,836**	173,654
	15,922,737	7,169,345

9. Investment income

In United States Dollars	*2013*	*2012*
Interest received	**1,031,851**	833,745
Total investment income	**1,031,851**	833,745

10. Management expenses

10.1 Personnel expenses

In United States Dollars	*2013*	*2012*
Salaries and wages	**886,234**	589,851
	886,234	589,851

(a) Other employee benefits

The Corporation maintains a post-employment defined benefit plan in accordance with statutory requirements, which entitles an employee to receive a lump sum payment when leaving the employment of the Corporation, whether due to resignation, retirement or death. The lump sum payment is determined by the final basic salary and number of years of service provided. These defined benefit plans expose the Corporation to actuarial risks such as interest rate risk.

10. Management expenses(continued)

10.1 Personnel expenses (continued)

(a) Other employee benefits (continued)

(i) Movement in netdefined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its component.

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability (asset)		
In United States Dollars	**2013**	2012	**2013**	2012	**2013**	2012	
Balance at 1 January	**24,375**	-	**-**	**-**	**24,375**	-	
Included in profit or loss:							
Current service cost	**69,164**	**24,375**	**-**	**-**	**69,164**	**24,375**	
Interest cost (income)	**-**	**-**	**-**	**-**	**-**	**-**	
	69,164	24,375	**-**	**-**	**69,164**	24,375	
Included in OCI							
Remeasurements loss (gain):							
Actuarial gain arising from: financial assumptions	**-**	-	-	-	**-**	**-**	
Other							
Contributions paid by the employer	-	-	**-**	**-**	**-**	**-**	
Benefits paid	**-**	-	**-**	**-**	**-**	-	
		-	-	**-**	**-**	**-**	-
Balance at 31 December	**93,539**	24,375	**-**	**-**	**93,539**	24,375	

(ii) Plan assets

Plan assets comprise the following

In United States Dollars	**2013**	2012
Plan assets	**-**	**-**
	======	=======

10. Management expenses(continued)

10.1 Personnel expenses (continued)

(iii) Defined benefit obligation

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date.

	2013	2012
Discount rate	**11%**	-
Salary increase rate	**10%**	-
Exit rate	**1%**	-

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the benefit obligation by the amounts shown below.

In United States Dollars	**2013**	2012
Withdrawal rate 20%		
Accrued liability	**82,636**	-
Service cost	**41,954**	-
Service cost and interest	**49,956**	-
Increase in discount rate by 1%		
Accrued liability	**86,513**	-
Service costs	**49,266**	-
Service cost and interest	**59,403**	-
Decrease in salary inflation by 1%		
Accrued liability	**86,833**	-
Service cost	**49,004**	-
Service cost and interest	**58,331**	-
Decrease in discount rate by 1%		
Accrued liability	**101,597**	-
Service costs	**57,839**	-
Service costs and interest	**67,794**	-

10. Management expenses*(continued)*

Other expenses

In United States Dollars	*2013*	*2012*
Advertising	**15,471**	**65,556**
Audit fees	**30,000**	**20,000**
Depreciation	**93,069**	**64,689**
Utility bills	**27,273**	**15,091**
Legal and professional fees	**378,848**	**41,256**
Directors' fees	**69,750**	**80,829**
Motor running expenses	**16,220**	**14,876**
Communication	**49,155**	**21,568**
Printing and stationery	**13,790**	**9,254**
Traveling	**74,718**	**57,390**
Miscellaneous	**460,132**	**261,237**
Insurance	**20,086**	**16,459**
Impairment allowance for bad debt	**1,033,410**	**17,250**
Total expenses	**2,281,922**	**685,455**

11. Net finance cost

In United States Dollars	***2013***	*2012*
Foreign exchange loss	**54,614**	160,344
Bank charges	**33,877**	12,545
	88,491	172,889

12. Unexpired risk liabilities

In United States Dollars	***2013***	*2012*
Balance at 1 January	**3,205,080**	23,564
Increase in liabilities	**4,187,964**	3,181,516
Balance at 31 December	**7,393,044**	3,205,080

The amount represents the liability for reinsurance business contracts where the Corporation's obligations are not expired at the year end.

13. Tax account

Current tax expense

In United States Dollars	***2013***	*2012*
Current year at 30%	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
	-	-

The Corporation's property, other assets, income from operation and transactions are exempted from all taxation and from all customs duties as per the Headquarters agreement between the Government of the Republic of Sierra Leone and the WAICA Reinsurance Corporation Plc.

14. Earnings per share

In United States Dollars	***2013***	*2012*
Profit attributed to equity holders	**2,190,118**	*374,169*
Weighted average number of ordinary shares in issue (thousands)	**24,311,603**	*7,748,697*
Basic earnings per share (expressed in USD per share**)**	**0.09**	0.05

Earnings per share is calculated by dividing the net profit attributable to the equity holders of the Corporation by the weighted average number of shares in issue during the year.

There were no potential dilutive shares outstanding at 31 December 2013 and 31 December 2012.

15. Cash and cash equivalents

In United States Dollars	***2013***	*2012*
Bank balance	**2,497,133**	1,082,169
Cash balances	**1,419**	487
Cash and cash equivalents	**2,498,552**	1,082,656

Cash in hand and balances with the central bank are non-interest-bearing.

For the purpose of the cash flow statement, cash and cash equivalent comprise the following balances with three months or less maturity from the date of acquisition

In United States Dollars	***2013***	*2012*
Cash and cash equivalent	**2,498,552**	1,082,656
Investment securities	**6,704,058**	2,364,320
Cash and cash equivalents in the statement of cash flows	**9,202,610**	3,446,976

16. Financial assets

a. Investments by category

In United States Dollars	***2013***	*2012*
Investment securities	**751,507**	686,966
Statutory deposit	**3,007,278**	2,093,023
Bank deposits	**16,427,235**	3,481,574
	20,186,020	6,261,563

The statutory deposit of USD 3,007,278(2012: USD 2,093,023)was made with the Bank of Sierra Leone in compliance with Section 23(1) of the Insurance Act 2000. The deposit will continue to be maintained at the Bank of Sierra Leone, so long as the Corporation continues to transact insurance business in Sierra Leone. The deposits are invested in treasury bills (Government Securities) by the Bank of Sierra Leone on behalf of the Corporation.

16. Financial assets (continued)

a. Investments by category (continued)

b. The Corporation's financial assets are summarised below by measurement category:

In United States Dollars	***2013***	*2012*
Available for sale	-	2,779,989
Held to maturity	**20,186,020**	3,481,574
Equity securities at cost	-	-
Total financial assets	**20,186,020**	6,261,563

Held to maturity constitutes assets expected to be realized within one year.

c. Available for sale financial assets

In United States Dollars	***2013***	*2012*
Unlisted debt securities - fixed interest rate:		
Treasury bills	-	2,779,989
Fixed deposits	-	-
Total available for sale financial assets	-	2,779,989

d. Held to maturity financial assets

In United States Dollars	***2013***	*2012*
Unlisted debt securities - fixed interest rate:		
Fixed deposits	**16,427,235**	3,481,574
Treasury bills	**3,758,785**	-
Total held to maturity financial assets	**20,186,020**	3,481,574

The fair value of the held to maturity financial assets approximate to the carrying amount.

17. Reinsurance receivables

In United States Dollars	*2013*	*2012*
Receivables arising from reinsurance contracts		
Due from cedants and brokers	**8,307,466**	3,299,350
Less provision for impairment of receivables from agents and brokers	**(1,050,660)**	(17,250)
	7,256,806	3,282,100

The total amount of receivables is deemed current.

In United States Dollars	*2013*	*2012*
Impairment allowance		
Balance at start	**17,250**	-
Addition during the period	**1,033,410**	17,250
Balance at 31 December	**1,050,660**	17,250

Ageing of unimpaired receivables

In United States Dollars	*2013*	*2012*
0 - 90 days	**3,047,883**	371,311
91 -180 days	**1,880,941**	545,069
181- 270 days	**1,719,542**	708,504
271- 365 days	**608,400**	1,666,883
Balance at 31 December	**7,256,806**	3,291,767

18. Other assets

In United States Dollars	*2013*	*2012*
Sundry receivables	**5,536,717**	538,972
Other receivables	**3,318,440**	42,240
Loans to staff	**23,863**	6,904
	8,879,020	588,116

19. Deferred acquisition costs

In United States Dollars	*2013*	*2012*
Balance at start	**987,889**	7,284
Additions during the period	**4,433,133**	2,014,887
Released during the period	**(3,289,784)**	(1,034,282)
Balance at 31 December	**2,131,238**	987,889

This amount represents reinsurance commissions; brokerage and other related expenses incurred that related to un-expired policies at year end.

20. Property and equipment

In United States Dollars	Computer hardware	Motor vehicle	Furniture and equipment	Total
Cost				
At 1 January 2012	5,179	-	32,549	37,728
Additions	28,749	215,526	74,678	318,953
Disposal	-	-	-	-
At 31 December 2012	**33,928**	215,526	107,227	356,681
At 1 January 2013	**33,928**	**215,526**	**107,227**	**356,681**
Additions	**9,355**	**-**	**40,008**	**49,363**
Disposal	**-**	**-**	**-**	**-**
At 31 December 2013	**43,283**	**215,526**	**147,235**	**406,044**
Accumulated depreciation				
At 1 January 2012	-	-	-	-
Charge for the period	3,947	43,148	17,594	64,689
Disposal	-	-	-	-
At 31 December 2012	3,947	43,148	17,594	64,689
At 1 January 2013	**3,947**	**43,148**	**17,594**	**64,689**
Charge for the year	**13,032**	**53,882**	**26,155**	**93,069**
Disposal	-	-	-	-
At 31 December 2013	**16,979**	**92,030**	**43,749**	**157,758**
Carrying amounts				
At 1 January 2012	5,179	-	32,549	37,728
At 31 December 2012	**29,981**	**172,378**	**89,633**	**291,992**
At 31 December 2013	**26,304**	**118,496**	**103,486**	**248,286**

There were no capitalized borrowing costs related to the acquisition of equipment during the year. (2012: Nil)

21. Intangible assets

In United States Dollars	**Computer Software (work in progress)**
Cost	
At 1 January 2012	-
Acquisitions	118,364
At 31 December 2012	118,364
	=======
At 1 January 2013	118,364
Acquisitions	84,450
Write off	(950)
At 31 December 2013	201,864
	=======
Amortisation and impairment losses	
At 1 January 2012	-
Amortisation for the period	-
At 31 December 2012	-
	======
At 1 January 2013	-
Amortisation for the period	-
At 31 December 2013	-
	======
Carrying amount	
At 1 January 2012	-
At 31 December 2012	**118,364**
At 31 December 2013	**201,864**
	=======

There were no capitalized borrowing costs related to the acquisition of computer software during the year. (2012: Nil)

22. Outstanding claims

2013

In United States Dollars	Fire& Engineering	Motor	Accident	Marine & Aviation	Total
Claims at start of the period	**139,407**	**48,105**	**-**	**24,046**	**211,558**
Claims incurred during the year	**1,417,578**	**673,964**	**746,976**	**671,984**	**3,510,502**
Claims paid during the year	**(1,341,774)**	**(403,872)**	**(644,989)**	**(674,981)**	**(3,065,616)**
Claims outstanding at 31 December	**215,211**	**318,197**	**101,987**	**21,049**	**656,444**

2012

In United States Dollars	Fire & Engineering	Motor	Accident	Marine & Aviation	Total
Claims at start of the period	531	20	-	24	575
Claims incurred during the period	645.772	81,144	615,300	212,982	1,555,198
Claims paid during the period	(506,896)	(33,059)	(615,300)	(188,960)	(1,344,215)
Claims outstanding at 31 December	139,407	48,105	-	24,046	211,558

23. Reinsurance payables

In United States Dollars	***2013***	*2012*
Payable under reinsurance arrangements	**2,839,703**	1,194,149
Payable under retrocession arrangements	**59,923**	483,624
	2,899,626	1,677,773

24. Trade and other payables

In United States Dollars	***2013***	*2012*
Accruals	**38,622**	49,465
Other creditors	**447,811**	109,006
Defined benefit obligation (10.1a) (i)	**93,539**	24,375
	579,972	182,846

The estimated fair values of accounts due to other trading parties and trade payables are the amounts repayable on demand. All trade and other payables are current liabilities.

25. Share capital

In United States Dollars

Authorised:	***2013*** **No of shares**	***2013*** **Amount**	*2012* No of shares	*2012* Amount
Ordinary shares of USD 1each	**100,000,000**	**100,000,000**	100,000,000	100,000,000
	=========	=========	=========	==========
Issued and fully paid: 24,311,603 ordinary shares of USD 1each				
Balance at start of the period	**7,748,697**	**7,748,697**	7,002,450	7,002,450
Additions during the period	**16,562,906**	**16,562,906**	746,247	746,247
At 31 December	**24,311,603**	**24,311,603**	7,748,697	7,748,697
	=========	=========	=========	========

26. Share premium

In United States Dollars	***2013***	*2012*
Balance at 1 January	**-**	-
Issue of shares	**3,784,253**	-
Balance at 31 December	**3,784,253**	-
	========	======

27. Retained profit

In United States Dollars	***2013***	*2012*
Balance at start of the period	**(547,013)**	(787,788)
Net profit for the period	**2,190,118**	374,169
Transfer to contingency reserve	**(304,284)**	(133,394)
	1,338,821	(547,013)
	========	========

28. Contingency reserves

In United States Dollars	***2013***	*2012*
Balance at start of the period	**133,739**	345
Addition during the period	**304,284**	133,394
	438,023	133,739
	=======	=======

Amount represents contingent reserves to cover fluctuations in securities and variations in statistical estimates.

29. Capital commitment

There were no capital commitments at 31 December 2013 (2012: Nil).

30. Contingent liabilities

There were no contingent liabilities at 31 December 2013 (2012: Nil).

31. Related party disclosure

The following transactions were carried out with related parties:

(a) Key management compensation

In United States Dollars	***2013***	*2012*
Salaries and other short-term employee benefits	**419,171**	374,291
	419,171	374,291

(b) Director's remuneration

In United States Dollars	***2013***	*2012*
Director's remuneration paid during the year	**69,750**	80,829
	69,750	80,829

32. Comparative information

The comparative information have been reclassified where applicable to conform to the current year presentation.

33. Post balance sheet events

Events subsequent to the financial position date are disclosed only to the extent that they relate directly to the financial statements and their effect is material. As there were no such events as at the date the financial statements were signed.

34. Reinsurance and financial risk management

(a) Introduction and overview

The Corporation has exposure to the following risks from financial instruments:

- Reinsurance risk
- Credit risk
- Interest risk
- Liquidity risk
- Currency risk
- Operational risk.

The Corporation issues contracts that transfer reinsurance risk or financial risk or both. This section summarises these risks and the way the Corporation manages them.The Corporation is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and reinsurance liabilities. This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Board has established the Board Strategy and Operations and Finance and Audit Committees, which are responsible for developing and monitoring risk policies in their specified areas.

The Corporation's risk management policies are established to identify and analyse the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Corporation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Corporation's Finance and Audit Committee is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Corporation.

(b) Reinsurance risk

Reinsurance risk arises from claims and underwriting profit experience being adversely different from those anticipated in the premiums rating and retrocession programme. The reinsurance risk under any reinsurance contract are the risk of the insured event occurring and the uncertainty of the amount of the resulting claim. Essentially, the principal risk that the Corporation faces under its reinsurance contracts is that the actual claims payments may exceed the carrying amount of the insurance liabilities.

When accepting risks, the Corporation follows its underwriting guidelines strictly. The guidelines cover risk acceptance criteria, pricing, accumulation controls, authority levels, reinsurance protection, among others. It guides the underwriters in their acceptances on the principles of prudence and professionalism within the overall objective of diversifying the type of insurance risks accepted within each of the short-term reinsurance contracts, to achieve a sufficiently large population of risks to reduce the variability of the expectedoutcome.

34. Reinsurance and financial risk management (continued)

(b) Reinsurance risk (continued)

Management of Reinsurance risk

Management consistently reviews its insurance risk exposures and reports same on regular bases to the Operations and Strategies Committee of the Board of Directors.

Further mitigating measures adopted by the Corporation is to hedge against the risk of catastrophic loss on reinsurance assumed by entering into retrocession arrangements with reputable reinsurance companies. The retrocession arrangements do not relieve the Corporation of its obligation to cedants. Hence, if the retrocessionaires default on their obligations to the Corporation, this risk mitigation measure would not be effective. As a result, the Corporation ensures that the financial conditions of retrocessionaires are reviewed annually and placements are carefully made with companies who are financially secure, credible and experienced in the industry.

(c) Credit risk

The Corporation has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due and these risks arise principally from investment securities and the Corporations cession and retrocession receivables.

Management of credit risk

The Corporation has policies in place to ensure that short-term bank deposits are placed with financial institutions of very high credit rating and are spread over a number of them across the WAICA member countries and in Londonto avoid undue concentration.

Credit risk relating to receivables is mitigated by the large number of cedants and their dispersion across the African continentand beyond. A good number of the cedants from whom receivables are due are equally shareholders and or members of WAICA. In addition, the liability for outstanding claims is in respect of reinsurance contracts with the same counter parties. A periodic evaluation of cedants and retrocessionaires is carried out to minimise exposure to significant losses from insolvencies. Transactions are also closely monitored to keep balances as current as possible.

(d) Interest rate risk

Fixed interest rate financial instruments carried at fair value expose the Corporation to interest rate risk.The Corporation's fixed interest rate financial instruments are government securities and deposits with financial institutions. Changes in interest rates will have an immediate effect on the Corporation's comprehensive income and shareholders' funds.

Management of interest rate risk

The Corporation's approach to managing interest rate risk is the maintenance of highly liquid short-term investment portfolio. The Corporation monitors the investment portfolio closely to redirect to investment vehicles with high returns.

34. Reinsurance and financial risk management (continued)

(e) Liquidity risk

The Corporation is exposed to daily calls on its available cash resources mainly from claims arising from reinsurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Management of liquidity rate risk

The Corporation manages this risk by maintaining sufficient cash, and investing any excess cash over its anticipated requirements. Set out below is the maturity profile of the Corporation's current assets and liabilities.

(f) Currency risk

The Corporation maintains assets and liabilities in several currencies and thus is exposed to the risk of exchange rate movements associated with assets and liabilities matching.

Management of currency risk

The Corporation does not apply hedging techniques to mitigate its currency risks but ensures the net exposure to this risk it within acceptable levels by constantly reviewing the level of mismatch.

(g) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Corporation's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the corporation's operations.

The corporation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the corporation's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the corporation. This responsibility is supported by the development of overall Corporation standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including reinsurance whether this is effective.

35. Basis of measurement

The financial statements have been prepared on the historical cost basis except for available for sale investment securities measured at fair value.

The financial statements have been prepared on a historical cost basis except for the following material item.

Items	**Measurement basis**
Net defined benefit liability	Present value of the defined benefit Obligation

36. Changes in accounting policies

Except for the changes below, the Corporation has consistently applied the accounting policies as set out in Note 37 to all periods presented in these financial statements.

The Corporation has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

a. IFRS 13 Fair Value Measurement.

b. Disclosures Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7).

c. Presentation of Items of Other Comprehensive Income (Amendments to IAS 1).

The nature and the effects of the changes are explained below.

A) Fair value measurement

In accordance with the transitional provisions of IFRS 13, the Corporation has applied the new definition of fair value, as set out in Notes 37 (c), prospectively. The change had no significant impact on the measurements of the Corporation's assets and liabilities, but the Corporation has included new disclosures in the financial statements, which are required under IFRS 13. These new disclosure requirements are not included in the comparative information. However, to the extent that disclosures were required by other standards before the effective date of IFRS 13, the Corporation has provided the relevant comparative disclosures under those standards.

(b) Offsetting financial assets and financial liabilities

As a result of the amendments to IFRS 7, the Corporation has expanded disclosures about offsetting financial assets and financial liabilities See Notes 5(a)(iii).

(c) Presentation of items of Other Comprehensive Income (OCI)

As a result of the amendments to IAS 1, the Corporation has modified the presentation of items of OCI in its statement of profit or loss and OCI, to present items that would be reclassified to profit or loss in the future separately from those that would never be.

37. Significant accounting polices

Except for the changes explained in Note 37, the Corporationhas consistently applied the following accounting policies to all periods presented in these financial statements.

Certain comparative amounts in the statement of profit or loss and OCI have been re-presented as a result of a change in the accounting policy regarding the presentation of items of OCI (See Note: 37 (c).

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow:

37. Significant accounting polices (continued)

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Corporation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial liability designated as the hedging instrument in a hedge, which are recognised directly in equity. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(b) Income tax expense

The Corporation's property, other assets, income from operation and transactions are exempted from all taxation and from all customs duties as per the Head quarters agreement between the Government of the Republic of Sierra Leone and the WAICA Reinsurance Corporation Plc.

(c) Financial assets and financial liabilities

(i) *Recognition*

The Corporation initially recognises loans and receivables on the date that they are originated. All other financial assets and liabilities including assets and liabilities designated at fair value through profit or loss are initially recognised on the trade date at which the Corporation becomes a party to the contractual provisions in the instrument.

A financial asset or financial liability is measured at fair value plus for an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issue.

(c) Financial assets and financial liabilities (continued)

(i) *Recognition(continued)*

Financial assets

The Corporation classifies its financial assets in one of the following categories:

- loans and receivables,
- held to maturity;
- available-for-sale; or
- at fair value through profit or loss and within the category as
  - held for trading; or
  - designated at fair value through profit or loss.

Financial liabilities

The Corporation classifies its financial liabilities as measured at amortised cost or fair value through profit or loss.

(iii) De*recognition*

Financial assets

The Corporation derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Corporation is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(iii) De*recognition (continued)*

The Corporation enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include for example securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Corporation retains all or substantially all the risks and rewards of ownership of such assets.

37. Significant accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

In transactions in which the Corporation neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Corporation continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Corporation retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

The Corporation derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(*iv) Offsetting*

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when the Corporation has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(v) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any differences between the initial amount recognised and the maturity amount minus any reduction for impairment.

(vi) Fair value measurement

Policy applicable from 1 January 2013

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Corporation has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Corporation measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Corporation uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

37. Significant accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

(vi) Fair value measurement (continued)

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received. The Corporation determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Corporation measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Corporation on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The Corporation recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Policy applicable before 1 January 2013

'Fair value' is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Corporation measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Corporation establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Corporation, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

37. Significant accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

(vi) Fair value measurement (continued)

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument.

In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Corporation measures assets and long positions at a bid price and liabilities and short positions at an ask price. Where the Corporation has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or ask price adjustment is applied only to the net open position as appropriate.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

(vii) Identification and measurement of impairment

At each reporting date the Corporation assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is (are) impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the debtor or issuer
- default or delinquency by a debtor,
- indications that a debtor or issuer will enter bankruptcy,
- the disappearance of an active market for a security,
- observable data relating to a group of assets such as adverse changes in the payment status of debtors or issuers in the Corporation, or economic conditions that correlate with defaults in the Corporation.

In addition, for an investment in a equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

37. Significant accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

(vii) Identification and measurement of impairment (continued)

The Corporation considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and advances and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Corporation uses statistical modeling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modeling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

37. Significant accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

(vii) Identification and measurement of impairment (continued)

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

The Corporation writes off certain loans and advances and investment securities when they are determined to be uncollectible.

(viii) Designation at fair value through profit or loss

The Corporation has designated financial assets and liabilities at fair value through profit or loss in the following circumstances:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.

- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

37. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gains or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognised net within other income in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this mostly closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. Depreciation on other assets is calculated using the straight-line methodto allocate their cost to their residual values over their estimated useful lives, as follows:

Motor vehicle	-	4 years
Furniture, fixtures and equipment	-	5 years
Computer equipment	-	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

37. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

These are included in the statement of comprehensive income.

Depreciation methods useful lives and residual values are reassessed at each financial year end and adjusted if appropriate.

(e) Investments

The Corporation classifies its investments into the following categories: held-to-maturity financial assets and deposit with the Central Bank. The classification depends on the purpose for which the investments are held. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

(i) Held-*to-maturity financial assets*

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

(ii) Held-*to-maturity financial assets (continued)*

Investment in government securities such as treasury bills and bearer bonds are held at cost and fixed deposits with banks.

(iii) Deposit with the Central Bank

The Corporation maintains a special account with the Central Bank of Sierra Leone wherein all investments related transactions with regards to investment in Treasury bills are recorded.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arising from reinsurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

Purchases and sales of investments are recognized on the trade date, that is the date on which the Corporation commits to purchase or sell the asset. Investments are carried at cost and are derecognized when the rights to receive cash flows from the investments have expired or where they have been transferred and the Corporation has also transferred substantially all risks and rewards of ownership.

37. Significant accounting policies (continued)

(f) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing cost.

When the use of the property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposit with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Corporation's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(h) Impairment of non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit” or “CGU”). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

37. Significant accounting policies (continued)

(h) Impairment of non-financial assets (continued)

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

(i) Share Capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(j) Reinsurance contracts

A reinsurance contracts is a contract under which the Corporation accepts significant insurance risks from a cedant by agreeing to compensate the cedant or other beneficiary if a specified uncertain future event (the insured event) occurs.

(i) Short-term Reinsurance contracts

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

37. Significant accounting policies (continued)

(j) Reinsurance contracts (continued)

(i) Short-term Reinsurance contracts (continued)

Casualty reinsurance contracts protect the cedants against ceded risk of claims made by primary policyholders for causing harm to third parties as a result of the legitimate activities of the primary policyholder.

Under property reinsurance contracts, the Corporation mainly compensates cedants of a portion of claims payable to primary policyholders for damage suffered to their properties or for the value of property lost or the loss of earnings caused by the inability of the primary policyholder to use the insured properties in their business activities (business interruption cover)

Personal accident reinsurance contracts compensates the cedants for a portion of claims made by primary policyholders for bodily injuries suffered by the primary policyholder or his/her family members or employees.

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

Premiums are shown before deduction of commission.

(ii) Retrocession contracts held

Contracts entered into by the Corporation with retrocessionaires under which the Corporation is compensated for losses which meet the classification requirement for reinsurance contracts are classified as retrocession insurance contracts held. Contracts that do not meet these classifications are classified as financial assets.

The Corporation uses retrocession arrangements to increase its aggregate underwriting capacity, to diversify its risk and to reduce its risk of catastrophic loss on reinsurance assumed. The ceding of risk to retrocessionaires does not relieve the Corporation of its obligation to its cedants. The Corporation regularly reviews the financial condition of its retrocessionnaires. Premiums and losses ceded to retrocessionaires are reported as reductions in gross premium and claims incurred.

Amounts recoverable from or due to retrocessionaires are measured consistently with the amounts associated with the retroceded reinsurance contracts and in accordance with the terms of each retrocession contract. Retrocession liabilities are primarily premiums payable for retrocession contracts and are recognised as an expense when due.

37. Significant accounting policies (continued)

(j) Reinsurance contracts(continued)

(ii) Retrocession contracts held (continued)

The Corporation assesses its retrocession assets for impairment on a quarterly basis. If there is objective evidence that the retrocession asset is impaired, the Corporation reduces the carrying amount of the retrocession asset to its recoverable amount and recognises that impairment loss in the income statement. The Corporation gathers the objective evidence that a retrocession asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

(iii) Receivables and payables related to reinsurance contracts

Receivables and payables are recognised when due. These include amounts due to and from cedants, brokers and retrocessionaires. If there is objective evidence that a cession/retrocession receivable is impaired, the Corporation reduces the carrying amount of the receivable accordingly and recognises that impairment loss in the statement of comprehensive income. The Corporation gathers the objective evidence that a cession/retrocession receivable is impaired using the same process adopted for loans and receivables.

(k) Claims

Claims incurred comprise of claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payment made during the year, whether arising from events during that or earlier years.

Provision is made by management for the estimated cost of claims notified but not settled at the date of the financial position date using all the information available at that time. Provision is also made by management for claims incurred but not yet reported (IBNR) at financial position date. The IBNR claims are computed at 20% of outstanding claims at the financial position date.

(l) Reserves for unexpired risks

In accordance with statute, when the unearned premium provision is less than forty-five percent (seventy-five percent for marine business) of the net premium of the Corporation's short-term reinsurance contracts, additional provision is made for unexpired risks.

(m) Contingency reserve

In accordance with statute, provision for contingency reserve is made at higher of three percent of the total earned premium or twenty percent of the net profit from the Corporation's short-term reinsurance business for the year subject to the higher of minimum paid-up capital or fifty percent of the net premium.

37. Significant accounting policies (continued)

(n) Employee benefits

Pension Obligations

The Corporation operates a defined contribution scheme. The scheme is generally funded through payments to the National Social Security and Insurance Trust or trustee administered funds. A defined contribution is a pension plan under which the Corporation pays fixed contribution into the separate entity. The Corporation has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefit relating to employees service in the current and prior period.

The Corporation makes contribution for all staff at the rate of 10% of employees' basic salary. In addition the employees also contribute 5% of their basic salary to the scheme.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Corporation's net obligation in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized post service costs and the fair value of any plan assets are deducted.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

The Corporation recognizes all actuarial gains and losses arising from defined benefit plans and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Corporation recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(o) Provisions

Restructuring costs and legal claims

Provisions for restructuring costs and legal claims are recognised when the Corporation has a present legal or constructive obligation as a result of past events; it is more likely than not an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Restructuring provisions comprise those termination penalties and employee termination payments.

37. Significant accounting policies (continued)

(o) Provisions (continued)

Restructuring costs and legal claims (continued)

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) Revenue recognition

Revenue is recognised as follows:

Revenue arising from underwriting and other related services offered by the Corporation are recognised in the accounting period in which the services are rendered.

(i) The underwriting result is net of reinsurance, provisions for unearned premium and outstanding claims.

(ii) Investment income is shown gross before the deduction of income tax and is accounted for on an accruals basis.

(q) Leases

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

(r) Dividend income

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

(s) Dividend distribution

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

(t) Earnings per share

The Corporation presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Corporation by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

37. Significant accounting policies (continued)

(u) New standards and interpretation not yetadopted

(i) IFRS 9 Financial Instruments (2010) and IFRS 9 Financial Instruments (2009)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities.

The IFRS (2009) requirements contain two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of loans and receivables.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair values changes that are attributable to the liability's credit risk in other comprehensive income rather that in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment to the guidance on classification and measurement of financial liabilities from IAS 39.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015. Given the nature of the Corporation's operations, this standard is expected to have a little impact on the Corporation's financial statements.

(i) IFRIC 21 Levies

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation covers the accounting for outflows imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations. However, it does not include income taxes (see IAS 12 Income Taxes), fines and other penalties, liabilities arising from emissions trading schemes and outflows within the scope of other Standards.

IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The Interpretation clarifies that 'economic compulsion' and the going concern principle do not create or imply that an obligating event has occurred.

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. Initial application is in accordance with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, i.e. the requirements are applied on a retrospective basis.

37. Significant accounting policies (continued)

(u) New standards and interpretations not yet adopted (continued)

(i) Amendments to IAS 32 on offsetting financial assets and financial liabilities (2011)

Clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods.

Given the nature of the Corporation's operation, the Corporation is not expecting a significant impact from the adoption of the amendments to IAS 32.

(ii) 1AS 36 Amendments

The overall effect of the amendments is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendments are applicable to annual periods beginning on or after 1 January 2014.

(iii) Amendments to IAS 19

The pronouncement amends IAS 19 Employee Benefits (2011) to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. The amendments are effective for annual periods beginning on or after 1 July 2014.

Our Vision

The vision of the company is "To develop a diversified insurance sector in the sub region providing greater reinsurance capacity with a view to widening economic and financial development of West Africa".

Our Mission

Our mission is to provide reinsurance capacity through a highly motivated workforce and the use of advanced technologies to deliver unparallel service to our clients while creating value for our shareholders.

Our tag line is "Surely Reinsured".

Our Philosophy

The philosophy of the company is to provide greater insurance and reinsurance capacity in the West African region in the context of the continued integration of the West African financial sector. The guiding principle is ‘going the extra mile’ for our clients who should receive even better service than they currently do with existing reinsurers. Our priority is to build customer relationships based on trust and value and which will be delivered using cutting edge technology.

Our Core Values

The core values of the company includes: Excellence, Integrity, Commitment, Professionalism and Team Spirit.

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