2015 ANNUAL REPORT

GHANA
LIBERIA
NIGERIA
THE GAMBIA
SIERRA LEONE

WAICA Re
WAICA REINSURANCE CORPORATION PLC
Surely Reinsured

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

WAICA Re

WAICA REINSURANCE CORPORATION PLC

Surely Reinsured

Sierra Leone
Nigeria
Ghana
The Gambia
Liberia

THIS REPORT CONTAINS 79 PAGES
REF: S651/FH/MKK

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CHAIRMAN'S STATEMENT

Dear Shareholders,
It gives me great pleasure to welcome you to our 3rd Annual General Meeting and to present to you the Corporation's Annual Report for the year ended 31st December, 2015. This is our third AGM because we were unable to hold the 2014 AGM which was a fall out of the constraints the Ebola virus epidemic placed on our economies and operations.

While 2015 was challenging due to the legacy of the deadly Ebola virus epidemic, it was also a year of further progress for WAICA Re in terms of strategy, operations and a robust financial performance.

Global Business Environment
The rate of global economic growth slowdown was 3.1 percent for 2015 compared with 3.4 percent in 2014. This deceleration stemmed from the continual sluggish growth in emerging market economies, worsened by deteriorating conditions in China. Other factors include sustained pressure in global financial markets arising from US monetary policy normalisation, depressed global oil market and persistently weakened global aggregate demand.

During the year, the US economy continued on its growth momentum path to 2.5 percent aided by easing financing conditions and strengthening housing and labour markets. The Euro area continued on the path of gradual recovery since the beginning of the year with projected growth set at 1.5 percent for the year. The slight pick-up in activity during the year was triggered by lower oil prices, monetary easing, increased domestic demand and positive outlook on consumer prices.

Growth in emerging markets and developing countries was estimated to have decelerated from 4.6 percent in 2014 to 4.0 percent in 2015, the lowest since 2009. China's economy continued its shift to a sustainable growth path with greater reliance on market forces. Consequently, growth in China was expected to slow gradually from 7.0 percent in 2014 to 6.9 percent in 2015. Output was expected to decline further to 6.3 percent in 2016. As the process of rebalancing from manufacturing towards the services sector proceeds, industrial output should decelerate whilst services and consumption should remain solid.

Growth in sub-Saharan Africa was estimated to have slowed to 3.5 percent in 2015 from 5.0 percent in 2014, reflecting in the main, the impact of lower commodity prices and higher borrowing costs which weighed heavily on some of the region's largest economies as well as a number of smaller commodity exporters.

WAICA Member Economies

Nigeria

Nigeria's domestic output growth in 2015 was down to 2.79 percent, compared with 6.22 percent in 2014. The reason for the sluggish growth in output was directly attributable to the unprecedented fall in global oil prices exacerbated by the fiscal uncertainties, which inadvertently hampered movement of labour and goods; fuel scarcity, increased energy tariffs, foreign exchange scarcity as well as slow growth in credit to the private sector in preference to high credit growth to the public sector.

There was an uptick in year-on-year headline inflation to 9.6 percent in December, 2015 from 8 percent in December 2014. The rising inflationary pressure was traced to the lingering scarcity of refined petroleum products, exchange rate pass through from imported goods, seasonal factors and increase in electricity tariff. In the external sector, activities in the informal segment of the foreign exchange market led to the stoppage of dollar sales to Forex Bureaus. At the inter-bank segment the exchange rate opened the year at N180.00/US$ and closed at N197.00/US$ a depreciation of 8.5 percent.

Ghana

The pace of expansion in economic activity stagnated during 2015 with a GDP growth of 4.1 percent up a bit from the realised 3.9 percent in 2014. The moderated growth was a result of continued energy supply constraints, lower commodity prices and tight credit conditions.

As a result of currency depreciation, upward adjustment in ex-pump prices following deregulation of petroleum prices, and increased utility tariffs, annual headline inflation rose from 16.4 percent in December, 2014 to 17.7 in December, 2015 representing 0.7 percentage points.

Foreign inflows from the Cocoa loan and Eurobond issue moderated a first half year volatility in the foreign exchange market. At the end of the year, the Cedi had depreciated cumulatively by 15.7 per cent from GHS 3.2/1 US$ in 2014 to GHS 3.795/1 US$ by December, 2015.

Sierra Leone

Sierra Leone was recovering from the Ebola Virus Epidemic and was expected to record positive growth in 2015. Gross external reserves position as at December 31 was $578.98 million compared with $553.51 in 2014.

The Leone continued to depreciate against all the major currencies throughout the year starting at Le 4,898.06 to $1 and closing at Le 5,608.71 to $1 by December 2015, representing a fall of 14.5%. Year-on-year inflation inched up, on the back of currency depreciation, from the 2014 figure of 7.85 percent to 8.85 percent by December, 2015. The year saw mixed movements in interest rates with the 91 day Treasury bill falling from 2.36 percent in December 2014 to 1.08 percent in December, 2015 while the 182 day treasury bill rate increased from 2.83 percent in December 2014 to close the year at 3.12 percent.

The Gambia

The Gambia revised its real GDP growth upwards for 2014 from the earlier estimate of 0.5 percent to 0.9 percent, citing less-than-expected contraction in agricultural output than previously estimated. Growth in 2015 is expected to be supported by strong recovery in tourism and agriculture as well as increased infrastructure spending.

Yields on all Government securities increased during 2015. The yield on the 91 day, 182 day and 364 day Treasury bills increased to 17.65 percent, 18.08 percent and 21.77 percent in December 2015 from 14.0 percent, 16.34 percent and 19.75 percent respectively in December, 2014. Similarly, the yield on the 91 day, 182 day and 364 day SAS rose from 14.07 percent, 16.50 percent and 19.20 percent in 2014 to 17.58 percent, 18.03 percent and 21.83 percent in 2015 respectively.

Consumer price inflation decelerated to 6.7 percent in December 2015, from 6.9 percent in December 2014. This was primarily as a result of the decline in food inflation from 8.43 percent in December 2014 to 4.83 percent in December 2015.

Liberia

Of particular importance to WAICA Re is the passing of a new Insurance Law in Liberia to replace the 1973 Act. Several regulations, aimed at further strengthening the sector, were also issued and published.

Real GDP growth rate in 2015 was estimated at 0.3 percent, down from the realised 0.7 percent in 2014, mainly as a result of contraction in iron ore production in the mining and panning sector, triggered by falling international price of the commodity.

The average exchange rate vis-à-vis the US dollar depreciated by 4.3 percent to L$88.5/US$1.00 in December, 2015 compared with L$84.84/US$1.00 for December, 2014, largely on account of deteriorating terms of trade, high demand for foreign exchange to facilitate imports and increased Liberian dollar expenditure by government during the course of the year.

Liberia's gross external reserves including gross Special Drawings Rights (SDR) at end of December, 2015, stood at US$560.6 million, from US$532.2 million at end of December, 2014; while the net reserves including net SDR at end of December, 2015 was US$164.0 million, compared with US$227.9 million for 2014.

Inflation during the year was contained in single digit mainly on account of favourable global oil prices and prudent liquidity management. Average annual headline inflation for 2015, stood at 7.8 percent, from 9.9 percent for the same period in 2014.

Financial Performance

WAICA Re has seen another year of improved financial performance indicating that we are a much stronger reinsurer today than we were a year ago. We have set the platform for a greater future, established strong financial, technical and operational paths that will spur us on to be the preferred reinsurer for our cedants and brokers, providing cover with speed and efficiency to delight business partners and build shareholder value.

Significant progress has been made against our strategic goals and a snapshot of our key performance indicators are as follows:

- Gross Premium written; up by 39% to $33.5m (2014: $24.2m)
- Retrocession Premium; up 28% to $2m (2014: $1.6)
- Net Earned Premium; up by 46% to $27.7m (2014: $19m)
- Total Income from Operation; up by 42% to $30m (2014: $21.2m)
- Underwriting Expenses; up by 48% to $17.1m (2014: $11.6 m)
- Management Expenses and Finance cost; up by 22 % to $7.1m (2014: $5.8m)
- Profit before tax; up by 53% to $5.8m (2014: $3.8m)
- Total asset; up by 17% to $61.4m (2014: $52.6m)
- Shareholder's funds up by 14% to $38.4m (2014: $33.6m)

Our gross premium written increased from $24.2 million in 2014 to $33.5 million in 2015, representing a 39% growth. While Nigeria and Ghana continue to be our key markets, we made significant inroads into other African countries as well as some stable/selected countries in the Middle East and Asia. Retrocession premium equally increased to $2 million from $1.6 million in 2014. After adjusting for unearned premium reserve, Net earned premium increased by 46% from $19 million in 2014 to $27.7 million in 2015.

Interest rates remained stable during the first three quarters of the year in the countries in which we hold investments, but in the fourth quarter, rates on fixed deposits in Nigeria took a downward trend, falling from 10% in September, 2015 to 6% in December, 2015. We also have to disinvest some term deposits to acquire investment properties. As a result, investment and other income saw a marginal increase from $2.1 million in 2014 to $2.3 million in 2015.

The growth in premium income came with a corresponding increase in claims and commission expenses. Of particular significance to our claims expenditure was the flooding that took place in Ghana in June 2015. Underwriting expenses therefore grew by 47% to 17.1 million from the 2014 figure of $11.6 million. Management Expenses increased from $5.8 million in 2014 to $7.1 million in 2015.

As recorded in 2014, the US Dollar once again proved stronger against most currencies on the back of a robust growth of the US economy. There was therefore, a further depreciation of currencies across the WAICA member countries as well as most of the countries in which we generate premium income. The effect was an exchange loss of $1 million.

Ladies and gentlemen, I am glad to announce that, for the fourth year running, your Corporation continues to improve on its bottom line. Net profit saw a 53% increase to $5.8 million from $3.8 million in 2014.

As at 31st December, 2015 WAICA Re's total assets stood at $61.4 million, representing a 17% growth over the 2014 figure of $52.6 million while shareholder's funds increased by 14% from $33.6 million in 2014 to $38.4 million in 2015.

Life Reassurance operations

Our Life Reassurance Unit commenced operations in June, 2015. The Unit was responsible for all Life reassurance business across Africa. The Unit generated a premium income of $83,447 during the period. After accounting for commission expenses of $22,131 and management expenses of $76,745, a loss of $15,429 was made. We hope to grow this line of business to boost the income of the Corporation.

Dividend

The Board of Directors, recommended for your approval, a dividend of $1,500,000 for the year ended 31st December, 2014. Since we could not hold the intended AGM, we decided to pay an interim dividend of $1,000,000. I believe most of you, if not all of you, have received your interim dividend. If you approve, the balance of $500,000 would also be paid in due course.

For the financial year 2015, we are recommending a cash dividend of $1,000,000 and a bonus share of $1,215,580 since we hope to do another fund raising to boost our capital base this year.

Our People

WAICA Re's success lies in the hands of our employees whom we regard as valuable assets and take pride in the fact that we have one of the finest workforce in the industry. I would like to thank them all for their dedication and hard work during the year. We believe in creating an environment that stretches and challenges our people and enables them to do their best, living our values each day while achieving their own professional goals. I and my colleagues will work together to ensure we create such an environment.

Governance and Board Changes

The Board is responsible for setting the right tone from the top and ensuring that a robust governance structure is in place to enable the business to succeed and deliver long-term sustainable growth. During 2015, Mr Solomon Samba and Mr David Johnson retired from the Board and Mr Mohamed Babatunde Cole and Mr Thierry Ravoaja replaced them while Mr Ekow Dadzie-Dennis' appointment was confirmed at the 2nd AGM held in Accra, Ghana. We thank our retired Directors for a good job done in helping to set up the company and seeing to its successful growth.

The Chairmanship and membership of our Board committees also changed. Mrs Senor Thomas-Sowe has successfully taken on the chairmanship of the Audit and Finance committee and ensured that there is no break in continuity in this important role. Similarly, Mr Fatai K. Lawal succeeded Mr Rotimi Fashola as chairman of the Establishment and Remuneration committee while Mr Rotimi Fashola became the Chairman of the Strategy and Operations committee and they have likewise ensured a seamless transition.

The Board now has membership of people from diverse backgrounds and this we believe brings the right balance of skill and diversity to meet the kind of future we hope to build.

My fellow board members, I am grateful for your diligence.

Technical Activities

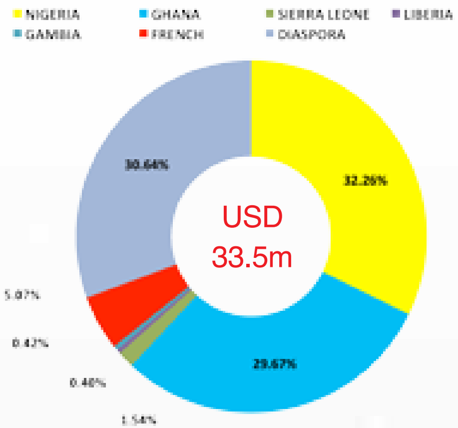
The technical activities in 2015 ended on an impressive note. We have now expanded our clientele base especially from other parts of Africa. Interestingly, majority of the Brokers are from Europe and Asia who are doing African business. We had to put in more efforts to enable us cope with the influx of underwriting activities during the year.

The result of our efforts is as shown below:

PREMIUM INCOME BY COUNTRY

Country	USD
Nigeria	10,794,841
Ghana	9,927,724
Sierra Leone	516,354
Liberia	132,864
Gambia	140,737
French	1,695,114
Diaspora	10,251,062
	33,458,696

PREMIUM INCOME BY COUNTRY



Our philosophy of doing business has continued to assist us in achieving the desired results i.e. the speed of acceptance of business, processing of accounts and prompt payment of claims.

Marketing Activities

Our focus has always been on strategic marketing to grow the Corporation and provide adequate/ appreciable returns on investment to our Shareholders. A lot of marketing activities were carried out in 2015 aimed at growing the business beyond West Africa. We are therefore, members in good standing of all the regional and continental insurance associations in Africa. Our aim is to expand beyond our present operational base by adding new geographical locations in the continent of Africa. Our focus will be to participate in international conferences and seminars where we are able to meet some quality global players; Brokers and companies alike. We are restructuring the Corporation to give it a more international outlook by generating more income from the foreign segment of our operations.

Contact off-shore Offices

The two contact offices of the Corporation in Accra, Ghana and Lagos, Nigeria have continued to contribute immensely to the growth of the Corporation. To ensure we diversify and penetrate other markets, we inaugurated a new Off-Shore Contact office in Abidjan, Ivory Coast on the 9th of December, 2015. It was a blissful event, well planned and successfully executed. The attendance was encouraging as the major industry players i.e. Insurers, Reinsurers and Brokers were all present. The occasion has added a great value to the operations of the Corporation and brought us closer to the Francophone world. We also hope to open our Nairobi, Kenya office very soon to service our customers in Eastern and Southern Africa.

Investment Properties

As part of our efforts to boost investment income and as part of our investment strategy to invest 25% of our investible funds in properties, the Corporation, during the period under review, paid $6,896,264 to acquire and renovate two investment properties in London and Accra. The two properties are expected to generate good rental income and capital appreciation in the coming years.

Waica Re Capital

Dear Shareholders, having operated for four years, your Corporation has begun to seek other opportunities to grow its investment income. As a result, a wholly owned subsidiary called Waica Re Capital Ltd, was set up in 2015. It is an investment banking firm with its head office in Ghana, and hopefully its operations would later be expanded to other WAICA member countries.
The reasons for setting up Waica Re Capital were the following:

- To generate additional income in the form of dividend for WAICA Reinsurance Corporation Plc.

- To increase WAICA Re's net worth through capital appreciation.

- To serve as an investment advisory services outlet for WAICA Re. When successful, Waica Re Capital may set up subsidiaries in the areas that WAICA

- Re operates to make it a sub-regional financial institution as a way of maximising investment income.

- As a fund manager, with assets under management, WAICA Re may seek short term assistance in times of huge claims without liquidating WAICA Re investments.

- Waica Re Capital may assist WAICA Re undertake certain key projects such as property investments and head office building.

Waica Re Capital Ltd is now fully operational from its new office address on the same floor as WAICA Reinsurance Corporation Plc's Ghana off-shore office at 2nd floor, The Emporium, Movenpick Ambassador Hotel, Accra, Ghana.

Manpower Development

We continued our capacity building/development programme in 2015 as our way of contributing to the growth of the industry in the continent. The Cedants training organised in August, 2015 in Elmina, Ghana, was very successful. This training programme will continue because we see it as a valuable marketing tool to sell our brand and to appreciate our numerous ceding companies for their support and loyalty.

Communication / Information Technology

Our robust growth demands a robust IT infrastructure. In 2015 we acquired new technical and accounting software as our old software was incapable of supporting our operations, business philosophy and culture. With these acquisitions, we have completed our IT requirements and this should help us to derive operational efficiency and effectiveness to archive business growth and satisfy our clients.

Credit Rating

Ladies and Gentlemen, another remarkable achievement in 2015 was the rating of the Corporation by Global Credit Rating in which we attained International rating of B+ and National rating of A-. This rating result should further boost the confidence of our cedants and brokers in our financial soundness and claims paying ability. We intend to use it as a marketing tool to retain and to win more customers.

Capitalisation

To strategically position the Corporation to underwrite larger businesses especially in the oil and gas industry among others, and to ensure a strong balance sheet that will make us more competitive in the reinsurance market, the Board recommend the raising of additional capital in 2016 to bring our issued capital to $100,000,000. The additional capital will also augment our working capital, enable us establish subsidiaries in Ivory Coast and Kenya and boost investments income.

Looking Ahead

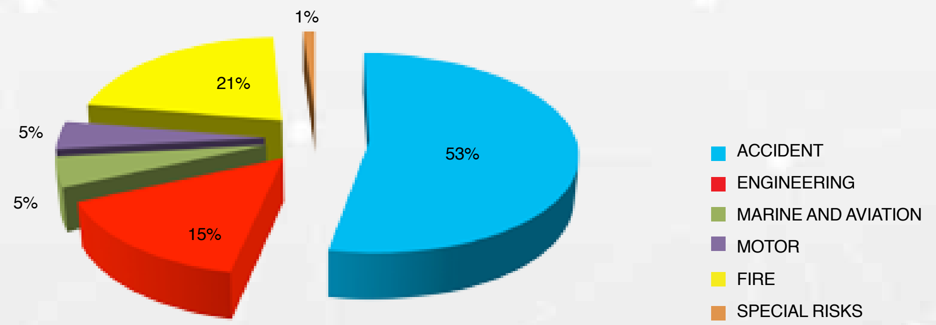
As you can see from the above, nothing stands still at WAICA Re. Sound foundations have been laid and we are on target in creating one of the best performing, most trusted and most respected Reinsurance Company in Africa. We will not be complacent in such a competitive market place. We intend to focus our energies on efficient, expeditious and reliable customer service so as to deliver our performance ambition.

Let us all look forward with confidence into 2016.

PREMIUM INCOME BY CLASS

Class	USD
Accident	17,818,469
Engineering	5,047,540
Marine and Aviation	1,615,069
Motor	1,539,263
Fire	7,063,414
Special Risks	374,941
	33,458,696

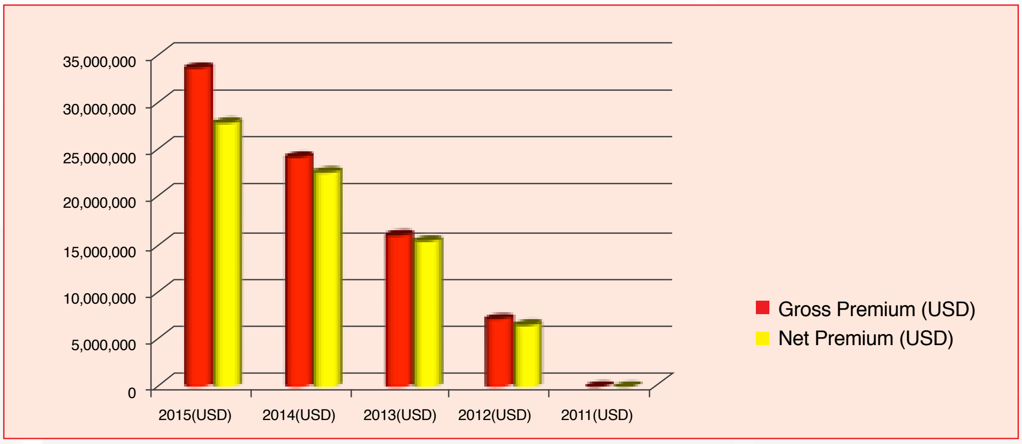
PREMIUM INCOME BY CLASS



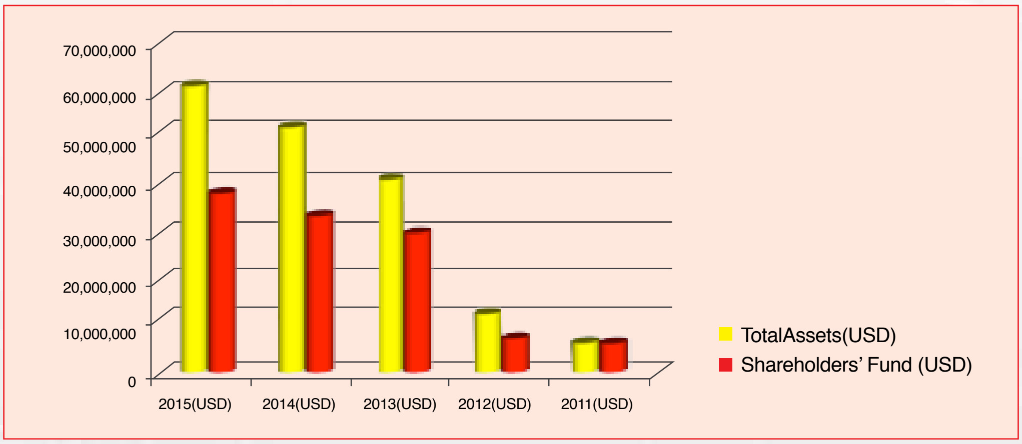
WAICA Re Performance Analysis

FOUR YEAR FINANCIAL SUMMARY	2015 USD	2014 USD	2013 USD	2012 USD	2011 USD
Gross Premium	33,458,696	24,124,158	15,922,737	7,169,345	35,057
Net Premium Earned	27,729,003	19,045,608	11,131,177	4,446,452	11,493
Underwriting Profit/(Loss)	10,924,051	3,522,740	1,158,267	(459,576)	(810,900)
Investment Income	1,943,705	1,831,594	1,031,851	833,745	23,457
Net Profit Before Tax	5,793,658	3,788,061	2,190,118	374,169	(787,443)
Total Assets	61,403,095	52,557,273	41,401,786	12,612,680	6,333,704
Total Investments	36,649,191	32,335,077	20,186,020	6,261,563	4,341,335
Shareholders' Funds	38,405,374	33,611,441	29,872,700	7,335,423	6,215,007
Combined Ratio	87.27%	91.23%	90.35%	90.8%	7,155%
Return on Equity	15.08%	11.27%	7.3%	5.1%	(12.7%)
Earnings per Share	0.24	0.16	0.09	0.05	(0.11)

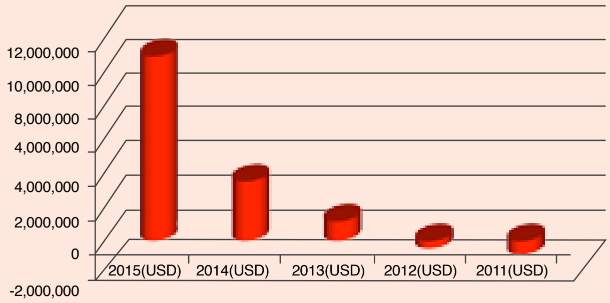
Gross Premium vs Net Premium Earned



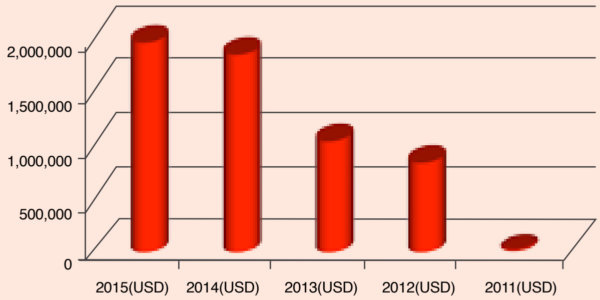
Total Assets vs Shareholders' Fund



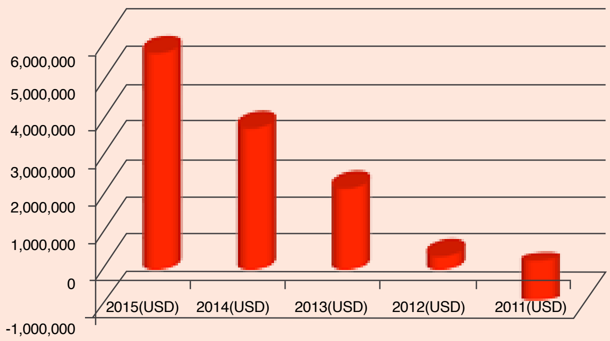
Underwriting Profit/(Loss)



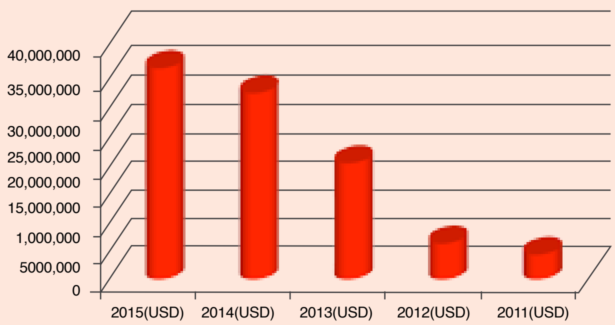
Investment Income



Net Profit Before Tax



Total Investments



BOARD OF DIRECTORS

DIRECTORS

Kofi Duffuor	Chairman
Abiola Ekundayo	MD/CEO
William Coker	
Sam. O. Mintah	
Rotimi Fashola	
Senor Thomas-Sowe	
Alice Onomake	
Fatai Kayode Lawal	
Thierry Ravoaja	
Mohamed Babatunde Cole	
Ekow Dadzie-Dennis	

MANAGEMENT

Abiola Ekundayo - **MD/CEO**
Rotimi Adenayajo - **Director (Technical)**
Samuel Jasper Baido - **Director (Finance)**
Anna Ndiaye - **Regional Manager (Francophone)**
Clement Owusu - **Country Manager (Ghana)**
Dipo Gbenro - **Life Reassurance Manager**
Sunday Segun Asake - **Country Manager (Nigeria)**
Binty Kamara - **Asst Manager (Admin and HR)**
Claudine Davies - **Head of Info. Tech. & Research**
Peter Kwarteng - **Manager (Technical)**

General information

Directors:	Kofi Duffuor	Chairman
	Abiola Ekundayo	Managing Director / CEO
	Solomon Samba	(Retired 25/2/15)
	Rotimi Fashola	
	Sam. O. Mintah	
	Alice Onomake	
	David A. Johnson	(Retired 25/2/15)
	Fatai Kayode Lawal	
	Senor Thomas-Sowe	
	William Coker	
	Ekow Dadzie-Dennis	
	Mohamed Babatunde Cole	(Appointed 25/2/15)
	Thierry Ravoaja	(Appointed 25/2/15)

Registered Office:	Maritime House (2nd floor) Government Wharf, Wallace Johnson Street, Freetown, Sierra Leone.
Bankers:	Access Bank Ghana Limited Access Bank Sierra Leone Limited Bank of Sierra Leone Ecobank, Ghana Ecobank, Nigeria Ecobank Sierra Leone Limited Ecobank Cote D'Ivoire Guaranty Trust Bank Plc, Nigeria Guaranty Trust Bank, Sierra Leone United Bank for Africa, Sierra Leone Trust Bank Gambia Limited Union Bank,UK Ghana International Bank, Uk Union Trust Bank Sierra Leone Limited
Corporate Secretaries:	Freetown Nominees Limited 71 Sir Samuel Lewis Road Aberdeen Freetown Sierra Leone
Auditors:	KPMG Sierra Leone Chartered Accountants KPMG House 37 Siaka Stevens Street P. O. Box 100 Freetown

The Directors present their report and audited financial statements for the year ended 31 December 2015.

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 23 to these financial statements.

Dividends

In respect of the year ended 31 December 2014, the Board of Directors during the year ended 31 December 2015, proposed a dividend of US$0.0617 per share amounting to US$1.5 million. US$1.0 million as part of the US$1.5 million was to be paid to the shareholders as an interim dividend. As at 31 December 2015 a total of US$ 299,417 had been paid to the shareholders. Also in respect of the year ended 31 December 2015, the Board of Directors proposed a dividend of US$ 0.0411 per share amounting to US$ 1.0 million (2014: US$ 1.5 million) and bonus shares of 1 share for every 20 shares held as 31 December 2015 which amounted to US$ 1.2 million.

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 controls and 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 over 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 18 to these financial statements.

Employment of disabled people

WAICA Reinsurance Corporation PLC does not discriminate against disable persons as it's clearly stated in the Corporation's staff hand book, section 1.2j. 'The Corporation shall 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 PLC has 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	
Ekow Dadzie-Dennis	
Mohamed Babatunde Cole	
Thierry Ravoaja	

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 31st March, 2016 and are signed on their behalf by:

Chairman

Director

Director

FREETOWN NOMINEES LIMITED
Corporate Secretaries

KPMG
cutting through complexity™

Independent Auditor's report to the Members of WAICA Reinsurance Corporation PLC

We have audited the financial statements of WAICA Reinsurance Corporation PLC, which comprise the financial position at 31 December 2015, and the statements of comprehensive income, 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.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the 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 the Corporation'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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Corporation as of 31 December 2015 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.

Freetown

KPMG
Chartered Accountants

Date: 31 March 2016

Statement of Financial Position as at 31 December

In United States Dollars	Note	2015	2014
Assets			
Cash and cash equivalents	12a	**2,790,816**	4,780,607
Financial assets	13	**29,750,927**	32,335,077
Reinsurance receivables	14	**16,982,434**	11,655,836
Other assets	15	**114,827**	112,672
Deferred acquisition costs	16	**4,412,236**	3,348,931
Property and equipment	17	**339,017**	168,689
Intangible assets	18	**116,574**	155,461
Investment property	19	**6,896,264**	-
Total assets		**61,403,095**	52,557,273
Liabilities			
Outstanding claims	20b	**2,623,101**	2,104,052
Reinsurance payables	21	**4,262,221**	5,035,843
Trade and other payables	22	**1,529,981**	914,677
Unexpired risk liabilities - Non-Life	10	**14,598,681**	10,891,260
		23,013,984	18,945,832
Total liabilities Equity			
Share capital	23	**24,311,603**	24,311,603
Share premium	24	**3,784,253**	3,784,253
Retained earnings	25	**7,987,933**	4,369,270
Contingency reserve	26	**2,355,201**	1,195,635
Other reserves	27	**(49,879)**	(49,320)
Total equity		**38,389,111**	33,611,441
Total equity and liabilities		**61,403,095**	52,557,273

The financial statements were approved by the Board of Directors on 31st March 2016 and were signed on its behalf by:

Chairman	Director	Director

The notes on pages 14 to 63 are an integral part of these financial statements.

Statement of Comprehensive Income Non - Life for the year ended 31 December

In United States Dollars	Note	2015	2014
Underwriting income			
Gross premium written	6a	**33,458,696**	24,124,158
Less: retrocession premium		**(2,022,272)**	(1,580,334)
Net written premium		**31,436,424**	22,543,824
Movement in unearned premium reserve	10	**(3,707,421)**	(3,498,216)
Net earned premium		**27,729,003**	19,045,608
Investment income	7	**1,943,705**	1,831,594
Commission earned		**312,661**	290,465
Other income		**8,265**	2,577
Total income from operations		**29,993,634**	21,170,244
Underwriting expenses			
Net claims incurred	20a	**(8,712,051)**	(5,788,584)
Commission expenses	5	**(8,405,563)**	(5,780,991)
Management expenses	8a	**(6,022,377)**	(4,155,718)
Net finance cost	9	**(1,059,985)**	(1,656,890)
Total underwriting expenses		**(24,199,976)**	(17,382,183)
Profit before tax		**5,793,658**	3,788,061
Tax expense	11	**-**	-
Profit for the year		**5,793,658**	3,788,061
Other comprehensive income for the period, net of income tax		**(559)**	(49,320)
Total comprehensive income for the year		**5,793,099**	3,738,741

Statement of Comprehensive Income Non - Life (continued)

In United States Dollars	2015	2014
Profit attributable to:		
Equity holders of the corporation	**5,793,658**	3,788,061
Profit for the year	**5,793,658**	3,788,061
Total comprehensive income attributable to:		
Equity holders of the corporation	**5,793,099**	3,738,741
Total comprehensive income for the year	**5,793,099**	3,738,741

The financial statements were approved by the Board of Directors on 31st March 2016 and were signed on its behalf by:

Chairman

Director

Director

The notes on pages 14 to 63 are an integral part of these financial statements.

Statement of Comprehensive Income - Life for the year ended 31 December

In United States Dollars	Note	2015
Revenue		
Net insurance premium revenue	6b	**83,447**
Less: Unearned premium		**-**
Net premium earned		**83,447**
Investment income		**-**
Net revenue		**83,447**
Expenditure		
Claims paid, outstanding and unintimated		**-**
Commission paid		**(22,131)**
Management expenses	8b	**(76,745)**
Net finance cost		**-**
		(98,876)
Loss before tax		**(15,429)**
Tax expense	11	**-**
Loss for the year		**(15,429)**

The financial statements were approved by the Board of Directors on 31st March 2016 and were signed on its behalf by:

……………………………… Chairman

……………………………… Director

……………………………… Director

The notes on pages 14 to 63 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	Share earnings	Contingency reserves	Other reserves	Total
Balance at 1 January 2014	24,311,603	3,784,253	1,338,821	438,023	-	29,872,700
Total comprehensive income for the year						
Profit for the year	-	-	3,788,061	-	-	3,788,061
Other comprehensive income net of income tax						
Employee benefit actuarial loss, net of tax	-	-	-	-	(49,320)	(49,320)
Total other comprehensive income	-	-	-	-	(49,320)	(49,320)
Total comprehensive income	-	-	3,788,061	-	(49,320)	3,738,741
Other transfers						
Transfer to contingency reserve	-	-	-	(757,612)	757,612	-
Total other transfers	-	-	(757,612)	(757,612)	-	-
Balance at 31 December 2014	24,311,603	3,784,253	4,369,270	1,195,635	(49,320)	33,611,441

Statement of Changes in Equity (continued) for the year ended 31 December

In United States Dollars	Share capital	Share premium	Retained earnings	Contingency reserves	Other reserves	Total
Balance at 1 January 2015	24,311,603	3,784,253	4,369,270	1,195,635	(49,320)	33,611,441
Total comprehensive income for the year						
Profit for the year	-	-	5,778,229	-	-	5,778,229
Other comprehensive income net of income tax						
Employee benefit actuarial loss, net of tax	-	-	-	-	(559)	(559)
Total other comprehensive income	-	-	-	-	(559)	(559)
Total comprehensive income	-	-	5,778,229	-	(559)	5,777,670
Other transfers						
Transfer to contingency reserve	-	-	(1,159,566)	1,159,566	-	-
Total other transfers	-	-	(1,159,566)	1,159,566	-	-
Dividend to owners	-	-	1,000,000)	-	-	(1,000,000)
Balance at 31 December 2015	24,311,603	3,784,253	7,987,933	2,355,201	(49,879)	38,389,111

Statement of Cash Flows
for the year ended 31 December

In United States Dollars	Note	2015	2014
Cash flows from operating activities			
Profit for the year		**5,778,229**	3,788,061
Adjustments for:			
Depreciation	17	**129,990**	101,847
Amortisation	18	**155,461**	71,403
Net finance cost	9	**1,059,985**	1,656,890
Profit on Disposal		**(5,629)**	-
Cash flows from operating activities Changes in		**7,118,036**	5,618,201
- reinsurance receivables	14 & 15	**(5,328,753)**	4,367,317
- deferred acquisition costs	16	**(1,063,305)**	(1,217,693)
- outstanding claims	20b	**519,049**	1,447,608
- reinsurance payables	21	**(773,622)**	2,136,217
- trade and other payables	22	**(85,279)**	334,705
- reinsurance funds - Non Life	10	**3,707,421**	3,498,216
		4,093,547	16,184,571
Interest paid	9	**(83,055)**	(38,722)
Income tax paid	11	**-**	-
		4,010,492	16,145,849
Net cash from operating activities			
Cash flow from investing activities			
Net disposal/(acquisition) of investment	13d	**8,932,466**	(17,441,238)
Acquisition of investment property	19	**(6,896,264)**	-
Acquisition of property and equipment	17	**(315,420)**	(22,250)
Acquisition of intangible assets	18	**(116,574)**	(25,000)
Proceed from disposal		**20,731**	-
Net cash used in investing activities		**1,624,939**	(17,488,488)
Cash flows from financing activities			
Employee benefit actuarial loss recognised directly in equity	8b	**(559)**	(49,320)
Dividend Paid		**(299,417)**	-
Cash flow from financing activities		**(299,976)**	(49,320)
Net increase in cash and cash equivalents		**5,335,455**	(1,391,959)
Cash and cash equivalents at beginning of the year		**6,192,483**	9,202,610
Effect of exchange rate fluctuations on cash and cash equivalent held		**(976,930)**	(1,618,168)
Cash and cash equivalents at end of the year	12b	**10,551,008**	6,192,483

Notes to the Financial Statements

1. Reporting entity

WAICA Reinsurance Corporation PLC is a corporation incorporated and 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 Companies Association 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 31st March 2016.

Details of the Corporation's accounting policies are included in note 35.

3. Functional and presentation currency

These financial statements are presented in United States Dollars which is the Corporation's functional currency.

4. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Corporation's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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.

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.

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 2015 is set out below in relation to the impairment of financial instruments and in the following notes:

Notes to the financial statements (continued)

4. Use of judgements and estimates (continued)

b. Assumptions and estimation uncertainties (continued)

• **Note 8b (i) - 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 unrecognised 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 8, 10, and 26 - 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.

i. Measurement of fair values

A number of the Corporation's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset and liability, the Corporation uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follow.

Level 1 - quoted prices (adjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within level 1 that are observed for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset and liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in note 33 (c)(v).

Notes to the financial statements (continued)

5. Operating segments

a. Basis of segmentation

The Corporation has the following five strategic divisions, which are reportable segments. These divisions offer different products and are managed separately based on the Corporation's management and internal reporting structure.

Reportable Segment

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

The Corporation's Management Committee reviews internal management reports from each division at least monthly.

b. Information about reportable segments

Information relating to each reportable segment is set out below. Segment profit before tax, as included in management reports reviewed by the Corporation's Management, is used to measure performance because management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate within the same industries. Inter-segment pricing is determined on an arm's length basis.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds based on the Corporation's cost of capital. There are no other materials items of income or expense between the business segments.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the financial position.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

5. Operating segments (continued)

2015

In United States Dollars	Fire & engineering	Motor	Accident	Marine & aviation	Special risk	Unallocated	Total
Underwriting income							
Gross premiums less retrocession	10,879,141	1,539,264	17,164,766	1,481,225	372,028	-	31,436,424
Unearned premium	(807,193)	164,581	(3,729,440)	755,428	(90,797)	-	(3,707,421)
Net earned premium	10,071,948	1,703,845	13,435,326	2,236,653	(90,797)	-	27,729,003
Investment and other income	-	-	-	-	-	1,951,970	1,951,970
Commission earned	233,551	-	65,939	13,171	-	-	312,661
Total Income	10,305,499	1,703,845	13,501,265	2,249,824	281,231	1,951,970	29,993,634
Underwriting expenses							
Total Commissions expense	3,286,849	284,489	5,320,624	504,152	72,753	-	9,468,867
Deferred acquisition cost	(179,566)	78,251	(1,082,684)	120,695	-	-	(1,063,304)
Net commission expense	3,107,283	362,740	4,237,940	624,847	72,753	-	8,405,563
Net claims incurred	6,660,011	1,052,270	582,512	79,525	337,733	-	8,712,051
Management expenses	2,179,903	277,058	3,207,225	290,703	67,488	-	6,022,377
Net financial cost	383,681	48,764	564,496	51,166	11,878	-	1,059,985
Total underwriting expenses	12,330,878	1,740,832	8,592,173	1,046,241	489,852	-	24,199,976
Income from operations	(2,025,379)	(36,987)	4,909,092	1,203,583	(208,621)	1,951,970	5,793,658

Notes to the financial statements (continued)

5. Operating segments (continued)

2015

In United States Dollars	Fire & engineering	Motor	Accident	Marine & aviation	Special risk	Unallocated	Total
Underwriting income							
Gross premiums less retrocession	9,102,985	1,905,001	8,877,121	2,488,461	170,256	-	22,543,824
Unearned premium	(822,424)	(181,489)	(1,893,554)	(617,771)	17,022	-	(3,498,216)
Net earned premium	8,280,561	1,723,512	6,983,567	1,870,690	187,278	-	19,045,608
Investment and other income	-	-	-	-	-	1,834,171	1,834,171
Commission earned	232,645	-	45,822	11,998		-	290,465
Total Income	8,513,206	1,723,512	7,029,389	1,882,688	187,278	1,834,171	21,170,244
Underwriting expenses							
Total Commissions expense	3,937,418	614,735	3,508,791	1,005,899	63,079	-	9,129,922
Deferred acquisition cost	(1,311,280)	(206,271)	(1,311,597)	(498,809)	(20,974)	-	(3,348,931)
Net commission expense	2,626,138	408,464	2,197,194	507,090	42,105	-	5,780,991
Net claims incurred	2,938,513	568,218	873,381	982,634	425,838	-	5,788,584
Management expenses	1,751,768	328,163	1,587,299	444,435	44,053	-	4,155,718
Net financial cost	686,460	128,596	622,012	174,159	45,663	-	1,656,890
Total underwriting expenses	8,002,879	1,433,441	5,279,886	2,108,318	557,659	-	17,382,183
Income from operations	510,327	290,071	1,749,503	(225,630)	(370,381)	1,834,171	3,788,061

Notes to the financial statements (continued)

	Note	2015	2014
6. Gross premium written			
In United States Dollars			
West Africa		**22,843,544**	18,145,840
East Africa		**2,735,044**	2,237,176
North Africa		**4,100,440**	1,619,076
Others		**3,779,668**	2,122,066
		33,458,696	24,124,158
7. Investment income			
In United States Dollars		**2015**	2014
Term deposits Treasury bills		**1,859,528**	1,765,117
Total investment income		**84,177**	66,477
		1,943,705	1,831,594
8. Management expenses			
a. Non-Life			
In United States Dollars		**2015**	2014
Personnel expenses	8b	**1,721,187**	1,267,401
Other expenses	8d	**4,301,190**	2,888,317
		6,022,377	4,155,718
b. Personnel expenses - Non-Life			
In United States Dollars			
		2015	2014
Salaries and wages		**1,673,738**	1,145,063
Other employee benefits		**23,599**	88,014
Other staff cost		**23,850**	34,324
		1,721,187	1,267,401

i. 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.

Notes to the financial statements (continued)

8. Management Expenses (continued)

b. Personnel Expenses (continued)

i. Other Employee Benefits (continued)

Movement in Net Defined 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.

In United States Dollars	Defined benefit obligations 2015	2014	Fair value of plan assets 2015	2014	Net defined liability 2015	Benefit (asset) 2014
Balance at 1 January	**230,873**	93,539	**99,944**	99,944	**130,929**	(6,405)
Included in profit or loss:						
Current service cost	**89,295**	53,246	-	-	**89,295**	53,24
Interest cost (income)	**13,609**	10,065	-	-	**13,609**	10,065
Past service cost due to benefit improvement	**-**	30,417	-	-	**-**	30,417
	102,904	93,728	-	-	**102,904**	93,728
Included in OCI						
Remeasurements loss (gain):						
Actuarial loss arising from: financial assumptions	**559**	49,320	-	-	**559**	49,320
	559	49,320	-	-	**559**	49,320
Other						
Contributions paid by the employer	**-**	-	**2,262**	-	**(2,262)**	-
Projected benefits payments	**(9,689)**	(5,714)	**-**	-	**(9,689)**	(5,714)
	(9,689)	(5,714)	**-**	-	**(11,951)**	-
Balance at 31 December	**324,647**	230,87	**102,206**	99,944	**222,441**	130,929

Plan assets

Plan assets comprise the following:

In United States Dollars	2015	2014
Term Deposits	102,206	99,944

Notes to the financial statements (continued)

8. Management expenses (continued)

b. Personnel expenses (continued)

i. Other employee benefits (continued)

Defined benefit obligation

Actuarial Assumptions

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

	2015	2014
Discount rate	**11%**	6%
Salary inflation	**10%**	5%
Normal salary inflation gap	**1%**	1%
Effective salary inflation gap	**0.91%**	0.91%

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		2015	2014
Withdrawal rate	20%		
Accrued liability		**303,501**	207,805
Service cost		**94,733**	73,379
Service cost and interest		**125,094**	84,664
Increase in mortality rate by	1%		
Accrued liability		**323,406**	229,375
Service cost		**111,709**	88,393
Service cost and interest		**146,548**	101,869
Increase in discount rate by	1%		
Accrued liability		**301,485**	213,647
Service costs		**104,238**	82,581
Service cost and interest		**139,734**	97,253
Decrease in discount rate by	1%		
Accrued liability		**351,406**	250,730
Service costs		**122,508**	97,100
Service costs and interest		**157,078**	109,434
Increase in salary inflation by	1%		
Accrued liability		**352,679**	251,671
Service costs		**124,064**	98,386
Service costs and interest		**162,227**	113,242

Notes to the financial statements (continued)

8. Management expenses (continued)

c. Other expenses - Non-Life

In United States Dollars	2015	2014
Advertising	**45,083**	24,939
Audit fees	**35,000**	35,000
Depreciation and amortisation	**285,451**	173,250
Utility bills	**35,779**	99,777
Legal and professional fees	**89,514**	65,428
Directors' fees	**153,000**	72,190
Motor running expenses	**46,728**	16,779
Communication	**125,345**	59,349
Printing and stationery	**30,569**	37,523
Travelling & marketing	**593,387**	189,408
Meetings, conferences and training	**160,345**	155,770
Repairs and maintenance	**3,770**	8,218
Other office running costs	**310,849**	310,870
Insurance	**32,498**	21,681
Impairment allowance for bad debt	**2,353,872**	1,618,135
	4,301,190	2,888,317

d. Management expenses - Life

In United States Dollars	2015	2014
Personnel expenses	**61,393**	-
Travel and marketing expenses	**15,352**	-
	76,745	-

9. Net finance cost

In United States Dollars	2015	2014
Foreign exchange loss	**976,930**	1,618,168
Bank charges	**83,055**	38,722
	1,059,985	1,656,890

Notes to the financial statements (continued)

10. Unexpired risk liabilities

In United States Dollars	2015	2014
Balance at 1 January	**10,891,260**	7,393,044
Movement in unearned premium reserve	**3,707,421**	3,498,216
Balance at 31 December	**14,598,681**	10,891,260

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

11. Tax account

Current tax expense

In United States Dollars	2015	2014
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

12. Cash and cash equivalents

a.Cash & Cash Equivalent in Statement of financial Position

In United States Dollars	2015	2014
Bank balance	**2,788,887**	4,779,141
Cash balances	**1,929**	1,466
Cash and cash equivalents	**2,790,816**	4,780,607

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

Notes to the financial statements (continued)

12. Cash and cash equivalents (continued)

b. 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	2015	2014
Cash and cash equivalent	**2,790,816**	4,780,607
Investment securities	**7,760,192**	1,411,876
Cash and cash equivalents in the statement of cash flows	**10,551,008**	6,192,483

13. Financial assets

a. Investments by category

In United States Dollars	2015	2014
Investment securities	**4,270,448**	3,869,243
Statutory deposit	**2,347,324**	4,336,768
Bank deposits	**22,616,089**	24,129,066
Unquoted equity investments	**507,066**	-
	29,750,927	32,335,077

The statutory deposit of USD 2,357,324 (2014: USD 4,336,768) 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. The Corporation also placed USD 500,000 with the Bank of Ghana as a regulatory requirement by the National Insurance Commission (Ghana).

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

In United States Dollars	2015	2014
Available for sale	**-**	-
Held to maturity	**29,243,861**	32,335,077
Equity securities at cost	**507,066**	-
Total financial assets	**29,750,927**	32,335,077

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

Notes to the financial statements (continued)

13. Financial assets (continued)

c. Held to maturity financial assets

In United States Dollars	2015	2014
Unlisted debt securities - fixed interest rate:		
Fixed deposits	**26,952,858**	28,465,834
Treasury bills	**2,291,003**	3,869,243
Total held to maturity financial assets	**29,243,861**	32,335,077

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

d. Net Investment acquisition for statement of cash flows Purposes

In United States Dollars	2015	2014
Balance at start	**32,335,077**	20,186,020
Balance at close	**(29,750,927)**	(32,335,077)
Classified as Cash & cash equivalent at close	**7,760,192**	1,411,876
Classified as cash & cash equivalent at start	**(1,411,876)**	(6,704,058)
Net investment disposal / (acquisition) in cash flow	**8,932,466**	(17,441,239)

14. Reinsurance receivables

In United States Dollars	2015	2014
Receivables arising from reinsurance contracts		
Due from cedants and brokers	**24,933,116**	14,324,632
Impairment allowance	**(7,950,682)**	(2,668,796)
	16,982,434	11,655,836

The total amount of receivables is deemed current.

Notes to the financial statements (continued)

14. Reinsurance receivables (continued)

In United States Dollars	2015	2014
Impairment allowance		
Balance at start	**2,668,795**	1,050,660
Impairment allowance charged to income statement	**2,353,872**	1,618,135
Commission payment related to impaired reinsurance receivables	**2,928,015**	-
Balance at 31 December	**7,950,682**	2,668,795

The total amount of receivables is deemed current.

Ageing of unimpaired receivables

In United States Dollars	2015	2014
0 – 90 days	**8,364,153**	2,575,638
91 – 180 days	**3,607,355**	3,586,502
181 – 270 days	**2,444,394**	2,962,699
271 – 365 days	**2,566,532**	2,530,997
Balance at 31 December	**16,982,434**	11,655,836

15. Other assets

In United States Dollars	2015	2014
Sundry receivables	**6,502**	79,471
Other receivables	**20,402**	-
Loans to staff	**87,923**	33,201
	114,827	112,672

16. Deferred acquisition costs

In United States Dollars	**2015**	2014
Balance as at 1 January	**3,348,931**	2,131,238
Additions during the year	**2,126,609**	6,998,684
Commission expenses	**(1,063,304)**	(5,780,991)
Balance at 31 December	**4,412,236**	3,348,931

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

Notes to the financial statements (continued)

17. Property and equipment

In United States Dollars	Computer hardware	Motor vehicle	Furniture and equipment	Total
Cost				
At 1 January 2014	43,283	215,526	147,235	406,044
Additions	10,049	-	12,201	22,250
At 31 December 2014	**53,332**	**215,526**	**159,436**	**428,294**
At 1 January 2015	53,332	215,526	159,436	428,294
Additions	78,313	188,150	48,957	315,420
Disposal	(3,799)	(59,605)	(808)	(64,212)
At 31 December 2015	**127,846**	**344,071**	**207,585**	**679,502**
Accumulated depreciation				
At 1 January 2014	16,979	97,030	43,749	157,758
Charge for the period	16,890	53,882	31,075	101,847
At 31 December 2014	**33,869**	**150,912**	**74,824**	**259,605**
At 1 January 2015	33,869	150,912	74,824	259,605
Charge for the year	18,115	77,367	34,508	129,990
Disposal	(3,418)	(45,367)	(325)	(49,110)
At 31 December 2015	**48,566**	**182,912**	**109,007**	**340,485**
Carrying amounts				
At 1 January 2014	26,304	118,496	103,486	248,286
At 31 December 2014	19,463	64,614	84,612	168,689
At 31 December 2015	**79,280**	**161,159**	**98,578**	**339,017**

There were no capitalised borrowing costs related to the acquisition of equipment during the year. (2014: nil).

Notes to the financial statements (continued)

18. Intangible assets

In United States Dollars	Computer Software
Cost	
At 1 January 2014	201,864
Acquisitions	25,000
At 31 December 2014	**226,864**
At 1 January 2015	226,864
Acquisitions	116,574
At 31 December 2015	**343,438**
Amortisation and impairment losses	
At 1 January 2014	-
Amortisation for the year	71,403
At 31 December 2014	**71,403**
At 1 January 2015	71,403
Amortisation for the year	155,461
At 31 December 2015	**226,864**
Carrying amount	
At 1 January 2014	201,864
At 31 December 2014	155,461
At 31 December 2015	**116,574**

There were no capitalised borrowing costs related to the acquisition of equipment during the year. (2014: nil).

Notes to the financial statements (continued)

19. Investment property

In United States Dollars	2015	2014
Real estate property	**6,896,264**	-

The investment property consists of landed properties in England and Ghana. The properties were acquired in 2015 and are being carried at their fair value which has been deemed to be equivalent to its purchase price.

20. Claims

a. Net claims incurred

In United States Dollars	2015	2014
Claims made by Cedants	**10,923,639**	6,278,295
Claims recovered from Retrocessionaires	**(2,211,588)**	(489,711)
Claims incurred during the year	**8,712,051**	5,788,584

Notes to the financial statements (continued)

20. Claims (continued)

b. Outstanding claims

2015

In United States Dollars	Fire & engineering	Motor	Accident	Marine & aviation	Special risk	Total
Claims at start of the year	**1,305,775**	**333,835**	**60,344**	**12,898**	**391,200**	**2,104,052**
Claims incurred	**6,660,011**	**1,052,270**	**582,512**	**79,525**	**337,733**	**8,712,051**
Claims paid Less recoveries	**(6,304,218)**	**(850,249)**	**(279,248)**	**(83,154)**	**(676,133)**	**8,193,002)**
Claims outstanding at 31 December	**1,661,568**	**535,856**	**308,172**	**64,705**	**52,800**	**2,623,101**

2014

In United States Dollars	Fire & engineering	Motor	Accident	Marine & aviation	Special risk	Total
Claims at start of the year	215,211	318,197	101,987	21,049	-	656,444
Claims incurred	2,938,513	568,218	873,38	982,634	425,838	5,788,584
Claims paid Less recoveries	(1,847,949)	(552,580)	(915,024	(990,785	(34,638)	(4,340,976)
Claims outstanding at 31 December	1,305,775	333,835	60,344	12,898	391,200	2,104,052

Notes to the financial statements (continued)

21. Reinsurance payables

In United States Dollars	2015	2014
Payable under reinsurance arrangements	**7,190,236**	5,035,843
Less: commission payable relating to impaired reinsurance receivables	**-**	-
	(2,928,015)	-
	4,262,221	5,035,84

22. Trade and other payables

In United States Dollars	2015	2014
Accruals	**720,109**	49,352
Other creditors	**587,431**	734,396
Defined benefit obligation (8a (i))	**222,441**	130,929
	1,529,981	914,677

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.

23. Share capital

In United States Dollars	2015 No. of shares	2015 Amount	2014 No. of shares	2014 Amount
Authorised:				
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 1 each				
Balance at 1 January	**24,311,603**	**24,311,603**	24,311,603	24,311,603
Additions during the year	**-**	**-**	-	-
At 31 December	**24,311,603**	**24,311,603**	24,311,603	24,311,603

Notes to the financial statements (continued)

24. Share premium

In United States Dollars	2015	2014
Balance at 1 January	**3,784,253**	3,784,253
Issue of shares	**-**	-
Balance at 31 December	**3,784,253**	3,784,253

25. Retained profit

In United States Dollars	2015	2014
Balance at 1 January	**4,369,270**	1,338,821
Net profit for the period - Non Life	**5,793,658**	3,788,061
Net Loss - Life	**(15,429)**	-
Transfer to contingency reserve - Non Life	**(1,159,566)**	(757,612)
Dividend to owners	**(1,000,000)**	-
Balance at 31 December	**7,987,933**	4,369,270

26. Contingency reserves

In United States Dollars	2015	2014
Balance at 1 January	**1,195,635**	438,023
Addition during the year - Non-life	**1,158,732**	757,612
Additions during the year - Life	**834**	
Balance at 31 December	**2,355,201**	1,195,635

The above amount represents contingent reserves to cover fluctuations in securities and variations in statistical estimates.

27. Other reserves

In United States Dollars	2015	2014
Balance at 1 January	**49,320**	-
Net actuarial loss on employee benefit obligation	**559**	49,320
	49,879	49,320

Other reserves represent net actuarial gains/(losses) on the defined benefit obligation of the Corporation.

Notes to the financial statements (continued)

28. Dividend

In respect of the year ended 31 December 2014, the Board of Directors during the year ended 31 December 2015, proposed a dividend of US$0.0617 per share amounting to US$1.5 million. US$1.0 million as part of the US$1.5 million was to be paid to the shareholders as an interim dividend. As at 31 December 2015 a total of US$ 299,417 had been paid to the shareholders.

Also in respect of the year ended 31 December 2015, the Board of Directors proposed a dividend of US$ 0.0411 per share amounting to US$ 1.0 million (2014: US$ 1.5 million) and bonus shares of 1 share for every 20 shares held as 31 December 2015 which amounted to US$ 1.2 million.

29. Capital commitment

There were no capital commitments at 31 December 2015 (2014: Nil).

30. Contingent liabilities

There were no contingent liabilities at 31 December 2015 (2014: Nil).

31. Related party disclosure

The following transactions were carried out with related parties:

a. Key management compensation

In United States Dollars	2015	2014
Salaries and other short-term employee benefits	**659,444**	491,441
	659,444	491,441

b. Director's remuneration

In United States Dollars	2015	2014
Director's remuneration paid during the year	**153,000**	72,190
	153,000	72,190

32. Subsequent 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.

Notes to the financial statements (continued)

33. Financial instruments – fair values and risk management

a Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2015

	Carrying amount					Fair value			
In United States Dollars	Held to Maturity	Loan and Receivables	Available for sale	Other financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Assets									
Cash and cash equivalents	-	2,790,816	-	-	2,790,816	-	2,790,816	-	2,790,816
Reinsurance receivables	-	16,982,434	-	-	16,982,434	-	16,982,434	-	16,982,434
Investment Assets	29,243,861	-	507,066	-	29,750,927	-	29,750,927	-	29,750,927
Other assets	-	114,827	-	-	114,827	-	114,827	-	114,827
	29,243,861	19,888,077	507,066	-	49,639,004	-	49,639,004	-	49,639,004
Liabilities									
Reinsurance payables	-	-	-	4,262,220	4,262,220	-	4,262,220	-	4,262,220
Trade and other payables	-	-	-	1,529,981	1,529,981	-	1,529,981	-	1,529,981
Outstanding claim	-	-	-	2,623,101	2,623,101	-	2,623,101	-	2,623,101
	-	-	-	8,415,302	8,415,302	-	8,415,302	-	8,415,302

Notes to the financial statements (continued)

33. Financial instruments - fair values and risk management (continued)

31 December 2014

	Carrying amount			Fair value			
In United States Dollars	Loan and receivables	Carrying amount Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Assets							
Cash and cash equivalents	4,780,607	-	4,780,607	-	4,780,607	-	4,780,607
Reinsurance receivables	11,655,836	-	11,655,836	-	11,655,836	-	11,655,836
Investment Assets	32,335,077	-	32,335,077	-	32,335,077	-	32,335,077
Other assets	112,672	-	112,672	-	112,672	-	112,672
	48,884,192	-	48,884,192	-	48,884,192	-	48,884,192
Liabilities							
Reinsurance payables	-	5,035,843	5,035,843	-	5,035,843	-	5,035,843
Trade and other payables	-	914,677	914,677	-	914,677	-	914,677
Outstanding claim	-	1,683,242	1,683,242	-	1,683,242	-	1,683,242
	-	5,952,445	55,952,445	-	5,952,445	-	5,952,445

33. Financial instruments – fair values and risk management (continued)

b. Measurement of fair values

See accounting policy in note 35 (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.

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.

Notes to the financial statements (continued)

33. Financial instruments – fair values and risk management (continued)

b. Measurement of fair values (continued)

Valuation models (continued)

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.

The Director of 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.

Notes to the financial statements (continued)

33. Financial instruments – fair values and risk management (continued)

c. Financial risk management

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

- Reinsurance risk
- Credit risk
- Liquidity risk
- Market 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.

i. 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.

ii. 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 expected outcome.

Notes to the financial statements (continued)

33.Financial instruments – fair values and risk management (continued)

Financial risk management (continued)

(ii) 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.

iii. Credit risk
Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations principally from investment securities and the Corporations cession and retrocession receivables.

The carrying amount of financial assets represents the maximum credit exposure.

Reinsurance receivables
Credit risk relating to reinsurance receivables is mitigated by the large number of cedants and their dispersion across the African continent and 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.

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.

In United States Dollars	2015	2014
Impairment allowance		
Balance at start	**2,668,795**	1,050,660
Addition during the period	**2,353,872**	1,618,135
Commission payable related to impaired Reinsurance receivables	**2,928,015**	-
Balance at 31 December	**7,950,682**	2,668,795

Notes to the financial statements (continued)

33. Financial instruments – fair values and risk management (continued)

Financial risk management (continued)

iii. Credit risk (continued)

Ageing of unimpaired reinsurance receivables

In United States Dollars	2015	2014
0 – 90 days	**8,364,153**	2,575,638
91 – 180 days	**3,607,355**	3,586,502
181 – 270 days	**2,444,394**	2,962,699
271 – 365 days	**2,566,532**	2,530,997
Balance at 31 December	**16,982,434**	11,655,836

Impaired reinsurance receivables

See accounting policy in note 35 (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.

Held to maturity investments
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 London to avoid undue concentration.

33. Financial instruments – fair values and risk management (continued)

c. Financial risk management (continued)

iii. Credit risk (continued)

Cash and cash equivalents

The Corporation held cash and cash equivalents of US$ 2,790,816 at 31 December 2015 (2014: 4,780,607). The cash and cash equivalents are held with reputable banks.

iv. Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The Corporation is exposed to daily calls on its available cash resources mainly from claims arising from reinsurance contracts. 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.

The Corporation manages this risk by maintaining sufficient cash, and investing any excess cash over its anticipated requirements.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and exclude the impact of netting agreements.

Notes to the financial statements (continued)

33. Financial instruments - fair values and risk management (continued)

c. Financial risk management (continued)

iv. Liquidity risk (continued)

In United States Dollars	Note	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years
31 December 2015						
Non-derivative financial liabilities						
Outstanding claims	21b	2,623,101	786,930	1,573,861	1,573,861	-
Reinsurance payables	21	4,262,221	1,110,095	994,555	994,55	834,551
Trade and other payables	23	1,529,981	695,430	-	-	-
		8,415,303	2,592,455	2,568,416	2,568,416	834,551
31 December 2014						
Non-derivative financial liabilities						
Outstanding claims	21b	1,683,242	673,297	1,009,945	-	-
Reinsurance payables	21	5,035,844	453,693	960,773	1,943,604	1,677,773
Trade and other payables	23	914,677	482,586	-	294,757	137,334
		7,633,763	1,609,576	1,970718	2,238,361	1,815,107

Notes to the financial statements (continued)

33. Financial instruments – fair values and risk management (continued)

c. Financial risk management (continued)

v. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Corporation is exposed to currency risk to the extent that there is a mismatch between the currencies in which underwriting income, underwriting expense and investments are denominated. The currencies in which these transactions are primarily denominated are US Dollars, Pounds Sterling, Euro, Cedi, Naira and Leones.

In respect of monetary assets and liabilities denominated in foreign currencies, the Corporation's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The summary quantitative data about the Corporation's exposure to currency risk as reported by management is as follows:

Notes to the financial statements (continued)

33. Financial instruments – fair values and risk management (continued)

c. Financial risk management (continued)

v. Market risk (continued)
Currency risk (continued)

31 December 2015

	Note	United States Dollars	Pounds sterling	Euro	Cedis	Leones	Naira	Other	Total
Assets									
Cash and cash equivalent	13	1,757,106	93,943	165,931	247,158	108,152	270,611	147,916	2,790,816
Financial assets	14	16,865,960	-	-	48,475	4,361,387	8,380,653	94,451	29,750,927
Reinsurance receivables	15	12,129,738	38,862	263,174	1,180.873	129,277	3,157,706	82,804	16,982,434
Other assets	16	76,011	-	-	988	36,522	1,296	-	114,827
		30,828,815	132,805	429,105	1,477,504	4,635,338	11,810,267	325,171	49,639,005
Liabilities									
Outstanding claims									
Reinsurance payable	21b	1,718,773	-	-	644,296	43,310	216,733	-	2,623,101
	22	2,999,065	16,084	85,458	352,961	37,126	748,759	22,767	4,262,220
		4,717,839	16,084	85,458	997,257	80,436	965,482	22,767	6,885,322
Net exposure									
		26,110,967	116,721	343,647	480,247	4,554,902	10,844,785	302,404	42,753,683

Notes to the financial statements (continued)

33. Financial instruments – fair values and risk management (continued)

c. Financial risk management (continued)

v. Market risk (continued)
Currency risk (continued)

31 December 2014

	Note	United States Dollars	Pounds sterling	Euro	Cedis	Leones	Naira	Other	Total
Assets									
Cash and cash equivalent	13	2,951,723	180,664	731,377	238,934	86,419	589,923	1,567	4,780,607
Financial assets	14	20,011,37	-	-	45,412	5,143,948	7,057,774	76,574	32,335,079
Reinsurance receivables	15	6,158,440	43,274	512,681	2,499,918	596,386	1,771,651	73,486	11,655,836
Other assets	16	54,733	-	-	25,038	17,768	15,134	-	112,673
		29,176,267	223,938	1,244,058	2,809,302	5,844,521	9,434,482	151,627	48,884,195
Liabilities									
Outstanding claims	21b	1,002,414	-	-	210,944	20,801	869,894	-	2,104,052
Reinsurance payable	22	2,901,804	16,902	189,813	985,523	178,852	742,942	20,007	5,035,843
		3,904,218	16,902	189,813	1,196,467	199,653	1,612,836	20,00	7,139,896
Net exposure		25,272,049	207,036	1,054,245	1,612,835	5,644,868	7,821,646	131,620	41,744,299

Notes to the financial statements (continued)

33. Financial instruments – fair values and risk management (continued)

c. Financial risk management (continued)

v. Market risk (continued)

Currency risk (continued)

The following significant exchange rates applied during the year:

	Average rate		Year end spot rate	
USD 1	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Euro	0.9247	0.7524	0.9168	0.8264
GBP	0.6625	0.6071	0.6755	0.6413
Cedi	3.8256	3.0738	3.8175	3.2150
Naira	198.94	165.09	199.05	183.00
Leone	4,297	4,342.75	4,148	4,237.00

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar, Pound Sterling, Euro, Cedi, Naira and Leone against all other currencies as 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast underwriting income and underwriting expenses.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 December 2015				
Euro (10% movement)	**34,365**	**(34,365)**	**24,055**	**(24,055)**
GBP (6% movement)	**7,003**	**(7,003)**	**4,902**	**(4,902)**
Cedi (5% movement)	**24,012**	**(24,012)**	**16,809**	**(16,809)**
Naira (11% movement)	**1,192,926**	**(1,192,926)**	**835,048**	**(835,048)**
Leone (2% movement)	**(91,098)**	**91,098**	**(63,769)**	**63,769**
31 December 2014				
Euro (10% movement)	105,425	(105,425)	(73,797)	73,797
GBP (6% movement)	12,422	(12,422)	(8,696)	8,696
Cedi (5% movement)	80,642	(80,642)	(56,449)	56,449
Naira (11% movement)	860,381	(860,381)	(602,267)	602,267
Leone (2% movement)	(112,897)	112,897	79,028	(79,028)

Notes to the financial statements (continued)

33.Financial instruments – fair values and risk management (continued)

c. Financial risk management (continued)

v. Market risk (continued)

Interest rate risk

Fixed interest rate financial instruments 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.

Exposure to interest rate risk

The interest rate profile of the Corporation's interest bearing financial instruments as reported by management is as follows.

	Nominal amount	
In United States Dollars	2015	2014
Fixed-rate instrument		
Financial assets	**29,243,861**	32,335,077

The corporation does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

The Corporation did not have any variable-rate instruments at the year-end (2014: Nil).

vi. 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.

Notes to the financial statements (continued)

33.Financial instruments – fair values and risk management (continued)

c. Financial risk management (continued)

vi. Operational risk (continued)

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 authorisation 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.

34. Basis of measurement

The financial statements have been prepared on a historical cost basis except for net defined benefit liability which was measured at present value of the defined benefit obligation.

Notes to the financial statements (continued)

35. Significant accounting polices

The Corporation has consistently applied the following accounting policies to all periods presented in these financial statements. Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow:

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.

Notes to the financial statements (continued)

35. Significant accounting polices (continued)

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.

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.

ii. Derecognition

Financial assets

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.

Notes to the financial statements (continued)

35. Significant accounting polices (continued)

(c) Financial assets and financial liabilities (continued)

ii. Derecognition (continued)

Financial assets (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 derecognised. 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.

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 derecognised 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.

iii. 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.

iv. 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.

Notes to the financial statements (continued)

35. Significant accounting polices (continued)

c. Financial assets and financial liabilities (continued)

v. 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 maximise the use of relevant observable inputs and minimise 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.

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 recognised 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.

Notes to the financial statements (continued)

35. Significant accounting policies (continued)

c. Financial assets and financial liabilities (continued)

v. Fair value measurement (continued)

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.

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.

35. Significant accounting policies (continued)

c. Financial assets and financial liabilities (continued)

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

35. Significant accounting policies (continued)

(c) Financial assets and financial liabilities (continued)

vi. Identification and measurement of impairment (continued)

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 amortisation, 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.

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.

vii. 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 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 capitalised as part of that equipment.

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.

Notes to the financial statements (continued)

35. Significant accounting policies (continued)

d. Property and equipment (continued)

i. Recognition and measurement (continued)

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 method to 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
Software	- 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.

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.

Notes to the financial statements (continued)

35. Significant accounting policies (continued)

e. Investments (continued)

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

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 recognised 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 derecognised 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.

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.

35. Significant accounting policies (continued)

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.

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 amortisation, 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.

Notes to the financial statements (continued)

35. Significant accounting policies (continued)

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.

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.

35. 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.

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.

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.

Notes to the financial statements (continued)

35. 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.

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.

Notes to the financial statements (continued)

35. Significant accounting policies (continued)

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.

36. New standards and interpretations not yet adopted

A number of new standards, and amendments to standards are effective for annual periods beginning after 1 January 2015 and earlier application is permitted; however the corporation has not early applied the following new or amended standards, in preparing these financial statements. Those that may be relevant to the corporation are set out below. The corporation does not plan to adopt these standards early.

Notes to the financial statements (continued)

36. New standards and interpretations not yet adopted (continued)

New or amended standards	Summary of the requirements	Possible impact on consolidated financial statements
IFRS 9 Financial Instruments	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.	The corporation is assessing the potential impact on its financial statements resulting from the application of IFRS 9.
IFRS 9 Financial Instruments	It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	
IFRS 15 Revenue from Contracts with Customers	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The corporation is assessing the potential impact on its financial statements resulting from the application of IFRS 15. It is not expected to have a significant impact.
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment included in the scope of IAS 16 Property, Plant and Equipment, instead of IAS 41 Agriculture. The amendments are effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.	

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