2016 ANNUAL REPORT

NIGERIA | SIERRA LEONE | GHANA | LIBERIA | THE GAMBIA

WAICA Re

WAICA REINSURANCE CORPORATION PLC

Surely Reinsured

WAICA Re

WAICA REINSURANCE CORPORATION PLC

Surely Reinsured

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

CONTENTS PAGE

Chairman's Statement

Dear Shareholders,

Welcome to the 4th Annual General Meeting of your Corporation, WAICA Reinsurance Corporation Plc. I present to you this morning, the Corporation's Annual Report and Financial Statements for the year ended 31st December, 2016.

I am delighted to report that, while we faced some significant economic challenges in 2016, we continued to grow stronger as a company, delivering great service to our cherished cedants and brokers and creating value for our shareholders through the dedication of our employees.

Global Business Environment

The global economy slowed to 3.1 percent in 2016 according to the IMF. Advanced economies grew by 1.6 percent compared to 2.1 percent in 2015. This subdued growth was due to uncertainties surrounding Brexit, weaker-than-expected growth in the United States and growing protectionist and anti-globalisation sentiments. Emerging markets and developing economies grew by 4.1 percent during 2016 influenced heavily by developments in China. The Euro area expanded by 1.7 percent in 2016 against 2015 growth of 1.5 percent.

Growth forecast for Sub-Saharan Africa was 1.6 percent, lower than the 3.3 percent growth in 2015, reflecting mainly worsening macroeconomic conditions in the region's largest economies. The combination of low commodity prices, currency volatility, weak external demand, severe weather conditions and security problems took a large toll on economic activity in the region. Headline inflation in advanced economies was estimated at 0.7 percent, while emerging market and developing economies recorded 4.5 percent.

Nigeria

Nigeria fell into recession in 2016 recording negative 1.51 percent growth, down from 2.8 percent in 2015. This is the worst GDP figure in 25 years as low oil prices, tight monetary liquidity and militant attacks on oil infrastructure rocked the economy. These concerns made Fitch Ratings to downgrade the country's outlook to negative from stable. According to Fitch, lack of foreign exchange liquidity could asphyxiate a meaningful recovery going forward.

However, in the first quarter of 2017, Nigeria tapped into the international bond markets to finance an aggressive fiscal policy to spur growth and there has been positive signs in the first quarter. The new foreign exchange policy as well as the current effort by the Federal Government to restore peace in the Niger Delta region would help revive economic growth and stabilize prices.

Year-on-year headline inflation continued to rise, creeping up to 18.55 percent in December 2016 compared to the year end 2015 figure of 9.6 percent. The structural factors driving the sustained upward pressure on consumer prices was the high cost of power and energy, transport, production factors and rising prices of imports due to currency depreciation.

Officially, the Naira depreciated by 60% from N197/$1 in December, 2015 to N314.95/$1 by the end of December, 2016 whilst the parallel market was trading at N475/$1.

Ghana

Economic activity in Ghana remained modest throughout the year 2016 against the backdrop of policy tightness, oil and gas production challenges and the lingering consequences of electricity supply constraints. As a result, GDP fell to 3.6 percent from the 4.1 percent recorded in 2015. Headline inflation however eased, closing the year at 15.4 percent from the 2015 year end rate of 17.7 percent. This was due to tight monetary policy and relative stability of the cedi.

Improved foreign exchange inflows helped the cedi depreciate by only 9.6 percent against the US dollar on the interbank market in 2016. It began the year at Ghs3.8/$1 and closed the year at Ghs4.16/$1.

Larger than expected fiscal deficit and financing requirement propelled Ghana's total public debt to Ghs 122.3 billion representing 73 percent of GDP. This compared unfavourably with a median of 58 percent for other CCC rated countries and 48.3 percent in Sub-Saharan African Countries.

Liberia

Real GDP growth for the Liberia economy contracted by 0.5 percent in 2016 to $861.9 million, from $896 million in 2015 on the back of declines in forestry, mining and panning sectors. Average headline inflation at year end December 2016 stood at 11.5 percent an increase from 7.8 percent at year end December, 2015. The 3.6 percentage point's year-on-year rise was mainly as a result of the depreciation of the Liberian Dollar against the US Dollar.

The exchange rate of Liberian Dollar vis-à-vis the US Dollar as at the end of December, 2016 was L$100.08/US$1 representing 13.1 percent depreciation relative to the December, 2015 rate of L$88.5/US$1. Total public debt stock rose by 18.3 percent from US$655.4 Million in December, 2015 to US$775.6 Million as at year end December, 2016 representing 35.4 percent of GDP.

Sierra Leone

In spite of challenging economic conditions in 2016, overall activity was positive compared to that of 2015. The Sierra Leone economy recovered remarkably from the twin shocks of the Ebola epidemic and the collapse in iron ore prices. Real GDP grew by 4.9 percent in 2016 compared to a contraction of 20.6 percent in 2015. This came from a pickup in iron ore prices, agriculture, fisheries and mining. Year-on-year inflation continued its upward trend from the December, 2015 rate of 8.85 percent to close the year at 17.41 percent.

The driving force behind the inflationary pressures were persistent depreciation of the Leone against the US Dollar, increased prices in petroleum products following removal of government subsidies, upward revision of utility tariffs, introduction of goods and service tax, and a sharp drop in export earnings. Speculative behaviour in the foreign exchange market brought the Leones under severe strain. As a result, the Leone depreciated by 28 percent from Le 5,639.1/$1 in December 2015 to Le 7,195.37/$1 by December 2016.

The Gambia

The Gambia continues to rely primarily on tourism, agriculture and remittances inflows, making the economy vulnerable to external shocks. While real GDP stagnated at 0.9 percent in 2014, economic activity rebounded by 4.7 percent in 2015. The growth was driven by recovery in agriculture, tourism and construction sectors. A widening fiscal deficit, adhoc monetary policy shifts and central bank financing of deficit, resulted in the continuous weakening in the macroeconomic conditions in 2016, and is expected to dampen growth and private investment.

Financial Performance

Ladies and gentlemen, the performance of the Corporation in 2016 was mixed as indicated in the snapshot of our key performance indicators below:

- Gross Premium written; up by 47% to $49.2m (2015: $33.5m)
- Retrocession Premium; up 81% to $3.7m (2015: $2.0)
- Net Earned Premium; up by 40% to $38.8m (2015: $27.8m)
- Total Income from Operations; up by 42% to $42.6m (2015: $30.1m)
- Underwriting Expenses; up by 39% to $23.8m (2015: $17.1 m)
- Management Expenses and Finance cost; up by 75 % to $12.5m (2015: $7.2m)
- Profit before tax; up by 8% to $6.2m (2015: $5.8m)
- Total asset; up by 48% to $92.3m (2015: $62.4m)
- Shareholder's funds up by 64% to $62.9m (2015: $38.4m)

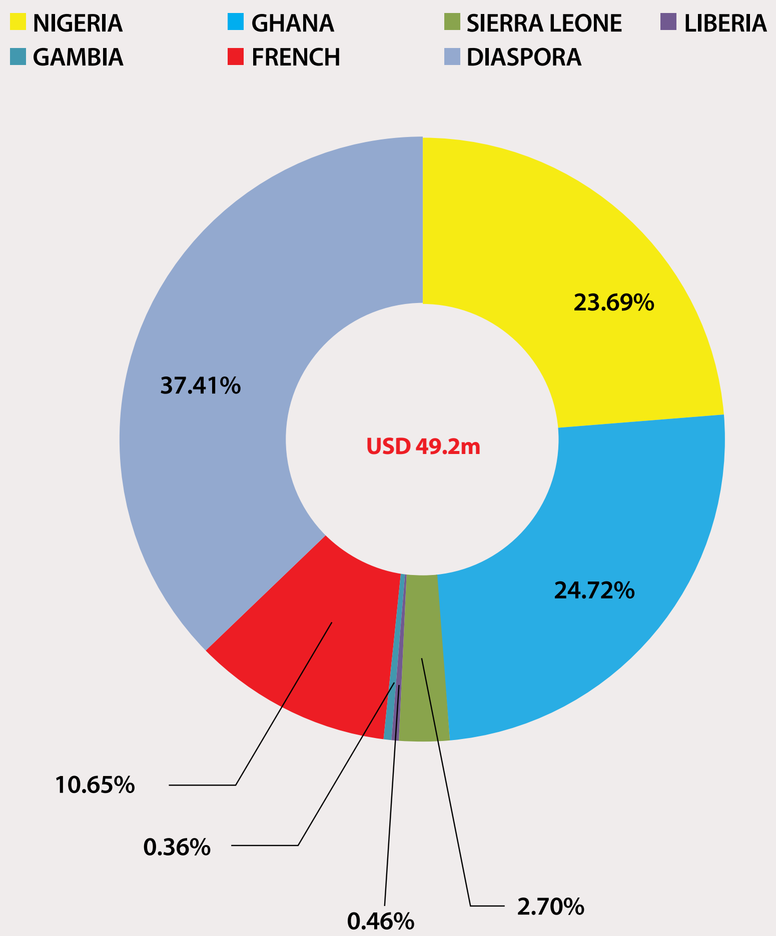
Despite exchange rate volatility which affected the USD translated figures of premiums generated, we recorded a 47% growth in gross premium income from $33.5 million in 2015 to $49.2 million in 2016. In the WAICA Re member countries, Sierra Leone recorded the highest level of growth of 153%, followed by Liberia 60%, then Gambia 26%, Ghana 23% and Nigeria 8%. This is reflective of our continuous effort to grow the business in our home markets.

The 8% moderate growth from Nigeria was as a result of the significant Naira depreciation during the period under review. Despite the difficult economic conditions in Nigeria, our team there is doing an excellent job in mitigating the impact and we see good growth opportunities in 2017. In line with our strategic objectives of growing the business beyond the Anglophone West Africa region, we attained a notable growth level in the Francophone Africa region in 2016. The French region grew by an impressive 205% while earnings from other overseas countries also grew by 80%.

Premium Growth by Country

Country	2016	2015	Growth
Nigeria	11,657,221	10,836,262	8%
Ghana	12,164,106	9,927,724	23%
Sierra Leone	1,328,124	525,426	153%
Liberia	228,623	142,945	60%
The Gambia	177,391	140,737	26%
French	5,239,263	1,717,987	205%
Diaspora	18,406,813	10,251,062	80%
TOTAL	49,201,541	33,542,143	47%

Premium Income by Country



It could be noted from the table above that, while Nigeria and Ghana continued to be our major markets, collectively contributing 48% of the 2016 premium income, the Francophone and the Diaspora regions (comprising other African countries as well as some stable/selected countries in the Middle East and Asia) are now very significant premium income contributors, bringing in 11% and 37% respectively to the gross premium income.

Retrocession premium saw a significant 81% growth from $2.0 million in 2015 to $3.7 million in 2016 due to an expansion of our retro program and the associated growth in premium income. As a result, the overall premium retention ratio fell slightly from 94% in 2015 to 93% in 2016. After adjusting for unearned premium reserve, net earned premium increased by 40% to $38.8 million in 2016 from $27.8 million in 2015.

The depreciation of the Naira and Leones during 2016, had a negative impact on investment income. While interest rates increased marginally, the USD translated figures of the investment income fell. Investment income equated to USD1.6m in 2016, representing a 19% fall from the 2015 figure of $1.9 million. Supporting the net operating result however, is the revaluation surplus which boosted other income to $1.7 million in 2016 from just $8,265 in 2015. After renovation works on the investment properties acquired in 2015 in United Kingdom and Ghana, a revaluation exercise was carried out to reflect their present market values.

Underpinned by increase in business volumes, claims increased by 33% to USD$11.6 million in 2016 from 8.7m in 2015. Nonetheless, the net incurred loss ratio fell slightly from 31% in 2015 to 30% in 2016. Net commission expense rose to USD12.3 million in 2016 from USD8.4 million in 2015, representing 45% growth largely as a direct function of growth in earnings. The commission ratio also increased from 30% in 2015 to 32% in 2016.

Operating expenses continued to increase year on year over the last five years, given our developmental status and the ongoing setting up of some contact offices. As such, operating expenses grew by 26% to USD7.7 million in 2016 from $6.1 million in 2015. A major contributor to the high expenses was the impairment allowance for bad debt which stood at USD2.5 million. Also, professional fees rose significantly by 528% to USD0.6 million from USD0.09 million in 2015. This huge increase was due to the success fees paid for the fundraising exercise in 2016. Nonetheless, underpinned by increased business volumes, expense ratio fell to 20% in 2016 from 22% in 2015. Overall, combined ratio improved to 81% in 2016 having falling from 84% in 2015.

We have continued to display a strong underwriting profitability as a result of sound underwriting and risk selection. As such technical profit grew from $10.7 million in 2015 to $15 million in 2016 representing a 40% growth, while underwriting profit grew from $4.6 million in 2015 to $7.3 million in 2016, a growth rate of 59%. Technical and underwriting margins therefore, stood at 39% and 19% respectively in 2016 a slight improvement compared to 2015 margins of 38% and 16% respectively.
The harsh economic conditions particularly in Nigeria and Sierra Leone, which resulted in huge currency depreciation, caused us significant exchange losses. Hence net finance cost rose sharply by 351% to $4.8 million in 2016 from $1.1 million in 2015. The impact of the exchange loss resulted in a marginal growth in net profit before tax amounting to $6.2 million in 2016 from $5.8 million in 2015, representing a moderate 8% growth.

In 2015, we restructured our investment portfolio to incorporate investment properties and set up a subsidiary, WAICA Re Capital, which is an investment banking firm. The purpose is to improve our investment income and help boost profit in the near future. As such, the proportion of non-cash investments moved from zero in 2014 to 20% in 2015 and closed at 23% in 2016. We believe this represents a healthy balance which should not pose any liquidity concerns.

The late receipt of funds from the fundraising exercise in the last weeks of December, 2016 resulted in a huge jump in cash and bank balances from $2.8 million in 2015 to $17.5 million in 2016. As a result total cash and cash equivalents increased by 55% to $49.6 million in 2016 from $32 million in 2015. This has strengthened our liquidity position, making total cash and cash equivalents to remain strong at 54% and 79% of total assets and total equity respectively.

The $19.8 million received from the Rights Issue, as well as the $6.2 million net profit for the year 2016, helped shareholders' funds to rise to $62.9 million from $38.4m in 2015, representing 64% growth. Total assets also grew by 48% from $62.4 million in 2015 to $92.3 million in 2016. International solvency ratio, calculated as Shareholders' funds to Net Written Premium improved from 122% in 2015 to 138% in 2016 indicating that our capital base adequately covers the risk we assumed.

Dividend

Due to the subdued 8% growth in profit, albeit greatly affected by the increased exchange losses, the Board of Directors, recommend for your approval, a bonus share of 0.0642 for each share held amounting to $2,476,868.

Capitalisation

Following the decision taken to increase the issued number of shares of the Corporation to 100 million by 2018 in three separate tranches, WAICA Re Capital was contracted as lead arranger to help implement the decision. We began the process in 2016 through a Rights Issue which involved the issue of 14,472,816 ordinary shares at US$1.52 per share at a ratio of 0.5669 new share for every one (1) existing share held. The offer was to raise additional share capital of US$21,998,680 to support the Corporation's strategic drive and business expansion. The offer commenced on October 26, 2016 and was expected to end on November 30, 2016. However, the offer was extended to 30th December, 2016 through a Board decision on 29th November, 2016 to enable some of the shareholders secure their own Board's approval and US Dollars respectively for their applications. At the end of the offer, 13,031,190 shares were subscribed valued at $19,807,408.80, representing a success rate of 90%.

Governance and Board Changes

The board continues to offer its oversight responsibility in ensuring a strong governance structure for a sustained growth. During the 2016 AGM, Mrs Senor Thomas Sowe, Mr. Samuel Mintah and Mr Rotimi Fashola retired but they were re-elected in accordance with our memorandum and articles of association. There were no changes in the composition of the various board committees.

I would like to thank my fellow board members for a good job done during the year.

Technical Activities

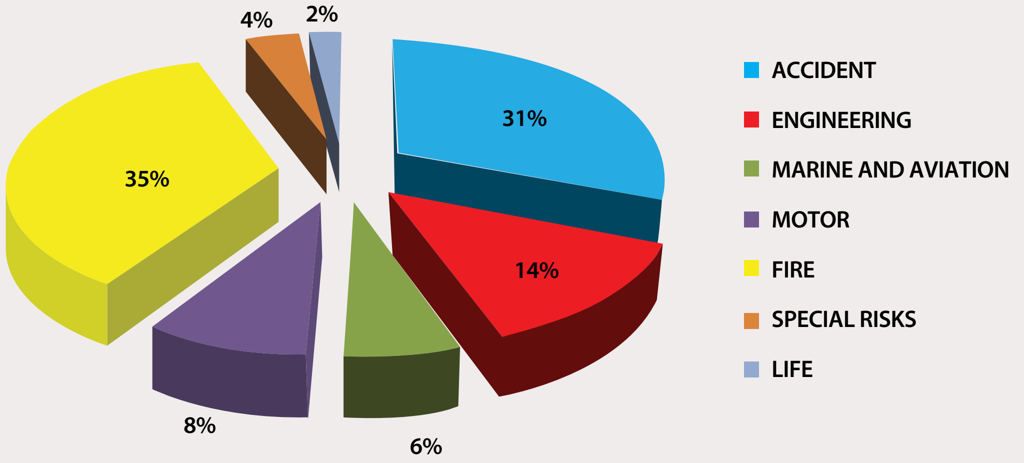
Fellow shareholders, the technical activities of the Corporation have continued to grow remarkably, and as a result, more efforts were expended to scale up to the influx of underwriting activities and transactions during the year.

The result achieved is shown in the growth of the various classes of business as indicated below:l

Premium Growth by Class

Class	2016	2015	Growth
Accident	15,198,052	17,818,469	(15%)
Engineering	6,718,840	5,047,540	33%
Marine & Aviation	2,993,004	1,615,069	85%
Motor	4,215,762	1,539,263	168%
Fire	17,227,494	7,063,414	144%
Special Risk	1,829,824	374,941	388%
Life	1,018,565	83,447	1,121%
TOTAL	49,201,541	33,542,143	47%

Premium Income by Class



We maintained our emphasis on professional and prudent underwriting practices as we speedily processed and confirmed technical accounts while paying due attention to the prompt settlement of claims, an attribute which we are widely renowned for within the insurance and reinsurance markets.

Marketing Activities

The Corporation's focus on strategic marketing remained unswerving in our quest to grow the company and provide appreciable returns on investment to our Shareholders. A lot of marketing activities were carried out during the year 2016 and it cannot be gainsaid that the fruits were conspicuous. In all these cases, quality bilateral discussions were held which contributed to our growth.

Off-shore Contact Offices

The three off-shore contact offices of the Corporation in Lagos, Nigeria, Accra, Ghana and Abidjan, Ivory Coast have continued to immensely contribute to the considerable growth of the Corporation. Testament to our inherent international nature is the country production growth analysis which demonstrates that the Diaspora portfolio has contributed greatly to our gross premium production. Our ultimate aim is to grow the Corporation out of the West African sub-region. With differing opportunities in each geographic region, we hope to set up additional off-shore offices in Nairobi, Kenya and Tunis, Tunisia in 2017. These will serve as strategic distributors of the WAICA Re brand and re-position us with the required leverage to service all our cedants in East, South and North Africa. The setting up of these offices would catapult our operational base to greater heights.

Regrettably, the Corporation could not commence operations in Kenya in 2016 as planned due to regulatory and administrative issues. However, we are hopeful that in 2017, all hurdles would be surmounted through continued strategic negotiations and engagements with key industry stakeholders in a bid to bring our dream to fruition.

Head office Building

In 2016, the Government of Sierra Leone, in fulfilment of her pledge eventually provided the legal and binding land documentation which provided the Corporation with legal grounds to start civil works on the two acres of land allotted to the Company. A fence wall has been constructed and we hope to start the main office building in 2017.

Ladies and gentlemen, join me and my colleagues on the board, to show our profound gratitude to the government and the people of the Republic of Sierra Leone for their continued support to our business.

Credit Rating Renewal

The Corporation was once again strongly rated by the Global Credit Rating Agency: "A" for National and "B+" for International. It is expected that such a good rating will surely continue to act as a point of attraction and unique selling reference which we plan to fully utilise in our marketing exploits in our bid to enlarge the Corporation's global market share.

Manpower Development and Capacity Building

Human capital is seen as the most valuable asset of the Corporation, and with this notion at the heart of our strategic planning process, adequate and reasonable steps were adopted in 2016 to enhance the technical and managerial requirements of our workforce. We intend to continue the provision of local and international capacity building initiatives for our valued employees.

Additionally, the Corporation continued contributing to the growth of the insurance industry in the African continent through our Annual International Cedants Training Programme. During the year, we facilitated two successful international training programmes for our Cedants. One was held in Nigeria that treated topics in Marine and Aviation Insurance and the other held in Liberia which treated Life Assurance Underwriting, Reassurance Management and Administration, Life Assurance Product Cycle and Emerging Issues such as Cognitive Underwriting and Mortality Loadings as well as Reinsurance Accounting.

Information & Communication Technology

We are all well aware of the crucial roles of information and communication technologies in the business of reinsurance because it would be almost impossible to stay competitive and conduct operations efficiently without the power of automation. To this end, the Corporation in 2016, completed the installation of a new reinsurance and financial software packages for the Technical and Accounts departments respectively.

Going forward the Corporation intends to deploy an Enterprise Wide Area Network infrastructure which will harmonise and integrate the operations of all WAICA Re offices in a bid to expand the reach of the new reinsurance software package to the Off-Shore contact offices. Furthermore, the Corporation is strategically planning to acquire and install new software packages for other key corporate divisions which require enhanced operational efficiency and effectiveness.

Looking Forward

In spite of the downside risks to world economic outlook which includes the possibility of a slower-than-expected rate of global economic activity, tight monetary policy stance by the U.S. Fed, resulting in a strong U.S dollar, and low oil prices, we believe that most of the economies in our operating territories will report better GDP growth in 2017. We will tap into the opportunities that come with the economic growth. We will continue our relentless drive to expand the business with a clear and consistent strategy. We will continue our steadfastness and remain focused in building a strong world-class reinsurance institution. We will continue to deliver great service to our cherished cedants and brokers while ensuring sustainable growth in shareholder value. We will not shy away from any challenge the competition brings but use our core competencies to outperform our peers and ensure a strong market share.

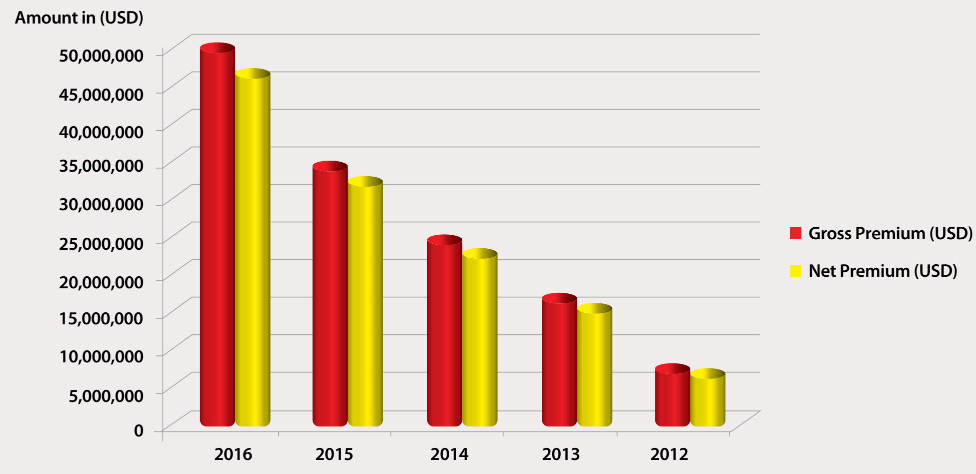
I wish you all a blessed 2017.

Thank you.

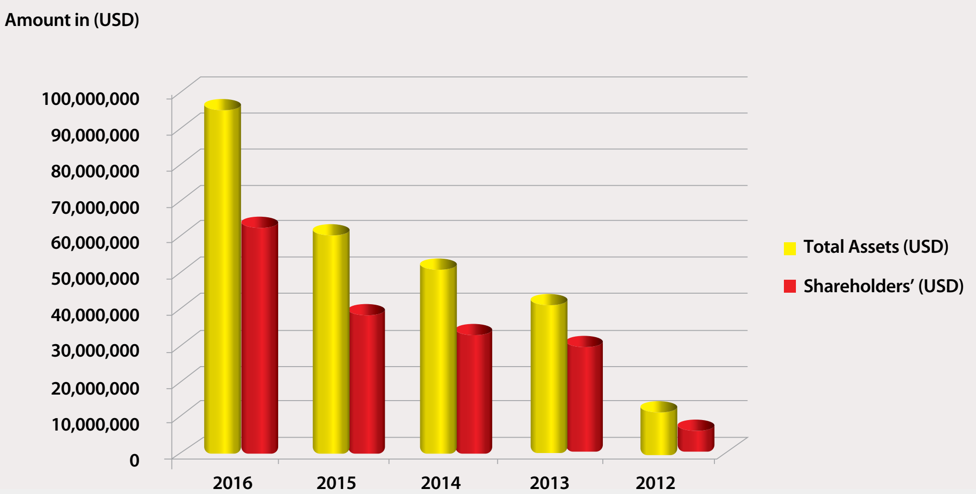
WAICA Re Performance Analysis

Five Year Financial Summary	**2016 USD**	2015 USD	2014 USD	2013 USD	2012 USD
Gross Premium	**49,201,541**	33,542,143	24,124,158	15,922,737	7,169,345
Net Premium Earned	**38,800,539**	27,812,450	19,045,608	11,131,177	4,446,452
Underwriting Profit/(Loss)	**7,254,163**	4,573,583	3,320,315	1,162,734	(513,033)
Investment Income	**1,573,037**	1,943,705	1,831,594	1,031,851	833,745
Net Profit Before Tax	**6,232,355**	5,778,299	3,788,061	2,190,118	374,169
Total Assets	**92,307,891**	62,353,271	52,557,273	41,401,786	12,612,680
Total Investments	**41,614,315**	36,647,191	32,335,077	20,186,020	6,261,563
Shareholders' Funds	**62,884,619**	38,389,111	33,611,441	29,872,700	7,335,423
Combined Ratio	**81%**	84%	83%	90%	115%
Return on Equity	**10%**	15%	11%	7%	5%
Earnings per Share	**0.16**	0.24	0.16	0.09	0.05

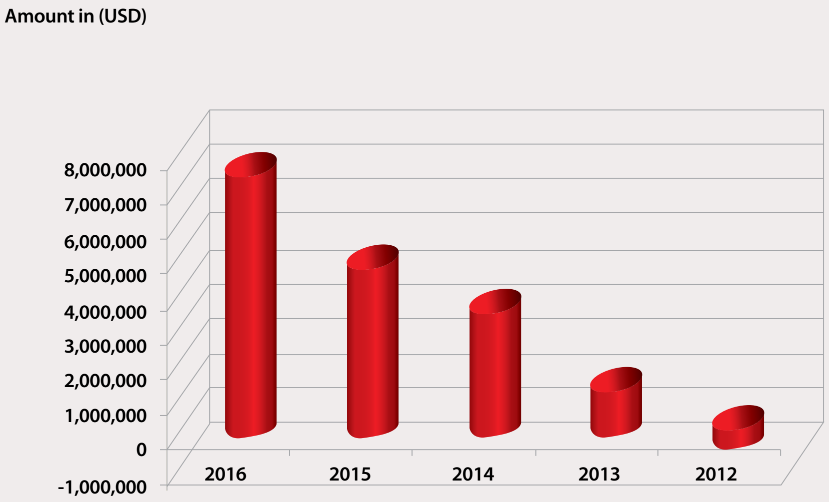
Gross Premium vs Net Premium



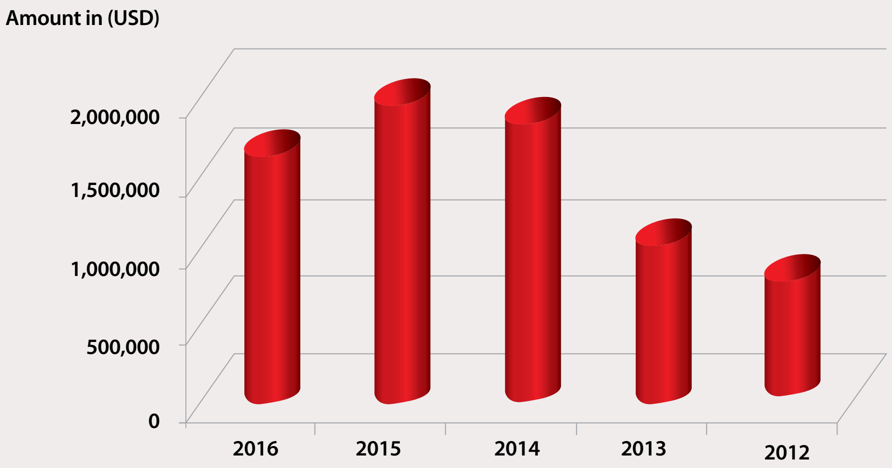
Total Assets vs Shareholders' Fund



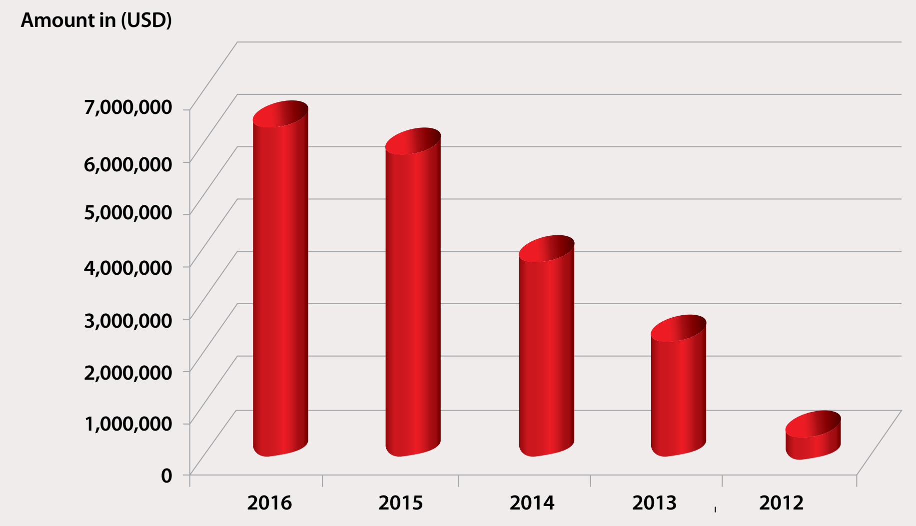
Underwriting Profit / Loss



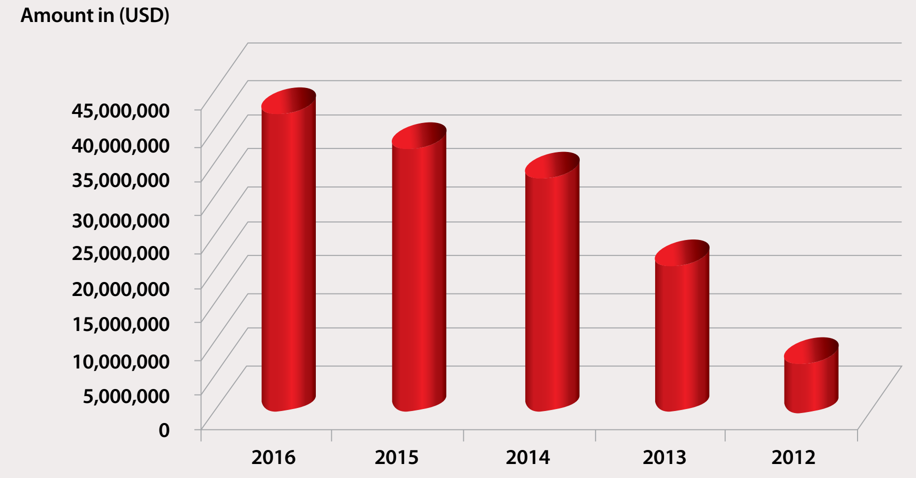
Investment Income



Net Profit Before Tax



Total Investment



BOARD OF DIRECTORS


1

1. Kofi Duffuor Chairman
2. Abiola Ekundayo MD/CEO
3. William Coker
4. Sam. O. Mintah

5. Rotimi Fashola
6. Senor Thomas-Sowe
7. Alice Onomake
8. Fatai Kayode Lawal


2


3


4


5


6


7


8


9


10


11

9. Thierry Ravoaja
10. Mohamed Babatunde Cole
11. Ekow Dadzie-Dennis

DIRECTORS

MANAGEMENT

1. Abiola Ekundayo - MD/CEO
2. Rotimi Adenayajo - Director (Technical)
3. Samuel Jasper Baido - Director (Finance)
4. Clement Owusu - Asst. Director (Tech, Anglophone)
5. Dipo Gbenro - Senior Manager (Life)
6. Anna Ndiaye - Regional Manager (Francophone)
7. Sunday Segun Asake - Country Manager (Nigeria)
8. Binty Kamara - Head of Administration

NOTES & PAGES

GENERAL INFORMATION

Directors

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

GENERAL INFORMATION

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

Corporate Secretaries
Freetown Nominees Limited
71 Sir Samuel Lewis Road
Aberdeen
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
Trust Bank Gambia Limited
Ghana International Bank, U.K
Union Trust Bank Limited

Auditors
KPMG Sierra Leone
Chartered Accountants
KPMG House
37 Siaka Stevens Street
P O Box 100
Freetown
Sierra Leone.

Report of the Directors

The Directors present their report and audited financial statements for the year ended 31 December 2016.

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 24 to these financial statements.

Report of the Directors (continued)

Dividends

In respect of the year ended 31 December 2016, the Board of Directors proposed a dividend of US$ 0.0642 per share amounting to US$ 2.4 million (2015: US$ 2.2 million). The proposed dividend was to be issued as bonus shares of 1 share for every 15 shares held as at 31 December 2016.

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 16 to these financial statements.

Employment of disabled people

WAICA Reinsurance Corporation PLC does not discriminate against disabled persons as it is 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.

Report of the Directors (continued)

Heading Directors and their interests

The Directors who served within the year and their interest in the Corporation are as follows:

Directors		No. of Shares	Percentage Holding
Kofi Duffuor	Chairman	110,500	0.29%
Abiola Ekundayo		66,632	0.17%
Rotimi Fashola		50,182	0.13%
Samuel. O. Mintah		-	-
Alice Onomake		100,000	0.26%
Fatai Kayode Lawal		50,000	0.13%
Senor Thomas-Sowe		16,864	0.04%
William Coker		13,150	0.03%
Ekow Dadzie-Dennis		-	-
Mohamed Babatunde Cole		345,501	0.90%
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.

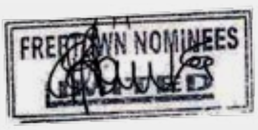
Approval of the financial statements

The financial statements were approved by the Board of Directors on 29th March 2017 and are signed on their behalf by:

Chairman

Director

Director



Corporate Secretary

Independent Auditors' report to the Shareholders of WAICA Reinsurance Corporation Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of WAICA Reinsurance Corporation Plc, set out on pages 9 to 58 which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, of Sierra Leone.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sierra Leone, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of Sierra Leone, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act 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.

Independent Auditors' report to the Shareholders of WAICA Reinsurance Corporation Plc (continued)

In preparing the financial statements, the Directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Corporation's audit. We remain solely responsible for our audit opinion.

**Independent Auditors' report to the Shareholders of
WAICA Reinsurance Corporation Plc (continued)**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The Engagement Partner on the audit resulting in this independent auditor's report is Derrick Kawaley.

Freetown

Date 29th March **2017**

KPMG
Chartered Accountants

Statement of Financial Position

as at 31 December

In United States Dollars	Note	2016	2015
Assets			
Cash and cash equivalents	11a	**17,466,443**	2,790,816
Financial assets	12	**32,621,417**	29,750,927
Reinsurance receivables	13	**22,645,441**	16,982,434
Retrocessionaires share of technical provisions	23	**2,453,742**	950,176
Deferred acquisition costs	14	**6,881,550**	4,412,236
Other assets	15	**297,510**	114,827
Property and equipment	16	**426,542**	339,017
Intangible assets	17	**522,348**	116,574
Investment property	18	**8,992,898**	6,896,264
Total assets		**92,307,891**	62,353,271
Liabilities			
Outstanding claims	19b	**1,575,078**	2,623,101
Reinsurance payables	20	**2,608,409**	4,262,221
Trade and other payables	21	**2,201,191**	1,529,981
Provision for unearned premium	22	**23,038,594**	15,548,857
Total liabilities Equity		**29,423,272**	23,964,160
Equity			
Share capital	24	**38,558,373**	24,311,603
Share premium	25	**10,560,432**	3,784,253
Retained earnings	26	**10,059,219**	7,987,933
Contingency reserve	27	**3,800,690**	2,355,201
Other reserves	28	**(94,095)**	(49,879)
Total equity		**62,884,619**	38,389,111
Total equity and liabilities		**92,307,891**	62,353,271

The financial statements were approved by the Board of Directors on 29th March 2017
and were signed on its behalf by:

Chairman

Director

Director

The notes on pages 15 to 58 are an integral part of these financial statements

Statement of comprehensive income

for the year ended 31 December

In United States Dollars	Note	2016	2015
Underwriting income			
Gross premium written	6a	**49,201,541**	33,542,143
Less: retrocession premium		**(3,666,176)**	(2,022,272)
Net written premium		**45,535,365**	31,519,871
Movement in unearned premium reserve	22	**(6,734,826)**	(3,707,421)
Net earned premium		**38,800,539**	27,812,450
Investment income	7	**1,573,037**	1,943,705
Commission earned		**491,233**	312,661
Other income		**1,699,307**	8,265
Total income from operations		**42,564,116**	30,077,081
Underwriting expenses			
Net claims incurred	19a	**(11,572,018)**	(8,712,051)
Commission expenses	5	**(12,261,520)**	(8,427,694)
Management expenses	8a	**(7,712,838)**	(6,099,122)
Net finance cost	9	**(4,785,385**	(1,059,985)
Total underwriting expenses		**(36,331,761)**	(24,298,852)
Profit before tax		**6,232,355**	5,778,229
Tax expense	10	**-**	-
Profit for the year		**6,232,355**	5,778,229
Other comprehensive income for the period, net of income tax		**(44,216)**	(559)
Total comprehensive income for the year		**6,188,139**	5,777,670

The notes on pages 15 to 58 are an integral part of these financial statements

Statement of comprehensive income (continued)

In United States Dollars	2016	2015
Profit attributable to:		
Equity holders of the Corporation	**6,232,355**	5,778,229
Profit for the year	**6,232,355**	5,778,229
Total comprehensive income attributable to:		
Equity holders of the Corporation	**6,188,139**	5,777,670
Total comprehensive income for the year	**6,188,139**	5,777,670

The financial statements were approved by the Board of Directors on 29th March 2017 and were signed on its behalf by:

Chairman

Director

Director

The notes on pages 15 to 58 are an integral part of these financial statements

Statement of Changes in Equity

for the year ended 31 December

In United States Dollars	Share Capital	Share Premium	Retained Earnings	Contingency Reserves	Other Reserves	Total
Balance at 1 January 2016	**24,311,603**	**3,784,253**	**7,987,933**	**2,355,201**	**(49,879)**	**38,389,111**
Total comprehensive income for the year						
Profit for the year	-	-	6,232,355	-	-	6,232,355
Other comprehensive income net of income tax						
Employee benefit actuarial loss, net of tax	-	-	-	-	(44,216)	(44,216)
Total other comprehensive income	-	-	-	-	(44,216)	(44,216)
Total comprehensive income	-	-	6,232,355	-	(44,216)	6,188,139
Other transfers						
Transfer to contingency reserve	-	-	(1,445,489)	1,445,489	-	-
Total other transfers	-	-	(1,445,489)	1,445,489	-	-
Issued for cash	13,031,190	6,776,179	-	-	-	19,807,369
Bonus Issue	1,215,580	-	(1,215,580)	-	-	-
Dividend to owners	-	-	(1,500,000)	-	-	(1,500,000)
Balance at 31 December 2016	**38,558,373**	**10,560,432**	**10,059,219**	**3,800,690**	**(94,095)**	**62,884,619**

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	2016	2015
Cash flows from operating activities			
Profit for the year		**6,232,355**	5,778,229
Adjustment for:			
Depreciation	16	**167,767**	129,990
Amortization	17	**221,123**	155,461
Revaluation gain on investment property	18	**(1,644,875)**	-
Net finance cost	9	**4,785,385**	1,059,985
Profit on disposal of property and equipment		**(35,168)**	(5,629)
		9,726,587	7,118,036
Cash flows from operating activities Changes in			
- reinsurance receivables	13 & 15	**(5,845,690)**	(5,328,753)
- retrocessionaires share of technical provision	23	**(1,503,566)**	(211,575)
- Deferred acquisition costs	14	**(2,469,314)**	(1,063,305)
- outstanding claims	19b	**(1,048,023)**	519,049
- reinsurance payable	20	**(1,653,812)**	(773,622)
- trade and other payables	21	**514,388**	(85,279)
- provision for unearned premium	22	**7,489,737**	3,918,996
		5,210,308	4,093,547
Charges paid	9	**(141,379)**	(83,055)
Income tax paid	10	**-**	-
Net cash from operating activities		**5,068,929**	4,010,492
Cash flow from investing activities			
Net (acquisition)/disposal of investment	12d	**(8,626,079)**	8,932,466
Acquisition of investment property	18	**(451,759)**	(6,896,264)
Acquisition of property and equipment	16	**(255,980)**	(315,420)
Acquisition of intangible assets	17	**(626,897)**	(116,574)
Proceed from disposal		**35,855**	20,731
Net cash used in investing activities		**(9,924,860)**	1,624,939
Cash flows from financing activities			
Shares issued within the year		**19,807,369**	-
Employee benefit actuarial loss recognized directly in equity	8b	**(44,216)**	(559)
Divided paid		**(1,343,178)**	(299,417)
Cash flow from financing activities		**18,419,975**	(299,976)
Net increase in cash and cash equivalents		**13,564,044**	5,335,455
Cash and cash equivalents at beginning of the year		**10,551,008**	6,192,483
Effect of exchange rate fluctuations on cash and cash equivalent held		**(4,644,006)**	(976,930)
Cash and cash equivalents at end of the year	11b	**19,471,046**	10,551,008

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 29th March 2017. Details of the Corporation's accounting policies are included in note 36.

3. Functional and presentation currency

These financial statements are presented in United Stated 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 2016 is set out below in relation to the impairment of financial instruments and in the following notes:

- 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 unrecognized post service costs and the fair value of any plan assets are deducted. The calculation is performed annually by a qualified actuary using key actuarial assumptions;

- Notes 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.

Notes to the financial statements (continued)
4. Use of estimates and judgements (continued)

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 28 (b).

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
- Special risks and
- Life

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.

Notes to the financial statements (continued)

5. Operating segments (continued)

2016

In United States Dollars	Fire & Engineering	Motor	Accident	Marine & Aviation	Special Risk	Life	Unallocated	Total
Underwriting income								
Gross premiums less retrocession	22,262,010	3,882,392	14,305,736	2,808,643	1,513,282	763,302	-	45,535,365
Unearned premium	(5,109,508)	(1,054,408)	1,286,564	(995,564)	(513,564)	(348,346)	-	(6,734,826)
Net earned premium	17,152,502	2,827,984	15,592,299	1,813,079	999,719	414,956	-	38,800,539
Investment and other income	-	-	-	-	-	-	3,272,344	3,272,344
Commission earned	283,654		64,832	40,137	84,275	18,335	-	491,233
Total Income	**17,436,156**	**2,827,984**	**15,657,131**	**1,853,216**	**1,083,994**	**433,291**	**3,272,344**	**42,564,116**
Underwriting expenses								
Total commissions expense	7,293,825	1,151,498	4,867,162	842,248	327,747	248,354	-	14,730,834
Deferred acquisition cost	(1,803,129)	(390,154)	204,058	(253,572)	(114,758)	(111,759)	-	(2,469,314)
Net commission expenses	5,490,696	761,344	5,071,220	588,676	212,989	136,595	-	12,261,520
Net claims incurred	3,832,649	972,515	5,137,038	1,577,686	(47,600)	99,730	-	11,572,018
Management expenses	3,825,341	673,458	2,427,834	478,122	292,302	15,781	-	7,712,838
Net financial cost	2,378,276	418,696	1,509,424	297,256	181,733	-	-	4,785,385
Total underwriting expenses	**15,526,962**	**2,826,013**	**14,145,516**	**2,941,740**	**639,424**	**252,106**	**-**	**36,331,761**
Income from operations	**1,909,194**	**1,971**	**1,511,615**	**(1,088,524)**	**444,570**	**181,185**	**3,272,344**	**6,232,355**

Notes to the financial statements (continued)

5. Operating segments (continued)

2015

In United States Dollars	Fire & Engineering	Motor	Accident	Marine & Aviation	Special Risk	Life	Unallocated	Total
Underwriting income								
Gross premiums less retrocession	10,879,141	1,539,264	17,164,766	1,481,225	372,028	83,447	-	31,519,871
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	281,231	-	-	27,812,450
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	281,231	281,231	-	1,951,970	30,077,081
Underwriting expenses								
Total commissions expense	3,286,849	284,489	5,320,624	504,152	72,753	22,131	-	9,490,998
Deferred acquisition cost	(179,566)	78,251	(1,082,684)	120,695	-	-	-	(1,063,304)
Net commission expenses	3,107,283	362,740	4,237,940	624,847	72,753	-	-	8,427,694
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	76,745	-	6,099,122
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	98,876	-	24,298,852
Income from operations	(2,025,379)	(36,987)	4,909,092	1,203,583	(208,621)	(15,429)	1,951,970	5,778,229

Notes to the Financial Statements (continued)

In United States Dollars	Note	2016	2015
6. Gross premium written			
West Africa		**28,067,508**	22,843,544
East Africa		**2,860,367**	2,735,044
North Africa		**13,010,028**	4,100,440
Others		**5,263,638**	3,779,668
		49,201,541	33,458,696
7. Investment income			
Term deposits		**1,445,844**	1,859,528
Treasury bills		**127,193**	84,177
Total investment income		**1,573,037**	1,943,705
8. Management expenses			
a. Management expenses is analysed as follows			
Personnel expenses	8b	**2,197,765**	1,782,580
Other expenses	8d	**5,515,073**	4,316,542
		7,712,838	6,099,122
b. Personnel expenses			
Salaries and wages		**2,064,519**	1,796,524
Other employee benefits		**48,422**	23,598
Other staff cost		**84,824**	23,850
		2,197,765	1,843,972

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.

	Defined Benefit Obligations		Fair Value of Plan Assets		Net Defined Benefit Liability (Asset)	
In United States Dollars	**2016**	2015	**2016**	2015	**2016**	2015
Balance at 1 January	**324,647**	230,873	**(102,206)**	(99,944)	**222,441**	130,929
Included in profit or loss:						
Current service cost	**112,680**	89,295	**-**	-	**112,680**	89,295
Interest cost (income)	**35,085**	13,609	**-**	-	**35,085**	13,609
Past service cost due to benefit improvement		-		-	**-**	-
	147,765	102,904	**-**	-	**147,765**	102,904
Included in OCI						
Remeasurements loss (gain):						
Actuarial loss arising from:						
financial assumptions	**44,216**	559	**-**	-	**44,216**	559
	44,216	559	**-**	-	**44,216**	559
Other						
Contributions paid by the employer		-	**(225,944)**	(2,262)	**(225,944)**	(2,262)
Projected benefits payments	**(13,965)**	(9,689)	**-**	-	**(13,965)**	(9,689)
	(13,965)	(9,689)	**-**	-	**(239,909)**	(11,951)
Balance at 31 December	**502,663**	324,647	**(328,150)**	(102,206)	**174,513**	222,441

In United States Dollars	**2016**	2015
Plan assets		
Plan assets comprise the following:		
Term Deposits	**328,150**	102,206

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:

	2016	2015
Discount rate	**20%**	11%
Salary inflation	**18%**	10%
Normal salary inflation gap	**2%**	1%
Effective salary inflation gap	**1.69%**	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	2016	2015
Withdrawal rate 20%		
Accrued liability	**514,596**	303,501
Service cost	**121,823**	94,733
Service cost and interest	**212,584**	125,094
Increase in mortality rate by 1%		
Accrued liability	**504,347**	323,406
Service cost	**133,698**	111,709
Service cost and interest	**231,592**	146,548
Increase in discount rate by 1%		
Accrued liability	**472,579**	301,485
Service costs	**125,363**	104,238
Service cost and interest	**221,945**	139,734
Decrease in discount rate by 1%		
Accrued liability	**536,896**	351,406
Service costs	**143,643**	122,508
Service costs and interest	**243,239**	157,078
Increase in salary inflation by 1%		
Accrued liability	**539,049**	352,679
Service costs	**145,439**	124,064
Service costs and interest	**250,694**	162,227

Notes to the financial statements (continued)
8. Management expenses (continued)

In United States Dollars	2016	2015
c. Other expenses		
Advertising	**64,568**	45,083
Audit fees	**50,000**	35,000
Depreciation and amortization	**388,890**	285,451
Utility bills	**42,291**	35,779
Legal and professional fees	**561,709**	89,514
Directors' fees	**205,000**	153,000
Motor running expenses	**41,349**	46,728
Communication	**138,630**	125,345
Printing and stationery	**60,722**	30,569
Travelling & marketing	**613,820**	608,739
Meetings, conferences and training	**224,237**	160,345
Repairs and maintenance	**15,506**	3,770
Other office running costs	**576,842**	310,849
Insurance	**47,525**	32,498
Impairment allowance for bad debt	**2,483,984**	2,353,872
	5,515,073	4,316,542
9. Net finance cost		
Foreign exchange loss	**4,644,006**	976,930
Bank charges	**141,379**	83,055
	4,785,385	1,059,985
10. Tax account		
Current tax expense		
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.

In United States Dollars	2016	2015
11. Cash and cash equivalents		
a.Cash & Cash Equivalent in Statement of financial Position		
Bank balance	**17,465,011**	2,788,887
Cash on hand	**1,432**	1,929
Cash and cash equivalents	**17,466,443**	2,790,816

Notes to the financial statements (continued)
11. Cash and cash equivalents (continued)

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

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	2016	2015
Cash and cash equivalent	**17,466,443**	2,790,816
Investment securities	**2,004,603**	7,760,192
Cash and cash equivalents in the statement of cash flows	**19,471,046**	10,551,008

12. Financial assets

a. Investments by category

Statutory deposit	**1,959,943**	2,291,003
Bank deposits	**30,150,408**	26,952,858
Unquoted equity investments	**511,066**	507,066
	32,621,417	29,750,927

The statutory deposit of USD 1,959,943 (2015: USD 2,357,324) was made with the Bank of Sierra Leone in compliance with Section 23(1) of the Insurance Act 2016. 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	2016	2015
Held to maturity	**32,110,352**	29,243,861
Equity securities	**511,065**	507,066
Total financial assets	**32,621,417**	29,750,927

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

Notes to the financial statements (continued)
12. Financial assets (continued)

c. Held to maturity financial assets

In United States Dollars	2016	2015
Unlisted debt securities - fixed interest rate:		
Fixed deposits	**30,053,334**	26,952,858
Treasury bills	**2,057,018**	2,291,003
Total held to maturity financial assets	**32,110,352**	29,243,861

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

d. Net Investment acquisition for statement of cash flows

In United States Dollars	2016	2015
Balance at start	**29,750,927**	32,335,077
Balance at close	**(32,617,417)**	(29,750,927)
Classified as Cash & cash equivalent at close	**2,004,603**	7,760,192
Classified as cash & cash equivalent at start	**(7,760,192)**	(1,411,876)
Net investment (acquisition)/disposal in cash flow	**(8,622,079)**	8,932,466

Notes to the financial statements (continued)

In United States Dollars	2016	2015
13. Reinsurance receivables		
Due from cedants and brokers	**31,506,899**	24,933,116
Due from retrocessionairs	**1,573,208**	-
Impairment allowance	**(10,434,666)**	(7,950,682)
	22,645,441	16,982,434
The total amount of receivables is deemed current.		
Impairment allowance		
Balance at start	**7,950,682**	2,668,795
Impairment allowance charged to income statement	**2,483,984**	2,353,872
Commission payment related to impaired receivables	**-**	2,928,015
Balance at 31 December	**10,434,666**	7,950,682
Ageing of unimpaired receivables		
0 – 90 days	**9,672,492**	8,364,153
91 - 180 days	**3,607,863**	3,607,355
181 – 270 days	**4,968,112**	2,444,394
271 – 365 days	**4,396,974**	2,566,532
Balance at 31 December	**22,645,441**	16,982,434
14. Deferred acquisition costs		
Balance as at 1 January	**4,412,236**	3,348,931
Deferred during the year	**4,826,869**	2,126,609
Released during the year	**(2,357,555)**	(1,063,304)
Balance as at 31 December	**6,881,550**	4,412,236

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

In United States Dollars	2016	2015
15. Other assets		
Sundry receivables	**190,457**	6,502
Other receivables	**3,865**	20,402
Loans to staff	**103,188**	87,923
	297,510	114,827

Notes to the financial statements (continued)

In United States Dollars	Computer Hardware	Motor Vehicle	Land and Building	Furniture and Equipment	Total
16. Property and equipment					
Cost					
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
At 1 January 2016					
At 1 January 2016	127,846	344,071	-	207,585	679,502
Additions	11,509	182,357	52,256	9,858	255,980
Disposal	(690)	(119,922)	-	-	(120,612)
At 31 December 2016	**138,665**	**406,506**	**52,256**	**217,443**	**814,870**
Accumulated depreciation					
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**
At 1 January 2015	48,566	182,912	-	109,007	**340,485**
Charge for the year	31,681	85,853	-	50,233	**167,767**
Disposal	(1,425)	(118,499)	-	-	**(119,924)**
At 31 December 2016	**78,822**	**150,266**	**-**	**159,240**	**388,328**
Carrying amounts					
At 31 December 2015	79,280	161,159	-	98,578	339,017
At 1 January 2016	**79,280**	**161,159**	**-**	**98,578**	**339,017**
At 31 December 2016	**59,843**	**256,240**	**52,256**	**58,203**	**426,542**

There were no capitalized borrowing costs related to the acquisition of equipment during the year. (2015: nil).

Notes to the financial statements (continued)

In United States Dollars	Computer Software
17. Intangible assets	
Cost	
At 1 January 2015	226,864
Acquisitions	116,574
At 31 December 2015	343,438
At 1 January 2016	343,438
Acquisitions	626,897
At 31 December 2016	970,335
Amortisation and impairment losses	
At 1 January 2015	71,403
Amortisation for the year	155,461
At 31 December 2015	226,864
At 1 January 2016	226,864
Amortisation for the year	221,123
At 31 December 2016	447,987
Carrying amount	
At 31 December 2015	116,574
At 1 January 2016	116,574
At 31 December 2016	522,348

There were no capitalized borrowing costs related to the acquisition of software during the year. (2015: Nil).

In United States Dollars	2016	2015
18. Investment properties		
At 1st January	**6,896,264**	-
Additions	**451,759**	6,896,264
Fair value gains	**1,644,875**	-
At 31 December 2016	**8,992,898**	6,896,264

Notes to the financial statements (continued)
18 . Investment Properties (Continued)

The investment properties consists of landed properties in England and Ghana which were acquired in 2015.

At 30 June 2016, the market value of the property located in Ghana was estimated at US$ 6,790,300 based on a valuation performed by Asenta Property Consulting, a firm of Asset valuation and general property advisory services. The fair value of the property was based on open market value which indicate an opinion of the best price at which the sale of an interest in the property would have been completed unconditionally for cash consideration on the date of valuation based on a number of assumptions. The fair value of the property in England has been deemed to be equivalent to its purchase price. The investment properties have been classified under level 2 fair value hierarchy as at 31 December 2016. The properties have also not been pledged as security for any debt or liabilities.

In United States Dollars	2016	2015
19. Claims		
Net claims incurred		
Claims made by Cedants	**12,002,569**	10,923,639
Claims recovered from Retrocessionaires	**(430,551)**	(2,211,588)
Claims incurred during the year	**11,572,018**	8,712,051

In United States Dollars	Fire & Engineering	Motor	Accident	Marine & Aviation	Special Risk	Life	Total
Outstanding claims 2016							
Claims at start of the year	1,661,568	535,856	308,172	64,705	52,800	-	2,623,101
Claims incurred Less recoveries	3,832,649	972,515	5,137,038	1,577,686	(47,600	99,730	11,572,018
Claims paid	(4,586,528)	(1,346,022)	(4,984,872)	(1,642,391)	(5,200)	(55,028)	(12,620,041)
Claims outstanding at 31 December	907,689	162,349	460,338	-	-	44,702	1,575,078

In United States Dollars	Fire & Engineering	Motor	Accident	Marine & Aviation	Special Risk	Total
Outstanding claims 2015						
Claims at start of the year	1,305,775	333,835	60,344	12,898	391,200	2,104,052
Claims incurred Less recoveries	6,660,011	1,052,270	582,512	79,525	337,733	8,712,051
Claims paid	(6,304,218	(850,249)	(334,684)	(27,718)	(676,133)	(8,193,002)
Claims outstanding at 31 December	1,661,568	535,856	308,172	64,705	52,800	2,623,101

Notes to the financial statements (continued)

In United States Dollars	2016	2015
20. Reinsurance payables		
Payable under reinsurance arrangements	**2,608,409**	7,190,236
Commission payable relating to impaired reinsurance receivables	**-**	(2,928,015)
	2,928,015	4,262,221
21. Trade and other payables		
Accruals	**1,351,994**	720,109
Other creditors	**674,684**	587,431
Defined benefit obligation (8b (i))	**174,513**	222,441
	2,201,191	1,529,981

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.

In United States Dollars	2016	2015
22. Provision for unearned premium		
Gross unearned premium at 31 December	**23,038,594**	15,548,857
Gross unearned premium at 1 January	**(15,548,857)**	(11,629,861)
Gross unearned premium movement (A)	**7,489,737**	3,918,996
Deferred gross retrocessions at 31 December	**1,700,228**	945,317
Deferred gross retrocessions at 1 January	**(945,317)**	(733,742)
Deferred gross retrocessions movement (B)	**754,911**	211,575
Net unearned premium movement (A - B)	**6,734,826**	3,707,421

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

In United States Dollars		2016	2015
23. Retrocessionaires share of technical provisions			
Claims recoverable		**748,655**	-
Deferred retrocession premium	22	**1,705,087**	950,176
		2,453,742	950,176

Notes to the financial statements (continued)

In United States Dollars	2016 No. of shares	2016 Amount	2015 No. of shares	2015 Amount
24. Share capital				
Authorised:				
Ordinary shares of USD 1each	**100,000,000**	**100,000,000**	100,000,000	100,000,000
Issued and fully paid:				
Balance at 1 January	**24,311,603**	**24,311,603**	24,311,603	24,311,603
Issued for cash	**13,031,190**	**13,031,190**		
Bonus issue	**1,215,580**	**1,215,580**	-	-
At 31 December	**38,558,373**	**38,558,373**	24,311,603	24,311,603

In United States Dollars	2016	2015
25. Share premium		
Balance at 1 January	**3,784,253**	3,784,253
Arising from shares issued within the year	**6,776,179**	-
Balance at 31 December	**10,560,432**	3,784,253
26. Retained profit		
Balance at 1 January	**7,987,933**	4,369,270
Net profit for the year	**6,232,355**	5,778,229
Transfer to contingency reserves	**(1,445,489)**	(1,159,566)
Dividend to owners	**(1,500,000)**	(1,000,000)
Bonus share issue	**(1,215,580)**	-
Balance at 31 December	**10,059,219**	7,987,933

The retained earnings include fair value gains on revaluation of investment properties which was unrealized and are not available for distribution. At 31 December 2016, the unrealized fair value gains on revaluation of investment properties amounted to US$ 1,644,875 (2015: Nil).

In United States Dollars	2016	2015
27. Contingency reserves		
Balance at 1 January	**2,355,201**	1,195,635
Addition during the year	**1,445,489**	1,159,566
Balance at 31 December	**3,800,690**	2,355,201

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

Notes to the financial statements (continued)

In United States Dollars	2016	2015
28. Other reserves		
Balance at 1 January	**49,879**	49,320
Net actuarial loss on employee benefit obligation	**42,216**	559
Balance at 31 December	**94,095**	49,879

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

29. 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 2016

	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	-	17,466,443	-	-	17,466,443	-	17,466,443	-	17,466,443
Reinsurance receivables	-	22,645,441	-	-	22,645,441	-	22,645,441	-	22,645,441
Investment assets	32,110,352	-	511,065	-	32,621,417	-	32,621,417	-	32,621,417
Other assets		297,510	-	-	297,510	-	297,510	-	297,510
	32,110,352	**40,409,394**	**511,065**	**-**	**73,030,811**	**-**	**73,030,811**	**-**	**73,030,811**
Liabilities									
Reinsurance Payables	-	-	-	**2,608,409**	**2,608,409**	-	**2,608,409**	-	**2,608,409**
Trade and other payables	-	-	-	**2,201,192**	**2,201,192**	-	**2,201,192**	-	**2,201,192**
Outstanding claims	-	-	-	**1,575,078**	**1,575,078**	-	**1,575,078**	-	**1,575,078**
	-	**-**	**-**	**6,384,679**	**6,384,679**	**-**	**6,384,679**	**-**	**6,384,679**

Notes to the financial statements (continued)
29. Financial Instruments – Fair Values and Risk Management (continued)

31 December 2015

In United States Dollars	Carrying Amount: Held to maturity	Carrying Amount: Loan and Receivables	Carrying Amount: Available for Sale	Carrying Amount: Other Financial Liabilities	Carrying Amount: Total	Fair Value: Level 1	Fair Value: Level 2	Fair Value: Level 3	Fair Value: 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 claims	-	-	-	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)
29. Financial instruments – fair values and Risk Management (continued)

b. Measurement of Fair Values

See accounting policy in note 36 (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 premier used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

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

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

For more complex instruments, the Corporation uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant

Notes to the financial statements (continued)
29. Financial instruments – fair values and risk management (continued)
(b) Measurement of fair values (continued)
Valuation models (continued)

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.

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.

Notes to the financial statements (continued)
29. Financial instruments – fair values and risk management (continued)
c. Financial risk management (continued)

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.

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.

Notes to the financial statements (continued)
29. Financial instruments – fair values and risk management (continued)

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	2016	2015
Impairment allowance		
Balance at start	**7,950,682**	2,668,795
Addition during the period	**2,483,984**	2,353,872
Commission payable related to impaired Reinsurance receivables	**-**	2,928,015
Balance at 31 December	**10,434,666**	7,950,682

In United States Dollars	2016	2015
Ageing of unimpaired reinsurance receivables		
0 – 90 days	**9,672,492**	8,364,153
91 - 180 days	**3,607,863**	3,607,355
181 – 270 days	**4,968,112**	2,444,394
271 – 365 days	**4,396,974**	2,566,532
Balance at 31 December	**22,645,441**	16,982,434

Notes to the financial statements (continued)
29. Financial instruments – fair values and risk management (continued)
c. Financial risk management (continued)
iii. Credit risk (continued)

Impaired reinsurance receivables

See accounting policy in note 36 (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.

Cash and cash equivalents

The Corporation held cash and cash equivalents of US$ 17,466,443 at 31 December 2016 (2015: 2,790,816). 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)
29. 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 2016						
Non-derivative financial liabilities						
Outstanding claims	21b	1,575,078	254,045	425,600	895,433	-
Reinsurance payables	22	2,608,409	256,321	856,321	1,495,767	-
Trade and other payables	23	2,201,192	1,699,985	-	-	501,207
		6,384,679	**2,210,351**	**1,281,921**	**2,391,200**	**501,207**
31 December 2015						
Non-derivative financial liabilities						
Outstanding claims	21b	1,683,242	673,297	1,009,945	-	-
Reinsurance payables	22	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	1,970,718	2,238,361	1,815,107

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)
29. Financial instruments – fair values and risk management (continued)
c. Financial risk management (continued)
v. Market risk (Continued)
Currency risk (continued)

31 December 2016

	Note	United States Dollars	Pounds sterling	Euro	Cedis	Leones	Naira	Other	Total
Assets									
Cash and cash equivalent	11	11,118,637	130,070	300,088	245,151	4,831,380	136,622	704,495	17,466,443
Financial assets	12	25,928,899	-	-	43,253	2,496,230	4,052,738	100,297	32,621,417
Reinsurance receivables	13	17,261,247	48,893	581,221	1,565,475	192,262	1,592,143	1,404,200	22,645,428
Other assets	15	221,210	-	-	2,500	41,044	23,030	9,726	297,510
		54,529,980	**178,963**	**881,309**	**1,856,379**	**7,560,916**	**5,804,533**	**2,218,718**	**73,030,798**
Liabilities									
Outstanding claims	19b	566,527	-	-	167,258	-	841,293	-	1,575,078
Reinsurance Payables	20	2,608,409	-	-	-	-	-	-	2,608,409
Trade and other payables	21	2,177,830	-	-	-	23,362	-	-	2,201,192
		5,352,766	**-**	**-**	**167,258**	**23,362**	**841,293**	**-**	**6,384,679**
Net exposure		**49,177,214**	**178,963**	**881,309**	**1,689,121**	**7,537,554**	**4,963,240**	**2,218,718**	**66,646,119**

Notes to the financial statements (continued)
29. 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									
		1,757,106	93,943	165,931	247,158	108,152	270,611	147,916	2,790,816
Cash and cash equivalent	11	16,865,960	-	-	48,475	4,361,387	8,380,653	94,451	29,750,927
Financial assets	12	12,129,738	38,862	263,174	1,180.873	129,277	3,157,706	82,804	16,982,434
Reinsurance receivables	13	76,011	-	-	988	36,522	1,296	-	114,827
Other assets	15								
		30,828,815	132,805	429,105	1,477,504	4,635,338	11,810,267	325,171	49,639,005
Liabilities									
Outstanding claims	19b	1,718,773	-	-	644,296	43,310	216,733	-	2,623,101
Reinsurance Payables	220	2,999,065	16,804	85,458	352,96	37,126	748,759	22,767	4,262,220
		4,717,839	16,804	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)
29. 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	
	31 Dec. 2016	31 Dec. 2015	**31 Dec. 2016**	31 Dec. 2015
USD 1				
Euro	**0.9266**	0.9247	**0.9481**	0.9168
GBP	**0.8044**	0.6625	**0.8093**	0.6755
Cedi	**4.0683**	3.8256	**4.27**	3.8175
Naira	**312.26**	198.94	**314.98**	199.05
Leone	**5,595**	4,297	**5,520**	4,148

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar, against all other currencies at 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 2016				
Euro (10% movement)	**71,405**	(71,405)	49,984	(49,984)
GBP (6% movement)	**10,738**	(10,738)	7,517	(7,517)
Cedi (5% movement)	**92,819**	(92,819)	64,973	(64,973)
Naira (11% movement)	**587,133**	(587,133)	410,994	(410,993)
Leone (10% movement)	**753,755**	(753,755)	527,629	(527,629)
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

Notes to the financial statements (continued)
29. 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	**2016**	2015
Fixed-rate instrument		
Financial assets	**32,110,352**	29,243,861

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 (2015: Nil).

g. Operational risk

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

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

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

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements

Notes to the financial statements (continued)
29. Financial instruments – fair values and risk management (continued)
g. Operational risk (continued)

- 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.

30. Dividend

In respect of the year ended 31 December 2016, the Board of Directors proposed a dividend of US$ 0.0642 per share amounting to US$ 2.4 million (2015: US$ 2.2 million). The proposed dividend was to be issued as bonus shares of 1 share for every 15 shares held as at 31 December 2016.

31. Capital commitment

There were no capital commitments at 31 December 2016 (2015: Nil).

32. Contingent liabilities

There were no contingent liabilities at 31 December 2016 (2015: Nil).

33. Related party disclosure

The following transactions were carried out with related parties:

In United States Dollars	2016	2015
a. Key management compensation		
Salaries and other short-term employee benefits	**670,489**	659,444
	670,489	659,444
b. Director's remuneration		
Director's remuneration paid during the year	**205,000**	153,000
	205,000	153,000

Notes to the financial statements (continued)

34. 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.

35. 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.

36. 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:

Notes to the financial statements (continued)
36. Significant accounting polices (continued)

a. Foreign currency

Foreign currency transactions

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

b. Income tax expense

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

c. Financial assets and financial liabilities

i. Recognition

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

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

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.

Notes to the financial statements (continued)
36. Significant accounting polices (continued)
c. Financial assets and financial liabilities (continued)

ii. Derecognition

Financial assets

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

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

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

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

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

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

Financial liabilities

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

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)
36. Significant accounting polices (continued)
c. Financial assets and financial liabilities (continued)

v. Fair value measurement
Policy applicable from 1 January 2016

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

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

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

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

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

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

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

Policy applicable before 1 January 2016

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.

Notes to the financial statements (continued)
36. Significant accounting polices (continued)
c. Financial assets and financial liabilities (continued)
v. Fair value measurement (continued)

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

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

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

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

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 a 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.

Notes to the financial statements (continued)
36. Significant accounting polices (continued)
c. Financial assets and financial liabilities (continued)
vi. Identification and measurement of impairment (continued)

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

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

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

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

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 capitalized 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)
36. 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.

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.

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

Notes to the financial statements (continued)
36. Significant accounting policies (continued)
e. Investments (continued)

ii. 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.

iii. Loans and receivables

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

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

f. Investment property

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

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

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

g. Cash and cash equivalents

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

h. Impairment of non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Notes to the financial statements (continued)
36. Significant accounting policies (continued)
h. Impairment of non-financial assets (continued)

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 amortization, if no impairment loss had been recognised.

i. Share capital

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

j. Reinsurance contracts

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

i. Short-term reinsurance contracts
These contracts are casualty, property and personal accident reinsurance contracts.

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.

Notes to the financial statements (continued)
36. Significant accounting policies (continued)
j. Reinsurance contacts (continued)

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.

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

iii. Receivables and payables related to reinsurance contracts

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

k. Claims

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

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

l. Reserves for unexpired risks

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

m. Contingency reserve

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

Notes to the financial statements (continued)
36. 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)
36. 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.

Notes to the financial statements (continued)

37. 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 2016 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.

New or amended standards	Summary of the requirements	Possible impact on the 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. 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.	The Corporation is assessing the potential impact on its financial statements resulting from the application of IFRS 9.
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.
IAS 7 Statement of Cash Flows	The amendments require new disclosures that help users to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual reporting periods beginning on or after 1 January 2017, with earlier application permitted.	This is expected to have little or no impact on the Corporation.

Notes to the financial statements (continued)
37. New standards and interpretations not yet adopted (continued)

New or amended standards	Summary of the requirements	Possible impact on the financial statements
IAS 12 Income taxes	The amendments set out the basis for the recognition of a deferred tax asset if a loss is unrealized. The amendments are effective for annual reporting periods beginning on or after 1 January, 2017	This is expected to have little or no impact on the Corporation.
IFRS 16 Leases	Under the new standard, companies will recognize new assets and liabilities, bringing added transparency to the balance sheet calculated using a prescribed methodology that all companies reporting under IFRS will be required to follow. IFRS 16 will eliminate the current dual accounting model for leases, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting will remain similar to current practice; that is lessors continue to classify leases as finance and operating leases. For Lessees, the lease becomes an on-balance sheet liability that attracts interest, together with a new asset on the other side of the balance sheet. In other words, lessees will appear more asset-rich but also more heavily indebted. The impacts would not be limited to the balance sheet. There would also be changes in accounting over the life of the lease. In particular, companies will now recognize a front-loaded pattern of the expense for most leases, even when they pay constant annual rents. The new standard takes effect in January 2019	The impact on the financial statements is yet to be assessed.

Headquarters:
Maritime House,
2nd Floor Government Wharf,
Wallance Johnson Street,
Freetown,
Sierra Leone.

2322 2226082
2327 6368359 (Sierra Leone)
00234 (0) 8029013190 (Nigeria)
00233 (0) 244684127 (Ghana)

waicareineurance@waicare.com
infoe@waicare.com
www.waicare.com