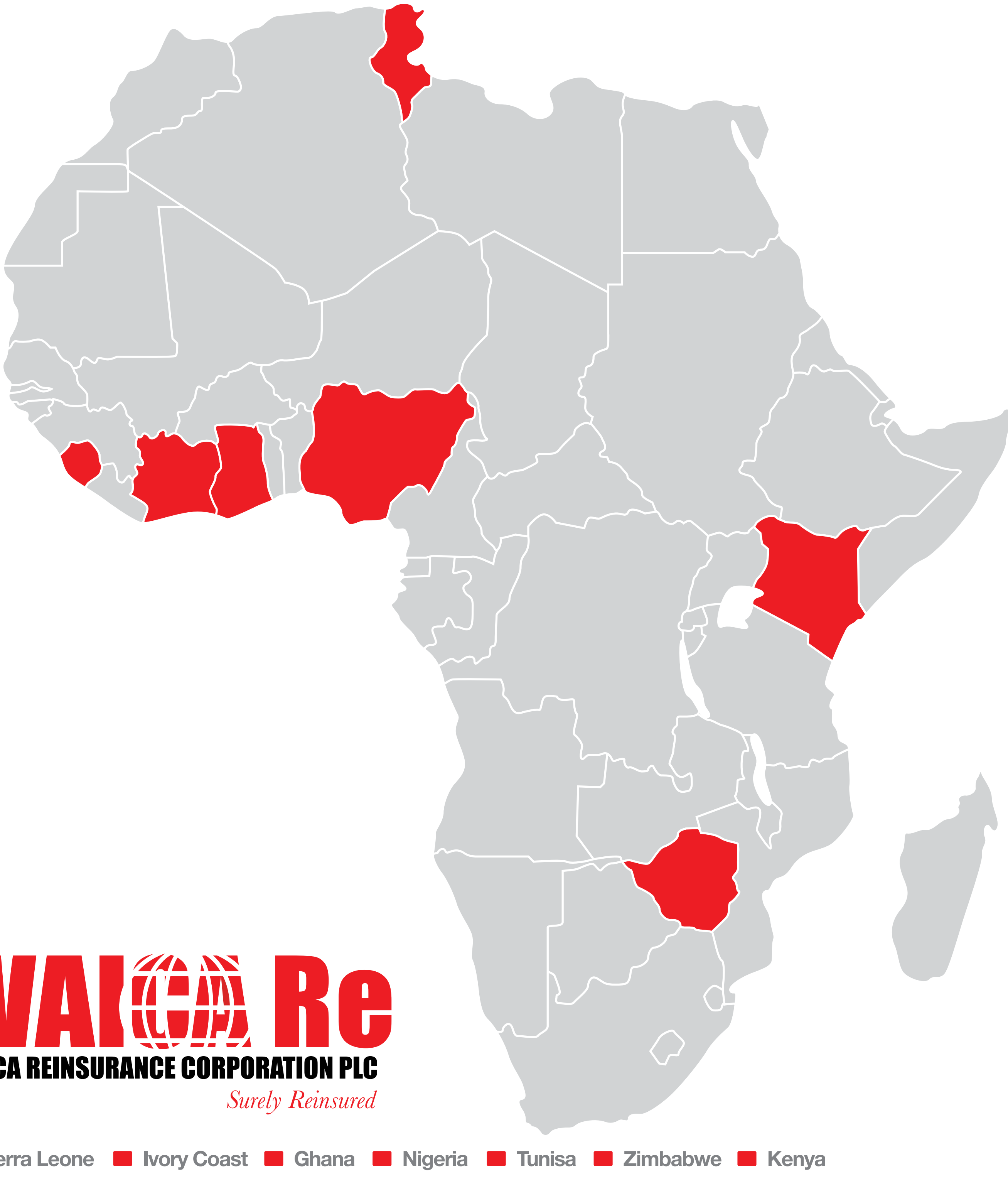
2017 ANNUAL REPORT
&
FINANCIAL STATEMENTS



WAICA Re

WAICA REINSURANCE CORPORATION PLC

Surely Reinsured

WAICA Re

WAICA REINSURANCE CORPORATION PLC

Surely Reinsured

Consolidated Financial Statements

for the year ended 31 December 2017


DARE TO PUT YOUR FEET UP
You don't have to worry about meeting your minimum insurance deposit, paying off claims, or taking on bigger clients. Our **fund base is extraordinarily large** to take on the whole Sub-Saharan Africa.
Partner with us today.
A Sub-Regional Financial Sector Initiative

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Chairman's Statement

Dear Shareholders, Ladies and Gentlemen,

It is my pleasure to welcome you to the 5th Annual General Meeting of your Corporation, WAICA Reinsurance Corporation Plc. I am exceptionally happy that we are holding this meeting in Nigeria, a country we see as a place of business; the country that hosted the WAICA Reinsurance Pool for 37 years; the country that gave birth to WAICA Reinsurance Corporation Plc when the agreement was signed in Abuja in March 2011; the country that has been a key contributor to our premium income and capital growth as we serve nearly all the insurance companies in Nigeria. I am happy therefore that we are back to our roots and I thank you for the role you have played in helping us build a strong institution in just six years and made WAICA Re a dominant, competitive and well respected company ranking amongst the top 10 indigenous reinsurers in Africa.

I present to you this morning, the Corporation's Annual Report and Financial Statements for the year ended 31st December, 2017.

Global Business Environment

Global growth outlook suggests that economic activity is gaining stronger momentum against the weak performance recorded in 2016. The global economy is expected to grow at 3.7 percent and 3.9 percent in 2017 and 2018 respectively. This growth forecast is on the heels of rebound in investments as a result of improvements in investor confidence, strengthening commodity prices, rising aggregate demand and accommodative momentary policy especially in some advanced economies. There has also been a better than expected growth in the Euro area, Japan and Emerging Asia, offsetting weaker performances in the United States and the United Kingdom.

The downside risk to the global outlook growth however, includes the damages to infrastructure caused by hurricane Harvey, Irma and Maria, the new U.S. Trade Policy, uncertainties associated with the BREXIT negotiations, and rising geo-political tensions in the Middle-East and on the Korean Peninsula. The latter shows signs to peaceful diplomatic resolution.

Advanced economies were expected to grow at 2.2 percent in 2017 and 2.3 percent in 2018. Due to expected growth momentum on the back of supportive financial conditions, strong business and consumer confidence and an assumption of accommodative fiscal policy, the United States economy is forecasted to grow at 2.2 percent in 2017 and is expected to increase marginally to 2.3 percent in 2018. However growth in the United Kingdom is expected to be subdued in 2018. In the euro area, recovery remained impressive with growth projected to rise to 2.1 percent in 2017.

Growth in emerging markets and developing economies is predicted to remain strong at 4.6 percent in 2017 and 4.9 in 2018 due to recovery in key emerging markets like India and stronger domestic demand from China.

Whereas the ongoing expansion is robust in the advanced and emerging market economies, growth remains modest in sub-Sahara Africa as the three largest economies of Nigeria, South Africa and Angola gradually recover. Sub-Sahara Africa growth was therefore, predicted at 2.6 percent for 2017 and is further expected to rise to 3.4 percent in 2018.

In 2017 headline inflation rates in advanced economies and emerging markets is projected at 1.7 percent whilst that of developing economies is projected to be 4.2 percent. This is due to lower than expected recovery in oil prices and cyclical recovery in demand. With predominantly accommodative global monetary policies in support of recovery and growth, 2018 global average inflation is expected to increase moderately to 3.3 percent. The forecast for developed economies is at 1.7 percent, that of emerging markets and developing economies is 4.4 percent whilst that of Sub-Saharan Africa is 9.5 percent.

Nigeria

Nigeria's economy exited recession in the second half of 2017, with a modest positive short to medium-term outlook, resulting largely from deliberate macroeconomic stimulus and relatively stable naira exchange rate. Nigeria's GDP grew by 0.83 percent in 2017 on the back of agriculture, industry and trade in the non-oil sector and the rebound in global oil prices. This is an indication that the economy is gradually returning to a path of sustainable positive growth especially as the services sector returns to positive growth. There was uptake in investor confidence in the Nigerian economy with Foreign Direct Investment reaching $12.2 billion in 2017, more than double the figure recorded in 2016.

Inflation expectations also appeared anchored on the strength of prevailing tight monetary policy stance. Headline inflation (Year-on-Year) continued to decline for eleven consecutive months to 15.37 percent in December, 2017 on the back of contraction in money supply, decline in imported food and non-food prices, and the relative stability in exchange rates. There is also a continual improvement in Nigeria's external reserves position, thus growing to a new high of $40.4 billion by year end 2017.

Whereas the Naira was stable around N305.90/$1 throughout 2017 per the Inter-Bank Foreign Exchange Market, the parallel Bureau de Change rate was volatile in the first half of the year. It moved from N475.00/$1 in December, 2016 to peak at N494.70/$1 in February 2017, before stabilising around N365.00/$1 in June 2017 and remained same till the year end.

Overall, there is a positive outlook through expected increase in government revenue arising from favourable crude oil prices, stable output and general improvement in agriculture, industry and construction.

Ghana

The fiscal consolidations embarked upon by government seem to have yielded some results as provisional figures recorded by the Ghana Statistical service show that the country saw the highest GDP growth rate in the last five years. The GDP growth rate more than doubled from 3.7 percent in 2016 to 8.5 percent in 2017 mainly due to contributions in the oil and gas sector. Over the medium term from 2018 to 2021, GDP is expected to average 6.2 percent.

The external sector development for 2017 were very strong with an overall balance of payment surplus attributed mainly to crude oil export receipts of $ 3,019.1 million, Gold export receipts of $5,786.2 million and cocoa export receipts $2,711.2 million. This improved balance of payment position translated into increased gross international reserves to $7,554.8 million representing 4.3 months import cover compared to $6,161.8 million which was as 3.5 month import cover in December, 2016.

The reserve build up also provided additional buffer for the Cedi depreciating against the US Dollar by 4.9 percent year-on-year compared with 9.7 percent in 2016, the cedi's best performance since 2011.

Headline inflation broadly trended downwards in 2017 dropping from 15.4% in December, 2016 to 11.8% in December 2017 on the back of exchange rate stability, tight monetary policy and prudent fiscal consolidation policies. The decline is expected to continue till it reaches an average of 8 percent in the medium term. With a falling monetary policy rate to 20.0%, interest rate have followed suit with the 91 day Treasury Bill trading at 13.3% as at December, 2017 from 16.8% in December, 2016.

Sierra Leone

With mixed performances across key sectors, the Sierra Leone economy was estimated to slow down to 5.6 percent in 2017, from 6.3 percent in 2016, mainly on account of reduced activities in the non-mining sector. GDP growth is expected to rebound to 6.1 percent in 2018. Inflationary pressures continued to subside during 2017 as headline inflation slowed to 15.33 percent in December, 2017 thus falling from 17.41 percent in December, 2016.

A major concern was how to mitigate the impact of floods and mudslides which occurred in Freetown in mid-August and resulted in the death of hundreds of people and displaced thousands of the citizenry. In all about 901 buildings were affected and cumulative losses of damage to property estimated to be about $14.18 million. However, the government's strategy to accelerate the pace of economic diversification has triggered inflows of foreign direct investment in non-mining sectors such as agriculture, tourism and energy, which are expected to drive growth in the medium-term.

Gross foreign exchange reserves increased to $503.8 million in December 2017. Consequently, the exchange of the Leone relative to the US Dollar, which was volatile at the beginning of 2017, became stable at Le 7,663.16/$1 in the fourth quarter of 2017 having fallen from in Le7,195.37/$1 December, 2016.

Liberia

Liberia is in transition. Developments up to late 2017 point to a recovering economy, a maturing democracy, and a people committed to sustain their hard-won peace. Liberia's GDP was estimated to improve by 2.5 percent in 2017 to USD 904.3 million from negative 1.6 percent in 2016. The growth was mainly attributed to significant increases in the mining and panning sectors as a result of rise in industrial gold production and the manufacturing sector. Growth in 2018 is projected to further rise to 3.9 percent.

Average annual inflation in 2017 was 12.4 percent from 8.8 percent in 2016. The rise in inflation was mainly explained by exchange rate pressure, and the rise in global petroleum price coupled with government's tax policy on petroleum products. Inflation outlook at year end 2018 is projected to be in double-digit, around 11.4 percent.

The average exchange rate depreciated by 24.5 percent to L$125.50/$1.00 in December, 2017 compared to L$100.80/$1.00 in December, 2016. It is the result of deteriorating terms of trade and high demand for foreign exchange to facilitate imports.

Gross international reserves position at end-December, 2017 decreased by 15.0 percent to $499.7 million, from $588.0 million recorded at end-2016.

The Gambia

Real GDP growth was projected at 3.0 percent in 2017, higher than 2.2 percent in 2016. Economic activity is projected to gather strength in 2018 with projected real GDP growth of 3.8 percent, underpinned by projected increase in agricultural production, construction and a strong performance of the tourism sector as well as improved business sentiments.

The exchange rate of the Dalasi was stable around D47.66/$1 throughout the year and is expected to remain stable with continued implementations of sound macroeconomic policies, renewed confidence and improved supply conditions.

Yields on all Treasury Bills and Sukuk Al Salaam Bills declined, reflecting reduced borrowing by government. The 91-day, 182-day and 364-day yields fell from 13.67 percent, 16.25 percent and 17.71 percent in December 2016 to 5.03 percent, 5.52

percent and 6.73 percent respectively in December 2017. Headline inflation, decelerated to 6.4 percent in December 2017 relative to 8.8 percent in December 2016.

Financial Performance

Ladies and gentlemen, below is a snapshot of the key financial performance indicators for year 2017:

- Gross Premium written; up by 26% to $62.1m (2016: $49.2m)
- Net Earned Premium; up by 36% to $52.6m (2016: $38.8m)
- Total Income from Operations; up by 24% to $56.0m (2016: $42.6m)
- Underwriting Expenses; up by 44% to $34.2m (2016: $23.8 m)
- Management Expenses and Finance cost; up by 10% to $13.9m (2016: $12.5m)
- Investment Income up by 55% to $2.4m (2016: $1.6m). Note that other income fell from $1.7m in 2016 to only $0.4m in 2017. This is due to revaluation of investment properties in 2016.
- Profit before tax; up by 28% to $7.9m (2016: $6.2m)
- Total asset; up by 30% to $120m (2016: $92.3m)
- Shareholder's funds up by 34% to $84.1m (2016: $62.9m)
- Cash and investments up by 25% to $73.9m (2016: $59.1m). This represents 62% of total assets.

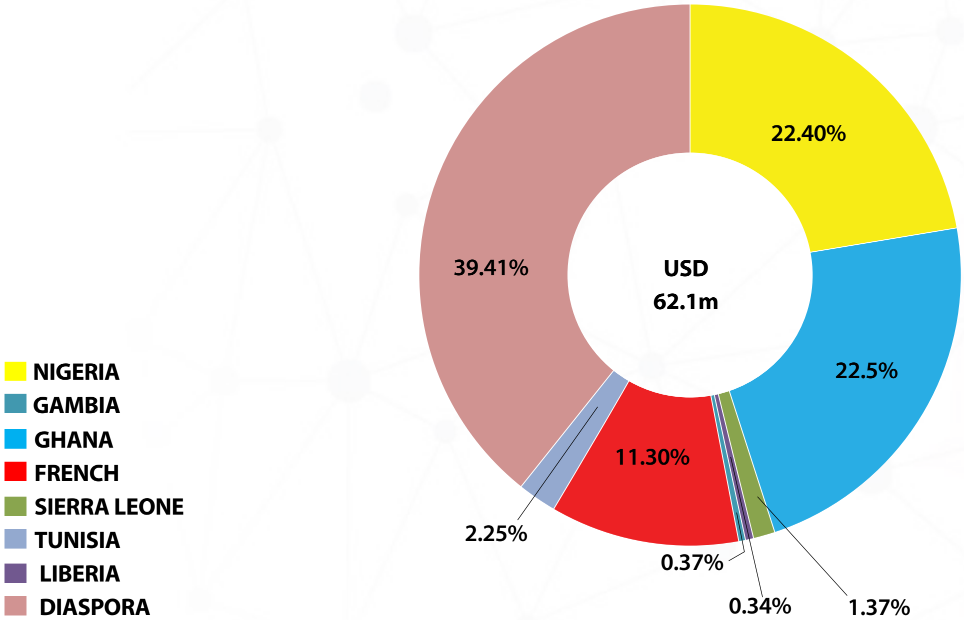
Your Company recorded a 26% growth in gross premium income from $49.2 million in 2016 to $62.1 million in 2017. In the WAICA Re member countries, The Gambia recorded the highest level of growth of 30%, followed by Nigeria 19% and Ghana 15%. Sadly however, the Corporation recorded negative growth of 36% and 8% in Sierra Leone and Liberia respectively. We are working hard to improve on this performance in the coming years.

Notably, in line with our strategic objective of growing the business beyond the Anglophone West Africa region, we attained a remarkable growth level in the Francophone Africa region in 2017. The French region grew by an impressive 34% while earnings from other overseas countries also grew by 33%. Our Tunisia office which started operations in June 2017, raked in $1.4 million premium income.

Premium Income by Country

Country	2016	2017	Growth
NIGERIA	11,657,221	13,914,802	19%
GHANA	12,164,106	14,019,918	15%
SIERRA LEONE	1,328,124	848,356	(36%)
LIBERIA	228,623	209,801	(8%)
GAMBIA	177,391	232,182	30%
FRENCH	5,239,263	7,016,878	34%
TUNISIA		1,398,362	
DIASPORA	18,406,813	24,478,856	33%
TOTAL	**49,201,541**	**62,119,155**	**26%**

Premium Income by Country



It could be noted from the table above that, whereas the Anglophone West-African region, which is our home market, contributed 47% of the 2017 premium income, the rest of Africa, parts of Middle East and Asian markets generated 53% of our premium income. Your Corporation embarked on a significant market expansion program over the years and the above is thus an indication of our improved market position in terms of coverage and footprint across sub-Saharan Africa and beyond.

Retrocession premium remained relatively unchanged due to increased retention arising from the additional capital raised in December 2016. This resulted in the overall premium retention ratio increasing slightly from 92.5% in 2016 to 94% in 2017. After adjusting for unearned premium reserve, net earned premium increased by 36% to $52.9 million in 2017 from $38.8 million in 2016.

Underpinned by increase in business volumes, claims increased by 52% to $17.5 million in 2017 from $11.6 million in 2016, leading to a corresponding increase in the net incurred loss ratio from 30% in 2016 to 33% in 2017. Given that brokers are major contributors to our growth, business acquisition cost grew in line with volumes. As such net commission expense rose to $16.7 million in 2017 from $12.3 million in 2016, representing 36% growth. Nonetheless, commission ratio remained the same at 32%.

Operating expenses rose by 33% to $10.3 million in 2017 from $7.7 million in 2016, driven by ongoing growth and business expansion. It shall be noted that, a sizeable $3.3 million of the operating expenses comprised impairment allowance for bad debt which represents a 35% increase from the 2016 figure of $2.5 million. However, underpinned by growth in business volume, expense ratio also remained the same at 20%. Overall, combined ratio increased to 85% in 2017 compared to 81% in 2016.

Once again your corporation has displayed strong underwriting profitability as a result of sound underwriting and risk selection. As such technical profit grew by 22% to $18.9 million in 2017 from $15.5 million in 2016, while underwriting profit grew from $7.7 million in 2016 to $8.7 million in 2017, a growth rate of 12%. Technical and underwriting margins however, declined to 36% and 15% respectively in 2017 compared to 2016 margins of 40% and 20% respectively.

While interest rates on USD investments remained unchanged, the $19.8 million capital injection in December 2016 boosted Investment Income from $1.6 million in 2016 to $2.4 million in 2017, representing 55% growth. It should be noted that, Other Income fell from $1.7 million in 2016 to $0.4 million in 2017. This was due to revaluation of newly renovated investment properties in 2016 to reflect their market values.

Currency volatility in Nigeria and Sierra Leone in the first half of 2017 once again resulted in significant exchange loss of $3.6 million. To mitigate this situation, we have resolved to hold most of our funds in hard currency (US$). Nonetheless, this represents a 25% reduction from the $4.8 million recorded in 2016.

Overall we delivered a positive financial result as profit grew by 28% to $7.9 million against $6.2 million profit in 2016.

Total cash and investments rose by 25% to $73.9 million in 2017 from $59.1 million in 2016, underpinned by the capital injection of $13.3 million and sound operational cash inflows during the period. This cash and investment portfolio represents 62% and 88% of total assets and total equity respectively. The investment pool remained largely weighted in cash and liquid assets, with the non-cash investments constituting a 27% (FY16: 16%) of the pool. The growth in the non-cash investment stems from the setting up of the Kenya Subsidiary in which $10.2 million was invested.

Receivables increased by 54% to $34.9 million in 2017 from $22.6 million in 2016. Going forward strategies have been developed to tackle the growing outstanding debts which include a Credit Controller being engaged specifically to monitor and recover the outstanding debts.

Outstanding claims reserves rose to $4.7 million in 2017 from $1.6 million in 2016 with our independent external actuary confirming the reserving adequacy. Also, Unearned Premium Reserve to Net Written Premium ratio stood at 49% at year-end 2017, against the regulatory minimum of 45%.

Shareholders' Funds

The capital injection of $13.3 million received in September 2017 and the $7.9 million profit for the year 2017 contributed to Shareholders' Funds rising to $84.1 million from $62.9m in 2016, representing 34% growth. Total assets also grew by 30% from $92.3 million in 2016 to $120 million in 2017.

International solvency ratio, calculated as Shareholders' Funds to Net Written Premium improved from 138% in 2016 to 144% in 2017 indicating that our capital base adequately covers the risks we assumed.

Technical Activities

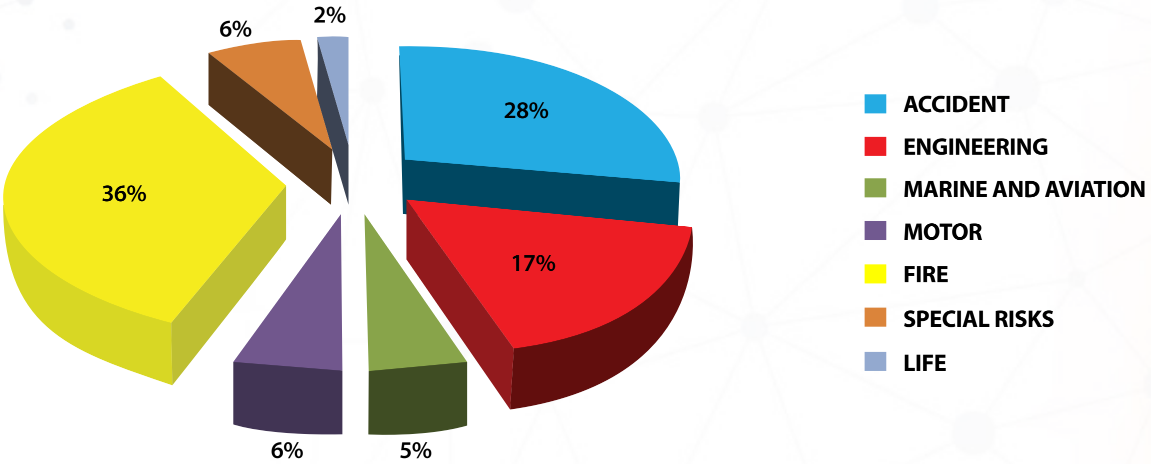
Dear Shareholders, the technical activities of the Corporation continued to grow remarkably, and as a result, more efforts were expended to scale up to the influx of underwriting activities and transactions during the year. The result achieved is shown in the growth of the various classes of business as indicated below:

Premium Income by Class

Class	2016	2017	Growth
Accident	15,198,052	17,390,695	14%
Engineering	6,718,840	10,501,303	56%
Marine and Aviation	2,993,004	3,074,190	3%
Motor	4,215,762	3,445,284	(18%)
Fire	17,227,494	22,452,548	30%
Special Risks	1,829,824	3,939,644	115%
Life	1,018,565	1,315,491	29%
TOTAL	**49,201,541**	**62,119,155**	**26%**

The earning profile shows that all the lines of business registered a positive growth, except the Motor class which declined by 18% with Marine and Aviation growing by 3%. On the other hand, there was a remarkable 115% growth in Special Risk and 56% growth in Engineering classes.

Premium Income by Class



While the above reflects a healthy product risk profile, it also heavily skewed towards three major classes, namely: accident, fire and engineering which constituted 28%, 36% and 17% of total Gross Written Premium in 2017.

We continued 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 known for within the African insurance and reinsurance markets.

Dividend

Dear Shareholders, with the $7.9 million profit recorded in 2017 and consistent with our progressive dividend policy, the Board is proposing for your approval, a dividend of approximately $0.0509 per share amounting to $2,500,000.

Capitalisation

The Company raised additional $13.3million in 2017, in the first of four tranches, following Shareholder's approval to increase the issued number of shares to 100 million shares. This capital injection, in addition to the $2.4 million bonus issue brought issued number of shares to 49,083,493 with a total value of $64,876,456. This grew our Shareholder's Funds to $84,103,907 thus putting us among the top 10 biggest reinsurers in Africa. The capital raised was largely deployed in capitalising the new subsidiary in Kenya.

Governance and Board Changes

WAICA Re continues to apply best practices in Corporate Governance that matches trends in modern international standards. In this light, the board continues to offer its oversight responsibility in ensuring a strong governance structure for a sustained growth. During the 2017 AGM, The Board Chairman, Mr Kofi Duffuor, Dr Fatai K. Lawal and Mrs Alice Onomake 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.

Marketing Activities

Our Corporation has been a Growth-focused entity since inception and it is our aim to continue embarking on high profile and targeted marketing activities to expand beyond our present operational base by adding new geographical locations in the African continent and the Middle East. The Corporation will continue to participate in International Conferences and Seminars where we will meet and engage quality global market players; Brokers and Companies alike.

We also intend to continue visiting new countries/territories in order to boost awareness of the WAICA Re brand and increase the influx of maiden facultative and treaty businesses from new regions. For these visits, documents on offer will include brochures, which contain messages from the Chairman of the Board, financial reports, credit rating reports as well as other similar information. In order to consolidate and further expand our diaspora premium production portfolio, the Corporation plans to augment its marketing engagements with key International Brokers that are strategically located in the Middle East, India, Africa and Europe.

With our premium production portfolio reflecting a Company that is truly International in nature, it is our desire to maintain this trend and further improve the performance of the Diaspora in the coming years.

Off-shore Contact Offices and Subsidiaries

Ladies and Gentlemen, we took giant expansion steps in 2017. The Tunisia Office kicked off in July, 2017 and contributed $1.4 million to gross premium income. That office will serve as a strategic distributor of the WAICA Re brand and re-position us with the required leverage to service our cedants and brokers in Northern Africa.

The Kenya subsidiary has also become a reality. The Company was successfully registered and approval was granted in principle by the Insurance Regulator. A capital of $10 million was introduced and key staff employed. This Subsidiary will serve our numerous existing and prospective Cedants in Kenya specifically, and Eastern Africa generally. We intend to kick-start full operations in the 2nd Quarter of 2018.

We also undertook due diligence and engaged the key Zimbabwean Industry stakeholders on multiple occasions during the course of 2017, with the view to acquiring Colonnade Reinsurance Company Ltd. This dream which has almost become a reality will require $5 million investment in Zimbabwe to acquire and recapitalise the Company. The subsidiary will service the Southern African Market. The setting up of these offices and subsidiaries, would catapult our operational base to greater heights.

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 The Corporation plans to actively commence construction efforts in order to erect its Headquarters Building to be situated at Hillstation in Freetown, Sierra Leone.

Credit Rating Renewal

The Corporation's rating was upgraded by Global Credit Rating Agency to "A+" for National and "B+" for International with a stable outlook. 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 the most valuable asset of the Corporation, and with this notion at the heart of our strategic planning process, adequate and reasonable steps would continue to be adopted to enhance the technical and managerial requirements of the workforce. We intend to continue the provision of local and international capacity building initiatives for our valued employees.

Additionally, the Corporation will continue to contribute to the growth of the insurance industry in the African continent through our Non-Life and Life Annual International Cedants Training Programmes which will be held yearly in any of our operating countries.

There are plans also to introduce a new dimension into the capacity building of the Corporation by extending the same to the CEOs of the insurance industry.

Establishment of Enterprise Risk Management (ERM) Division

We have begun the process of creating a strategic ERM division within the Corporation in a bid to effectively identify, assess and mitigate risk factors in a holistic manner to protect Business Continuity interests. The Corporation is planning to have an Enterprise Risk Manager employed in 2018 so that he/she can spearhead the implementation of the Enterprise Risk Management Framework. Such a division should also lay the requisite foundation to gain strategic competitive advantage through globally-recognised Credit Rating Agencies. All staff will be trained on ERM issues to ensure that strong risk management practices are entrenched in all aspects of the Corporation's activities.

Information & Communication Technology

In a bid to expand the reach of our flagship software packages to the Off-Shore contact offices and subsidiaries, the Corporation intends to deploy an Enterprise Wide Area Network infrastructure which will harmonise and integrate the operations of all WAICA Re offices.

We have rolled out a Cloud Disaster Recovery Services solution which will safeguard the Corporation's software and informational assets, in keeping with International standards and best practices.

Enterprise Corporate Social Responsibility Policy Formulation and Implementation

We seek to make a better impact and impression in all operational regions through judicious contributions to profound social causes that will transform the lives of ordinary people, whilst also boosting the image and perception of our Company. In this regard, we intend to sponsor one student from each of our WAICA Countries to the West African Insurance Institute (WAII) in The Gambia in 2018 and the coming years with the view to developing insurance professionals in our home markets.

In consonance with our vision to develop a diversified insurance sector in the sub region and to help widen the economic and financial development of West Africa, we are sponsoring the harmonisation of insurance regulatory regime across the WAICA member countries. This when completed, would ensure same laws apply to the conduct of insurance and reinsurance business in the sub region.

Appreciation

We cannot function without our supporting pillars. So we applaud our cedants and brokers for their business patronage. They are the reason we exist. We recognise our small but highly engaged workforce who are committed to delivering shareholder value. I personally appreciate you, dear shareholders, for your interest in and commitment to WAICA Re. I applaud you, fellow Directors, for your passion and resilience that enabled our substantial progress.

I give you my word that, we will maintain, reinforce and better our strong position across our markets.

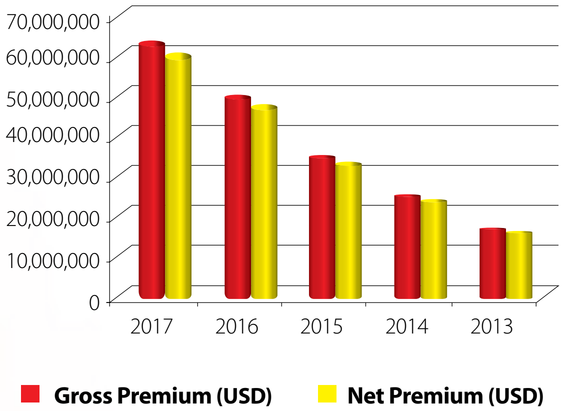
Thank you all for your attention.

WAICA Re Performance Analysis

Five Year Financial Summary	**2017 USD**	2016 USD	2015 USD	2014 USD	2013 USD
Gross Premium	**62,119,155**	49,201,541	33,542,143	24,124,158	15,922,737
Net Premium Earned	**52,582,533**	38,800,539	27,812,450	19,045,608	11,131,177
Underwriting Profit/(Loss)	**8,658,824**	7,745,396	4,886,244	3,610,780	1,246,758
Investment & Other Income	**2,877,715**	3,272,344	1,951,970	1,834,171	1,031,851
Net Profit Before Tax	**7,946,475**	6,232,355	5,778,299	3,788,061	2,190,118
Total Assets	**119,957,140**	92,307,891	62,353,271	52,557,273	41,401,786
Total Investments	**69,464,811**	41,614,315	36,647,191	32,335,077	20,186,020
Shareholders' Funds	**84,103,907**	62,884,619	38,389,111	33,611,441	29,872,700
Combined Ratio	**85%**	81%	84%	83%	90%
Return on Equity	**9%**	10%	15%	11%	7%
Earnings per Share	**0.16**	0.16	0.24	0.1	0.09

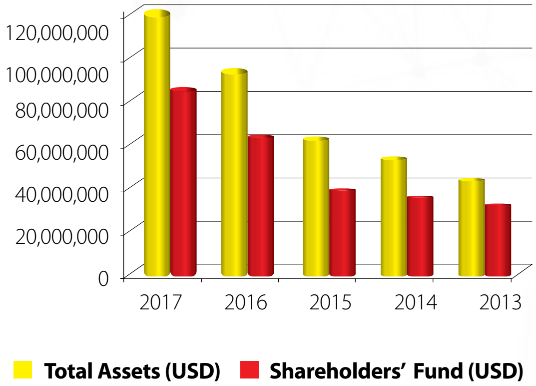
Gross Premium vs Net Premium

USD



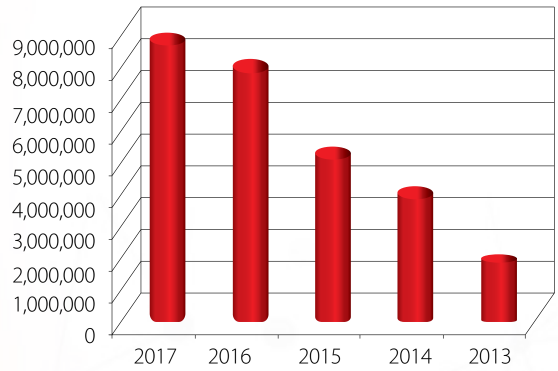
Total Assets vs Shareholders' Fund

USD



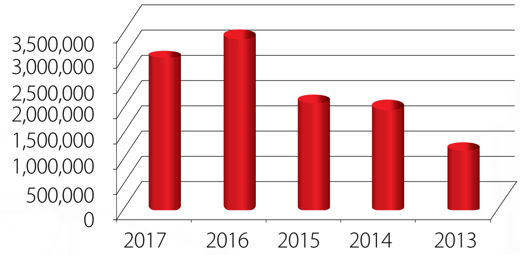
Underwriting Profit / Loss

USD



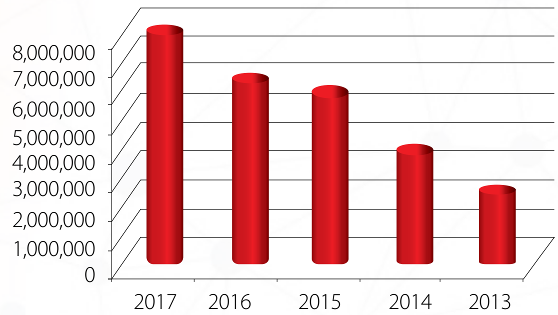
Investment and Other Income

USD



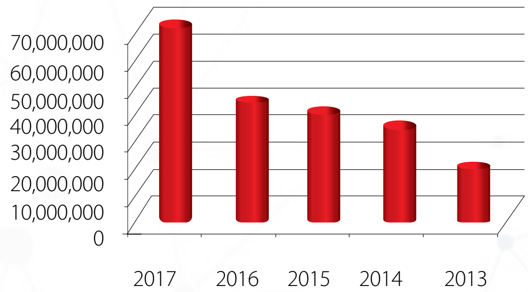
Net Profit Before Tax

USD



Total Investment

USD



BOARD OF DIRECTORS

DIRECTORS

Kofi Duffuor
Chairman

Abiola Ekundayo
MD/CEO

William Coker

Sam. O. Mintah

Rotimi Fashola

Senor Thomas-Sowe

Alice Onomake

Fatai Kayode Lawal

Thierry Ravoaja

Mohamed Babatunde Cole

Ekow Dadzie-Dennis

MANAGEMENT

Abiola Ekundayo
MD/CEO

Rotimi Adenayajo
Director (Technical)

Samuel Jasper Baidoo
Director (Finance)

Clement Owusu
Asst. Director (Tech, Anglophone)

Dipo Gbenro
Senior Manager (Life)

Hanene Boukhris
Regional Manager (North Africa)

Anna Ndiaye
Regional Manager (Francophone)

Sunday Segun Asake
Country Manager (Nigeria)

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	
Ekow Dadzie-Dennis	
Mohamed Babatunde Cole	
Thierry Ravoaja	

Bankers

Ecobank, Ghana
Ecobank, Nigeria
Ecobank Sierra Leone Limited
Ecobank Cote D'lvoire
Guaranty Trust Bank Plc, Nigeria
United Bank for Africa, Cote D'lvoire
United Bank for Africa, Sierra Leone Limited
Access Bank Ghana Limited
Access Bank Sierra Leone Limited
Bank of Sierra Leone
Trust Bank Gambia Limited
Ghana International Bank, U.K
Union Trust Bank Limited

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 Leon

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 annual report together with the Group audited financial statements of the Corporation and its subsidiary ("The Group") for the year ended 31 December 2017.

Directors' responsibility statement

The Group'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 Group is to operate international, national, regional and sub regional reinsurance offices and institutions that would provide reinsurance services 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. The Group also provide fund management services to organizations and private individuals. There was no change in the groups business during the year.

Subsidiary

The Corporation currently has one wholly owned subsidiary, Waica Re Capital Ghana Limited. It is incorporated and domiciled in Ghana and provides fund management services.

Results

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

Share capital

Details of the Group's share capital are shown in note 24 to these financial statements.

Dividends

In lieu of cash dividend payments in respect of 2016 results, bonus shares with a total share value of US$ 2.4 million was issued within the year to the existing shareholders in the proportion of 1 share for every 15 shares held as at 31 December 2016.

In respect of the year ended 31 December 2017 result, the Board of Directors proposed a dividend of US$ 0.0509 per share amounting to US$ 2.5 million (2016: US$ 2.4million) to be paid to the existing shareholders as at 31 December 2017.

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 and the group'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 Group and the Corporation's management.

Property and equipment

Details of the Group's property and equipment are shown in note 16 to these financial statements.

Employment of disabled people

WAICA Reinsurance Corporation PLC group 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 in the employment of the company 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 and the group also has a staff performance appraisal process through which staff are appraised and promotions and /or increments made.

Report of the Directors (continued)

Directors and their interests

The Directors who served within the year and their direct interest in the issued Share Capital of the Corporation are as follows:

Directors		No. of Shares	Percentage Holding
Kofi Duffuor	Chairman	200,221	0.41%
Abiola Ekundayo		83,649	0.17%
Rotimi Fashola		62,995	0.13%
Samuel. O. Mintah		-	-
Alice Onomake		150,540	0.31%
Fatai Kayode Lawal		70,000	0.14%
Senor Thomas-Sowe		17,946	0.037%
William Coker		20,009	0.04%
Ekow Dadzie-Dennis		-	-
Mohamed Babatunde Cole		433,740	0.88%
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 Waica Reinsurance Corporation Group is to be proposed at the forthcoming Annual General Meeting.

Approval of the financial statements

The consolidated financial statements were approved by the Board of Directors on 27 MARCH 2018 and are signed on their behalf by:

Chairman

Director

Director

FREETOWN NOMINEES LIMITED

Company 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 consolidated financial statements of Waica Reinsurance Corporation Plc ("The Corporation") and its subsidiary (together, "The Group"), set out on pages 10 to 63 which comprise the consolidated and separate statement of financial position as at 31 December 2017, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate 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 Waica Reinsurance Corporation ('The Corporation") and its subsidiary (together, "The Group") as at 31 December 2017, 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 and its subsidiary 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.

In preparing the financial statements, the Directors are responsible for assessing the Corporation and its subsidiary'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 and its subsidiary 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 and its subsidiary'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 and its subsidiary 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 and its subsidiary 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.

  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.

KPMG

Freetown **Chartered Accountants**

Date: 27 March 2018


0
100
200
300
340

Statement of financial position

as at 31 December

In United States Dollars	Note	THE GROUP 2017	THE CORPORATION 2017	THE CORPORATION 2016
Assets				
Cash and cash equivalents	11	**11,389,159**	**11,312,081**	19,471,046
Financial assets	12	**56,273,135**	**53,529,662**	30,616,814
Reinsurance receivables	13	**34,852,402**	**34,852,402**	22,645,441
Retrocessionaires share of technical provisions	23	**1,732,197**	**1,732,197**	2,453,742
Deferred acquisition costs	14	**8,520,880**	**8,520,880**	6,881,550
Other assets	15	**451,572**	**174,221**	297,510
Property and equipment	16	**542,405**	**473,455**	426,542
Intangible assets	17	**366,744**	**323,220**	522,348
Investment property	18	**9,039,022**	**9,039,022**	8,992,898
Deferred tax assets	10c	**39**	**-**	-
Total assets		**123,167,555**	**119,957,140**	92,307,891
Liabilities				
Outstanding claims	19b	**4,708,591**	**4,708,591**	1,575,078
Reinsurance payables	20	**1,019,542**	**1,019,542**	2,608,409
Trade and other payables	21	**1,360,391**	**1,249,223**	2,201,191
Provision for unearned premium	22	**28,875,877**	**28,875,877**	23,038,594
Funds under management	10b	**3,062,734**	**-**	-
Current tax liability		**14,875**	**-**	-
Total liabilities		**39,042,010**	**35,853,233**	29,423,272
Equity				
Share capital	24	**49,083,493**	**49,083,493**	38,558,373
Share premium	25	**15,792,963**	**15,792,963**	10,560,432
Retained earnings	26	**13,751,238**	**13,665,251**	10,059,219
Contingency reserve	27	**5,664,265**	**5,664,265**	3,800,690
Other reserves	28	**(102,065)**	**(102,065)**	(94,095)
Foreign currency translation reserve	29	**(64,349)**	**-**	-
Total equity		**84,125,545**	**84,103,907**	62,884,619
Total equity and liabilities		**123,167,555**	**119,957,140**	92,307,891

The financial statements were approved by the Board of Directors on 27 MARCH 2018 and were signed on its behalf by:

Chairman

Director

Director

Statement of profit or loss and other comprehensive income

for the year ended 31 December

In United States Dollars	Note	THE GROUP 2017	THE CORPORATION 2017	THE CORPORATION 2016
Underwriting income				
Gross premium written	6	**62,119,155**	**62,119,155**	49,201,541
Less: retrocession premium		**(3,672,157)**	**(3,672,157)**	(3,666,176)
Net written premium		**58,446,998**	**58,446,998**	45,535,365
Movement in unearned premium reserve	22	**(5,864,465)**	**(5,864,465)**	(6,734,826)
Net earned premium		**52,582,533**	**52,582,533**	38,800,539
Investment income	7	**2,484,049**	**2,443,167**	1,573,037
Commission earned		**875,891**	**575,572**	491,233
Other income	7a	**443,937**	**434,548**	1,699,307
Total income from operations		**56,386,410**	**56,035,820**	42,564,116
Underwriting expenses				
Net claims incurred	19a	**(17,533,979)**	**(17,533,979)**	(11,572,018)
Commission expenses	5	**(16,701,266)**	**(16,701,266)**	(12,261,520)
Management expenses	8a	**(10,565,998)**	**(10,264,036)**	(7,712,838)
Net finance cost	9	**(3,601,130)**	**(3,590,064)**	(4,785,385)
Total underwriting expenses		**(48,402,373)**	**(48,089,345)**	(36,331,761)
Profit before tax		**7,984,037**	**7,946,475**	6,232,355
Tax expense	10a	**(13,916)**	**-**	-
Profit for the year		**7,970,121**	**7,946,475**	6,232,355
Other comprehensive income:				
Items that will not be classified to profit or loss:				
Remeasurement of defined benefit obligations		**(7,970)**	**(7,970)**	(44,216)
Related tax		**-**	**-**	-
		(7,970)	**(7,970)**	(44,216)
Items that are or may be classified subsequently to profit or loss:				
Foreign currency translation differences		**(64,349)**	**-**	-
Related tax		**-**	**-**	-
		(64,349)	**-**	-
Total comprehensive income for the year		**7,897,802**	**7,938,505**	6,188,139

The notes on pages 17 to 63 are an integral part of these financial statements

Statement of profit or loss and other comprehensive income (continued)

		THE GROUP	THE CORPORATION	
In United States Dollars	**Note**	**2017**	**2017**	2016
Profit attributable to:				
Equity holders of the Corporation		**7,970,121**	**7,946,475**	6,232,355
Profit for the year		**7,970,121**	**7,946,475**	6,232,355
Total comprehensive income attributable to:				
Equity holders of the Corporation		**7,897,802**	**7,938,505**	6,188,139
Total comprehensive income for the year		**7,897,802**	**7,938,505**	6,188,139

The financial statements were approved by the Board of Directors on 27 MARCH 2018 and were signed on its behalf by:

Chairman

Director

Director

Statement of Changes in Equity

for the year ended 31 December

THE GROUP In United States Dollars	Share Capital	Share Premium	Retained Earnings	Contingency Reserves	Currency translation reserves	Other Reserves	Total
Balance at 1 January 2017	**38,558,373**	**10,560,432**	**10,121,560**	**3,800,690**	**-**	**(94,095)**	**62,946,960**
Total comprehensive income for the year							
Profit for the year	-	-	7,970,121	-	-	-	7,970,121
Other comprehensive income net of income tax							
Employee benefit actuarial loss, net of tax	-	-	-	-	-	(7,970)	(7,970)
Foreign currency translation reserve	-	-	-	-	(64,349)	-	(64,349)
Total other comprehensive income	**-**	**-**	**-**	**-**	**(64,349)**	**(7,970)**	**(72,319)**
Total comprehensive income	**-**	**-**	**7,970,121**	**-**	**(64,349)**	**(7,970)**	**7,897,802**
Other transfers							
Transfer to contingency reserve	-	-	(1,863,575)	1,863,575	-	-	-
Total other transfers	**-**	**-**	**(1,863,575)**	**1,863,575**	**-**	**-**	**-**
Issued for cash	8,048,252	5,232,531	-	-	-	-	13,280,783
Bonus issue	2,476,868	-	(2,476,868)	-	-	-	-
Dividend to owners	-	-	-	-	-	-	-
Balance at 31 December 2017	**49,083,493**	**15,792,963**	**13,751,238**	**5,664,265**	**(64,349)**	**(102,065)**	**84,125,545**

The notes on pages 17 to 63 are an integral part of these financial statements

Statement of Changes in Equity

for the year ended 31 December

THE CORPORATION In United States Dollars	Share Capital	Share Premium	Retained Earnings	Contingency Reserves	Other Reserves	Total
Balance at 1 January 2017	**38,558,373**	**10,560,432**	**10,059,219**	**3,800,690**	**(94,095)**	**62,884,619**
Total comprehensive income for the year						
Profit for the year	-	-	7,946,475	-	-	7,946,475
Other comprehensive income net of income tax						
Employee benefit actuarial loss, net of tax	-	-	-	-	(7,970)	(7,970)
Total other comprehensive income	-	-	-	-	**(7,970)**	**(7,970)**
Total comprehensive income	-	-	**7,946,475**	-	**(7,970)**	**7,938,505**
Other transfers						
Transfer to contingency reserve	-	-	(1,863,575)	1,863,575	-	-
Total other transfers	-	-	**(1,863,575)**	1,863,575	-	-
Issued for cash	8,048,252	5,232,531	-	-	-	13,280,783
Bonus issue	2,476,868	-	(2,476,868)	-	-	-
Dividend to owners	-	-	-	-	-	-
Balance at 31 December 2017	**49,083,493**	**15,792,963**	**13,665,251**	**5,664,265**	**(102,065)**	**84,103,907**

The notes on pages 17 to 63 are an integral part of these financial statements

Statement of changes in equity (continued)

for the year ended 31 December

THE CORPORATION 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

The notes on pages 17 to 63 are an integral part of these financial statements

Statement of cash flows

for the year ended 31 December

In United States Dollars	Note	THE GROUP 2017	THE CORPORATION 2017	THE CORPORATION 2016
Cash flows from operating activities				
Profit before tax for the year		**7,984,037**	**7,946,475**	6,232,355
Adjustment for:				
Depreciation	16	**205,462**	**171,459**	167,767
Amortization	17	**227,949**	**212,728**	221,123
Revaluation gain on investment property	18	**-**	**-**	(1,644,875)
Net finance cost	9	**3,590,064**	**3,590,064**	4,785,385
Profit on disposal of property and equipment		**(185)**	**(185)**	(35,167)
		12,007,327	**11,920,541**	9,726,588
Cash flows from operating activities				
Changes in				
Receivables	13 &15	**(11,844,604)**	**(12,083,673)**	(5,845,690)
Retrocessionaires share of technical provision	23	**721,545**	**721,545**	(1,503,566)
Deferred acquisition costs	14	**(1,639,329)**	**(1,639,329)**	(2,469,314)
Outstanding claims	19b	**3,133,513**	**3,133,513**	(1,048,023)
Reinsurance payable	20	**(1,588,867)**	**(1,588,867)**	(1,653,812)
Trade and other payables	21	**(369,690)**	**(369,924)**	514,388
Provision for unearned premium	22	**5,837,283**	**5,837,283**	7,489,737
Change in fund under management		**(1,697,771)**	**-**	-
		4,559,407	**5,931,089**	5,210,308
Charges paid	9	**(226,749)**	**(225,425)**	(141,379)
Income tax paid	10	**(18,998)**	**-**	-
Net cash from operating activities		**4,313,660**	**5,705,684**	5,068,929
Cash flow from investing activities				
Net (acquisition)/disposal of investment	12	**(21,551,097)**	**(22,912,847)**	(8,626,079)
Acquisition of investment property	18	**(46,124)**	**(46,124)**	(451,759)
Acquisition of property and equipment	16	**(219,214)**	**(218,372)**	(255,980)
Acquisition of intangible assets	17	**(13,600)**	**(13,600)**	(626,897)
Proceed from disposal		**185**	**185**	35,855
Net cash used in investing activities		**(21,829,850)**	**(23,190,758)**	(9,924,860)
Cash flows from financing activities				
Shares issued within the year		**13,280,783**	**13,280,783**	19,807,369
Employee benefit actuarial loss recognized directly in equity	8b	**(7,970)**	**(7,970)**	(44,216)
Dividend paid		**(582,045)**	**(582,045)**	(1,343,178)
Cash flow from financing activities		**12,690,768**	**12,690,768**	18,419,975
Net increase in cash and cash equivalents		**(4,825,422)**	**(4,794,326)**	13,564,044
Cash and cash equivalents at beginning of the year		**19,570,263**	**19,471,046**	10,551,008
Effect of exchange rate fluctuations on cash and cash equivalent held		**(3,355,682)**	**(3,364,639)**	(4,644,006)
Cash and cash equivalents at end of the year	11	**11,389,159**	**11,312,081**	19,471,046

The notes on pages 17 to 63 are an integral part of these financial statements

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. The subsidiary is primarily involved in fund management services.

These consolidated financial statements comprise that of the Corporation and its subsidiary (together referred to as "The Group").

2. Basis of accounting

These consolidated financial statements have been prepared in accordance with IFRS. They were authorised for issue by the Corporation's Board of Directors on 27 MARCH 2018.

Details of the Group and corporation's accounting policies are included in note 38.

3. Functional and presentation currency

These financial statements are presented in United Stated Dollars which is the Group and 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 group'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 group and 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 group 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 2017 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 Group'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 32 – Recognition and measurement of provisions and contingencies:** A provision is recognised if, as a result of a past event, the Group and Corporation have a present legal or constructive obligation that can be estimated reliably. The estimate may be based on key assumptions about the likelihood and magnitude of an outflow of resources.

(i) Measurement of fair values

A number of the Group'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 Group 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 follows:

- **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 and group 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)

2017

THE GROUP In United States Dollars	Fire & Engineering	Motor	Accident	Marine & Aviation	Special Risk	Life	Unallocated	Total
Underwriting income								
Gross premiums less retrocession	30,099,126	3,428,325	16,925,430	2,989,405	3,728,061	1,276,651	-	58,446,998
Unearned premium	(3,531,564)	204,330	(1,178,862)	(135,572	(996,650)	(226,147)	-	(5,864,465)
Net earned premium	26,567,562	3,632,655	15,746,568	2,853,833	2,731,411	1,050,504	-	52,582,533
Investment and other income	-	-	-	-	-	-	2,927,986	2,927,986
Commission earned	464,721	-	67,797	9,638	33,415	-	300,320	875,891
Total Income	**27,032,283**	**3,632,655**	**15,814,365**	**2,863,471**	**2,764,826**	**1,050,504**	**3,228,306**	**56,386,410**
Underwriting expenses								
Total commissions expense	9,942,161	808,114	5,793,189	892,037	569,078	336,017	-	18,340,596
Deferred acquisition cost	(1,191,751)	154,523	(416,713)	(37,342)	(108,599)	(39,448)	-	(1,639,330)
Net commission expenses	8,750,410	962,637	5,376,476	854,695	460,479	296,569	-	16,701,266
Net claims incurred	9,945,508	1,472,443	3,072,707	2,153,054	729,706	160,560	-	17,533,979
Management expenses	5,445,012	569,269	2,873,489	507,953	650,953	217,360	313,028	10,577,064
Net financial cost	1,904,508	199,114	1,005,064	177,667	227,685	76,026	-	3,590,064
Total underwriting expenses	**26,045,438**	**3,203,463**	**12,327,736**	**3,693,369**	**2,068,823**	**750,515**	**313,028**	**48,402,373**
Income from operations	**986,845**	**429,192**	**3,486,629**	**(829,898)**	**696,003**	**299,989**	**2,915,278**	**7,984,037**

Notes to the financial statements (continued)
5. Operating segments (continued)

2017

THE CORPORATION In United States Dollars	Fire & Engineering	Motor	Accident	Marine & Aviation	Special Risk	Life	Unallocated	Total
Underwriting income								
Gross premiums less retrocession	30,099,126	3,428,325	16,925,430	2,989,405	3,728,061	1,276,651	-	58,446,998
Unearned premium	(3,531,564	204,330	(1,178,862)	(135,572)	(996,650)	(226,147)	-	(5,864,465)
Net earned premium	26,567,562	3,632,655	15,746,568	2,853,833	2,731,411	1,050,504	-	52,582,533
Investment and other income	-	-	-	-	-	-	2,877,715	2,877,715
Commission earned	464,722	-	67,797	9,638	33,415	-	-	575,572
Total Income	**27,032,284**	**3,632,655**	**15,814,365**	**2,863,471**	**2,764,826**	**1,050,504**	**2,877,715**	**56,035,820**
Underwriting expenses								
Total commissions expense	9,942,161	808,114	5,793,189	892,037	569,078	336,017	-	18,340,596
Deferred acquisition cost	(1,191,751)	154,523	(416,713)	(37,342)	(108,599)	(39,448)	-	(1,639,330)
Net commission expenses	8,750,410	962,637	5,376,476	854,695	460,479	296,569	-	6,701,266
Net claims incurred	9,945,508	1,472,443	3,072,707	2,153,054	729,706	160,560	-	17,533,979
Management expenses	5,445,012	569,269	2,873,489	507,953	650,953	217,360	-	10,264,036
Net financial cost	1,904,508	199,114	1,005,064	177,667	227,685	76,026	-	3,590,064
Total underwriting expenses	**26,045,438**	**3,203,463**	**12,327,736**	**3,693,369**	**2,068,823**	**750,515**	**-**	**48,089,345**
Income from operations	**986,845**	**429,192**	**3,486,629**	**(829,898)**	**696,003**	**299,989**	**2,877,715**	**7,946,475**

Notes to the financial statements (continued)
5. Operating segments (continued)

2016

THE CORPORATION 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	15,592,300	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	84,275	-	491,233
Total Income	**17,436,156**	**2,827,984**	**15,657,132**	**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**

In United States Dollars	Note	THE GROUP 2017	THE CORPORATION 2017	THE CORPORATION 2016
6. Gross premium written				
West Africa		**34,646,962**	**34,646,962**	28,067,508
East Africa		**2,470,055**	**2,470,055**	2,860,367
North Africa		**16,441,845**	**16,441,845**	13,010,028
Others		**8,560,293**	**8,560,293**	5,263,638
		62,119,155	**62,119,155**	49,201,541
7. Investment income				
Term deposits		**2,162,518**	**2,162,518**	1,445,844
Treasury bills		**280,649**	**280,649**	127,193
		2,443,167	**2,443,167**	1,573,037
7a. Investment income				
Gain/loss on disposal of property and equipment		**184**	**184**	35,168
Fee income		**100,000**	**100,000**	-
Sundry income		**343,753**	**334,364**	1,664,139
		443,937	**434,548**	1,699,307
8. Management expenses				
(a) **Management expenses is analysed as follows**				
Personnel expenses	8b	**2,981,451**	**2,842,886**	2,197,765
Other expenses	8d	**7,584,547**	**7,421,150**	5,515,073
		10,565,998	**10,264,036**	7,712,838
(b) **Personnel expenses**				
Salaries and wages		**2,773,473**	**2,671,707**	2,064,519
Other employee benefits		**193,529**	**156,730**	48,422
Other staff cost		**14,449**	**14,449**	84,824
		2,981,451	**2,842,886**	2,197,765

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

(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

THE GROUP	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability (asset)	
In United States Dollars	2017	2016	2017	2016	2017	2016
Balance at 1 January	502,663	324,647	(328,150)	(102,206)	174,513	222,441
Included in profit or loss:						
Current service cost	133,870	112,680	-	-	133,870	112,680
Interest cost (income)	97,996	35,085	-	-	97,996	35,085
Past service cost due to benefit improvement	-	-	-	-	-	-
	231,866	147,765	-	-	231,866	147,765
Included in OCI						
Remeasurements loss (gain):						
Actuarial loss arising from:						
financial assumptions	102,065	44,216	-		102,065	44,216
	102,065	44,216	-	-	102,065	44,216
Other						
Contributions paid by the employer	-	-	(11,251)	(225,944)	(11,251)	(225,944)
Projected benefits payments	(29,659)	(13,965)	-	-	(29,659)	(13,965)
Actual benefit Payment	(106,156)	-	-	-	(106,156	-
	(135,815)	(13,965)	(11,251)	(225,944)	(147,066)	(239,909)
Balance at 31 December	700,779	502,663	(339,401)	(328,150)	361,378	174,513

Plan assets

Plan assets comprise the following:

	THE GROUP		THE CORPORATION	
In United States Dollars	2017	2016	2017	2016
Term Deposits	339,401	328,150	339,401	328,150

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.

THE CORPORATION In United States Dollars	**Defined benefit obligations**		**Fair value of plan assets**		**Net defined benefit liability (asset)**	
	2017	2016	**2017**	2016	**2017**	2016
Balance at 1 January	**324,64**		**(102,206**		**222,441**	
Included in profit or loss:						
Current service cost		112,680		-		112,680
Interest cost (income)		35,085		-		35,085
Past service cost due to benefit improvement				-		-
		147,765		-		147,765
Included in OCI						
Remeasurements loss (gain):						
Actuarial loss arising from:						
financial assumptions		44,216				44,216
		44,216		-		44,216
Other						
Contributions paid by the employer		(13,965)		(225,944)		(225,944)
Projected benefits payments				-		(13,965)
		(13,965)				(239,909)
Balance at 31 December		502,663		(328,150)		174,513

Plan assets

Plan assets comprise the following:

In United States Dollars	**2017**	2016
Term Deposits	**339,401**	328,150

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:

	THE GROUP	THE CORPORATION	
	2017	2017	2016
Discount rate	**20%**	**20%**	20%
Salary inflation	**18%**	**18%**	18%
Normal salary inflation gap	**2%**	**2%**	2%
Effective salary inflation gap	**1.69%**	**1.69%**	1.69%

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:

	THE GROUP	THE CORPORATION	
In United States Dollars	2017	2017	2016
Withdrawal rate 20%			
Accrued liability	**812,279**	**812,279**	514,596
Service cost	**141,476**	**141,476**	121,823
Service cost and interest	**262,557**	**262,557**	212,584
Increase in mortality rate by 1%			
Accrued liability	**809,922**	**809,922**	504,347
Service cost	**158,111**	**158,111**	133,698
Service cost and interest	**289,931**	**289,931**	231,592
Increase in discount rate by 1%			
Accrued liability	**766,851**	**766,851**	472,579
Service costs	**147,861**	**147,861**	125,363
Service cost and interest	**277,865**	**277,865**	221,945
Decrease in discount rate by 1%			
Accrued liability	**852,686**	**852,686**	536,896
Service costs	**169,950**	**169,950**	143,643
Service costs and interest	**303,746**	**303,746**	243,239
Increase in salary inflation by 1%			
Accrued liability	**856,057**	**856,057**	539,049
Service costs	**171,980**	**171,980**	145,439
Service costs and interest	**313,318**	**313,318**	250,694

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

(c) Other expenses

	THE GROUP	THE CORPORATION	
In United States Dollars	2017	2017	2016
Advertising	65,204	51,727	64,568
Audit fees	52,216	50,000	50,000
Depreciation and amortization	435,281	386,058	388,890
Utility bills	57,978	50,420	42,291
Legal and professional fees	656,395	653,069	561,709
Directors' fees	250,000	250,000	205,000
Motor running expenses	52,167	43,656	41,349
Communication	157,907	157,090	138,630
Printing and stationery	62,056	60,669	60,722
Travelling & marketing	626,356	625,192	613,820
Meetings, conferences and training	230,401	229,116	224,237
Repairs and maintenance	12,305	12,305	15,506
Other office running costs	1,539,109	1,469,659	576,842
Insurance	45,972	40,989	47,525
Impairment allowance for bad debt	3,341,200	3,341,200	2,483,984
	7,584,547	7,421,150	5,515,073
9. Net finance cost			
Foreign exchange loss	3,364,639	3,364,639	4,644,006
Bank charges	225,425	225,425	141,379
	3,590,064	3,590,064	4,785,385
10. Taxation			
a. Tax expenses			
Current tax expense			
Current year at 25%	15,714	-	-
	15,714	-	-
Deferred tax expense			
Origination and reversal of temporary differences	(1,798)	-	-
	(13,916)	-	-

The Corporation's property, other assets, income from operation and transactions are exempted from all taxation and customs duties as spelt out in a signed agreement between the Government of the Republic of Sierra Leone and the WAICA Reinsurance Corporation Plc. The tax expense relates to only the subsidiary which is subjected to the tax laws of Ghana, the country in which it is domiciled.

Notes to the financial statements (continued)
10. Taxation (continued)

b. Current tax (assets)/liabilities

	THE GROUP	THE CORPORATION	
In United States Dollars	**2017**	**2017**	2016
At 1 January	**18,711**	-	-
Charge for the year	**15,714**	-	-
Payments during the year	**(18,998)**	-	-
Impact of exchange rate fluctuation	**(552)**	-	-
At 31 December	**14,875**	-	-
c. Deferred tax (assets)/liabilities			
At 1 January	**1,696**	-	-
Charge for the year	**(1,735)**	-	-
At 31 December	**(39)**	-	-

Both the current tax and the deferred tax (assets)/liabilities relates only to the subsidiary which is subjected to the tax laws of Ghana, the country in which it is domiciled.

11. Cash and cash equivalents

	THE GROUP	THE CORPORATION	
In United States Dollars	**2017**	**2017**	2016
Bank balance	**4,490,739**	**4,413,785**	17,465,011
Cash on hand	**2,293**	**2,169**	1,432
	4,493,032	**4,415,954**	17,466,443
Short-term investments	**6,896,127**	**6,896,127**	2,004,603
Cash and cash equivalents	**11,389,159**	**11,312,081**	19,471,046

The short-term investments comprise of fixed deposit investments with three months or less maturity period from the date of acquisition. Cash in hand and balances with the central bank are non-interest-bearing.

12. Financial assets

a. Investments by category

	THE GROUP	THE CORPORATION	
In United States Dollars	**2017**	**2017**	2016
Statutory deposit	**1,562,503**	**1,562,503**	1,959,943
Bank deposits	**44,184,403**	**40,929,864**	30,150,408
Unquoted equity investments	**10,526,229**	**11,037,295**	511,066
	56,273,135	**53,529,662**	32,621,417

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

The statutory deposit of USD 1,562,503 (2016: USD 1,959,943) 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:

	THE GROUP	THE CORPORATION	
In United States Dollars	**2017**	**2017**	2016
Held to maturity	**45,746,906**	**42,492,367**	30,105,749
Equity securities	**10,526,229**	**11,037,295**	511,065
Total financial assets	**56,273,135**	**53,529,662**	30,616,814

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

c. Held to maturity financial assets

	THE GROUP	THE CORPORATION	
In United States Dollars	**2017**	**2017**	2016
Unlisted debt securities - fixed interest rate:			
Fixed deposits	**44,184,403**	**40,929,864**	28,048,731
Treasury bills	**1,562,503**	**1,562,503**	2,057,018
Total held to maturity financial assets	**45,746,905**	**42,492,367**	30,105,749

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

13. Reinsurance receivables

	THE GROUP	THE CORPORATION	
In United States Dollars	**2017**	**2017**	2016
Due from cedants and brokers	**45,985,830**	**45,985,830**	31,506,899
Due from retrocessionairs	**2,642,438**	**2,642,438**	1,573,208
Impairmentallowance	**(13,775,866)**	**(13,775,866)**	(10,434,666)
	34,852,402	**34,852,402**	22,645,441

The total amount of receivables is deemed current.

	THE GROUP	THE CORPORATION	
In United States Dollars	**2017**	**2017**	2016
Impairment allowance			
Balance at start	**10,434,666**	**10,434,666**	7,950,682
Impairment allowance charged to income statement	**3,341,200**	**3,341,200**	2,483,984
Balance at 31 December	**13,775,866**	**13,775,866**	10,434,666

Notes to the financial statements (continued)
13. Reinsurance receivables (continued)

Ageing of unimpaired receivables

In United States Dollars	THE GROUP	THE CORPORATION	
	2017	2017	2016
0 – 90 days	**9,739,612**	**9,739,612**	9,672,492
91 - 180 days	**7,642,630**	**7,642,630**	3,607,863
181 – 270 days	**8,870,944**	**8,870,944**	4,968,112
271 – 365 days	**8,599,216**	**8,599,216**	4,396,974
Balance at 31 December	**34,852,402**	**34,852,402**	22,645,441

14. Deferred acquisition costs

In United States Dollars	THE GROUP	THE CORPORATION	
	2017	2017	2016
Balance as at 1 January	**6,881,550**	**6,881,550**	4,412,236
Deferred during the year	**1,793,852**	**1,793,852**	4,826,869
Released during the year	**(154,522)**	**(154,522)**	(2,357,555)
Balance as at 31 December	**8,520,880**	**8,520,880**	6,881,550

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

15. Other assets

In United States Dollars	THE GROUP	THE CORPORATION	
	2017	2017	2016
Sundry receivables	**285,365**	**9,511**	190,457
Other receivables	**7,997**	**6,500**	3,865
Loans to staff	**158,210**	**158,210**	103,188
	451,572	**174,221**	297,510

16. Property and equipment

THE GROUP In United States Dollars	Computer Hardware	Motor vehicle	Furniture and equipment	Capital wip	Total
Cost					
At 1 January 2017	**143,750**	**521,523**	**232,146**	**52,256**	**949,675**
Additions	**14,393**	**79,611**	**29,515**	**95,695**	**219,214**
Disposal	**(1,037)**	**-**	**(846)**	**-**	**(1,883**
At 31 December 2017	**157,106**	**601,134**	**260,815**	**147,951**	**1,167,006**
At 1 January 2016	127,846	344,071	207,585	-	679,502
Additions	16,594	297,374	24,560	52,256	390,784
Disposal	(690)	(119,922)	-	-	(120,612)
At 31 December 2016	143,750	521,523	232,146	521,523	949,675
Accumulated depreciation					
At 1 January 2017	**80,515**	**179,021**	**161,486**	**-**	**421,022**
Charge for the year	**36,122**	**120,992**	**48,348**	**-**	**205,462**
Disposal	**(1,037)**	**-**	**(846)**	**-**	**(1,883)**
At 31 December 2017	**115,600**	**300,013**	**208,988**	**-**	**624,601**
At 1 January 2016	48,566	182,912	109,007	**-**	340,485
Charge for the year	33,374	114,608	52,479	**-**	200,461
Disposal	(1,425)	(118,499)	-	**-**	(119,924)
At 31 December 2016	80,515	179,021	161,486	**-**	421,022
Carrying amounts					
At 31 December 2016	63,235	342,503	70,659	52,256	528,653
At 1 January 2017	**63,235**	**342,503**	**70,659**	**52,256**	**528,653**
At 31 December 2017	**41,506**	**301,121**	**51,827**	**147,951**	**542,405**

There were no capitalized borrowing costs related to the acquisition of equipment during the year. (2016: nil).

Notes to the financial statements (continued)
16. Property and equipment (continued)

16. Property and equipment

THE CORPORATION In United States Dollars	Computer Hardware	Motor vehicle	Furniture and equipment	Capital wip	Total
Cost					
At 1 January 2017	**138,665**	**406,506**	**217,443**	**52,256**	**814,870**
Additions	**14,393**	**79,611**	**28,673**	**95,695**	**218,372**
Disposal	**(1,037)**	**-**	**(846)**	**-**	**(1,883)**
At 31 December 2017	**152,021**	**486,117**	**245,270**	**147,951**	**1,031,359**
At 1 January 2016	127,846	344,071	207,585	-	679,502
Additions	11,509	182,357	9,858	52,256	255,980
Disposal	(690)	(119,922)	-	-	(120,612)
At 31 December 2016	138,665	406,506	217,443	52,256	814,870
Accumulated depreciation					
At 1 January 2017	**78,822**	**150,266**	**159,240**	**-**	**388,328**
Charge for the year	**34,368**	**91,191**	**45,900**	**-**	**171,459**
Disposal	**(1,037**	**-**	**(846)**	**-**	**(1,883)**
At 31 December 2017	**112,153**	**241,457**	**204,294**	**-**	**557,904**
At 1 January 2016	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 2016	59,843	256,240	58,203	52,256	426,542
At 1 January 2017	**59,843**	**256,240**	**58,203**	**52,256**	**426,542**
At 31 December 2017	**39,868**	**244,660**	**40,976**	**147,951**	**473,455**

There were no capitalized borrowing costs related to the acquisition of equipment during the year. (2016: nil).

17. Intangible assets

In United States Dollars	THE GROUP Computer Software	THE CORPORATION Computer software
Cost		
At 1 January 2016	343,438	343,438
Acquisitions	685,642	626,897
At 31 December 2016	1,029,080	970,335
At 1 January 2017	**1,029,080**	970,335
Acquisitions	13,600	13,600
At 31 December 2017	**1,042,680**	983,935
Amortisation and impairment losses		
At 1 January 2016	226,864	226,864
Amortisation for the year	221,123	221,123
At 31 December 2016	447,987	447,987
At 1 January 2017	447,987	447,987
Amortisation for the year	227,949	212,728
At 31 December 2017	**675,936**	660,715
Carrying amount		
At 31 December 2016	581,094	522,348
At 1 January 2017	**581,094**	522,348
At 31 December 2017	**366,744**	323,220

There were no capitalized borrowing costs related to the acquisition of computer software during the year. (2016: Nil).

18. Investment properties

In United States Dollars	THE GROUP	THE CORPORATION	
	2017	**2017**	2016
At 1 January	**8,992,898**	**8,992,898**	6,896,264
Additions	**46,124**	**46,124**	451,759
Fair value gains	**-**	**-**	1,644,875
At 31 December	**9,039,022**	**9,039,022**	8,992,898

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 2016.

In 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 2017 and have also not been pledged as security for any debt or liabilities.

19. Claims

Net claims incurred

	THE GROUP	THE CORPORATION	
In United States Dollars	**2017**	**2017**	2016
Claims made by cedants	**20,138,808**	**20,138,808**	12,002,569
Claims recovered from retrocessionaires	**(2,604,829)**	**(2,604,829)**	(430,551)
Claims incurred during the year	**17,533,979**	**17,533,979**	11,572,018

Outstanding claims 2017

THE GROUP **In United States Dollars**	**Fire & Engineering**	**Motor**	**Accident**	**Marine & Aviation**	**Special Risk**	**Life**	**Total**
Claims at start of the year	907,689	162,349	460,338	-	-	44,702	1,575,078
Claims incurred							
Less recoveries	9,945,508	1,472,443	3,072,707	2,153,054	729,706	160,560	17,533,979
Claims paid	(7,720,933)	(1,220,574)	(4,169,359)	(927,902)	(352,486)	(9,212)	(14,400,466)
Claims outstanding at 31 December	**3,132,264**	**414,218**	**(636,314)**	**1,225,152**	**377,220**	**196,050**	**4,708,591**

THE CORPORATION **In United States Dollars**	**Fire & Engineering**	**Motor**	**Accident**	**Marine & Aviation**	**Special Risk**	**Life**	**Total**
Claims at start of the year	907,689	162,349	460,338	-	-	44,702	1,575,078
Claims incurred							
Less recoveries	9,945,508	1,472,443	3,072,707	2,153,054	729,706	160,560	17,533,979
Claims paid	(7,720,933)	(1,220,574)	(4,169,359)	(927,902)	(352,486)	(9,212)	(14,400,466)
Claims outstanding at 31 December	**3,132,264**	**414,218**	**(636,314)**	**1,225,152**	**377,220**	**196,050**	**4,708,591**

Notes to the financial statements (continued)
19. Claims (continued)

Outstanding claims 2016

In United States Dollars	Fire & Engineering	Motor	Accident	Marine & Aviation	Special Risk	Life	Total
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**

20. Reinsurance payables

In United States Dollars	THE GROUP 2017	THE CORPORATION 2017	THE CORPORATION 2016
Payable under reinsurance arrangements	**1,019,542**	**1,019,542**	2,608,409
	1,019,542	**1,019,542**	2,608,409

21. Trade and other payables

In United States Dollars	THE GROUP 2017	THE CORPORATION 2017	THE CORPORATION 2016
Accruals	**162,332**	**162,332**	1,351,994
Other creditors	**836,681**	**725,513**	674,684
Defined benefit obligation (8b (i))	**361,378**	**361,378**	174,513
	1,360,391	**1,249,223**	2,201,191

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.

22. Provision for unearned premium

In United States Dollars	THE GROUP 2017	THE CORPORATION 2017	THE CORPORATION 2016
Gross unearned premium at 1 January	**23,038,594**	**23,038,594**	15,548,857
Gross unearned premium at 31 December	**(28,875,877)**	**(28,875,877)**	(23,038,594)
Gross unearned premium movement (A)	**(5,837,283)**	**(5,837,283)**	(7,489,737)
Deferred gross retrocessions at 1 January	**1,705,087**	**1,705,087**	950,176
Deferred gross retrocessions at 31 December	**(1,677,905)**	**(1,677,905)**	(1,705,087)
Deferred gross retrocessions movement (B)	**27,182**	**27,182**	(754,911)
Net unearned premium movement (A - B)	**(5,864,465)**	**(5,864,465)**	(6,734,826)

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

Notes to the financial statements (continued)

23. Retrocessionaires share of technical provisions

	THE GROUP	THE CORPORATION	
In United States Dollars	**2017**	**2017**	2016
Claims recoverable	**54,292**	**54,292**	748,655
Deferred retrocession premium 22	**1,677,905**	**1,677,905**	1,705,087
	1,732,197	**1,732,197**	2,453,742

24. Share capital

THE GROUP **In United States Dollars**	**2017** **No. of shares**	**2017** **Amount**
Authorised:		
Ordinary shares of USD 1each	**100,000,000**	**100,000,000**
Issued and fully paid:		
Balance at 1 January	**38,558,373**	**38,558,373**
Issued for cash	**8,048,252**	**8,048,252**
Bonus issue	**2,476,868**	**2,476,868**
At 31 December	**49,083,493**	**49,083,493**

THE CORPORATION **In United States Dollars**	**2017** **No. of shares**	**2017** **Amount**	2016 No. of shares	2017 Amount
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	**38,558,373**	**38,558,373**	24,311,603	24,311,603
Issued for cash	**8,048,252**	**8,048,252**	13,031,190	13,031,190
Bonus issue	**2,476,868**	**2,476,868**	1,215,580	1,215,580
At 31 December	**49,083,493**	**49,083,493**	38,558,373	38,558,373

25. Share premium

	THE GROUP	THE CORPORATION	
In United States Dollars	**2017**	**2017**	2016
Balance at 1 January	**10,560,432**	**10,560,432**	3,784,253
Arising from shares issued within the year	**5,232,531**	**5,232,531**	6,776,179
Balance at 31 December	**15,792,963**	**15,792,963**	10,560,432

26. Retained profit

	THE GROUP	THE CORPORATION	
In United States Dollars	**2017**	**2017**	2016
Balance at 1 January	**10,121,560**	**10,059,219**	7,987,933
Net profit for the year	**7,970,121**	**7,946,475**	6,232,355
Transfer to contingency reserves	**(1,863,575)**	**(1,863,575)**	(1,445,489)
Dividend to owners	**-**	**-**	(1,500,000)
Bonus share issue	**(2,476,868)**	**(2,476,868)**	(1,215,580)
Balance at 31 December	**13,751,238**	**13,665,251**	10,059,219

No revaluation was performed for investment properties for the year 2017 and as a result no fair value gains were recognized for the year as opposed to the year 2016 where a fair value gain of US$ 1,644,875 which arose from the revaluation of the investment properties was recognized. The retained earnings brought forward include the recognized fair value gains on the revaluation and these are not available for distribution as it is unrealized as at 31 December, 2017.

27. Contingency reserves

	THE GROUP	THE CORPORATION	
In United States Dollars	**2017**	**2017**	2016
Balance at 1 January	**3,800,690**	**3,800,690**	2,355,201
Addition during the year	**1,863,575**	**1,863,575**	1,445,489
Balance at 31 December	**5,664,265**	**5,664,265**	3,800,690

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

28. Other reserves

	THE GROUP	THE CORPORATION	
In United States Dollars	**2017**	**2017**	2016
Balance at 1 January	**94,095**	**94,095**	49,879
Net actuarial loss on employee benefit obligation	**7,970**	**7,970**	42,216
Balance at 31 December	**102,065**	**102,065**	94,095

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

29. Foreign currency translation reserve

	THE CORPORATION	
In United States Dollars	**2017**	2016
Balance at 1 January	**-**	-
During the year	**64,349**	-
Balance at 31 December	**64,349**	-

The foreign currency translation reserve represents the unrealized exchange loss arising from the financial result of the subsidiary from its functional currency to the group's presentation currency at the reporting date.

30. 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 2017

	Carrying amount					Fair value			
THE GROUP In United States Dollar	**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	-	11,389,159	-	-	11,389,159	-	11,389,159	-	11,389,159
Reinsurance receivables	-	34,852,402	-	-	34,852,402	-	34,852,402	-	34,852,402
Investment assets	45,746,906	-	10,526,229	-	56,273,135	-	56,273,135	-	56,273,135
Other assets	-	451,572	-	-	451,572	-	451,572	-	451,572
	45,746,906	**46,693,133**	**10,526,229**	**-**	**102,966,268**	**-**	**102,966,268**	**-**	**102,966,268**
Liabilities									
Reinsurance Payables	-	-	-	1,019,542	1,019,542	-	1,019,542	-	1,019,542
Trade and other payables	-	-	-	1,360,389	1,360,389	-	1,360,389	-	1,360,389
Outstanding claims	-	-	-	4,708,591	4,708,591	-	4,708,591	-	4,708,591
Funds under management	-	-	-	3,062,734	3,062,734	-	3,062,734	-	3,062,734
	-	**-**	**-**	**10,151,256**	**10,151,256**	**-**	**10,151,256**	**-**	**10,151,256**

30. 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 2017

	Carrying amount					Fair value			
THE CORPORATION In United States Dollar	**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	-	11,312,081	-	-	11,389,159	-	11,389,159	-	11,389,159
Reinsurance receivables	-	34,852,403	-	-	34,852,402	-	34,852,402	-	34,852,402
Investment assets	42,492,367	-	11,037,295	-	56,273,135	-	56,273,135	-	56,273,135
Other assets	-	174,221	-	-	174,221	-	174,221	-	174,221
	42,492,367	**46,338,705**	**11,037,295**	**-**	**99,868,367**	**-**	**99,868,367**	**-**	**99,868,367**
Liabilities									
Reinsurance Payables	-	-	-	1,019,542	1,019,542	-	1,019,542	-	1,019,542
Trade and other payables	-	-	-	1,249,223	1,249,223	-	1,249,223	-	1,249,223
Outstanding claims	-	-	-	4,708,591	4,708,591	-	4,708,591	-	4,708,591
	-	**-**	**-**	**6,977,356**	**6,977,356**	**-**	**6,977,356**	**-**	**6,977,356**

30. Financial instruments – fair values and risk management

31 December 2016

	Carrying amount					Fair value			
CORPORATION In United States Dollar	**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	-	19,471,046	-	-	19,471,046	-	19,471,046	-	19,471,046
Reinsurance receivables	-	22,645,441	-	-	22,645,441	-	22,645,441	-	22,645,441
Investment assets	30,105,749	-	-	-	30,105,749	-	30,105,749	-	30,105,749
Other assets	-	297,510	-	-	297,510	-	297,510	-	297,510
	30,105,749	**42,413,997**	**-**	**-**	**72,519,746**	**-**	**72,519,746**	**-**	**72,519,746**
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**

(b) Measurement of fair values

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

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

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

Valuation models

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

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

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

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

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

(c) Financial risk management
The Group has exposure to the following risks from financial instruments:

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

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

(i) Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Group'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.

Notes to the financial statements (continued)
30. Financial instruments – fair values and risk management (continued)
(c) Financial risk management (continued)
(i) Risk management framework (continued)

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group, 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 Group'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 Group.

(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 Group faces under its reinsurance contracts is that the actual claims payments may exceed the carrying amount of the insurance liabilities.

When accepting risks, the Group 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 Group 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 Group of its obligation to cedants. Hence, if the retrocessionaires default on their obligations to the Group, this risk mitigation measure would not be effective. As a result, the Group ensures that the financial conditions of retrocessionaires are reviewed annually and placements are carefully made with companies who are financially secure, credible and experienced in the industry.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations principally from investment securities and the Groups reinsurance 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 Group against those assets.

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

In United States Dollars	THE GROUP 2017	THE CORPORATION 2017	THE CORPORATION 2016
Impairment allowance			
Balance at start	**10,434,666**	**10,434,666**	7,950,682
Addition during the period	**3,341,200**	**3,341,200**	2,483,984
Balance at 31 December	**13,775,866**	**13,775,866**	10,434,666

Ageing of unimpaired reinsurance receivables

In United States Dollars	THE GROUP 2017	THE CORPORATION 2017	THE CORPORATION 2016
0 – 90 days	**9,739,612**	**9,739,612**	9,672,492
91 - 180 days	**7,642,630**	**7,642,630**	3,607,863
181 – 270 days	**8,870,944**	**8,870,944**	4,968,112
271 – 365 days	**8,599,216**	**8,599,216**	4,396,974
Balance at 31 December	**34,852,402**	**34,852,402**	22,645,441

Impaired reinsurance receivables
See accounting policy in note 36 (c).
The Group 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 Group 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 to avoid undue concentration.

Cash and cash equivalents
The Group held cash and cash equivalents of US$ 11,389,159 at 31 December 2017 (2016: US19,471,046). The cash and cash equivalents are held with reputable banks.

(iv) Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation.

The Group 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 Group 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)
30. Financial instruments – fair values and risk management (continued)
(c) Financial risk management (continued)
(iv) Liquidity risk (continued)

31 December 2017

THE GROUP In United States Dollars	Note	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years
Non-derivative financial liabilities						
Outstanding claims	21b	4,708,591	1,544,418	2,712,148	452,025	-
Reinsurance payables	22	1,019,542	203,908	509,771	305,863	
Trade and other payables	23	1,360,389	403,129	398,285	-	558,975
Fund under management		3,062,734	-	-	3,062,734	-
		10,151,256	**2,151,455**	**3,620,204**	**3,820,622**	**558,975**

31 December 2017

THE CORPORATION In United States Dollars	Note	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years
Non-derivative financial liabilities						
Outstanding claims	21b	4,708,591	1,544,418	2,712,148	452,025	-
Reinsurance payables	22	1,019,542	203,908	509,771	305,863	
Trade and other payables	23	1,249,223	291,963	398,285	-	558,975
		6,977,356	**2,040,289**	**3,620,204**	**757,888**	**558,975**

31 December 2016

THE CORPORATION In United States Dollars	Note	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years
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**

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group'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 Group 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 Group'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 Group's exposure to currency risk as reported by management is as follows:

Notes to the financial statements (continued)
30. Financial instruments – fair values and risk management (continued)
(c) Financial risk management (continued)
(v) Market risk (continued)
Currency risk (continued)

31 December 2017

THE GROUP In United States Dollar	Note	United States Dollars	Pounds sterling	Euro	Cedis	Leones	Naira	Other	Total
Assets									
Cash and cash equivalents	11	9,778,860	133,681	1,034,393	152,904	21,407	175,667	92,247	11,389,159
Financial assets	12	48,752,666	-	-	2,481,442	1,813,934	1,054,280	2,170,813	56,273,135
Reinsurance receivables	13	26,397,950	39,555	874,433	1,701,508	239,275	2,909,978	2,689,703	34,852,402
Other assets	15	303,730	-	-	53,122	85,038	2,541	7,141	451,572
		85,233,206	**173,236**	**1,908,826**	**4,388,976**	**2,159,654**	**4,142,466**	**4,959,904**	**102,966,268**
Liabilities									
Outstanding claims	19b	3,493,869	-	-	406,033	-	806,590	2,099	4,708,591
Reinsurance Payables	20	1,019,542	-	-	-	-	-	-	1,019,542
Trade and other payables	21	1,249,223	-	-	111,166	-	-	-	1,360,389
Fund under management		681,493	-	-	2,444,241	-	-	-	3,062,734
		6,381,127	-	-	2,961,440	-	806,590	2,099	10,151,256
Net exposure		**78,852,079**	**173,236**	**1,908,826**	**1,427,536**	**2,159,654**	**3,335,876**	**4,957,806**	**92,815,012**

Notes to the financial statements (continued)
30. Financial instruments – fair values and risk management (continued)
(c) Financial risk management (continued)
(v) Market risk (continued)
Currency risk (continued)

31 December 2017

THE CORPORATION In United States Dollar	Note	United States Dollars	Pounds sterling	Euro	Cedis	Leones	Naira	Other	Total
Assets									
Cash and cash equivalents	11	9,778,860	133,681	1,034,393	75,826	21,407	175,667	92,247	11,312,081
Financial assets	12	48,429,799	-	-	60,836	1,813,934	1,054,280	2,170,813	53,529,662
Reinsurance receivables	13	26,397,951	39,555	874,433	1,701,508	239,275	2,909,978	2,689,704	34,852,403
Other assets	15	79,499	-	-	-	85,038	2,541	7,143	147,221
		84,686,109	**173,236**	**1,908,826**	**1,838,169**	**2,159,654**	**4,142,466**	**4,959,907**	**99,868,367**
Liabilities									
Outstanding claims	19b	3,493,869	-	-	406,033	-	806,590	2,099	4,708,591
Reinsurance Payables	20	1,019,542	-	-	-	-	-	-	1,019,542
Trade and other payables	21	1,249,223	-	-	-	-	-	-	1,249,223
		5,762,638	-	-	406,033	-	806,590	2,099	6,977,356
Net exposur		**78,923,475**	**173,236**	**1,908,826**	**1,432,136**	**2,159,654**	**3,335,876**	**4,957,808**	**92,891,011**

Notes to the financial statements (continued)
30. Financial instruments – fair values and risk management (continued)
(c) Financial risk management (continued)
(v) Market risk (continued)
Currency risk (continued)

31 December 2016

THE CORPORATION In United States Dollar	Note	United States Dollars	Pounds sterling	Euro	Cedis	Leones	Naira	Other	Total
Assets									
Cash and cash equivalents	11	13,123,240	130,070	300,088	245,151	4,831,380	136,622	704,495	19,471,046
Financial assets	12	23,924,296	-	-	43,253	2,496,230	4,052,738	100,297	30,616,814
Reinsurance receivables	13	17,261,247	48,893	581,221	1,565,475	192,262	1,592,143	1,404,200	22,645,441
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**	**73,030,811**
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	-	-	-	-	-	-	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**	**66,646,132**

Notes to the financial statements (continued)
30. 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:

	THE GROUP				THE CORPORATION			
	Average rate		Year end spot rate		Average rate		Year end spot rate	
USD 1	**31 Dec. 2017**	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016	**31 Dec. 2017**	31 Dec. 2016
Euro	**0.8888**	0.9266	**0.8387**	0.9481	**0.8888**	0.9266	**0.8387**	0.9481
GBP	**0.7815**	0.8044	**0.7387**	0.8093	**0.7815**	0.8044	**0.7387**	0.8093
Cedi	**4.40**	4.0683	**4.56**	4.27	**4.40**	4.0683	**4.56**	4.27
Naira	**327.39**	312.26	**359.50**	314.98	**327.39**	312.26	**359.50**	314.98
Leone	**7,525.86**	5,595	**7,667.50**	5,520	**7,525.86**	5,595	**7,667.50**	5,520

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.

31 December 2017

	Profit or loss		Equity, net of tax	
THE GROUP	Strengthening	Weakening	Strengthening	Weakening
Euro (10% movement)	**190,883**	(190,883)	**133,618**	133,618
GBP (6% movement)	**10,394**	(10,394)	**7,276**	7,276
Cedi (5% movement)	**389,927**	(389,927)	**272,949**	272,949
Naira (11% movement)	**366,946**	(366,946)	**256,863**	256,863
Leone (10% movement)	**215,965**	(215,965)	**151,176**	151,176

31 December 2017

	Profit or loss		Equity, net of tax	
THE CORPORATION	Strengthening	Weakening	Strengthening	Weakening
Euro (10% movement)	**190,883**	(190,883)	**133,618**	(133,618)
GBP (6% movement)	**10,394**	(10,394)	**7,276**	(7,276)
Cedi (5% movement)	**71,607**	(71,607)	**50,125**	(50,125)
Naira (11% movement)	**366,946**	(366,946)	**256,862**	(256,862)
Leone (10% movement)	**215,965**	(215,965)	**151,176**	(151,176)

31 December 2016

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
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)

Notes to the financial statements (continued)
30. 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 Group to interest rate risk. The Group'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 Group's comprehensive income and shareholders' funds.

Management of interest rate risk

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

Exposure to interest rate risk

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

Nominal amount

	THE GROUP	THE CORPORATION	
In United States Dollars	**2017**	**2017**	2016
Fixed-rate instrument			
Financial assets	**56,273,135**	**53,529,662**	30,616,814

The Group 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 Group did not have any variable-rate instruments at the year-end (2016: Nil).

(vi) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group'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 Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group'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 Group. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified

- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including reinsurance whether this is effective.

31. Dividend

In lieu of cash dividend payments in respect of 2016 results, bonus shares with a total share value of US$ 2.4 million was issued within the year to the existing shareholders in the proportion of 1 share for every 15 shares held as at 31 December 2016.

In respect of the year ended 31 December 2017 results, the Board of Directors proposed a dividend of US$ 0.0509 per share amounting to US$ 2.5 million (2016: US$ 2.4million) to be paid to the existing shareholders as at 31 December 2017.

32. Capital commitment

There were no capital commitments at 31 December 2017 (2016: Nil).

33. Contingent liabilities

There were no contingent liabilities at 31 December 2017 (2016: Nil).

34. Comparatives

Except where a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information except for the consolidated results of the group as this is the first year of reporting that consolidation of the financial results of the group is required. The comparative figures have been adjusted where considered appropriate, to conform to changes in presentation in the current year.

35. Related party disclosure

The following transactions were carried out with related parties:

	THE GROUP	THE CORPORATION	
In United States Dollars	**2017**	**2017**	2016
(a) Key management compensation			
Salaries and other short-term employee benefits	**714,332**	**714,332**	670,489
	714,332	**714,332**	670,489
(b) Director's remuneration			
Director's remuneration paid during the year	**250,000**	**250,000**	205,000
	250,000	**250,000**	205,000

36. 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.

37. 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.

38. Significant accounting polices

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

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Group 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 Group Plc. The subsidiary is however subjected to the appropriate tax in its jurisdiction of operation.

(c) Financial assets and financial liabilities

(i) Recognition

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

(ii) Derecognition

Financial assets

The Group 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 Group 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 Group 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 Group retains all or substantially all the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group 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 Group 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 Group 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 Group 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.

v) Fair value measurement

Policy applicable from 1 January 2017

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 Group has access at that date. The fair value of a liability reflects its non- performance risk.

When available, the Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 2017
'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 Group 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 Group 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 Group, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

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

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

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

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

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 Group 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 Group, or economic conditions that correlate with defaults in the Group.

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

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

In assessing collective impairment the Group 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 Group 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 Group 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.

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 Group 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

Notes to the financial statements (continued)
38. Significant accounting policies (continued)
(d) Property and equipment (continued)
(iii) Depreciation (continued)

- 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 Group 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 Group'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.

(ii) Deposit with the Central Bank

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

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

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

The Group'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 Group 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.

Notes to the financial statements (continued)
38. Significant accounting policies (continued)
(j) Reinsurance contracts (continued)

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

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

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

Premiums are shown before deduction of commission.

(ii) Retrocession contracts held

Contracts entered into by the Group with retrocessionaires under which the Group 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 Group 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 Group of its obligation to its cedants. The Group 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 Group assesses its retrocession assets for impairment on a quarterly basis. If there is objective evidence that the retrocession asset is impaired, the Group reduces the carrying amount of the retrocession asset to its recoverable amount and recognises that impairment loss in the income statement. The Group 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 Group reduces the carrying amount of the receivable accordingly and recognises that impairment loss in the statement of comprehensive income. The Group 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 Group'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.

(n) Employee benefits
Pension obligations
The Group 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 Group pays fixed contribution into the separate entity. The Group 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 Group makes contribution for all staff at the rate of the employee's basic salary and the rate to be applied is determined by the relevant pension laws of the jurisdiction of the employee. In addition the employees also contribute a percentage of their basic salary to the scheme and this percentage is prescribed by the pension laws of the employee's jurisdictions.

Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group'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 Group 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 Group 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 Group 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.

(p) Revenue recognition

Revenue is recognised as follows:

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

- The underwriting result is net of reinsurance, provisions for unearned premium and outstanding claims.
- 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 Group's shareholders is recognised as a liability in the financial statements in the period for which the dividends are approved by the Group's shareholders.

39. 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 2017 and earlier application is permitted; however the Group has not early applied the following new or amended standards, in preparing these financial statements. Those that may be relevant to the Group are set out below. The Group 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 Group 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 Group 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.
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.

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