



**AFRICAN REINSURANCE CORPORATION  
GENERAL ASSEMBLY  
17TH ANNUAL ORDINARY MEETING  
CASABLANCA, MOROCCO, 22ND AND 23RD JUNE, 1995**

**AFRICARE/GA/19/122**

**Report of the Board of Directors  
covering the period  
1st January to 31st December, 1994**



**AFRICAN REINSURANCE CORPORATION  
SOCIÉTÉ AFRICAINE DE REASSURANCE**

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Honourable Representatives  
General Assembly  
African Reinsurance Corporation

Date: 22nd June, 1995

Your Excellencies,

In accordance with the provisions of Articles 14 and 37 of the Agreement Establishing the African Reinsurance Corporation and Article 8 of the General Regulations of the Corporation, I have the honour, on behalf of the Board of Directors, to submit to you the Annual Report and Audited Accounts of the Corporation for the period from 1st January to 31st December, 1994, as well as the Summary of the Administrative Budget for the financial year 1995.

Please accept, Your Excellencies, the assurances of my highest consideration.

  
**EUGENE OKWOR**  
Chairman of the Board of Directors  
and General Assembly



## COMPOSITION OF AFRICARE BOARD OF DIRECTORS



E. Okwor  
Chairman



M. Belaziz  
Vice-Chairman



S. Omari



N.N. Kadadi



P.J. Blackburn



O. Temu



Mohamed Y. Ali



Z. Nasri



I. Boukari-Yabara

### ALTERNATE DIRECTORS:

M. S. APPIAH-AMPOFO (Ghana), M. M. LEMINE NATY (Mauritania), M. E. SAMAKAI (Zambia), M. E. Ye ILONDO (Zaire), M. M. HABTEMARIAM (Ethiopia), M. M. NASS (Libya), M. K. A. SELIM (Egypt), Mrs. A. SOUDRE (Burkina Faso), M. M. CHALOBAN (ADB)

## COMPOSITION OF AFRICARE MANAGEMENT



Bakary Kamara  
General Manager/Chief Executive



J. Abban  
Deputy General Manager





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## FOREWORD

The Seventeenth Annual report of the Board of Directors presents the Corporation's accounts as at 31st December, 1994, including the results of the 1992 underwriting year (closed for the first time), those of the previous years (1978-1991) as well as the accounts for the still open years of 1993 and 1994.

The report also reviews the trading environment in which the Corporation evolved during the financial year under review and contains the External Auditors' report on the accounts, the resolutions adopted by the Sixteenth Annual Ordinary Meeting, as well as a Summary of the 1995 approved administrative budget. It also contains a recall of the 1993 and 1994 budgets as approved and implemented.

## FINANCIAL HIGHLIGHTS

For the year 1994, the Corporation recorded a written premium net of cancellations of US\$46,909,698 which represents an increase of 21.63% over US\$38,568,305 of 1993. After the deduction of retrocessions and the movement in reserves (with the adjustment for the cumulative translation) the net premium earned amounted to US\$40,036,390. The losses incurred of US\$22,076,570, commission and charges of US\$12,119,635 as well as management expenses of US\$3,459,481 were deducted from the net earned premium to give an underwriting surplus of US\$2,380,704 (1993: US\$2,136,253) which was transferred to the profit and loss account. To this were added the income from investments and other sources amounting to US\$1,450,603 (1993: US\$1,218,477) and interest on reinsurance deposits of US\$765,919 (1993: US\$835,143) to arrive at an operating profit for the year of US\$4,597,226 (1993: US\$4,312,078). Other expenses not charged to the revenue account amounting to US\$894,725 (1993: US\$668,377) were then deducted from the operating profit to arrive at a net profit for the year of US\$3,702,501 (1993: US\$3,623,601).

Following the standing accounting practice, the excess of income over outgo of US\$18,754,595 (1993: US\$19,625,425) for the still open years of 1993 and 1994 were carried forward as reinsurance funds while the reserve for the outstanding losses at the year-end was established at US\$16,730,834 (1993: US\$15,866,554).

As in the previous years, the cumulative translation adjustment for the year resulted in a negative difference and was treated as a separate component of the shareholders' funds in accordance with the International Accounting Standard No. 21 (IAS 21). The total cumulative translation adjustment for the year was US\$8,302,833 (1993: US\$5,109,610) while the amount written off was US\$7,036,528 (1993: US\$7,118,647).

Following the devaluation of CFA Franc at the beginning of the year, the loss deposits in that currency at the end of 1993 were revalued and the resulting cumulative translation adjustment of US\$5,336,528 was written off the reinsurance reserve and fund at 31st December 1993. The balance of US\$1,700,000 written off was from the profit and loss account. As at 31st December, 1994, cumulative translation adjustments therefore amounted to US\$8,458,233 as against US\$7,191,928 in 1993. In order to strengthen its financial base, the Corporation intends to eradicate the balance of cumulative translation adjustment account by absorbing it within a few years.

Shareholders' funds stood at US\$26,284,735 as at 31st December, 1994 which represents an increase of 22.64% compared to US\$21,488,771 of 1993.

The economic recovery which started in 1993 in a number of industrialised countries continued during the year under review. The signing of the GATT Agreements in Marrakech (Morocco) which concluded the Uruguay Round of Talks and led to the formation of the World Trade Organisation confirmed the trend initiated in the mid 1980's namely, the globalisation of the economy and the dismantling of protectionist barriers.

The rate of growth of the G.D.P. in developing countries stood at around 5.5% per year, but the vast majority of African countries still fell outside this stream of economic optimism, despite the substantial increase in the prices of some raw materials such as coffee and cocoa. With an average G.D.P. growth rate of about 3.3% while the population growth rate remained at 3.7%, Africa was further being impoverished.

However, it should be recalled that although the majority of nations within the continent fell within that group, some countries especially in the North and the South and a few from the West and East experienced a less dramatic situation.

All these factors, coupled with a 10% reduction in the world reinsurance capacity, did not help African insurance companies in their quest for reinsurance covers. There is however hope of future rebirth of the retrocession market, a situation that could eventually be beneficial to African professional reinsurers.

The increasingly important role which the phenomenon of security costing is assuming attests to the fact that only credible and very viable companies will survive. The law of natural selection will take its course, leading to the liquidation of the very weak and less endowed.

The devaluation of the CFA Franc, expected for several years, occurred at the beginning of the financial year with very major ripple effects: galloping, even if controlled inflation (35%), fall in the purchasing power, revaluation (partial as it may be) of sums insured etc.





## FINANCIAL HIGHLIGHTS

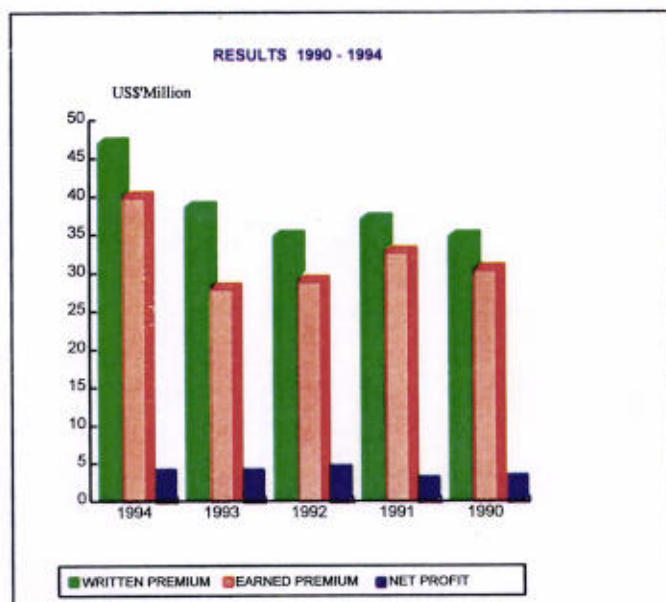
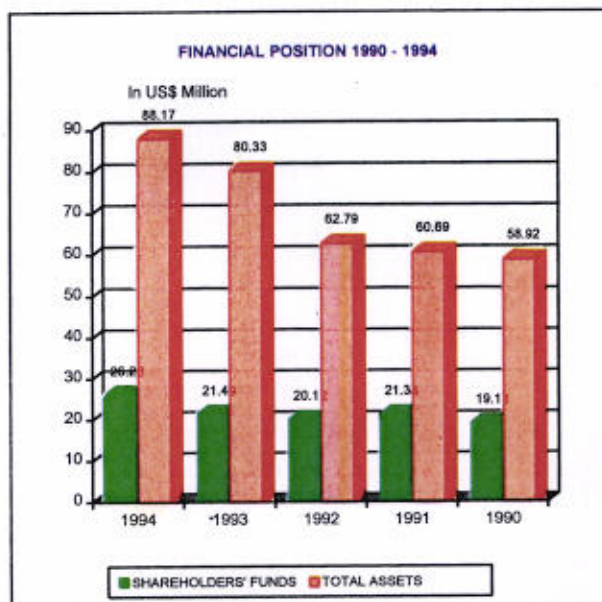
In US\$ '000	1994	1993	1992	1991	1990
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### RESULTS

WRITTEN PREMIUM	46,910	38,568	34,755	37,016	34,723
EARNED PREMIUM (NET)	40,036	28,070	29,018	32,800	30,554
NET PROFIT	3,633	3,624	4,121	2,640	2,860

### FINANCIAL POSITION

SHAREHOLDERS' FUNDS	26,285	21,489	20,122	21,340	19,107
TOTAL ASSETS	88,172	80,327	62,786	60,694	58,923







On its part, the Corporation, due to a combination of its enterprising marketing drive and enhanced positive image as a professional reinsurer, recorded an income of US\$ 46.909 million representing an increase of 21.62% when compared with that of 1993 which stood at US\$ 38.57 million.

This result was achieved despite the devaluation of several trading currencies including the unprecedented phenomenon in economic and monetary history, of devaluing a sub-regional currency (the CFA Franc), common to 14 African countries which together generated a premium volume of US\$ 8.53 million for Africa Re.

The appreciation of other African currencies and the increase of the Institution's Fire and Industrial risk underwriting capacity are other factors that explain the performance. The share of voluntary cessions stood at 47.56% of the total income, representing a 6% growth when compared with that of the previous year.

On the other hand, although explicable by the occurrence of 2 major catastrophes (cyclones Hollandia and Geralda), the worsening of the loss experience with a rate of 56.25% representing a 12% increase, raises some concern.

The stiff competition in several markets, hitherto monopolistic but now liberalised and privatised, is a phenomenon which should be controlled in a concerted manner as the future of the profession depends thereon.

The volume and share of retained premium stood at US\$ 39,206, 837 and 83.58% of gross income as against US\$ 28.070 million and 83.79% respectively in 1993.

The policy of cautiously underwriting non-African business, initiated a year ago, has started yielding encouraging results. Thus, business written in Southern Asia and the Middle East generated an income of US\$ 1.90 million for the year under review (i.e. 4.05% of production) representing an improvement over the production figure of US\$ 0.36 million recorded in 1993 (i.e. 0.93%).

On new investments, Africa Re, during the 1994 financial year, took up participation in the capital of two national insurance companies in line with part of its functions which is "to assist in the establishment and operation of national, regional and sub-regional insurance and reinsurance institutions". This represents a strategic choice it intends to pursue as long as profitable investment opportunities are available.

The remarkable increase in the rate of interests on deposits and other short term investments enabled the Corporation to record a financial income of US\$ 1,450,603 during the 2nd half-year representing a 19.05% increase when compared with that of 1993.

There was an improvement in the ratio of Management expenses to the net premium which dropped to 8.82% as against 9.56% recorded in 1993.

Besides the member States and the African Development Bank (ADB), 70 national companies participated in the opening of the Corporation's capital as at 31st December, 1994 to the tune of US\$ 5,270,000 for subscribed shares out of which US\$ 2,630,000 was paid with the balance to be settled in line with the flexible payment modalities decided by the Board at its 61st Meeting.

The Corporation's annual reinsurance seminar was held in Nairobi from 19th to 23rd September, 1994 with 54 professionals from 12 countries of all the sub-regions of the continent. Similarly, within the framework of Article 4(i)(c) of its establishment Agreement, the Corporation, with the assistance of experts in the continent, has started setting up a Management Consultancy and Technical Assistance Unit for national companies. It hopes to offer quality services to all companies which require them.

With its shareholders' funds amounting to US\$ 26,284,735 as at 31st December, 1994, Africa Re certainly now has a stronger financial base. Therefore, it intends to increasingly play its rightful role of a market leader.

However, this objective would not have been attained but for the continuous support of its shareholders (States, the Bank and national companies) and trading partners. Therefore, the Board hopes that they will continue to support this instrument of inter-African economic integration which this continental institution has become.

## TRADING ENVIRONMENT

### GENERAL OVERVIEW OF THE WORLD ECONOMIC SITUATION

Economic activities on a global scale were characterised by a net recovery, due essentially to the good performances of the industrialised countries particularly the United States, Canada, Germany, France etc. and to some extent, to the continuing growth in production recorded, for the past few years, by emerging markets. The achievement recorded in countries on transition to market economy (former Communist countries) failed to measure up to expectations. Rather, there was a general worsening in the conditions and tools of production when compared to previous years. On the whole, the gains recorded in 1994 by developing countries were attributable to the Asian and to a lesser extent, South American countries while the African Continent trailed behind and runs even a greater risk of further marginalisation by the rest of the world.

After the crumbling of the Communist bloc in the beginning of this decade, the most significant economic event recorded in 1994 was the signing of the GATT Agreements on African soil, (Marrakech) Morocco, an event which concluded the Uruguay Round of Talks and resulted in the establishment of the World Trade Organisation (WTO). These Agreements, expected to take effect from 1st January, 1995, have the aim of developing the growth potential of the world economy, widening and strengthening the dynamism of trading





relationships among nations and, above all, removing all protectionist barriers created by States.

Apparently, the intention is also to support multilateral trade liberalisation by intensifying efforts at improving regional integration. It is in this context that the effort of regional groupings such as the European Union (E.U.), the North American Free Trade Agreement (NAFTA), the Association of South-East Asian Nations (ASEAN), the North Central and South American Conference of Heads of States and Governments, to mention only the most significant and promising initiatives, can be understood.

### Developing Countries

It has been established that developing countries can reasonably expect an average growth rate of 5.5% for the period 1994 - 95, i.e. a rate very close to what obtained in 1992-1993. This should, however, not divert attention from the reality which reveals a great diversity in situations. In most of these countries, the growth rate is still very low and even negative while the conditions of living of the population stagnate or even deteriorate. Southern Asian nations are among those with the most remarkable economic dynamics, thus resulting in a substantial growth in per capita income.

In the views of the Bretton Woods Institutions, the disparity in developing countries can be traced to the success or failure of macro-economic stabilisation programmes and other policies of structural reforms. It seems that success was recorded by countries that were able to create a stable macro-economic environment, mobilise local savings and institute structural reforms which in turn improved efficiency and productivity.

In fact, these results encouraged foreign private entrepreneurs to invest in these countries, thus resulting in a substantial and sustained inflow of private capital in search of investment opportunities. Furthermore, the emerging markets took advantage of the weakness of the economic activities of several industrialised countries. As evidence, the trend was reversed during the first half of the financial year under review as soon as there was a resumed growth in the economy and the interest rate appreciated in developed countries.

### African Economy

Unlike other developing countries in Asia and Latin America, the economic situation in Africa was generally as depressed as in the previous years. In effect, economic growth failed to match the galloping population growth in the continent and could, therefore, not result in growth in per capita income which fell by 8% between 1989 and 1993.

However, certain factors give room for cautious optimism in the short term. An increased demand and a substantial

increase in the prices of exported raw materials (especially coffee and cocoa) should eventually lead to improvement in the external trade of producing countries. Some countries that adopted the Structural Adjustment Programmes recorded a faster rate of growth than the average. Thus, the inflow of capital to countries like Kenya and Uganda enabled them to record a rate of growth estimated at about 3% in 1994.

Prospects of partial cancellation of the debts of the poorest countries seem to be brighter, although declarations of intent are yet to be translated into reality.

The major political event that occurred in Africa in the 1994 financial year could have considerable economic effects on the continent. In effect, at this time when the world economy is being globalised and regionalised, the emergence of a democratic South Africa and its integration into the process of regional grouping would aid significantly the development of commercial exchanges and productivity in the region.

With an average growth rate of 3.3% in 1994, Africa's performance is better than that of the previous decade when the growth rate of the G.D.P. only stood at 2% and that of population was 3.7%. However, this improved performance should not overshadow the fact that striking differences exist in the level of development of nations. In effect, although some countries have recorded appreciable performances - Morocco, 11.8%, Tunisia, 5%, South Africa and Sudan, 3% Egypt, 2.6%, Nigeria, 2.2% - a vast majority of others only recorded figures in the region of 1% or even negative results. Thus, although the improvement of exports is to be counted among the long-term effects of the 50% devaluation of the CFA Franc, the leading economies of the Francophone sub-region still experience a high rate of inflation (35%), even if this was curtailed in most of the countries concerned. The return of private foreign investment to Côte d'Ivoire is, for now, the only immediate outcome of this devaluation which remains an unprecedented decision in the economic and financial history of the continent. Indeed, that was the first time that a sub-regional currency, used in 14 countries with different levels of development had to be drastically and uniformly devalued.

The effects of these measures will continue to be felt in all the areas of economic activities including the African insurance industry.

### Insurance Sector

The 1994 financial year did not witness radical changes in the international scene. If 1993 was considered as a favourable year, the year under review did not record any major changes. Certainly, Bermuda reinsurers, by virtue of their increased capacity (US\$25 billion in 1994 as against US\$10 billion two years earlier), are increasingly being considered as a credible





alternative market, while Lloyds has experienced an inflow of capital, a factor which could constitute a new beginning for this institution and thereby its reinvigoration, but the trends of the previous years were maintained. In effect, the reduction in the number of reinsurance companies became more acute during the year under review with the liquidation of about 100 professional reinsurers since 1990, either through withdrawal, acquisition or merger, thus resulting in about 10% contraction in the world reinsurance capacity.

Similarly, the market shares of various reinsurers remained at the same level as in 1991 - 1993: Germany, 36%, United States, 27%, Switzerland 10%, etc..

Profitability, which for the past 5 years had been on a continuous contraction, did not appear to show signs of improvement in 1994. All professionals agree that this trend will continue until there is a return to the basic principles namely, the payment of the true cost for the cover given and the strict control of accumulations.

In addition, some analysts suggest that market discipline which makes for an objective assessment of aggregate risks and Probable Maximum Loss (PML) of cedants will hasten the pace of the emerging trend i.e. the renaissance of the retrocession market because that is the only way reinsurers can spread the risk objectively and scientifically.

The performance rating of reinsurance companies is becoming increasingly important to cedants, a factor which, since the failure of Lloyds and the withdrawal of certain operators, testifies, in their opinion, to the reinsurers' credibility and security.

It is becoming imperative for all professionals without captive markets to harmoniously channel their technical know-how and financial leverage to acquire new shares or at least retain the existing ones.

The African insurance scene has also been rather deserted by the traditional players for several reasons, one of which has been recurring like a leitmotif, namely, that it would be economically unprofitable to maintain a constant physical presence due to the erosion of the value of currencies experienced in most countries of the continent.

The drastic devaluation of the CFA Franc only came to reinforce this justified and legitimate apprehension. This decision whose effect will, for a long time, be felt in the economic activity of countries in the Franc Zone, could have very damaging consequences for insurance companies due to the lack of the insurance culture in the household and for

African entrepreneurs as well. In fact, this has led many other reinsurers to reconsider an African strategy, in order to adapt it to the criteria of profitable management, without necessarily severing their links with a region which, although abandoned by several partners, still presents substantial prospects.

The African Reinsurance Corporation which has the aim of fostering the development of the insurance and reinsurance industry in Africa, promoting the growth of underwriting and retention capacities as well as supporting the economic development of the continent, should in addition, re-emphasise the dimension of profit making into its concerns, if it desires to protect the interest of its new shareholders (national companies). Therefore, during the financial year under review, the Corporation undertook selective underwriting, without ignoring the mission assigned by its founding fathers.

To this end, the Corporation is bound to keep pace with the unavoidable changes already being noticed in the wake of the 1990's. The entry into force of the CIMA Treaty in 1994 will result in changes whose impact will only be felt with effect from 1995. This treaty was introduced when there was a change in the monetary policy namely the devaluation of the CFA Franc. The practice revaluation of the risks covered, which should have been initiated by the insurers, has not yet been effected, thus limiting the expected premium volume.

Furthermore, it does not appear that African insurance professionals - at least those operating in markets with some attraction for potential investors - have taken measures in the management of their companies as demanded by the stiff competition that would arise from the implementation of the principle of service liberalisation in the Uruguay Round Agreements.

It is imperative for African insurers, like their colleagues in other continents, to immediately take the necessary measures to enable them face this new demand of international trade. That is the only way to improve their competitive edge and efficiency so as to protect their gains and prepare for future growth.

## OPERATIONS

As in the previous years, the business ceded to the Corporation has been grouped as indicated below:

- Fire and Accident (including Engineering),
- Marine & Aviation,
- Life.





The geographical classification of the Production Centres remains as follows:

- Anglophone West Africa (Head Office).
- Francophone Central and West Africa (Abidjan Office).
- North Africa (Casablanca Office).
- East and Southern Africa (Nairobi Office).

The Corporation also accepts business from outside Africa which is classified as "inward international" or "worldwide" business.

The Corporation's Headquarters, in Lagos, administers business emanating from the Anglophone West African Markets. Also, Africa Re's Auto Fac treaty, African Aviation Pool and the African Oil and Energy Insurance Pool are

managed at the Head Office. The Corporation's regional offices in Abidjan, Casablanca and Nairobi take care of business emanating from their respective markets while worldwide business is jointly administered by the Head Office and the Nairobi Office.

The statistics provided below, on premium income and claims, give an insight into the performance of the Corporation.

#### PREMIUM INCOME

The production level achieved in 1994 was quite significant. The total premium income in that year amounted to US\$46.91 million which exceeded the level of US\$38.57 million recorded in 1993 by 21.63%.

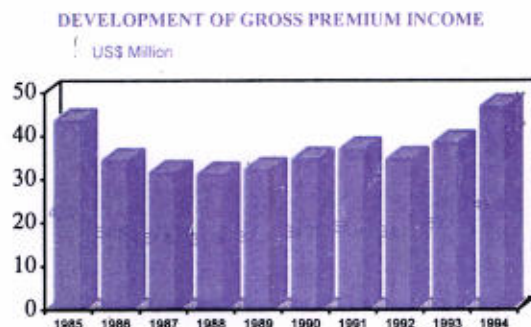
DESCRIPTION (US \$000)	1994			1993		
	GROSS	RETRO	NET	GROSS	RETRO	NET
INCOME						
PREMIUM(Less Cancellations)	46,909	7,703	39,206	38,568	6,249	32,319
MOVEMENT IN PREMIUM RESERVE	3,930	684	3,246	(6,766)	(2,517)	(4,249)
EARNED PREMIUM	50,839	8,387	42,452	31,802	3,732	28,070
OUTGO						
LOSSES PAID	18,974	3,057	15,917	11,253	572	10,681
MOVEMENT IN LOSS RESERVE	9,630	1,055	8,575	2,096	438	1,658
INCURRED LOSSES	28,604	4,112	24,492	13,349	1,010	12,339





## DEVELOPMENT OF GROSS PREMIUM INCOME

The graph below shows the trend of premium income since 1985. As would be observed, the premium volume of US\$46.91 million recorded in 1994 stands out as the highest level of production achieved in the last ten years.



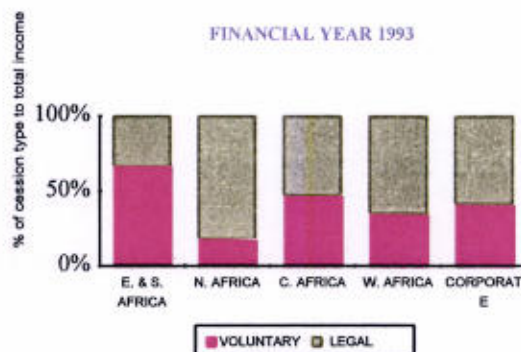
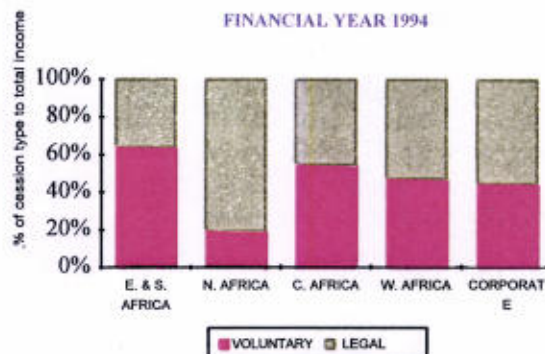
A number of factors contributed to the significant rise in production, as noted below:

- The Corporation's vigorous marketing drive had a positive impact on the African insurance market, resulting in increases in additional treaty shares and facultative cessions to the Corporation. As Africa Re further intensifies its marketing efforts and gears up technical support to cedants, it is expected that it will record a more substantial volume of business in the years ahead.
- The appreciation of some major currencies in East Africa and the pegging of the Nigeria Naira at N22.00 to US\$1.0 tended to boost premium income. The net effect on the overall premium income was, however, reduced by the devaluation of the CFA Franc.
- The increase in the acceptance capacity for Fire/Engineering business has made it possible to write bigger shares from the North and West African markets. The recent increase of capacity to US\$10.0 million may result in further rise in premium income in years to come.

## PROPORTION OF VOLUNTARY CESSIONS BY TRADING AREA

The Additional business from treaties and facultative acceptances accounted for 47.56% of the Corporation's premium income. This is higher than the level of voluntary cessions of 41.61% recorded in 1993.

As would be observed from the graphs, the highest level of voluntary cessions was achieved by East Africa which recorded a figure of 64.02% in 1994, against a level of 66.74% attained in 1993.



Central Africa followed with 54.99%, against 47.66% in 1993 while West Africa had 47.56%, as against 30.40% in 1993. North Africa recorded a figure of 21.05% which, although the lowest is higher than the level of 18.24% achieved in the previous year. The low level of additional business recorded is due to the high treaty limits in the region.

## GEOGRAPHICAL SPREAD OF PREMIUM INCOME

The highest premium volume was achieved by the East Africa Regional office which recorded an income of US\$16.25 million. This figure represents 34.65% of the total premium income recorded by the Corporation and exceeds the production level of US\$11.60 million achieved in 1993 by 40.00%. In addition to the reasons already stated, the increase in United States Dollar business - CAR and Energy- contributed to the rise in premium income.

North Africa followed with US\$15.06 million which works out to 32.11% of the corporate total, and 12.72% above the level of US\$13.36 million recorded in the previous year.





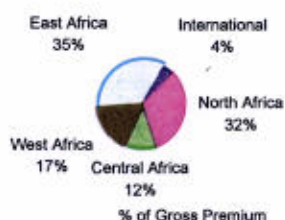
The production level of US\$8.12 million recorded by Anglophone West Africa puts it in the third position. This income represents 17.31% of the total for the year, and nearly twice the level of US\$4.72 million recorded in 1993. Apart from the pegging of the Nigerian Naira, the substantial increase (about 40%) in business written in Naira also contributed to the level of premium volume attained.

Central Africa followed with US\$5.57 million which represents 11.88% of the corporate premium income, and 34.70% below the figure of US\$8.53 million achieved last year. The drop, as already indicated, resulted mainly from the 50% devaluation of the CFA Franc. It should be stated however that the office recorded a higher premium volume when this is computed in the underwriting currency (FCFA 2,844.5 million against FCFA 2,424.5 million in 1993).

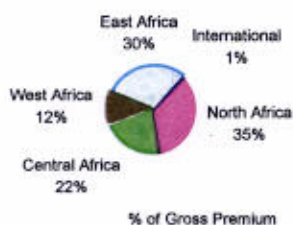
The balance of US\$1.90 million or 4.05% of the total income accrued to the Corporation from the international market, as against US\$0.36 million or 0.93% in 1993.

The foregoing indications are illustrated graphically below:

#### FINANCIAL YEAR 1994



#### FINANCIAL YEAR 1993



### SECTORAL DISTRIBUTION

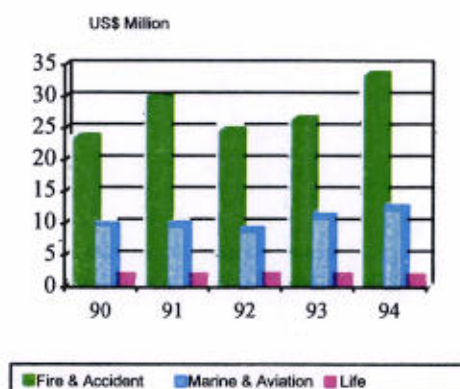
The Fire and Accident class retained its position as the major source of premium income. The volume of premiums emanating from this sector amounted to US\$33.17 million

which is 26.79% higher than the corresponding figure of US\$26.16 million in 1993. The income from this sector represents 70.72% and 67.82% of the corporate production levels in 1994 and 1993 respectively.

A total premium income of US\$12.28 million accrued from the Marine and Aviation class which represents an increase of 13.07% over the level of US\$10.86 million recorded in 1993. The shares of this sector in the total portfolio work out to 26.18% and 28.16% in 1994 and 1993 respectively.

The Life class produced the balance of US\$1.45 million which works out to a reduction of 6.45% below the premium income of US\$1.55 million in 1993. The low level of business emanating from this class is attributable to the fact that most life policies are issued in local currencies which have been depreciating against the United States Dollar in recent years.

The graphs below give further insights into the relative contributions of each sector to the total premium income.



### OTHER INCOME

#### Long Term Investments

As in the previous years, no dividend was declared during the year on the shares held in Shelter-Afrique. Further investments were made during the year and they are expected to yield income in the years ahead.

In accordance with the terms of allotment, the Corporation paid during the year, the second instalment of US\$200,000 for the US\$1 million ordinary shares of The African Export-Import Bank (Afreximbank). This brought the total investment in the bank to US\$400,000. The Corporation paid US\$120,780 for 6,700 ordinary shares out of 10,000 shares subscribed in CNA Cote d'Ivoire.





## Income From Short-Term Investment and Other Sources

The rise in the rates of interest on foreign currency deposits during the second half of the year accounted mainly for the year's improved performance of US\$1,450,603 (1993 - US\$1,218,477), while the additional bonds purchased during the year also contributed to the achievement.

The interest earned on term deposits and current accounts amounted to US\$874,013 (1993-US\$807,827), while interest on bonds was US\$416,094 (1993 - US\$ 300,004). The increase in the interest on bonds was solely due to the purchase of additional instruments during the year.

The fees from the management of the African Aviation Pool and the African Oil & Energy Insurance Pool amounted to US\$66,653 (1993: US\$89,274). This reduction was as a result of the drop in the premium income of the Pools.

The interest on Reinsurance deposits reduced by 8.3% mainly because of the devaluation of the CFA Franc.

## OUTGO

### Losses

At 56.25%, the loss ratio recorded in 1994 is on the high side, if compared to the level of 41.98% recorded in the previous year.

The rise was mainly due to the deterioration in the loss experience of the Fire/Accident portfolio which was hit by two cyclones - Hollanda in Mauritius and Geralda in Madagascar. Apart from this, the stiff competition following the liberalisation of some insurance markets in Africa would appear to have affected the loss experience.

The table below gives further technical details on the Corporation's claims experience.

## GROSS LOSS RATIO BY CLASS - FINANCIAL YEAR 1994 CURRENCY: US\$MILLION

CLASS OF BUSINESS	REGIONAL BUSINESS			INTERNATIONAL INWARD			TOTAL CORPORATE			1993
	Loss Incurred	Earned Premium	LOSS RATIO %	Loss Incurred	Earned Premium	LOSS RATIO %	Loss Incurred	Earned premium	LOSS RATIO %	LOSS RATIO %
FIRE & ACCIDENT (Including Eng.)	21.11	34.57	61.06	0.16	1.39	11.51	21.27	35.96	59.15	41.26
MARINE & AVIATION	5.79	12.64	45.81	0.20	0.67	29.85	5.99	13.31	45.00	40.56
LIFE	1.34	1.57	85.35	-	-	-	1.34	1.57	85.35	64.06
TOTAL	28.24	48.78	57.89	0.36	2.06	17.48	28.60	50.84	56.25	41.98

## GROSS LOSS RATIO BY TRADING AREA

- The loss ratio recorded by the markets served by West Africa was very satisfactory. Infact, it dropped from a level of 21.18% in 1993 to 15.39% in 1994.
- The Abidjan regional office produced a ratio of 38.06% which represents a significant rise when compared with the exceptionally good ratio of 18.35% recorded in 1993.
- A slight deterioration was recorded in North Africa where the loss ratio rose from 38.11% in 1993 to 43.16%.
- In East-Africa, the ratio rose from 28.39% in 1993 to a level of 54.52% in 1994. The increase was due to the payment made in respect of the two cyclones - Hollanda and Geralda - and the Melka Wakena Hydroelectric Power Station (Ethiopia) claim of 1991 which was finalised during the year.

## COMMISSION AND CHARGES

The commissions and charges incurred by the Corporation amounted to US\$12,119,635.20 which represent 30.91% of the retained premium, as against US\$10,506,076 or 32.51% of retained premium in 1993. North Africa posted the highest

commissions and charges, as in the previous years.

## MANAGEMENT EXPENSES

The management expenses to retained premium ratio improved to 8.82% as compared with 9.56% of 1993. This improvement was as a result of combined effects of the 21.31% increase in the retained premium, the devaluation by 50% of the CFA Franc, and prudent management spending.

In the last two years, there had been a consistent decrease of the ratio by about 1%, which signifies a movement towards the internationally accepted ratio of 5%.

The Corporation could have recorded a better improvement if not for the appreciation of Kenyan Shilling and the pegging of the Nigerian Naira, the currencies in which expenses are made by Nairobi and Headquarters respectively.

## OTHER EXPENSES NOT CHARGED TO THE UNDERWRITING REVENUE ACCOUNT

There was a reduction of 18.7% in the expenses of the Annual General Assembly and Board of Directors meetings. The decrease was mainly due to the amount spent on travel cost for





the Board meetings which went down by 37.84% as a result of location of venues of the meetings. There were also slight reductions in the cost of local transportation, hall and linguistic expenses for both the General Assembly and Board meetings.

The depreciation and amortization increased from US\$128,367 in 1993 to US\$146,854 as the items bought and put to use during the year were fully depreciated.

The audit fees increased slightly from US\$35,000 to US\$36,500 due to additional volume of work to be carried out by the auditors.

As compared with a realised gain on exchange of US\$122,205 in 1993, there was a net realised loss of US\$400,805. The realised loss from the devaluation of CFA Franc outweighed the gain from the other local currencies that appreciated during the year.

#### **RESULTS OF THE CLOSED UNDERWRITING YEAR 1992**

In line with the Corporation's practice, the accounts for the 1992 underwriting year which had been kept open for three consecutive years were closed for the first time on 31st December, 1994.

The underwriting year produced a total gross premium of US\$34,405,957 out of which US\$4,898,183 was retroceded. Net claims amounted to US\$6,265,833, while net commissions and charges were US\$8,914,077 and US\$500,288 respectively. The management expenses charged to the underwriting year amounted to US\$3,141,605. From the surplus of US\$10,685,972, a sum of US\$1,104,111 was set aside for the cumulative translation adjustment, while a reserve of US\$7,284,173 was created for outstanding losses in line with the existing basis for reserve computation. After taking into consideration all the expenditure items, an underwriting profit of US\$2,297,687 was realised representing a 4% decrease from US\$2,399,099 realised for the underwriting year 1991 which was closed at 31st December, 1993. The surplus was transferred to the profit and loss account.

#### **RESULTS OF THE 1994 FINANCIAL YEAR**

The underwriting income for the year shows a general improvement. The gross premium increased by 21.63% while the retrocession premiums increased by 23.27% to give an increase of 21.31% for the retained premium. Due to an increase of 29.74% in the outgo, the excess of income over outgo shows a drop of 4.12% from the US\$8,042,439 of 1993. The rise on the outgo was mainly due to the 49% increase in net claims as compared with moderate increases of 15.36% and 11.96% for commission and charges, and management expenses, respectively.

Following the devaluation of the CFA Franc, the loss deposits as at 31st December, 1993 in that currency were revalued. The drop in value of these deposits, i.e. US\$5,336,527, which

represents the relevant cumulative translation adjustment was therefore written off the Reinsurance Reserve and Fund at 1st January, 1994.

Out of the surplus of US\$7,710,682 for the year, US\$5,329,978 went to the Reinsurance Reserve and Fund, while the balance of US\$2,380,704 (1993 - US\$2,136,253) was transferred to the profit and loss account.

Except for the investment income that increased to US\$1,450,603 (1993 - US\$1,218,477) and General Assembly and Board Meeting expenses that reduced to US\$286,390 (1993 - US\$352,205), all other items on the profit and loss account contributed to the profit of the year less than they did in 1993.

The interest on reinsurance deposits reduced by 8.29%, and instead of a realised gain recorded last year, it was a realised loss in the year under review. The audit fees increased by 4.29% and the depreciation and amortisation rose by 14.40%.

The overall profit for the year, however, stood at US\$3,633,223 as against US\$3,623,601 of 1993.

#### **APPROPRIATION OF RESULTS**

During the past two years, the Corporation in addition to the bonus shares distributed to members, paid dividends amounting to US\$ 1,744,000 (US\$ 1,024,200 for 1992 and US\$ 719,800 for 1993), in accordance with the incentive policy of remunerating invested capital adopted by the General Assembly, following the Board of Directors proposal. However, having regard for the developments mentioned earlier, in particular the risks and magnitude of the phenomenon of cumulative exchange adjustment, it would not be advisable to ignore the concern for the financial stability of the Corporation in the long term. In effect much as it is important to remunerate the capital by paying dividends, it is also necessary to protect the capital by strengthening the financial base of the Institution.

Therefore, while the negative effects of the drastic devaluation of the CFA Franc are yet to be fully felt, some signs of significant depreciation of some major trading currencies were already obvious at the beginning of the current financial year.

Therefore, the Board recommends that the distribution of dividends be deferred for the financial base of the Corporation to be consolidated, and, in accordance with the modalities for the appropriation of results as provided for in Resolution No. 4/1992, the appropriation of the net profit of US\$ 3,633,223 recorded for the financial year ended 31st December, 1994 as follows:

- US\$ 1,816,611 to the General Reserve,
- US\$ 908,306 to the other Reserves (including the Reserve for Exchange Fluctuations),
- the balance, i.e. US\$ 908,306 to be carried forward.





## OTHER ACTIVITIES

### ADHESION

Despite the interest shown by many countries, there was no new State adhesion in 1994. Numerous contacts were made by Management, but none of them resulted in a formal adhesion, although Africa Re maintains a business relationship with all African markets. The Board and Management are confident and convinced that, before long, Africa Re's shareholding will be larger than what it was at the end of the year under review.

### OPENING UP OF THE CAPITAL

As at 31st December, 1994, 70 national companies had subscribed 527 shares amounting to a nominal sum of US\$5,270,000.00 out of which US\$2,630,000.00 was actually paid. However, despite the success already recorded and the enthusiasm shown by potential shareholders, several markets have expressed the wish for the introduction of flexible payment modalities, to take into account the liquidity constraints currently being experienced by some national companies.

After considering the request and its implications for the development and consolidation of inter-African co-operation, the Board of Directors adopted a more flexible payment schedule and modalities for the subscribed shares. Therefore, shareholders can pay for their shares in 4 instalments (25% per year), based on the share value in force at the time of payment of the first instalment.

### RELATIONS WITH SISTER ORGANISATIONS

During the year under review, Africa Re took a more active part in the activities of sub-regional insurance organisations and associations. In addition to the normal participation in the meetings of the African Insurance Organisation (AIO), the "Fédération des Sociétés d'Assurances de Droit National Africaines" (FANAF), the West African Insurance Companies' Association (WAICA), East African Insurance Organisation (EAIO), the Corporation was represented at the biennial meeting of the Third World Insurance Conference (TWIC) and the General Arab Insurance Federation (GAIF).

In conjunction with other professionals in the continent, the Corporation, within the framework of the AIO, contributed in setting up the "African Reinsurance Forum" and the "African Life Assurers' Forum" in accordance with its function as stipulated in Article 4, paragraph I (f) of its establishment Agreement which is to "promote contacts and business co-operation among African insurance and reinsurance institutions".

### STAFF MATTERS

As at 31st December, 1994, the staff strength stood at 109 members from 17 countries comprising:

- 28 Senior staff (Directors and professional staff),
- 66 General Services Staff, and
- 15 Manual Staff.

### TECHNICAL ASSISTANCE AND TRAINING

From 19th September to 23rd September, 1994, Africa Re organised in Nairobi, its annual reinsurance seminar for staff of its trading partners (cedants) from the English speaking countries. The seminar brought together 54 participants from 12 countries of all the sub-regions of Africa. Furthermore, the Corporation, as in the past, received several staff from ceding companies on attachment both in the Headquarters and in the regional offices for specific programmes aimed at achieving a continuous job training.

During the financial year under review, the Corporation initiated the setting up of the Management Consultancy Unit. This will enable Africa Re to share with its clientele its experience, the wide scope and diversity of its field of operation and its knowledge of the different markets. The exercise consists of setting up a data bank of available expertise in the continent that can be put at the disposal of African companies who demand for it, as a consultancy programme, preceded, where necessary, by an audit. Needless to state that the action can succeed only with the willingness of the experts retained, the confidence and support of companies who may wish to restructure their technical, financial, information and administrative management methods.

### GENERAL ASSEMBLY

Following the invitation of the Republic of Kenya, the 16th Annual Ordinary Meeting of the General Assembly was held in Nairobi on 23rd and 24th June, 1994.

Fifty four (54) members (Member States and National Companies) and the African Development Bank (ADB), representing 88.47% of the voting power of the Assembly participated in the meeting. The opening ceremony was presided over by His Excellency, Professor George SAITOTI, Vice-President of the Republic of Kenya with the Assistant Minister of Finance, His Excellency Mathias KEAH, in attendance.

In his welcome address, the Managing Director of Kenya Re, Mr. W. MBOTE, first of all, thanked the General Assembly for the honour done the Republic of Kenya by accepting the invitation to hold the 16th Annual Meeting in Nairobi. Outlining the evolutions of the African insurance industry, he noted the tremendous progress recorded in the sector. However, he lamented the serious repercussions of unfavourable economic conditions in most countries of the continent on the activity of the sector, thereby affecting the role of insurers as institutional investors. He concluded by appealing to all professionals to systematically make use of sub-regional instruments of co-operation such as Africa Re.





The Chairman of the Board of Directors and the General Assembly, Mr. Eugene OKWOR, thanked Vice-President SAITOTI for accepting to preside over the opening ceremony. He expressed the Corporation's gratitude to President Daniel T. Arap MOI for the host country's constant support for Africa Re since its establishment. Reviewing the achievements of the institution, he stated that despite the modest capital at inception (US\$4,660,000), the Corporation had shareholders' funds of US\$21.4 million as at 31st December, 1993. That achievement was recorded after the Corporation had paid for the second part of the initial capital (US\$4,660,000) in 1988, distributed bonus shares in 1992 (US\$6,700,000) and paid dividends amounting to US\$450,000 in 1982 and US\$1,024,200 in 1992. He noted that the average annual rate of return on the invested capital, therefore, stood at 17.24%. With regard to the 1993 financial year, the Corporation recorded a net profit of US\$3,623,601 out of which US\$719,800 would be deducted and distributed as dividends i.e. at the rate of US\$400 per subscribed and paid-up share.

The Chairman announced to the General Assembly that following Management's initiative, the Board had adopted a Strategy Plan (1993 -2010) and a Five-Year Plan of Action (1993-1998) which will surely enable the Corporation to record more progress in the coming years if the social and economic environment within which it operates does not degenerate further.

In his speech, Honourable M. KEAH congratulated Africa Re for withstanding international competition and recording the progress noticed in its assets. The Corporation, according to him, had amply justified the vision of its founding fathers which is the establishment of a dynamic instrument of African co-operation. Finally, he appealed to supervisory authorities in African countries to effectively support Africa Re and other national and sub-regional reinsurers in their mission of retaining as much premium as possible within the continent, in order to aid its economic development.

On behalf of the people, President and Government of Kenya, the Vice-President, His Excellency G. SAITOTI thanked Africa Re for accepting the invitation of his country. He underlined the major economic role played by insurance and declared that with the constitution of regional economic blocs all over the world, it was time for Africa to form its own economic union, by establishing viable and complementary instruments of co-operation. Following the liberalisation and privatisation of African economies, there will be stiffer

competition, leading to the liquidation of the very weak entities, a factor which makes the consolidation of the financial base of the Corporation imperative.

He wished the 16th Annual Ordinary Meeting a successful deliberation and declared the General Assembly meeting open.

The General Assembly considered the 1993 Annual Report of the Board of Directors and approved the final accounts of the Corporation as at 31st December, 1993 which revealed a profit of US\$3,623,601 out of which US\$719,800 will be deducted and distributed as dividends, US\$2,011,801 appropriated to the General Reserve and US\$892,000 carried forward. It amended the Rules for the Election of Directors to take into account the election of 3 representatives of class B shareholders (national companies) into the Board. The firm - Deloitte and Touche - Côte d'Ivoire - was appointed as the External Auditors to audit the accounts for the year ended 31st December, 1994 and report on the financial position of the Corporation to the 17th Annual Meeting.

The General Assembly elected Miss Zoulikha NASRI (Morocco), Messieurs Octavian TEMU (Tanzania) and Inoussa BOUKARI-YABARA (Bénin) to replace Messieurs Hassan OUZZANI CHADI (Morocco), Kidola MAKANI (Tanzania) and Ayi A. AMAVI (Togo) respectively.

#### BOARD OF DIRECTORS

During the year under review, the Board held 3 meetings at the following venues and dates :

- 61st Meeting in Abidjan, on 18th and 19th April, 1994,
- 62nd Meeting in Nairobi on 21st June, 1994,
- 63rd Meeting in Lagos on 14th and 15th November, 1994,

as well as an Extraordinary Meeting in Nairobi on 20th June, 1994 to appoint the Deputy General Manager. Mr. James Reynolds ABBAN (Ghana) was appointed to that post.

At the different meetings, a number of important decisions were taken especially the principle of opening liaison offices in South Africa and Mauritius, the construction of the Headquarters and the adoption of the Five-Year Plan of Action (1993-1998).





# EVOLUTION OF PREMIUM INCOME IN ORIGINAL CURRENCIES/US\$ EQUIVALENT

R.O.E AS AT END OF YEAR

CURRENCY: IN MILLION

CURRENCY	1989	1990	1991	1992	1993	1994
1. Algeria Dinar	8.59	16.58	12.77	32.51	58.93	76.40
US\$	1.0757	1.3805	0.6033	1.4711	2.4694	1.7747
2. Angola Kwanza	24.80	36.10	33.70	262.20	516.66	47.71
US\$	0.8290	1.1966	0.3815	0.4585	0.07815	0.000094
3. Botswana Pula	0.41	0.60	1.75	1.80	1.28	0.56
US\$	0.2193	0.3234	0.8392	0.7938	0.4952	0.2040
4. Burundi Franc	31.21	42.38	49.51	68.31	108.47	103.09
US\$	0.1837	0.2603	0.2624	0.2869	0.4078	0.4157
5. Djibouti Franc	11.22	2.99	-	16.02	2.45	4.59
US\$	0.0633	0.0171	-	0.0891	0.0138	0.0259
6. Egypt Pound	3.80	4.24	5.31	5.11	5.00	5.58
US\$	1.7364	1.5324	1.6285	1.5979	1.4853	1.6526
7. Eritrea Birr	-	-	-	-	-	1.07
US\$	-	-	-	-	-	0.1971
8. Ethiopia Birr	2.09	2.33	2.19	2.55	4.85	4.54
US\$	1.0208	1.1359	1.0635	0.5152	0.9849	0.8373
9. Gambia Dalasi	0.13	0.22	0.43	0.60	0.55	0.52
US\$	0.0174	0.0293	0.0467	0.0684	0.0655	0.0536
10. Ghana Cedi	78.06	92.12	88.69	132.99	170.39	190.46
US\$	0.2550	0.2687	0.2267	0.2557	0.2174	0.1838
11. Guinea Bissau Peso	5.70	0.99	0.47	-	1.21	0.74
US\$	0.0088	0.0015	0.00009	-	0.000243	0.000054
12. Guinea Republic Franc	29.53	46.09	84.95	58.99	182.63	143.68
US\$	0.0989	0.0743	-	0.0726	0.2252	0.1435
13. Kenya Shilling	101.62	125.42	156.30	150.63	234.81	304.64
US\$	4.7775	5.2281	5.5668	4.0203	3.4482	6.7930
14. Lesotho Maloti	0.20	0.15	0.31	0.26	0.34	1.14
US\$	0.0799	0.0584	0.1139	0.0856	0.0992	0.3208
15. Liberia Dollar	-	-	-	-	-	0.10
US\$	-	-	-	-	-	0.10
16. Libya Dinar	0.76	0.56	0.63	0.71	1.05	1.07
US\$	2.5574	2.0729	2.1804	2.4691	3.4428	2.9879
17. Madagascar Franc	189.30	358.63	665.71	956.13	950.21	587.13
US\$	0.1448	0.2682	0.4324	0.5118	0.5145	0.1614
18. Malawi Kwacha	0.04	0.12	0.28	0.41	1.17	0.51
US\$	0.0169	0.0464	0.1084	0.0957	0.2612	0.0332
19. Mauritania Ouguiya	12.99	11.95	10.85	7.58	8.82	15.81
US\$	0.1496	0.1516	0.1297	0.0714	0.0718	0.1296
20. Mauritius Rupee	14.81	16.12	21.21	27.26	48.79	57.03
US\$	1.0121	1.1483	1.4508	1.6324	2.6388	3.1589
21. Morocco Dirham	20.26	26.31	26.44	29.96	33.00	41.88
US\$	2.5343	3.2696	3.2871	3.5851	3.4928	4.6999
22. Mozambique Metical	5.30	12.44	54.29	101.99	333.84	576.63
US\$	0.0065	0.0061	0.0174	0.0373	0.0632	0.0893
23. Nigeria Naira	28.36	30.64	43.90	59.07	82.34	114.72
US\$	3.7322	3.5192	4.4636	2.8110	2.0612	5.2145
24. Rwanda Franc	22.11	9.34	15.87	22.38	28.42	6.90
US\$	0.2849	0.0786	0.1340	0.1526	0.2000	0.0499
25. Seychelles Rupee	0.29	0.39	0.70	0.65	0.88	1.2
US\$	0.0554	0.0793	0.1435	0.1268	0.1649	0.2413
26. Sierra Leone, Leone	0.03	8.04	9.06	14.88	44.60	86.72
US\$	0.0005	0.0479	0.0221	0.0283	0.0812	0.1458
27. Somali Shilling	1.79	1.06	-	-	-	-
US\$	0.0044	0.0004	-	-	-	-
28. South Africa Rand	-	-	-	-	-	0.98
US\$	-	-	-	-	-	0.2771
29. Sudanese Dinar	5.23	5.04	11.19	26.01	58.47	13.07
US\$	0.4672	0.4401	0.7436	0.2597	0.4505	0.4206
30. Swazi Lilangeni	0.70	0.87	1.24	0.78	0.45	1.36
US\$	0.2750	0.3389	0.4503	0.2604	0.1331	0.3833
31. Tanzania Shilling	80.79	88.52	66.91	158.43	176.98	248.80
US\$	0.5124	0.4531	0.2871	0.4728	0.3724	0.4770
32. Tunisia Dinar	0.56	0.59	0.93	0.86	1.03	1.71
US\$	0.6257	0.7071	1.0641	0.9161	0.9926	1.7297
33. Uganda Shilling	30.04	55.34	84.72	144.66	220.61	253.26
US\$	0.8128	0.9470	0.9190	0.1187	0.1949	0.2761
34. Zaire Republic Zaire	26.04	36.20	45.59	-	-	0.24
US\$	0.0599	0.0204	0.0007	-	-	0.000075
35. Zambia Kwacha	2.92	6.83	18.00	41.08	105.87	389.49
US\$	0.1412	0.1488	0.2061	0.1263	0.1622	0.5608
36. Zimbabwe Dollar	1.79	1.81	1.58	4.24	4.61	6.82
US\$	0.7951	0.6836	0.3128	0.7817	0.6667	0.8153
37. CFA Franc	1,871.69	2,044.03	2,152.90	2,211.68	2,424.55	2,844.49
US\$	6.4697	8.0346	8.2961	8.1425	8.2126	5.33
38. U.K. Pound Sterling	0.23	0.24	0.24	0.10	0.23	0.19
US\$	0.3781	0.4607	0.4541	0.1594	0.3365	0.2979
39. United States Dollar	0.70	1.33	1.56	1.47	3.67	4.84





**Deloitte &  
Touche**



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**REPORT OF THE EXTERNAL AUDITORS  
TO THE SHAREHOLDERS OF  
AFRICAN REINSURANCE CORPORATION**

We have audited the accompanying financial statements of African Reinsurance Corporation (AFRICARE) as at 31 December 1994. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements for the year ended 31 December 1993 were audited by other auditors whose report thereon dated 14 April, 1994 expressed an unqualified opinion on these statements.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of African Reinsurance Corporation as of 31 December 1994 and the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.

*Deloitte & Touche*  
Deloitte & Touche  
Abidjan, Côte d'Ivoire  
18 April 1995

**Deloitte Touche  
Tohmatsu  
International**





## AFRICAN REINSURANCE BALANCE SHEET AT

ASSETS		1994	1993
	Note	US\$	US\$
Cash and Bank Balances	3	6,499,911	6,772,596
Investments	4	23,606,846	18,624,196
Amounts due from companies on Reinsurance Accounts		16,737,698	11,607,343
Deposits retained by Ceding Companies		26,899,254	31,439,222
Sundry Debtors, Accrued Interest and Prepayments		2,292,987	755,358
<b>FIXED ASSETS</b>	5	2,523,969	675,308
 <b>RETROCESSIONAIRES' SHARE IN RESERVE FUNDS</b>	10	9,611,038	10,452,846
		<u>88,171,703</u>	<u>80,326,869</u>

  
**EUGENE OKWOR**  
 Chairman

The accompanying notes form an integral part of this statement





**CORPORATION**  
**31ST DECEMBER 1994**

<b>LIABILITIES, CAPITAL AND RESERVES</b>		<b>1994</b>	<b>1993</b>
	<b>Note</b>	<b>US\$</b>	<b>US\$</b>
Other Creditors, Accruals & Provisions		1,114,592	604,880
Dividend Payable	6	403,200	1,280,800
Amounts due to Companies on Reinsurance Accounts		12,707,013	6,174,587
Deposits due to Retrocessionaires		2,565,696	4,833,006
		<b>16,790,501</b>	<b>12,893,273</b>
<b>PAID-UP CAPITAL</b>	7	19,480,000	17,995,000
<b>RESERVES</b>			
Share premium		1,900,959	956,913
General Reserve		5,780,445	3,917,106
Other Reserves	8	1,511,669	400,000
Retained Earnings		6,069,895	5,411,680
Cumulative Translation Adjustment	9	(8,458,233)	(7,191,928)
		6,804,735	3,493,771
		<b>26,284,735</b>	<b>21,488,771</b>
<b>REINSURANCE AND RESERVE FUNDS</b>	10	<b>45,096,467</b>	<b>45,944,825</b>
		<b>88,171,703</b>	<b>80,326,869</b>

**Bakary KAMARA**  
**General Manager**

The accompanying notes form an integral part of this statement





## AFRICAN REINSURANCE PROFIT & LOSS ACCOUNT FOR THE YEAR

EXPENDITURE	Note	1994 US\$	1993 US\$
General Assembly and Board of Directors' Meetings		286,390	352,205
Audit Fee		36,500	35,000
Depreciation and Amortisation	5	146,854	128,367
Other Expenses		69,278	172,905
Profit for the Year		3,633,223	3,623,601
		4,172,245	4,312,078
<b>APPROPRIATIONS:</b>			
Proposed Dividend		-	719,800
Transfer to Cumulative Translation Adjustment	9	1,700,000	4,083,031
Transfer to Reserves	11	2,975,008	2,011,801
Retained Earnings at 31st December		6,069,895	5,411,680
		10,744,903	12,226,312

The accompanying notes form an integral part of this statement





**CORPORATION**  
**ENDED 31ST DECEMBER, 1994**

<b>INCOME</b>	<b>1994</b>	<b>1993</b>
	<b>US\$</b>	<b>US\$</b>
Underwriting Profit	2,380,704	2,136,253
Income from Investments and Other sources	1,450,603	1,218,477
Interest on Reinsurance Deposits	765,919	835,143
Realised (loss) / gain on Exchange	(424,981)	122,205
	<b>4,172,245</b>	<b>4,312,078</b>
Retained Earnings at 1st January	5,411,680	6,519,680
Profit for the Year	3,633,223	3,623,601
Balances released on portfolio withdrawal	1,700,000	2,083,031
	<b>10,744,903</b>	<b>12,226,312</b>

The accompanying notes form an integral part of this statement





**AFRICAN REINSURANCE  
REVENUE ACCOUNT FOR THE YEAR ENDED**

<b>OUTGO</b>	<b>Gross</b>	<b>Retrocession</b>	<b>NET</b>	<b>NET</b>
			1994	1993
	US\$	US\$	US\$	US\$
<b>LOSSES PAID</b>	18,974,087	3,057,049	15,917,038	16,680,881
<b>Add:</b>				
Outstanding Loss Reserve at the end of the year	19,947,433	3,216,599	16,730,834	15,866,554
Cummulative Translation Adjustment	6,596,659	1,301,407	5,295,252	
<b>Deduct:</b>				
Outstanding Loss Reserve at the beginning of the year	20,040,392	4,173,838	15,866,554	14,208,938
<b>LOSSES INCURRED</b>	<u>25,477,787</u>	<u>3,401,217</u>	<u>22,076,570</u>	12,338,497
<b>COMMISSIONS</b>	13,877,720	2,544,944	11,332,776	9,858,286
<b>CHARGES</b>	<u>868,901</u>	<u>82,042</u>	<u>786,859</u>	<u>647,790</u>
	<b>40,224,408</b>	<b>6,028,203</b>	<b>34,196,205</b>	22,844,573
<b>MANAGEMENT EXPENSES</b>			3,459,481	3,090,058
<b>Underwriting Profit transferred to Profit &amp; Loss Account</b>			2,380,704	2,136,253
			<u>40,036,390</u>	<u>28,070,884</u>

The accompanying notes form an integral part of this statement





**CORPORATION**  
**31ST DECEMBER 1994**

<b>INCOME</b>	<b>Gross</b>	<b>Retrocession</b>	<b>NET</b>	<b>NET</b>
			1994	1993
	US\$	US\$	US\$	US\$
<b>PREMIUM NET OF CANCELLATIONS</b>	46,909,698	7,702,861	39,206,837	32,319,454
<b>Add:</b>				
Reinsurance Fund at the beginning of the year	25,894,433	6,269,008	19,625,425	15,376,855
<b>Deduct:</b>				
Cummulative Translation Adjustment	55,350	14,073	41,277	
Reinsurance Fund at the end of the year	25,149,035	6,394,440	18,754,595	19,625,425
<b>EARNED PREMIUM</b>	<u>47,599,746</u>	<u>7,563,356</u>	<u>40,036,390</u>	<u>28,070,884</u>
			<u>40,036,390</u>	<u>28,070,884</u>

The accompanying notes form an integral part of this statement





**AFRICAN REINSURANCE CORPORATION**  
**UNDERWRITING RESULTS BY CLASS OF BUSINESS**  
**FOR THE YEAR ENDED 31ST DECEMBER 1994**

	Fire and Accident	Marine and Aviation	Life	TOTAL 1994	TOTAL 1993
	US\$	US\$	US\$	US\$	US\$
<b>Underwriting Income:</b>					
Gross Premiums	33,184,055	12,273,726	1,451,917	46,909,698	38,568,306
Less: Retrocession Premiums	5,324,467	2,378,394	-	7,702,861	6,248,852
	27,859,588	9,895,332	1,451,917	39,206,837	32,319,454
<b>Underwriting Outgo:</b>					
Claims	11,283,136	3,742,745	891,157	15,917,038	10,680,881
Commissions	8,218,928	2,749,466	364,382	11,332,776	9,858,286
Charges	556,110	228,871	1,879	786,860	647,790
Management expenses	2,447,247	905,159	107,075	3,459,481	3,090,058
	22,505,421	7,626,241	1,364,493	31,496,155	24,277,015
<b>Excess of income over outgo</b>	<b>5,354,167</b>	<b>2,269,091</b>	<b>87,424</b>	<b>7,710,682</b>	<b>8,042,439</b>
<b>Reinsurance &amp; Reserve Funds:</b>					
At 1st January	18,551,152	14,382,103	2,558,724	35,491,979	29,585,793
Cummulative Translation Adjustment (Note 9)	(1,943,259)	(2,749,942)	(643,327)	(5,336,528)	-
At 31st December ( Note 10)	(20,358,258)	(13,144,069)	(1,983,103)	(35,485,430)	(35,491,979)
<b>Underwriting Profit transferred to Profit &amp; Loss Account</b>	<b>1,603,802</b>	<b>757,183</b>	<b>19,718</b>	<b>2,380,703</b>	<b>2,136,253</b>

The accompanying notes form an integral part of this statement





**AFRICAN REINSURANCE CORPORATION**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 1994**

	1994	1993
	US\$	US\$
<b>CASH FLOWS FROM OPERATIONS:</b>		
Profit for the Year	3,633,223	3,623,601
<b>Adjustments to reconcile operating profit to net cash generated from operations:</b>		
Depreciation and Amortisation	146,854	128,367
(Profit) / Loss from sale of fixed assets	(19,937)	(3,285)
Reinsurance & Reserve Funds	(6,550)	5,906,186
Amounts due from Companies on Reinsurance Accounts	(5,130,355)	(3,328,175)
Deposits Retained by Ceding Companies	4,539,968	(395,496)
Sundry Debtors, Accrued Interest & Prepayments	(1,537,629)	775,266
Amounts due to Companies on Reinsurance Accounts	6,532,426	1,746,836
Deposits due to Retrocessionaires	(2,267,310)	(1,717,666)
Other Creditors, Accruals & Provisions	509,712	(470,923)
	<u>2,767,179</u>	<u>2,641,110</u>
<b>Net Cash generated from Operations</b>	<b>6,400,402</b>	<b>6,264,711</b>
<b>Adjustments for non-cash items taken to Shareholders Funds:</b>		
Cumulative Translation Adjustment	(2,966,305)	(5,109,610)
Balances released on Portfolio withdrawal	1,700,000	2,083,031
	<u>5,134,097</u>	<u>3,238,132</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY:</b>		
Proceeds on sale of Shares	2,429,046	1,489,989
<b>CASH FLOWS FROM INVESTMENT ACTIVITY:</b>		
Proceeds on sale of Fixed Assets	33,097	3,288
Purchase of Fixed Assets	(2,008,675)	(90,888)
Dividend Paid	(877,600)	(463,200)
Investments made	(4,982,650)	(3,081,589)
	<u>(7,835,828)</u>	<u>(3,632,389)</u>
<b>Net Increase in Bank and Cash Balances</b>	<b>(272,685)</b>	<b>1,095,732</b>
<b>BANK AND CASH BALANCES:</b>		
At 1st January	6,772,596	5,676,864
At 31st December	<u><b>6,499,911</b></u>	<u><b>6,772,596</b></u>

The accompanying notes form an integral part of this statement





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

### NOTE 1

#### OPERATIONS

The African Reinsurance Corporation was established by member States of the Organisation of African Unity and the African Development Bank as an inter-governmental institution for the purposes of:

- (a) mobilizing financial resources from insurance and reinsurance operations;
- (b) investing in Africa such funds to help accelerate economic development; and
- (c) fostering the development of the insurance and reinsurance industry in Africa by promoting the growth of national, regional and sub-regional underwriting and retention capacities.

### NOTE 2

#### ACCOUNTING POLICIES

The Corporation's accounting policies are in general in conformity with standards adopted by the International Standards Committee and practices prevailing within the insurance industry. The following is a summary of the significant accounting policies adopted in the preparation of the financial statements:

##### (a) Revenue Recognition

Premiums and underwriting expenses are credited and debited respectively to the underwriting revenue account when advised by ceding companies.

##### (b) Underwriting Revenue Account and Reinsurance and Reserve Funds

All underwriting accounts are maintained on an underwriting year basis. The accounts of each underwriting year are kept open for three years during which the surplus of income over outgo is carried forward as Reinsurance Funds. By that time a sufficiently accurate determination of outstanding liabilities can generally be made to permit the account to be "closed" and the underwriting profit or loss determined. At the end of the third year of each underwriting year when the underwriting accounts are closed, the reinsurance funds are brought back to the revenue accounts of the said year and a Reserve Fund created on the basis of the Corporation's loss experience, to meet any outstanding claims. The adequacy of the Reserve Fund is reviewed at the end of each subsequent year in the

light of projections of the ultimate development of premiums and claims and adjustments made accordingly.

##### (c) Currency Translation

The financial statements expressed in the various functional currencies of the member States are translated into the Corporation's reporting currency, the United States Dollar, using the closing rate method. Operational expenses are translated at rates prevailing at the date such expenses are incurred. The resultant unrealised translation adjustment is recorded as a separate component of Shareholders' Funds. Exchange differences arising from the settlement of monetary items are taken to profit and loss account.

##### (d) Investments

Short term investments are stated at the lower of cost or market value. Long term investments are stated at cost unless there is a permanent decrease in their value, in which case a provision is made therefor.

##### e) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost of fixed assets in equal annual instalments over the estimated useful life of each category of fixed assets using the following annual rates:

- *Freehold and Capital Leasehold Property*  
2% or over the leasehold period if less than 50 years.
- *Furniture, Fittings and Equipment*  
Between 12.50% and 33.33%
- *Motor Vehicles* - 25%.

##### (f) Debtors

Debtors are stated at their realisable value. Debts considered irrecoverable are written off into the profit and loss account during the year.

##### (g) Management Expenses

Management expenses are apportioned to the classes of business in the Revenue Account on the basis of the net premium and wholly charged to the current underwriting year.





### NOTE 3

#### BANK AND CASH BALANCES

The balances include an equivalent of **US\$ 944,561** (1993: **US\$ 1,086,088**) representing temporary short term deposits in member States' currencies, of which part awaited approval for conversion to the United States Dollars.

### NOTE 4

#### INVESTMENTS

Investments at cost which include Straight Bonds with a market value of **US\$ 5,505,340** at 31st December, 1994 (1993: **US\$ 4,031,029**) are made up of:

	1994 US\$	1993 US\$
• <u>Equity Participation</u>		
Shelter-Afrique	1,020,000	1,020,000
The African Export - Import Bank (see note below)	400,000	200,000
Others (Non-quoted companies)	173,400	
	<u>1,593,400</u>	<u>1,220,000</u>
• <u>Other Investments</u>		
Straight Bonds	5,586,020	3,567,962
Short-term deposits	16,427,426	13,836,234
	<u>22,013,446</u>	<u>17,404,196</u>
	<u>23,606,846</u>	<u>18,624,196</u>

In 1993, the Corporation subscribed to US\$ 1,000,000 share capital in The African Export-Import bank. In line with the terms of allotment, the first instalment of US\$ 200,000 was duly paid in 1993 while the balance of US\$ 800,000 is payable in four equal annual instalments of US\$ 200,000 each, beginning in 1994. The instalment for 1994 was paid during the year.

### NOTE 5

#### FIXED ASSETS

	Freehold & Capital Leasehold Property US \$	Furniture Fittings & Equipment US\$	Motor Vehicles US\$	Total 1994 US\$	Total 1993 US\$
<b>COST</b>					
At 1st January	369,709	1,478,845	306,578	2,155,132	2,074,790
Additions during the year	1,750,525	198,264	59,886	2,008,675	90,888
Disposals during the year	-	(17,998)	(41,264)	(59,262)	(10,546)
At 31st December	<u>2,120,234</u>	<u>1,659,111</u>	<u>325,200</u>	<u>4,104,545</u>	<u>2,155,132</u>
<b>DEPRECIATION</b>					
At 1st January	81,458	1,166,770	231,596	1,479,824	1,362,003
Charge for the year	7,323	95,305	44,226	146,854	128,367
On disposals during the year	-	(17,893)	(28,209)	(46,102)	(10,546)
At 31st December	<u>88,781</u>	<u>1,244,182</u>	<u>247,613</u>	<u>1,580,576</u>	<u>1,479,824</u>
<b>NET BOOK VALUE</b>					
At 31 December	<u>2,031,453</u>	<u>414,929</u>	<u>77,587</u>	<u>2,523,969</u>	<u>675,308</u>





## NOTE 6

No dividend was proposed by the Board of Directors for the year ended 31st December 1994. The amount of US\$ 403 200 at 31st December 1994 represents the balance due to shareholders on the previous year dividends.

## NOTE 7

### CAPITAL STOCK AND PAID-UP CAPITAL

(i) The Authorised Capital of the Corporation is US\$ 30 million made up of 3,000 shares of US\$ 10,000 each. Two-thirds of the share capital is available for subscription by the Member States of the Organisation of African Unity and the African Development Bank, while the remaining one-third is available to national insurance and / or reinsurance institutions of the Member States.

At 31 December, 1994, the national insurance and / or reinsurance institutions have subscribed to 527 shares amounting to a nominal value of US\$ 5,270,000, out of which US\$ 2,630,000 was actually paid.

(ii) The paid-up capital is made up as follows:

	1994 US\$	1993 US\$
Capital Allotted and Subscribed	22,120,000	19,550,000
Called up and Unpaid	(2,640,000)	(1,555,000)
Subscribed and Paid-up Capital (See Annex 1 )	<u>19,480,000</u>	<u>17,995,000</u>

## NOTE 8

### OTHER RESERVES

	Reserve for Exchange Fluctuation	Reserve for Loss Fluctuation	Total 1994	Total 1993
	US\$	US\$	US\$	US\$
Balance at 1st January	-	400,000	400,000	3,235,616
Transfer to Cumulative Translation Adjustment				(3,035,616)
Transfer from Profit & Loss Account (Note 10)	911,669	200,000	1,111,669	200,000
Balance at 31st December	<u>911,669</u>	<u>600,000</u>	<u>1,511,669</u>	<u>400,000</u>

## NOTE 9

### CUMULATIVE TRANSLATION ADJUSTMENT

	1994 US\$	1993 US\$
Balance at 1st January	7,191,928	9,200,965
Translation Adjustment for the year	8,302,833	5,109,610
Transfer from Reserve for Exchange Fluctuation (Note 8)	-	(3,035,616)
Transfer from Underwriting Account	(5,336,528)	
Transfer from Profit & Loss Account	(1,700,000)	(4,083,031)
Balance at 31st December	<u>8,458,233</u>	<u>7,191,928</u>





## NOTE 10

### REINSURANCE AND RESERVE FUNDS

These represent the underwriting results of the still open years and reserves for outstanding claims for the closed underwriting years respectively. The composition is as follows:

	Fire & Accident US\$	Marine & Aviation US\$	Life US\$	Total 1994 US\$	Total 1993 US\$
<b>GROSS</b>					
Reinsurance Fund	16,571,442	8,163,487	414,105	25,149,034	25,904,433
Reserve for outstanding claims	8,832,710	9,545,726	1,568,997	19,947,433	20,040,392
	<u>25,404,152</u>	<u>17,709,213</u>	<u>1,983,102</u>	<u>45,096,467</u>	<u>45,944,825</u>
<b>LESS: Retrocessionaires' share in Reinsurance Fund</b>	4,258,238	2,136,202	-	6,394,440	6,279,008
Reserve for outstanding claims	787,656	2,428,942	-	3,216,598	4,173,838
	<u>5,045,894</u>	<u>4,565,144</u>	<u>-</u>	<u>9,611,038</u>	<u>10,452,846</u>
<b>Net Reinsurance and Reserve Fund</b>	<b>20,358,258</b>	<b>13,144,069</b>	<b>1,983,102</b>	<b>35,485,429</b>	<b>35,491,979</b>

## NOTE 11

### TRANSFER TO RESERVES

Transfer to Reserves is made up of the following:

	1994 US\$	1993 US\$
General Reserve	1,863,339	1,811,801
Reserve for Exchange Fluctuation	911,669	-
Reserve for Loss Fluctuation	<u>200,000</u>	<u>200,000</u>
	<u>2,975,008</u>	<u>2,011,801</u>

## NOTE 12

### TAXATION

No provision for tax is made in the financial statements as the Corporation is not subject to tax in the markets in which it operates in accordance with Article 51 of the Establishment Agreement.

## NOTE 13

### RELATED PARTY TRANSACTIONS

A portion of the Corporation's underwriting business is transacted with ceding companies which are shareholders of the Corporation





# ANNEX 1

## STATEMENT OF SUBSCRIPTIONS & VOTING POWERS OF MEMBER STATES AND ADB AS AT 31ST DECEMBER 1994

CURRENCY : US\$

	Number of shares	Value of Shares	Amount not Subscribed	Amount Subscribed	Called-Up and Paid	Called-Up and Unpaid	Voting Power
<b>MEMBER STATES</b>							
1. Algeria	98	980,000		980,000	980,000		5.03
2. Angola	28	280,000		280,000	280,000		1.44
3. Ben'in	17	170,000		170,000	170,000		0.87
4. Burkina Faso	18	180,000		180,000	180,000		0.92
5. Burundi	17	170,000		170,000	170,000		0.87
6. Cameroon	50	500,000		500,000	500,000		2.57
7. Central African Republic	17	170,000		170,000	170,000		0.87
8. Chad	20	200,000		200,000	200,000		1.03
9. Congo	22	220,000		220,000	220,000		1.13
10. Cote d'Ivoire	41	410,000		410,000	410,000		2.10
11. Egypt	98	980,000		980,000	980,000		5.03
12. Ethiopia	46	460,000		460,000	460,000		2.36
13. Eritrea	17	170,000		170,000	170,000		0.87
14. Gabon	28	280,000		280,000	280,000		1.44
15. Gambia	17	170,000		170,000	170,000		0.87
16. Ghana	55	550,000		550,000	550,000		2.82
17. Guinea	17	170,000		170,000	170,000		0.87
18. Guinea Bissau	17	170,000		170,000	170,000		0.87
19. Kenya	43	430,000		430,000	430,000		2.21
20. Liberia	17	170,000		170,000	170,000		0.87
21. Libya	98	980,000		980,000	980,000		5.03
22. Mali	17	170,000		170,000	170,000		0.87
23. Madagascar	30	300,000		300,000	300,000		1.54
24. Mauritania	20	200,000		200,000	200,000		1.03
25. Mauritius	23	230,000		230,000	230,000		1.18
26. Morocco	98	980,000		980,000	980,000		5.03
27. Niger	17	170,000		170,000	170,000		0.87
28. Nigeria	98	980,000		980,000	980,000		5.03
29. Rwanda	17	170,000		170,000	170,000		0.87
30. Senegal	35	350,000		350,000	350,000		1.80
31. Seychelles	17	170,000		170,000	170,000		0.87
32. Sierra Leone	22	220,000		220,000	220,000		1.13
33. Somalia	20	200,000		200,000	200,000		1.03
34. Sudan	50	500,000		500,000	500,000		2.57
35. Swaziland	18	180,000		180,000	180,000		0.92
36. Tanzania	40	400,000		400,000	400,000		2.05
37. Togo	18	180,000		180,000	180,000		0.92
38. Tunisia	41	410,000		410,000	410,000		2.10
39. Uganda	36	360,000		360,000	360,000		1.85
40. Zaïre	31	310,000		310,000	310,000		1.59
41. Zambia	56	560,000		560,000	560,000		2.87
42. African Development Bank	200	2,000,000		2,000,000	2,000,000		10.27
<b>SUB-TOTAL</b>	<b>1685</b>	<b>16,850,000</b>		<b>16,850,000</b>	<b>16,850,000</b>		<b>86.50</b>
<b>NON - MEMBER STATES</b>							
1. Botswana	17	170,000	170,000				
2. Cape Verde	17	170,000	170,000				
3. Djibouti	17	170,000	170,000				
4. Equatorial Guinea	17	170,000	170,000				
5. Lesotho	17	170,000	170,000				
6. Malawi	17	170,000	170,000				
7. Mozambique	31	310,000	310,000				
8. Namibia	17	170,000	170,000				
9. Sao Tome & Principe	17	170,000	170,000				
10. Zimbabwe	50	500,000	500,000				
	217	2,170,000	2,170,000				
<b>NON - ALLOCATED SHARES</b>	<b>98</b>	<b>980,000</b>					
<b>SUB-TOTAL</b>	<b>315</b>	<b>3,150,000</b>	<b>3,150,000</b>				
<b>TOTAL</b>	<b>2000</b>	<b>20,000,000</b>	<b>3,150,000</b>	<b>16,850,000</b>	<b>16,850,000</b>		<b>86.50</b>





**STATEMENT OF SUBSCRIPTIONS & VOTING POWERS OF NATIONAL INSURANCE /  
REINSURANCE COMPANIES AS AT 31ST DECEMBER 1994**

CURRENCY : US\$

ANNEX 1 Contd.

	Number of shares	Value of Shares	Amount not Subscribed	Amount Subscribed	Called-Up and Paid	Called-Up and Unpaid	Voting Power
<b>NATIONAL COMPANIES IN MEMBER COUNTRIES</b>							
1. Algeria	56	560,000		560,000	57,500	502,500	0.30
2. Angola	16	160,000	160,000				
3. Benin	9	90,000		90,000	90,000		0.46
4. Burkina Faso	10	100,000		100,000		100,000	
5. Burundi	9	90,000		90,000	90,000		0.46
6. Cameroon	28	280,000	280,000				
7. Central African Republic	9	90,000	90,000				
8. Chad	11	110,000	110,000				
9. Congo	12	120,000	120,000				
10. Cote d'Ivoire	22	220,000		220,000	55,000	165,000	0.28
11. Egypt	56	560,000		560,000	280,000	280,000	1.44
12. Ethiopia	26	260,000		260,000	195,000	65,000	1.00
13. Eritrea	9	90,000		90,000	90,000		0.46
14. Gabon	15	150,000		150,000	5,000	145,000	0.03
15. Gambia	9	90,000	90,000				
16. Ghana	30	300,000	200,000	100,000	50,000	50,000	0.26
17. Guinea	9	90,000	90,000				
18. Guinea Bissau	9	90,000	90,000				
19. Kenya	24	240,000		240,000	205,000	35,000	1.05
20. Liberia	9	90,000	90,000				
21. Libya	56	560,000		560,000	280,000	280,000	1.44
22. Mali	9	90,000	90,000				
23. Madagascar	17	170,000		170,000	170,000		0.87
24. Mauritania	11	110,000		110,000	10,000	100,000	0.05
25. Mauritius	14	140,000		140,000	135,000	5,000	0.69
26. Morocco	56	560,000		560,000	200,000	360,000	1.03
27. Niger	9	90,000		90,000	2,500	87,500	0.01
28. Nigeria	56	560,000		560,000	340,000	220,000	1.75
29. Rwanda	9	90,000		90,000	90,000		0.46
30. Senegal	19	190,000	190,000				
31. Seychelles	9	90,000	90,000				
32. Sierra Leone	12	120,000	120,000				
33. Somalia	11	110,000	110,000				
34. Sudan	28	280,000	280,000				
35. Swaziland	10	100,000	100,000				
36. Tanzania	21	210,000		210,000	105,000	105,000	0.54
37. Togo	10	100,000	100,000				
38. Tunisia	22	220,000	100,000	120,000		120,000	
39. Uganda	20	200,000		200,000	180,000	20,000	0.92
40. Zaire	18	180,000	180,000				
41. Zambia	31	310,000	310,000				
<b>SUB-TOTAL</b>	<b>826</b>	<b>8,260,000</b>	<b>2,990,000</b>	<b>5,270,000</b>	<b>2,630,000</b>	<b>2,640,000</b>	<b>13.50</b>
<b>NATIONAL COMPANIES IN NON-MEMBER COUNTRIES</b>							
1. Botswana	9	90,000	90,000				
2. Cape Verde	9	90,000	90,000				
3. Djibouti	9	90,000	90,000				
4. Equatorial Guinea	9	90,000	90,000				
5. Lesotho	9	90,000	90,000				
6. Malawi	9	90,000	90,000				
7. Mozambique	18	180,000	180,000				
8. Namibia	9	90,000	90,000				
9. Sao Tome & Principe	9	90,000	90,000				
10. Zimbabwe	28	280,000	280,000				
<b>SUB-TOTAL</b>	<b>118</b>	<b>1,180,000</b>	<b>1,180,000</b>				
<b>NON - ALLOCATED SHARES</b>	<b>56</b>	<b>560,000</b>	<b>560,000</b>				
<b>SUB-TOTAL</b>	<b>174</b>	<b>1,740,000</b>	<b>1,740,000</b>				
<b>TOTAL</b>	<b>1000</b>	<b>10,000,000</b>	<b>4,730,000</b>	<b>5,270,000</b>	<b>2,630,000</b>	<b>2,640,000</b>	<b>13.50</b>
<b>GRAND TOTAL</b>	<b>3000</b>	<b>30,000,000</b>	<b>7,880,000</b>	<b>22,120,000</b>	<b>19,480,000</b>	<b>2,640,000</b>	<b>100</b>





# ANNEX III

## SUMMARY ADMINISTRATIVE BUDGET FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 1995

IN US\$'000

Capital Expenditure (including  
Furniture, Fittings and Motor Vehicles )

Annual General Assembly (including hall  
facilities, transportation, subsistence  
allowances, attendance fees and travel  
expenses relating thereto )

Board of Directors' Meetings (including  
hall facilities, transportation, subsistence  
allowances, attendance fees and travel  
expenses relating thereto )

Emoluments of Management and Other  
Staff

Travel & Subsistence Expenses relating  
to operations, education and training

General Expenses

1995	1994		1993	
Approved Budget	Approved Budget	Actual expenditure	Approved Budget	Actual expenditure
106	98	127	102	91
118	116	69	122	102
245	246	217	256	250
2,547	2,450	2,151	2,451	2,040
225	247	219	265	224
1,160	1,066	1,126	1,057	826
4,401	4,223	3,909	4,253	3,533