AFRICAN REINSURANCE CORPORATION
GENERAL ASSEMBLY
8TH ANNUAL ORDINARY MEETING
BUJUMBURA, BURUNDI, 24-25 JUNE 1986

AFRICARE/GA/10/58

Report of the Board of Directors covering the period 1st January to 31st December, 1985

AFRICAN REINSURANCE CORPORATION
SOCIETE AFRICAINE DE REASSURANCE

HEADQUARTERS

Bookshop House
50/52 Broad Street
P.M.B. 12765
Lagos, Nigeria
Tel: 633681/633724
Telex: 22647 (Africa) NG

REGIONAL OFFICE — CASABLANCA

Tour Atlas
Place Zallaqa
B.P. 7556
Casablanca, Morocco
Tel: 30.91.11/30.85.85
Telex: 28079 M

REGIONAL OFFICE — NAIROBI

Reinsurance Plaza
P.O. Box 62328
Nairobi, Kenya
Tel: 330630/330637/8/9
Telex: 23289 Africare

Date: 24th June, 1986

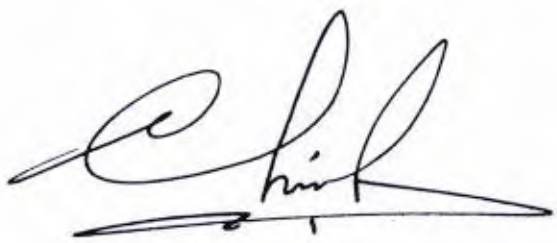
Honourable Representatives
General Assembly
African Reinsurance Corporation

Your Excellencies,

In accordance with Articles 14 and 37 of the Agreement Establishing the African Reinsurance Corporation and Article 8 of the General Regulations made thereunder, 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, 1985, as well as the Summary of the Administrative Budget for the financial year January — December, 1986.

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

COME SIMBANANIYE
Chairman of the Board of Directors



COMPOSITION OF AFRICA RE BOARD OF DIRECTORS

Chairman
Come Simbananiye (Burundi)
Vice Chairman
E. Okwor (Nigeria)

Directors
E.M. Abdel Bary (Egypt)
S.H. Konie (Zambia)
G. Mwaikambo (Tanzania)
P.A. Dieng (Senegal)
A. Issad (Algeria)
M.S. Naas (Libya)
A.R. Moussa (African Development Bank)

Alternate Directors
C.M. Kokouendo (C.A.R.)
(Alternate to C. Simbananiye)
O.B.Y. Dibba (Gambia)
(Alternate to E. Okwor)
J.B. Akanni (Benin)
(Alternate to P.A. Dieng)
S. Kanouni (Morocco)
(Alternate to M.S. Naas)
A.T. Kaminchia (Kenya)
(Alternate to S.H. Konie)
A. Bezabeh (Ethiopia)
(Alternate to G. Mwaikambo)
Abdel A. El-Dawi (Sudan)
(Alternate to E.M. Abdel Bary)
M.O. Haroun (Mauritania)
(Alternate to A. Issad)
A.O. Sangowawa (ADB)
(Alternate to A.R. Moussa)

COMPOSITION OF AFRICA RE MANAGEMENT

Eyessus W. Zafu — (Ethiopia)
General Manager and Chief Executive

Ahmed E.A. Elsanusi (Sudan)
Deputy General Manager

Bakary Kamara (Mauritania)
Secretary General

TABLE OF CONTENTS

	Page
Foreword	5
Trading Environment	6
Operations	7
—Income	7
—Premium Income	7
—Geographical Distribution	8
—Sectoral Distribution	8
—Other Incomes	9
—Short-term Investments	9
—Long-term Investments	9
—Outgo	9
—Losses	9
—Loss Ratio	10
—Retention and Retrocessions	10
—Financial Year 1985	10
—Underwriting Year 1983	11
Looking Ahead	11
Results of the Underwriting Year 1983	12
Results of the Financial Year 1985	12
Other Activities	14
—Relations with Other Organisations	14
—Staff Matters	14
—General Assembly	14
—Board of Directors	15
Financial Highlights	17
Auditors' Report	18
Balance Sheet as at 31st December, 1985	19
Profit and Loss Account for the year ended December 31, 1985	20
Underwriting Revenue Account for the year ended December 31, 1985	21
Source and Application of Funds for the year ended December 31, 1985	22
Notes on the 1985 Financial Statements	23-29
Annexes	
I Statement of Subscriptions & Voting Powers of Member States as at 31st December, 1985	30
II Resolutions adopted by the General Assembly at its 7th Annual Ordinary Meeting held in Arusha, United Republic of Tanzania in June, 1985	31-33
III Summary of the Administrative Budget for the year 1986	33

Foreword

This 8th Annual Report and Accounts for the Financial Year 1985 covers the final results for the Underwriting Year 1983, closed for the first time in 1985, the already closed Underwriting Years from 1978 to 1982 and the still open Underwriting Years of 1984 and 1985. It incorporates comments on the Corporation's performance during the Financial Year ended 31st December, 1985 against the background of its trading environment, and the prospects of its growth and development. Included is also the Report on the Accounts by the External Auditors which is then followed by the Resolutions adopted at the 7th Annual General Assembly which held in Arusha, United Republic of Tanzania on 27th and 28th June, 1985. Finally the Report contains a summary of the Corporation's approved Administrative Budget for the period 1st January to 31st December, 1986.

A net profit of US$2,149,273 has been achieved for the Financial Year ended 31st December 1985 (Underwriting Year 1983 and the previously closed Underwriting Years from 1978 to 1982). For the Corporation to have made a profit at all for Underwriting Year 1983, given the near-disastrous underwriting results of reinsurance globally and the several large African losses (in Underwriting Year 1983) must be a cause for modest satisfaction.

Seen against the background of very little investment income and the relatively conservative reserving policy adopted last year and continued this year, the profit attained can only be explained by the relatively profitable nature of its predominantly African Portfolio, the weakening of the United States Dollar, the adoption of multi-currency accounting and the containment of management expenses.

The structural changes referred to in last year's Report were implemented from 1st January, 1985. In particular the change in the Corporation's Reinsurance Programme for own protection, the significant reduction of non-African international acceptances and the adoption of multi-currency accounting for both acceptances and retrocession are considered significant. The first will enable the Corporation to retain more of the business it writes, the second will reduce an unprofitable portfolio while the third will help to reduce the adverse effects of negative difference in exchange.

The expected impact of these changes can only be felt in full when the 1985 Underwriting Year will be closed on 31st December, 1987.

Net negative difference in exchange in the amount of US$630,849 was once again written off from the Profits of the Corporation, a significant proportion of which was brought forward from the previous two financial years (1983 & 1984) for Underwriting Year 1983, while the balance was accounted for by exchange loss on financial transactions during 1985. In addition, US$494,603 exchange loss incurred on transactions of Underwriting Year 1984 during Financial Year 1984 has been deferred and carried forward. While this represents a marked improvement on previous years, more needs to be done to reduce it even further.

During 1985 the Corporation initiated a computerisation programme. This is a project, the full benefits from which will not accrue before the elapse of two to three years. In the meantime, however, small incremental advantages are expected to be derived as each phase of the project becomes operational.

A project of a third Regional Office was mooted back in 1984. In 1985 the technical/feasibility study for the opening of a third Regional Office, largely but not limited to the servicing of ceding companies operating in countries presently grouped under Central Africa was completed. Once the final choice of its location is determined the office is expected to be operational.

Appreciation is due to all ceding companies that continued to support the Corporation during 1985 as they had done in previous years. Such support will continue to be needed in the years ahead and the Corporation's improved financial position is expected to assure them of better security against the background of a contracting reinsurance capacity worldwide.

Your Board of Directors is encouraged by not only the results it is pleased to submit, but also by the prospects of your Corporation in the years ahead. It extends its appreciation also to the Management and Staff of the Corporation without whose dedication and hard work the satisfactory results attained would have not been possible.

Trading Environment

The 1985 trading environment for Africa Re was somewhat mixed. On the one hand the premium growths of most ceding companies were considerably limited by the continued difficult economic conditions in most African countries. On the other hand reinsurance over-capacity which in recent times had characterised the international reinsurance market started to contract thus enabling reinsurers to apply more selective underwriting, more appropriate terms and conditions and more economic reinsurance premiums.

While the effect of the first will be increasing downward pressure on the level of gross premiums, the effect of the latter will be a probable improvement of net results. The full impacts of these developments will start to be felt over the next two to three years.

With effect from 1st January, 1985 the Corporation replaced its Proportional Retrocessions Reinsurance Programme by an Excess of Loss Programme (supplemented by a First Surplus/AutoFac facility for high liability limits) designed to enable the Corporation to retain more of the African portfolio it writes. This in turn is expected to enable the Corporation to maintain if not increase the level of its retained premiums even under conditions of falling gross premium incomes.

The Corporation also in 1985 reduced its acceptances of unprofitable non-African business and pruned many that were already in its books. This exercise is expected to lower gross premium income and improve overall profitability.

The United States Dollar, the Corporation's unit of account, weakened considerably in 1985. However, many of Africa Re's income currencies weakened even more, thus tending to reduce the Corporation's income when translated into United States Dollars. The adoption of multi-currency accounting from 1st January, 1985 helped to soften the adverse effects of exchange loss on reinsurance transactions.

Seen against the foregoing trading environment, the drop of 7.18% in the 1985 gross premium income from the level of 1984 is considered satisfactory. More importantly however, a significant improvement in the claims experience of the Corporation's portfolio was recorded during the year. The total of all losses in 1985 was 12.12% lower than that of 1984 and this favourable development contributed to the satisfactory overall results for the year.

More specific developments in the African insurance industry which influenced or may influence the Corporation's present and future trading were:-

—the institution and localisation of compulsory transport insurance of imports by some African States notably the Republic of Niger and the Central African Republic;

—the requirement by the Government of the Central African Republic that building and construction works exceeding defined monetary limits be compulsorily insured;

—the granting of permission by the Gabonese Authorities to direct insurers to increase the Motor Vehicle Tariff (25% for commercial and 15% for private) to align premiums with adverse claims experience;

—the reactivation (at Government request) of the Kenya Insurance Motor Pool which had interrupted operations in 1980 following adverse loss experience;

—the signing by the President of the Republic of Kenya in 1985 of the 1984 Insurance Act now awaiting the gazetting of its effective date;

—the continuation of revision of the insurance legislation in Mauritius;

—the introduction in Zimbabwe of a new insurance legislation which may have the effect of reducing the number of insurance companies and consolidating the market;

—the establishment of some 14 new insurance companies (one each in Morocco, Sudan, Tunisia and Gambia, two each in Ghana and Sierra Leone, three each in Liberia and Nigeria) and one reinsurance company in Tunisia specialising in off-shore business;

—The banning of El Itihad in Tunisia.

Operations

For reasons of administrative convenience, the Corporation has grouped African countries into four trading areas—West Africa (English speaking), Central Africa (French-speaking West and Central Africa), North Africa and East and Southern Africa. While the first two are administered from Corporate Headquarters in Lagos, Nigeria, the latter two are administered through Casablanca and Nairobi Regional Offices respectively.

Acceptances from outside Africa are handled by International Division (sometimes referred to as "Worldwide') which is also administered from Headquarters.

Similarly, the Corporation groups the various classes of business it writes into three branches—Fire & Accident (including Engineering), Marine & Aviation and Life.

INCOME

Premium Income

During Financial Year 1985, the Corporation wrote a Gross Premium Income of US$43.71 million against a similar income of US$47.09 million in 1984. This represented a drop in income of 7.18% between the Financial Year under report and the previous year.

This drop was not totally unanticipated for the following reasons:-

—General economic conditions in the Continent tended to limit premium growths (in US Dollars) of most ceding companies to levels lower than anticipated. This in turn tended to lower the Corporation's 1985 Gross Premium Income.

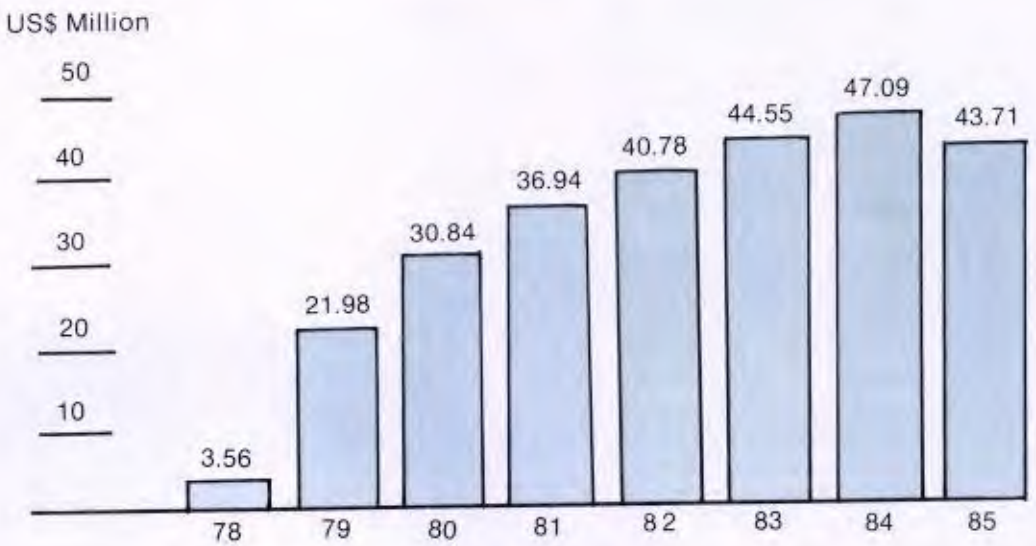
—In view of persistently unsatisfactory results, the Corporation reduced its non-African acceptances.

—The multi-currency accounting policy adopted from 1st January 1985 had the effect of contracting the premium income as against that of diminishing the profits in the form of exchange loss.

—The Corporation adopted the view that a large premium income for its own sake was not desirable especially when it did not benefit from quick receipts of balances. Accordingly a minimum degree of underwriting selection (including timely settlement of balances) was applied during the year.

The economic conditions of its trading environment combined with its planned actions therefore produced the observed fall of gross premium income in 1985.

DEVELOPMENTS OF GROSS PREMIUM INCOME BY FINANCIAL YEAR

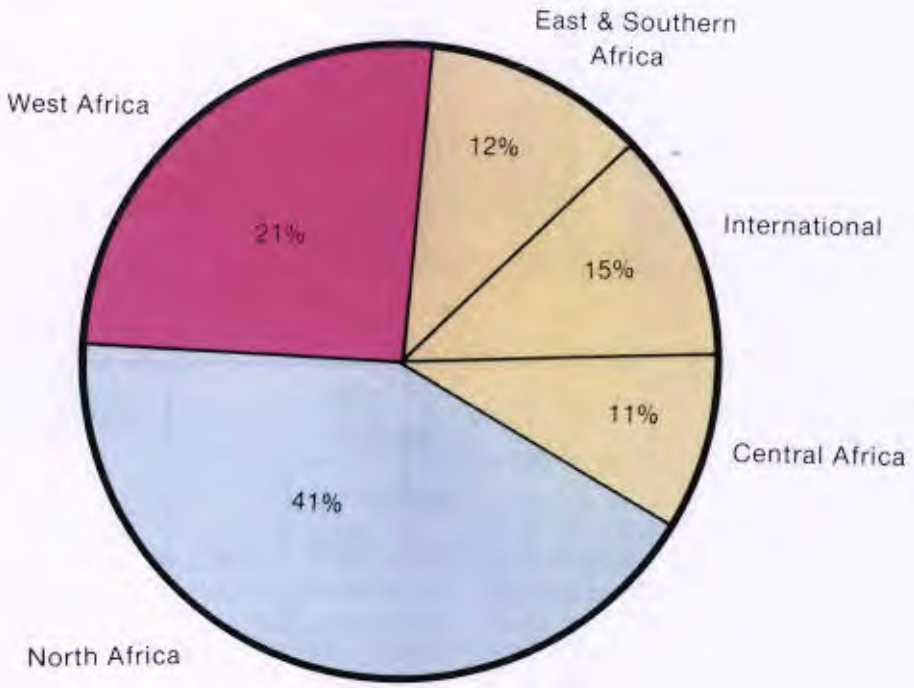


Geographical Distribution

The North African trading area continued to record the highest income which in 1985 amounted to US$17.82 million or nearly 41% of the Corporate income. West Africa accounted for nearly 21%, while the share of the non-African portfolio amounted to 15%. East and Southern Africa contributed 12%, while Central Africa's relative share was 11%.

Marginal increases in absolute terms were registered by North Africa and East & Southern Africa. However these increases were not large enough to compensate for the sharp fall recorded in West Africa and the slight drops in incomes from both Central Africa and Worldwide.

DISTRIBUTION OF GROSS PREMIUM INCOME BY TRADING AREA FINANCIAL YEAR 1985



Sectoral Distribution

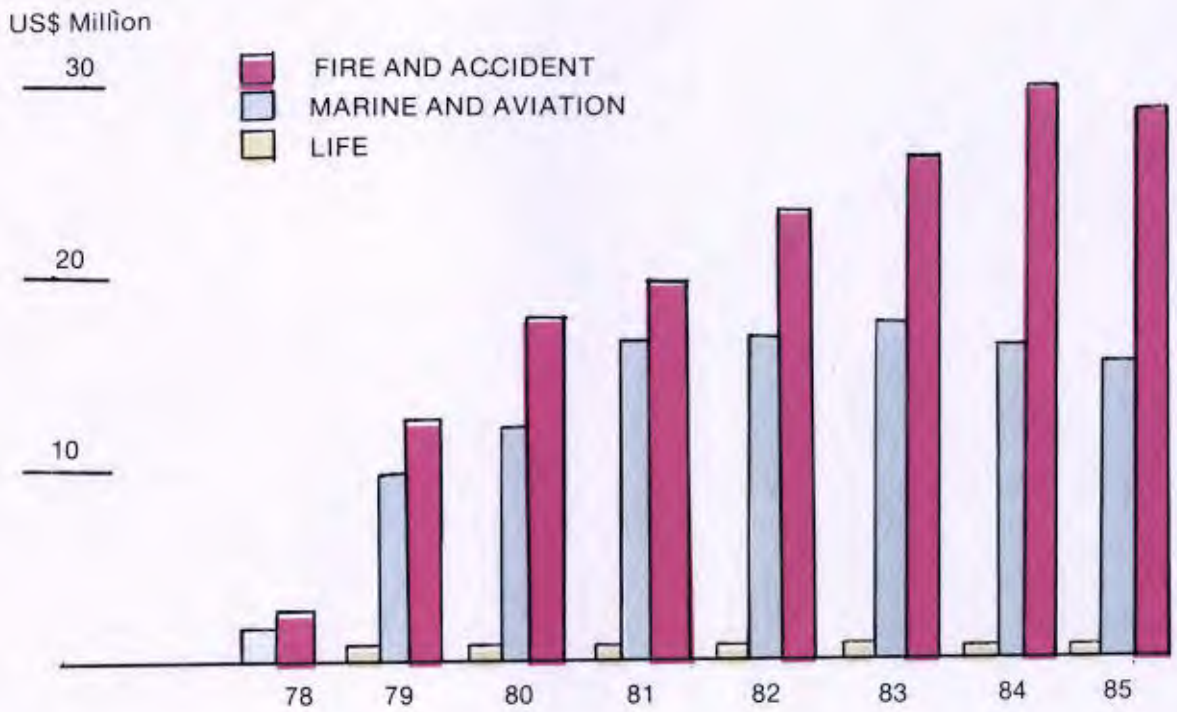
As in previous years the Fire & Accident Branch (including Engineering) produced the largest share (65.9%) of the Corporation's gross premium income for 1985. However, its contribution of US$28.82 million in 1985 was 4.4% below that of 1984 (US$30.15 million). The most significant drop (34%) in this Branch occurred in West Africa followed by Central Africa (18.65%) and Worldwide which recorded a drop of 2.3%.

The Marine & Aviation Branch produced a gross premium income of US$14.28 million in 1985 against a similar income of US$16.30 million in 1984. The income from this Branch accounted for 32.70% of the Corporate income.

Once again the most significant drop in absolute terms (US$1.48 million) was recorded in West Africa. On the other hand Worldwide registered a drop of US$0.77 million or 41.85% in 1985 from its 1984 level.

The Life Branch continued to constitute a very small proportion (1.4%) of the total Corporate income. Although this Branch recorded a slight drop from its 1984 level, its relative size was such that it had a minimal influence on the overall income.

DEVELOPMENT OF GROSS PREMIUM INCOME—BY BRANCH—BY FINANCIAL YEAR



OTHER INCOMES

Short-Term Investments

Total income from short-term investments during 1985 amounted to US$563,596 as against a similar income in 1984 of US$491,739. Interest income from reinsurance deposits for the same period was US$679,240. Neither of these incomes can be considered significant in relation to the volume of business the Corporation wrote. What may perhaps be considered significant was the marginal increase achieved on income from short-term investments at a time when interest rate on the US Dollar (the currency in which the Corporation holds over 70% of its funds) fell from around 11% at the end of 1984 to less than 7% at the close of 1985. Income resulting from the slight rise in liquid funds made up for the fall in interest rate.

Long-Term Investments

Africa Re's only long-term investment in the Company for Habitat and Housing in Africa (Shelter-Afrique) did not yield any income during the year under report. While no income is envisaged from this investment in the foreseeable future, the Company has so far operated on interest income alone and has therefore kept shareholders' equity capital intact.

OUTGO

Losses

During the Financial Year 1985 the Corporation recorded claims (net of portfolio but before retrocession) of US$18.27 million. This was 12.12% below that of 1984 (US$20.7m), but compared to the 1983 figure of US$14.84 million the 1985 loss was still at a historically high level.

As in the previous year, the Fire & Accident Branch accounted for 67.71% of the total of the losses, followed by the Marine & Aviation Branch with 30.65% and the balance of 1.64% by the Life Branch. The geographical distribution of these losses showed that while 39.90% emanated from business written by the Casablanca Regional Office (which also produced the largest income), 26.71% came from the international market and the balance of 33.39% from the remaining three trading areas (West Africa 10.40%, Central Africa 10.73% and East & Southern Africa 12.26%). By and large, the relative positions of the various trading regions' contributions to claims expenditures in 1985 remained the same as in the previous year.

LOSS RATIO

As stated in last year's Annual Report, the loss ratio used is of a gross nature and must therefore be understood and employed as being no more than a rough indicator of the claims trend of the Corporation's portfolio.

The loss ratio for the Corporation's total portfolio in 1985 was 41.80%, a slight improvement over 1984 which had a loss ratio of 44.15%. The improvement was very largely the result of a significant fall (from 86.3% in 1984 to 74.39% in 1985) in the loss ratio of the non-African international portfolio and possibly due to a marginal improvement (from 36.20% in 1984 to 36.04% in 1985) in the loss ratio of the African portfolio.

Marginal as it was, the improvement in the loss ratio of the Corporation's African portfolio was a welcome development. The relatively low level of this ratio once again confirmed its profitable quality. Similarly, the significant improvement of the international portfolio had a beneficial effect on the Corporation's overall loss ratio. However, the loss experience of this portfolio remained unacceptably high. Consequently, the Corporation will continue the periodic evaluation of its already reduced acceptances from the international market with a view to further pruning the businesses it still has in its books and subjecting new offers to stricter and more cautious underwriting considerations until a much improved balance is achieved.

RATIO OF GROSS LOSS PREMIUM—1985 FINANCIAL YEAR BY CLASS & REGION

CLAIMS & PRE. IN US$M / BRANCH	ALL REGIONS-AFRICA			NON-AFRICAN			TOTAL CORPORATE		
	CLAIMS	PREM	LOSS RATIO	CLAIMS	PREM.	LOSS RATIO	CLAIMS	PREM.	LOSS RATIO
Fire & Accident (incl. Engineering)	8.28	23.12	35.80%	4.09	5.69	71.88%	12.37	28.82	42.92%
Marine & Aviation	4.81	13.41	35.87%	0.79	0.87	90.80%	5.60	14.28	39.22%
Life	0.30	0.61	49.18%	—	—	—	0.30	0.61	49.18%
Total Corporate	13.39	37.15	36.04%	4.88	6.56	74.39%	18.27	43.71	41.80%

RETENTION AND RETROCESSIONS

Financial Year 1985

During Financial Year 1985 the Corporation wrote a gross premium income of US$43.71 million out of which it retroceded US$8.5 million or 19.47% (22.42% for 1984). The drop in the retroceded portion resulted largely from the Corporation's change of its Reinsurance Programme for own protection from Proportional to Excess of Loss starting from 1st January, 1985, which change is expected to increase its retentions considerably.

The previous Proportional arrangements (Priority Line and General First Surplus) were replaced by a new First Surplus (AutoFac) Programme which is open to African ceding companies only.

Although the figure for 1985 had not developed sufficiently to warrant a definite conclusion, retroceded premiums in Financial Year 1985 for Underwriting Year 1985 worked out at 7.84% as against the historic average of 25.6% for Underwriting Years 1978 to 1983. While the increase in the Corporation's retained premium is in line with the Corporate objective, the First Surplus (AutoFac) programme is expected to enhance the complementary objective of sharing/spreading of African risks among African risk carriers.

Underwriting Year 1983

The same levels of retentions (US$250,000 for Fire & Accident and US$150,000 for Marine & Aviation) as existed during Underwriting Year 1982 were maintained for Underwriting Year 1983. As at 31st December, 1985 a gross premium of US$41.36 million was accounted for for Underwriting Year 1983, closed for the first time as of that date. Of that amount, US$8.93 million or 21.59% was retroceded during the same period. The proportion of retroceded premiums for Underwriting Year 1983 was a marginal 2.39 percentage points higher than for Underwriting Year 1982. The observation made last year that such an occurrence reflected partly the structure and mix of liabilities written and partly the increase in facultative acceptances, higher proportions of which were being retroceded, would appear to be equally valid for Underwriting Year 1983. No doubt that policy was largely prompted by the need to retrocede a credible premium to the then operating General First Surplus Programme. The observation was borne out by the slight increase in premiums retroceded to non-African reinsurers (from 1% of gross premium in 1982 to 1.06% in 1983).

Since the beginning of its operating life, 1st January, 1978 up to the present balance sheet date (31st December, 1985) the Corporation wrote a gross premium of US$270.5 million out of which it retroceded (largely to African companies) US$70 million. During the initial years and particularly the first two years, considerable portions of the retroceded premiums went to non-African reinsurers. However, from 1980 onwards more and more of the premiums were retroceded to African companies and the Corporation's retained premium for own account grew progressively from 63.8% in 1978 to 78.41% in 1983 both of gross premiums. Following the structural changes effected from 1st January, 1985 in the Corporation's programme for own protection, the first year account for Underwriting Year 1985 recorded a net retained income of over 90% of the gross premium written while the balance was wholly ceded to African retrocessionaires.

Looking Ahead

Since it started operations on 1st January, 1978, the Corporation has continued to register satisfactory progress, sometimes in the face of what may have appeared insurmountable difficulties and obstacles. The adverse effects of exchange loss which for three consecutive years had preoccupied the Board and the Management, and indeed the entire shareholders, would appear to have been considerably reduced. However, ceding companies, supervisory and monetary authorities of Member States could assist the Corporation to further reduce existing delays in the settlement of balances due to it.

Barring any dramatic reverses in the trend of losses of its African portfolio and its current actions to correct the adverse trend in its international acceptances, the years ahead should give Africa Re both the time and opportunity to consolidate its satisfactory underwriting results both for its own net account and for its African Retrocessionaires. This is consistent with the Corporation's primary objective of promoting and developing underwriting as well as retention capacities of the African Insurance and Reinsurance Industry.

Africa continues to export a considerably high proportion of its reinsurance business outside the Continent without a corresponding inflow of business that could match the quality of its export. In fact, if 1986 treaty renewals in some sizeable markets are any indication as to the future trend in the traffic of reinsurance premiums, relatively more premiums will probably be exported from such markets in 1986 than in 1985.

Africa Re as at the end of 1985, is in a much stronger position both financially and technically than it had ever been before. Its capabilities not only to write and retain business, but also to service such business have never been better. In spite of less than anticipated positive responses during the 1986 renewals, Africa Re remains confident that 1987 cessions from sister companies in the Continent will increase appreciably. It still prefers to write such additional shares on the basis of voluntary offer and acceptance.

The number of its shareholders has remained unaltered over the years. Many non-Member States have been keenly watching and waiting to be convinced that Africa Re is a technically capable and financially viable venture. In turn, Africa Re had been and continues to be fully conscious that decisions of participations by States in regional and sub-regional institutions must be subjected to and preceded by due cost-benefit analysis. It fully recognises its duty to prove its ability to ensure common economic and financial interests for Africa and to this end, it will continue to see and manage itself as a profit-making institution capable of achieving a symbiosis of the reciprocal interests of States as well as national and sub-regional insurance and reinsurance institutions. Africa Re once again invites non-Member States so that they might accede to its Establishment Agreement and thereby share in and contribute to its growth and development.

RESULTS OF THE UNDERWRITING YEAR 1983

In accordance with the accounting policy of the Corporation, the results for each class of business at the end of 1985 for the Underwriting Year 1983 were determined, having been left open for three years in order to receive and bring into account late statements of account.

There were no changes from the previous year in the Corporation's accounting policy for computing reserves for outstanding claims for "closed" underwriting years. The measures taken last year to marginally raise the reserves for the non-life branches have been continued and applied to Underwriting Year 1983 which is closed for the first time this year.

After meeting all obligations assumed under treaties ceded to the Corporation and providing reserves for outstanding claims, the 1983 Underwriting Year showed a profit of US$1,362,657 (1982—US$ 2,201,770) which has been transferred to the Profit and Loss Account.

RESULTS OF THE FINANCIAL YEAR 1985

The reinsurance transactions for all underwriting years during the Financial Year 1985 are accounted for in the Underwriting Revenue Accounts. The retained premium income for the Financial Year 1985 amounted to US$35,201,996 (1984—US$36,533,546). Underwriting acquisition costs and expenses amounted to US$29,338,580 (1984—US$33,356,240) which, deducted from the retained premiums, left a balance of US$5,863,416 (1984—US$3,177,303). Reinsurance and Reserve Funds brought forward from the previous years totalled US$23,880,231 while the amount carried forward at December 31, 1985 in respect of these funds was US$27,710,735. These transactions left a total balance of US$2,033,912 on the Underwriting Revenue Account for all the closed years. This amount was transferred to the Profit and Loss Account.

Investment and other incomes yielded US$1,215,835 (1984—US$1,118,577). Other financial outgo totalling US$1,099,476 (1984—US$3,186,628) was also written off which left a net profit of US$2,149,272 (1984—US$498,307) for the financial Year 1985.

7th General Assembly, Arusha, Tanzania, June 1985

Other Activities

Relations with Other Organisations

The African Reinsurance Corporation in 1985 continued to maintain satisfactory relationships with and co-operation in the activities of other organisations concerned with the development of the insurance and reinsurance industry in Africa. Accordingly, it participated in:

—the General Assembly of the Federation des Societés d'Assurances de Droit National Africaines (F.A.N.A.F.) which held in Douala, Cameroun from 24 to 26 January, 1985;

—the General Assembly of the African Insurance Organisation (A.I.O.) which held in Tunis from 22 to 25 April, 1985;

—the General Assembly of the Federation of Afro-Asian Insurers and Reinsurers (F.A.I.R.) which held in Peking, China from 16 to 20 September, 1985;

—the call on the President of the African Development Bank by the Sub-Committee on African Insurance Clearing House on October 29, 1985;

—the 2nd Annual Ordinary Meeting of CICA RE which took place in Brazzaville, in the Peoples' Republic of Congo on 11th December, 1985.

Contacts were also maintained with other institutions including the Administrative Secretariat of the Economic Community of West African States (ECOWAS) Brown Card in the establishment of which Africa Re had participated.

Africa Re was in turn visited by the President of the African Development Bank on November 29, 1985.

Staff Matters

As at the end of Financial Year 1985, the African Reinsurance Corporation had 114 employees from 17 African countries.

General Assembly

Having accepted at its 6th Annual Ordinary Meeting the kind invitation of the Government of the United Republic of Tanzania the 7th Annual Ordinary Meeting held in Arusha on 27 and 28 June, 1985. Twenty-four Member States and the African Development Bank representing 80.9% of all the votes attended this Meeting.

Non Member States, Madagascar, Rwanda and several international institutions, associations, insurance and reinsurance companies attended as observers.

ESTABLISHMENT STATUS ANALYSED BY NATIONALITY/STAFF CATEGORY AS AT 31/12/85

NATIONALITY	D	P	G & SP	M	TOTAL
Algeria	1				1
Angola		1			1
Benin		1	2		3
Cameroun		2			2
Ethiopia		1			1
Ghana	1	4	2	1	8
Kenya		1	11	2	14
Mauritius	1				1
Morocco		1	9	3	13
Nigeria		7	45	11	63
Senegal		1			1
Sierra Leone		1			1
Tanzania		1			1
Togo		2	1		3
Uganda		2			2
Total	3	25	70	16	114

The Meeting was opened by the Hon. Minister of Finance of the United Republic of Tanzania who in his opening speech addressed the current economic difficulties of the African Continent and enjoined Africa Re to contribute its expected quota in the search for solutions to the challenges of African technical and economic dependency.

The Annual Ordinary Meeting then examined and adopted the Annual Report of the Board of Directors together with the Report of the External Auditors and approved the Final Accounts, Balance Sheet and Profit and Loss Account of the Corporation as at 31st December, 1984.

The Meeting further adopted 9 Resolutions (details of which are annexed to this Report) in which it, among other things, reiterated its appeal to Member States to facilitate the collection and conversion of reinsurance balances due to the Corporation, encouraged Management to increase contacts with Supervisory and Monetary Authorities in Member Countries for more exchange of business, appointed Messrs Akintola Williams and Company of Nigeria as External Auditors of the Corporation for the Financial Year 1985 and constituted the Resolutions Committee for the 8th Annual Ordinary Meeting (Egypt, Kenya, Sierra Leone and Zaire).

Finally, the 7th Annual Ordinary Meeting accepted the kind invitation of the Government of the Republic of Burundi and decided to hold its 8th Annual Ordinary Meeting in Bujumbura during the last week of June 1986 and took note of the expressed wish of the Peoples' Republic of Congo to host the 9th Annual Ordinary Meeting in 1987.

Board of Directors

During the Financial Year 1985 the Board of Directors held three (3) meetings at the following dates and venues:

Meetings	Dates	Venues
31st	15th, 16th and 17th April	Casablanca, Morocco
32nd	24th and 25th June	Arusha, Tanzania
33rd	11th and 12th November	Lagos, Nigeria

In addition to several decisions aimed at strengthening the organisational structure and improving the performance of the Corporation (Organisation Structure, Staff Regulations, Staff Emoluments etc.) the Board of Directors approved in principle, the establishment of a third Regional Office; authorised Management to undertake negotiations with Governments of Member states who expressed wishes to host the projected Office with a view to choosing the most favourable location; and further authorised Management to study and decide for implementation a suitable computer system for the Corporation.

During the year under Report the Board of Directors recorded only one change in its composition—the replacement of Mr. I.M. Hamed (deceased) by Mr. A.R. Moussa as Director representing the African Development Bank.

7th General Assembly, Arusha, Tanzania, June 1985

FINANCIAL HIGHLIGHTS
for the year ended December 31, 1985

	1985 US$	1984 US$
Financial Position		
1. Fixed Assets	573,997	519,882
2. Investments	7,387,052	4,918,976
3. Working Capital	25,874,590	22,116,287
4. Shareholders' Funds	6,619,507	4,470,235
5. Reserve Fund at December 31, 1985	13,328,000	12,100,000
6. Reinsurance Funds at December 31, 1985	13,888,132	10,984,910
Profit and Loss Account		
7. Income from Investments and Interest	536,596	491,739
8. Expenses of General Assembly and Board of Directors' Meetings	306,872	309,154
9. Management Expenses	2,863,404	3,137,351
10. Profit for the year	2,149,272	498,307
Underwriting Revenue Accounts		
11. Total Gross Premium Income written in 1985 for Underwriting Years 1978 to 1985	43,714,271	47,088,500
12. Gross Premiums Retained in 1985 for Underwriting Years 1978 to 1985	35,201,996	36,533,545
13. Net Outgo being claims, commissions, charges and other expenses	29,338,580	33,356,240
14. Underwriting Surplus	2,032,912	2,566,356

Financial Statements for the year ended December 31, 1985 and the External Auditors Report thereon.

Report of the External Auditors, the Financial Statements and Statement of Source and Application of Funds for the year ended December 31, 1985 and Notes on the accounts are given in the following pages.

REPORT OF THE AUDITORS
To the Members of African Reinsurance Corporation

We have examined the financial statements on pages 19 to 29 in accordance with internationally accepted auditing standards which accordingly included such tests of the accounting records and such other auditing procedures we considered necessary in the circumstances.

We have obtained all the information and explanations we considered necessary. Proper books have been kept and the financial statements are in agreement therewith.

In our opinion, the financial statements present fairly the financial position of African Reinsurance Corporation at 31st December, 1985, and the results of its operations and source and application of funds for the year then ended, in conformity with internationally accepted accounting principles.

Lagos, Nigeria
17th April, 1986

Akintola Williams & Co.
Chartered Accountants

AFRICAN REINSURANCE CORPORATION
BALANCE SHEET AT 31ST DECEMBER, 1985

	Note	1985 US$	1985 US$	1984 US$	1984 US$
RESOURCES EMPLOYED					
Fixed Assets	2		573,997		519,882
Investments	3		7,387,052		4,918,976
Current Assets					
Amount due from Companies on Reinsurance Accounts	4	16,642,997		14,009,560	
Deposits Retained by Ceding Companies	5	32,824,870		32,265,452	
Sundry Debtors, Accrued Interest and Prepayments	6	434,893		276,200	
Bank and Cash Balances	7	2,358,280		4,261,344	
		52,261,040		50,812,556	
Less: **Current Liabilities**					
Amount due to Companies on Reinsurance Accounts	8	13,667,666		14,628,129	
Deposits due to Retrocessionaires		11,686,556		13,082,125	
Other Creditors, Accruals and Provisions	9	1,032,228		986,015	
		26,386,450		28,696,269	
			25,874,590		22,116,287
			33,835,639		27,555,145
FUNDED BY:-					
CAPITAL STOCK			10,000,000		10,000,000
Paid-Up Capital	10		4,660,000		4,660,000
General Reserve and Retained Earnings	11		1,959,507		(189,765)
			6,619,507		4,470,235
Reserve Fund	1 (f) & 14		13,328,000		12,100,000
Reinsurance Funds	1 (f) & 14		13,888,132		10,984,910
			33,835,639		27,555,145

COME SIMBANANIYE Chairman

EYESSUS W. ZAFU General Manager

The notes on pages 23 to 29 form an integral part of these accounts.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1985

	1985		1984	
	US$	US$	US$	US$
Transfer from Underwriting Revenue Account:				
Fire and Accident	1,340,255		1,011,936	
Marine and Aviation	606,583		1,254,286	
Life	86,074		300,136	
		2,032,912		2,566,358
Income not credited to Other Accounts:				
Income from Investments and Other Sources	536,596		491,739	
Interest on Reinsurance Deposits	679,240		626,838	
		1,215,836		1,118,577
		3,248,748		3,684,935
Expenses not charged to Underwriting Revenue Account:				
General Assembly and Board of Directors Meetings	306,872		309,154	
Audit Fees	38,000		50,000	
Depreciation and Amortisation	123,755		112,690	
Loss on Exchange	630,849		2,714,784	
		1,099,476		3,186,628
Net Profit for the Year		2,149,272		498,307
Balance brought forward from previous year		(751,361)		(1,249,668)
Balance carried forward Profit/(Loss)		1,397,911		(751,361)

The Notes on pages 23 to 29 form an Integral part of these accounts.

UNDERWRITING REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1985

	Fire and Accident	Marine and Aviation	Life	1985	1984
	US$	US$	US$	US$	US$
Underwriting Income:					
Gross Premiums	28,830,594	14,270,320	613,357	43,714,271	47,088,500
Less: Retrocession Premiums	6,385,591	2,126,684	—	8,512,275	10,554,954
Net Premiums	22,445,003	12,143,636	613,357	35,201,996	36,533,546
Underwriting Outgo:					
Claims	8,547,455	4,562,010	299,601	13,409,066	17,739,963
Commissions	6,603,434	4,214,534	116,594	10,934,562	11,130,580
Excess of Loss Premiums	849,466	416,150	—	1,265,616	604,692
Charges	552,023	312,423	1,486	865,932	743,654
Management Expenses	1,895,398	928,549	39,457	2,863,404	3,137,351
	18,447,776	10,433,666	457,138	29,338,580	33,356,240
Excess of Income over Outgo	3,997,227	1,709,970	156,219	5,863,416	3,177,306
Reinsurance and Reserve Funds at 1st January, 1985	11,452,583	11,593,630	834,019	23,880,232	23,269,283
	15,449,809	13,303,600	990,238	29,743,647	26,446,589
Less: Reinsurance and Reserve Funds at 31st December, 1985	14,109,555	12,697,016	904,164	27,710,735	23,880,231
Balance transferred to Profit and Loss Account	1,340,254	606,584	86,074	2,032,912	2,566,358

The notes on pages 23 to 29 form an integral part of these accounts.

SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31ST DECEMBER, 1985

	1985		1984	
	US$	US$	US$	US$
SOURCE OF FUNDS:				
Net Operating Profit	2,149,272		498,307	
Sale of Fixed Assets	4,189		32,358	
		2,153,461		530,665
Adjustment for items not involving the movement of funds—				
Depreciation and Amortisation		123,755		112,690
		2,277,216		643,355
Other Sources of funds:				
Reserve Fund	1,228,000		2,675,431	
Reinsurance Funds	2,903,222		(2,101,324)	
		4,131,222		574,107
		6,408,438		1,217,462
APPLICATION OF FUNDS:				
Purchase of Fixed Assets	182,059		39,947	
Payment of Dividend	—		22,500	
		182,059		62,447
		6,226,379		1,155,015
Add/(Deduct): **Movement in Current Assets & Current Liabilities**				
Amount due from Ceding Companies on Reinsurance Accounts	(2,633,437)		(739,179)	
Deposits Retained by Companies on Reinsurance Accounts	(559,418)		(1,115,574)	
Sundry Debtors, Accrued Interest and Prepayments	(158,693)		127,742	
Amount due to Companies on Reinsurance Accounts	(960,463)		2,836,112	
Deposits due to Companies on Reinsurance Accounts	(1,395,569)		1,331,528	
Other Creditors, Accruals and Provisions	46,213		(461,646)	
		(5,661,367)		1,978,983
		565,012		3,133,998
Represented by:				
Movement in Investments and Net Liquid Funds:				
Investments		2,468,076		996,899
Cash and Bank Balances		(1,903,064)		2,137,099
		565,012		3,133,998

The notes on pages 23 to 29 form an integral part of these accounts.

NOTES ON THE 1985 FINANCIAL STATEMENTS

1. **Accounting Policies**
The following is a summary of the significant accounting policies adopted in the preparation of the financial statements:-

(a) **Fixed Assets**
Fixed assets are stated at cost less accumulated depreciation.

(b) **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 as follows:

Fixed Assets Category	*Annual Depreciation Rates*
Freehold and Capital Leasehold Property	— 2% or over the leasehold period if less than 50 years.
Furniture, Fittings and Equipment	— Between 12 1/2% and 33 1/3%.
Motor Vehicles	—25%

(c) **Currency Translation**

(i) The Corporation keeps its accounts in United States Dollars. Assets and liabilities in currencies other than the United States Dollars are converted at rates of exchange at balance sheet date.

(ii) Revenue items originating in currencies other than the United States Dollars are accumulated in the operative currencies and translated at rates of exchange ruling at the balance sheet date. Expense items are translated at rates prevailing at the beginning of each month of the year.

(iii) Exchange differences (gains or losses) whether arising from settlement of monetary items or from conversion of assets and liabilities at year end rates of exchange are taken to the profit and loss account. Exchange differences on reinsurance deposits retained by ceding companies and on those retained by the Corporation from its retrocessionaires for the still "open" underwriting years are debited (in case of exchange loss) or credited (in case of exchange gain) to the "reinsurance funds." However, in case of exchange loss on reinsurance deposits the amount of exchange loss that is debited to the reinsurance funds is kept within the estimated technical surplus included in the reinsurance funds after allowing a reasonable margin for unfavourable fluctuations in the loss ratios and also for reasonable underwriting profits. If by taking these factors into consideration, the reinsurance funds could not absorb the total exchange loss on reinsurance deposits for the "open" underwriting years, the remaining part of exchange loss is charged to the profit and loss account of the current year.

(d) **Investments**
Short term investments (in securities) are stated at cost or market value whichever is the lower. Long term investments (in securities) are stated at cost unless there is a marked decrease in their value over many years, in which case a provision is made therefor.

(e) **Debtors**
Debtors are stated after deducting provision made for specific debts considered doubtful of recovery.

(f) **Underwriting Revenue Account, Reinsurance Funds and Reserve Fund**
Statements of account received from ceding companies during the financial year are entered in the accounts in the same year. All underwriting accounts are maintained on underwriting year basis and 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." 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" is provided to meet any outstanding claims. The adequacy of the reserve fund is considered at the end of each subsequent year and necessary adjustments thereto are made accordingly.

As already mentioned in Note 1 (c) on currency translation, reinsurance funds brought forward from the Revenue Account are debited or credited with the exchange loss or gain on reinsurance deposits for the still "open" underwriting years. This exchange loss or gain is debited or credited back to the profit and loss account when the reinsurance funds are brought back to the revenue account in the third year.

2. Fixed Assets

The figure of US$573,997 appearing in the accounts is made up as follows:-

	Freehold & Capital Leasehold Property	Furniture, Fittings & Equipment	Motor Vehicles	Total
	US$	US$	US$	US$
Cost at 1st January, 1985	353,734	679,895	105,744	1,139,373
Additions during the period	—	161,862	20,197	182,059
Disposals during the period	—	(12,287)	(11,662)	(23,949)
	353,734	829,470	114,279	1,297,483
Accumulated depreciation at 1st January, 1985	16,644	512,866	89,981	619,491
Charges for the period	7,075	101,332	15,348	123,755
Disposals during the period	—	(9,069)	(10,691)	(19,760)
Depreciation at 31 December, 1985	23,719	605,129	94,638	723,486
Net Book Value at 31 December, 1985	330,015	224,341	19,641	573,997
Net Book Value at 31 December, 1984	337,090	167,029	15,763	519,882

3. Investments

The investments totalling US$ 7,387,052 are made up of:-

	1985	1984
	US$	US$
Term Deposits	6,367,052	3,898,976
Subscription in Shelter-Afrique	1,020,000	1,020,000
	7,387,052	4,918,976

4. Amount due from Companies on Reinsurance Accounts

The balance of US$16,642,997 relates to balances due to the Corporation on current accounts of ceding companies and retrocessionaires, the breakdown being as follows:-

	1985 US$	1984 US$
A-Ceding Companies		
North Africa	4,012,219	2,370,787
East Africa	966,459	935,284
Central Africa	2,368,116	1,586,193
West Africa	8,786,922	8,169,659
Worldwide	507,351	932,430
	16,641,067	13,994,353
B - Retrocessionaires	1,930	15,207
	16,642,997	14,009,560

5. Deposits Retained by Ceding Companies

These are amounts retained by ceding companies under the terms of their treaties and comprise deposits for unexpired risks (unearned premiums) and outstanding claims. The total of US$32,824,870 is made up as follows:-

	1985 US$	1984 US$
North Africa	18,719,766	20,156,141
East Africa	1,923,318	2,010,790
Central Africa	7,704,873	5,077,413
West Africa	1,829,522	2,409,698
Worldwide	2,647,391	2,611,410
	32,824,870	32,265,452

6. Sundry Debtors, Accrued Interest and Prepayments

The sum of US$434,893 is made up as follows:-

	1985 US$	1984 US$
Accrued Interest	55,150	69,517
Staff Debtors	109,084	127,831
Other Debtors and Prepayments	270,659	78,852
	434,893	276,200

7. Bank and Cash Balances

This is made up as follows:-

	1985 US$	1984 US$
Cash at Bank	2,354,338	4,259,791
Cash in Hand	3,942	1,553
	2,358,280	4,261,344

Cash at bank includes an amount of US$1,092,535 (1984 US$2,054,626) representing a temporary short term deposit in African Currencies awaiting local authorities' approval for conversion to United States Dollars.

8. Amount due to Companies on Reinsurance Accounts

This is made up of balances due to companies as detailed below:-

	1985 US$	1984 US$
A - Ceding Companies:		
North Africa	1,924,205	4,336,373
East Africa	234,560	481,711
Central Africa	1,468,291	756,696
West Africa	2,002,557	1,309,410
Worldwide	2,000,978	2,204,367
	7,630,591	9,088,557
B - Retrocessionaires	6,037,075	5,539,572
	13,667,666	14,628,129

9. Other Creditors, Accruals and Provisions

The sum of US$1,032,228 is made up as follows:-

	1985 US$	1984 US$
Provision for Termination Allowance	41,382	11,703
Other Creditors and Provisions	845,435	855,292
Accrued Expenses	145,411	119,020
	1,032,228	986,015

10. Capital Stock and Paid-Up Capital

The authorised capital of the Corporation is US$15,000,000. Of this amount US$10,000,000 is initially available for subscription out of which the actual subscription amounted to US$9,320,000. Fifty per cent of the subscribed capital was called up and fully paid by the end of 1982. The remaining fifty per cent of the subscribed capital shall be subject to call only as and when required by the Corporation. The figure of US$4,660,000 appearing on the balance sheet at 31st December, 1985, is made up as follows:-

	1985 US$	1984 US$
Capital available for subscription	10,000,000	10,000,000
Unsubscribed capital	680,000	680,000
Subscribed capital	9,320,000	9,320,000
Deduct: Uncalled capital	4,660,000	4,660,000
Called and paid up capital	4,660,000	4,660,000

11. General Reserve and Retained Earnings

This is made up as follows:-

	1985 US$	1984 US$
Balance on General Reserve	561,596	561,596
Balance on Profit and Loss Account carried forward— Profit/(Loss)	1,397,911	(751,361)
	1,959,507	(189,765)

12. The Revenue Account and Reinsurance and Reserve Funds

The revenue account is made up of the revenue and expense items still being received by the Corporation in respect of the years already "closed" (i.e. 1978, 1979, 1980, 1981 and 1982), the revenue and expense items of the underwriting year being closed in this financial year (i.e. 1983), and the revenue and expense items for the underwriting years that are still "open" (i.e. 1984 and 1985).

For the years which have already been closed and that which is closed this year, "reserve fund" is provided to meet the outstanding claims, whereas for the years that are still open, the underwriting results are carried forward in the "reinsurance funds." Accordingly, we show hereunder three tables for the three categories of accounts.

(i) Underwriting Years 1978 to 1982 Accounts
(Closed in the last five years)

	Fire and Accident US$	Marine and Aviation US$	Life US$	Total US$
Underwriting Income:				
Gross Premiums	3,066,990	1,197,882	101,547	4,366,419
Less: Retrocession Premiums	1,306,702	210,147	—	1,516,849
	1,760,288	987,735	101,547	2,849,570
Underwriting Outgo:				
Claims	2,229,449	1,946,608	43,446	4,219,503
Commissions	165,538	692,623	18,040	876,201
Charges	87,737	109,873	—	197,610
	2,482,724	2,749,104	61,486	5,293,314
Excess of Income Over Outgo				
(outgo over Income)	(722,436)	(1,761,369)	40,061	(2,443,744)
Add: Reserve Fund at 1st January, 1985	5,050,000	6,550,000	500,000	12,100,000
	4,327,564	4,788,631	540,061	9,656,256
Less: Reserve Fund at December 31, 1985	3,680,000	4,788,000	518,000	8,986,000
Underwriting balance transferred to Profit and Loss Account	647,564	631	22,061	670,256

(ii) Underwriting Year 1983 Accounts
(Closed for the first time in Financial Year 1985)

The cumulative revenue account for Underwriting Year 1983 in the three accounting years ended 31st December, 1985, is as shown below:-

	Fire and Accident US$	Marine and Aviation US$	Life US$	Total US$
Underwriting Income:				
Gross Premiums	26,702,812	14,114,205	545,903	41,362,920
Less: Retrocession Premiums	6,066,046	2,861,804	—	8,927,850
	20,636,766	11,252,401	545,903	32,435,070
Underwriting Outgo:				
Claims	8,791,815	3,208,456	186,494	12,186,765
Commissions	6,845,856	3,578,279	93,764	10,517,899
Excess of loss Premiums	210,931	97,069	—	308,000
Other Charges	498,835	181,016	1,063	680,914
Management Expenses	2,039,638	938,628	58,569	3,036,835
	18,387,075	8,003,448	339,890	26,730,413
Excess of Income over Outgo:	2,249,691	3,248,953	206,013	5,704,657
Less: Reserve Fund at December 31, 1985	1,557,000	2,643,000	142,000	4,342,000
Balance transferred to Profit and Loss Account	692,691	605,953	64,013	1,362,657

(iii) Underwriting Years 1984 and 1985 Accounts
(The still open years)

	Fire and Accident US$	Marine and Aviation US$	Life US$	Total US$
Underwriting Income:				
Gross Premiums	21,351,244	11,915,363	473,652	33,740,259
Less: Retrocession Premiums	4,527,919	1,687,146	—	6,215,066
Net Premiums	16,823,325	10,228,217	473,652	27,525,193
Underwriting Outgo:				
Claims	2,371,121	1,198,001	210,485	3,779,607
Commissions	5,151,916	3,107,956	90,648	8,350,520
Excess of loss Premiums	849,466	416,150	—	1,265,616
Charges	267,164	154,593	1,555	423,312
Management Expenses	1,895,398	928,550	39,456	2,863,404
	10,535,065	5,805,250	342,144	16,682,459
Excess of Income over Outgo:	6,288,260	4,422,967	131,508	10,842,734
Funds brought forward for Underwriting Year 1984	2,584,296	843,049	112,656	3,540,001
	8,872,556	5,266,016	244,164	14,382,735
Made up of funds applicable to:				
1984 Underwriting Year	4,629,418	3,687,805	205,833	8,523,056
1985 Underwriting Year	4,243,138	1,578,211	38,331	5,859,680
Total Reinsurance Funds carried forward at 31st December, 1985	8,872,556	5,266,016	244,164	14,382,736

13. Reinsurance and Reserve Funds at 1st January, 1985
This is made up as follows:-

	Fire and Accident US$	Marine and Aviation US$	Life US$	Total US$
A — Reserve Funds for Underwriting Years 1978-1982	5,050,000	6,550,000	500,000	12,100,000
B — Reinsurance Fund for Underwriting Years 1983 and 1984	5,970,324	4,703,118	311,468	10,984,910
Total	11,020,324	11,253,118	811,468	23,084,910

14. Reinsurance and Reserve Funds at 31st December, 1985

This is made up as follows:-

	Fire and Accident US$	Marine and Aviation US$	Life US$	Total US$
A — Reserve Fund:				
Reserve for Underwriting Years 1978 - 1982	3,680,000	4,788,000	518,000	8,986,000
Reserve for Underwriting Year 1983	1,557,000	2,643,000	142,000	4,342,000
	5,237,000	7,431,000	660,000	13,328,000
B — Reinsurance Funds:				
Reinsurance Fund for Underwriting Year 1984	4,629,417	3,687,805	205,833	8,523,055
Reinsurance Fund for Underwriting Year 1985	4,243,138	1,578,211	38,331	5,859,680
	8,872,555	5,266,016	244,164	14,382,735
Exchange loss on Reinsurance Deposit Underwriting Year 1984		...		494,603
				13,888,132

15. Management Expenses

Management expenses have been apportioned to the classes of business in the Revenue Account on a premium basis but wholly charged to the current underwriting year 1985.

STATEMENT OF SUBSCRIPTIONS AND VOTING POWERS OF MEMBER STATES AS AT 31ST DECEMBER, 1985

Authorised Capital Stock US$15,000,000

ANNEX 1

	Members	Capital Available for Subscriptions No of Shares	Amount	Amount Not Subscribed	Amount Subscribed	Called Portion (50% of Subscribed)	Amount Paid	Voting Power in %
1.	Algeria	60	600,000	—	600,000	300,000	300,000	6.44
2.	Benin	10	100,000	—	100,000	50,000	50,000	1.07
3.	Burkina Faso	10	100,000	—	100,000	50,000	50,000	1.07
4.	Burundi	10	100,000	—	100,000	50,000	50,000	1.07
5.	Cameroun	30	300,000	—	300,000	150,000	150,000	3.22
6.	Central African Republic	10	100,000	—	100,000	50,000	50,000	1.07
7.	Chad	12	120,000	—	120,000	60,000	60,000	1.29
8.	Congo	13	130,000	—	130,000	65,000	65,000	1.40
9.	Côte d'Ivoire	25	250,000	—	250,000	125,000	125,000	2.68
10.	Egypt	60	600,000	—	600,000	300,000	300,000	6.44
11.	Ethiopia	28	280,000	—	280,000	140,000	140,000	3.00
12.	Gabon	16	160,000	—	160,000	80,000	80,000	1.72
13.	Gambia	10	100,000	—	100,000	50,000	50,000	1.07
14.	Ghana	33	330,000	—	330,000	165,000	165,000	3.54
15.	Guinea	10	100,000	—	100,000	50,000	50,000	1.07
16.	Guinea Bissau	10	100,000	—	100,000	50,000	50,000	1.07
17.	Kenya	26	260,000	—	260,000	130,000	130,000	2.79
18.	Liberia	10	100,000	—	100,000	50,000	50,000	1.07
19.	Libya	60	600,000	—	600,000	300,000	300,000	6.44
20.	Mali	10	100,000	—	100,000	50,000	50,000	1.07
21.	Mauritania	12	120,000	—	120,000	60,000	60,000	1.29
22.	Mauritius	14	140,000	—	140,000	70,000	70,000	1.50
23.	Morocco	60	600,000	—	600,000	300,000	300,000	6.44
24.	Niger	10	100,000	—	100,000	50,000	50,000	1.07
25.	Nigeria	60	600,000	—	600,000	300,000	300,000	6.44
26.	Senegal	21	210,000	—	210,000	105,000	105,000	2.25
27.	Sierra Leone	13	130,000	—	130,000	65,000	65,000	1.40
28.	Somalia	12	120,000	—	120,000	60,000	60,000	1.29
29.	Sudan	30	300,000	—	300,000	150,000	150,000	3.22
30.	Swaziland	11	110,000	—	110,000	55,000	55,000	1.18
31.	Tanzania	24	240,000	—	240,000	120,000	120,000	2.58
32.	Togo	11	110,000	—	110,000	55,000	55,000	1.18
33.	Tunisia	25	250,000	—	250,000	125,000	125,000	2.68
34.	Uganda	22	220,000	—	220,000	110,000	110,000	2.36
35.	Zaire	19	190,000	—	190,000	95,000	95,000	2.04
36.	Zambia	34	340,000	—	340,000	170,000	170,000	3.65
37.	African Development Bank	100	1,000,000	—	1,000,000	500,000	500,000	10.73
	Total	932	9,320,000	—	9,320,000	4,660,000	4,660,000	100.00

Shares which have been allocated to Members of the Organisation of African Unity, but not yet subscribed.

1.	Botswana	10	100,000	100,000	—	—	—	—
2.	Equatorial Guinea	10	100,000	100,000	—	—	—	—
3.	Lesotho	10	100,000	100,000	—	—	—	—
4.	Madagascar	18	180,000	180,000	—	—	—	—
5.	Malawi	10	100,000	100,000	—	—	—	—
6.	Rwanda	10	100,000	100,000	—	—	—	—
7.	Angola	17	170,000	170,000	—	—	—	—
8.	Cape Verde	10	100,000	100,000	—	—	—	—
9.	Comoros	10	100,000	100,000	—	—	—	—
10.	Djibouti	10	100,000	100,000	—	—	—	—
11.	Mozambique	19	190,000	190,000	—	—	—	—
12	Sao Tome & Principe	10	100,000	100,000	—	—	—	—
13.	Seychelles	10	100,000	100,000	—	—	—	—
14.	Zimbabwe	30	300,000	300,000	—	—	—	—
		184	1,840,000	1,840,000				
	Total	1,116	11,160,000	1,840,000	9,320,000	4,660,000	4,660,000	100.00