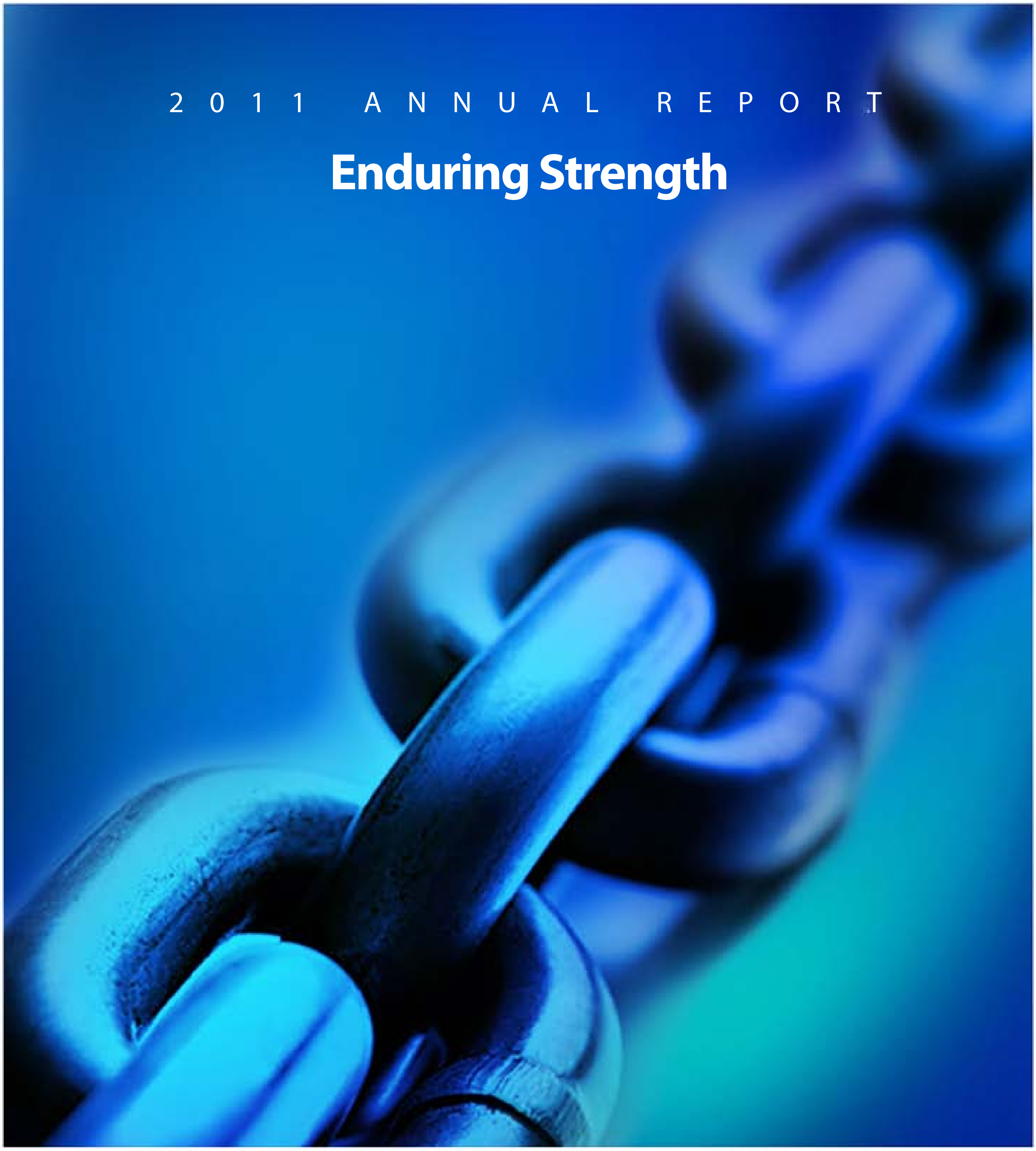
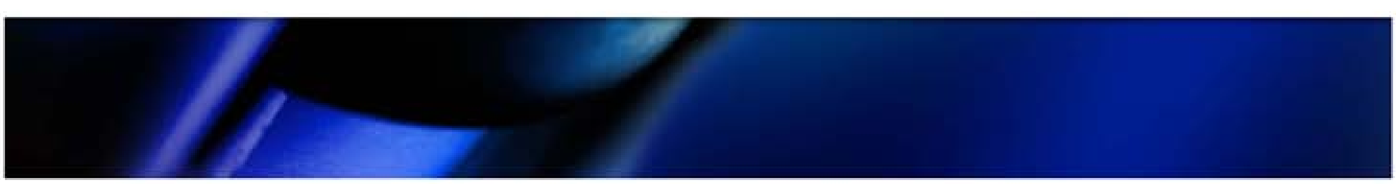
2011 ANNUAL REPORT

Enduring Strength



ENTERPRISE GROUP LIMITED



Enduring Strength

The year 2011 represented the first full year of operation for the Enterprise Group.

As a group we continue to demostrate the strength and unity of purpose that drives our growth, ensuring our collective strength delivers increased value to our shareholders.

Our strategy as a group will ensure that our clients benefit from the very best financial products and solutions.

Our vision of becoming a market leader in the various markets in which we operate drives our people to be the very best, delivering the results that will ensure that the Enterprise Brand, grows stronger and better.

As a group our strengths will propel our growth, our diversity will drive our innovation, our shared values will guide us and our desire to excel will ensure we deliver greater value to our shareholders.

ENTERPRISE GROUP LIMITED

ENTERPRISE INSURANCE
Time Tested, Truly Trusted ...Since 1924

ELAC
Rest Assured

ENTERPRISE TRUSTEES LIMITED
Your Future First

ENTERPRISE PROPERTIES LIMITED

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Notice and Agenda of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Second Annual General Meeting of Enterprise Group Limited will be held at the Ghana College of Physicians and Surgeons, Accra, on Thursday, May 31st , 2012 at 10.30 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive the Report of the Directors and the Financial Statements together with the Report of the Auditors thereon for the year ended 31st December 2011.

2. To re-elect retiring Directors

3. To authorise the Directors to fix the remuneration of the Auditors

4. To approve Directors' Remuneration

By Order of the Board
Abena Bonsu, Company Secretary

Dated the 6th Day of April, 2012.

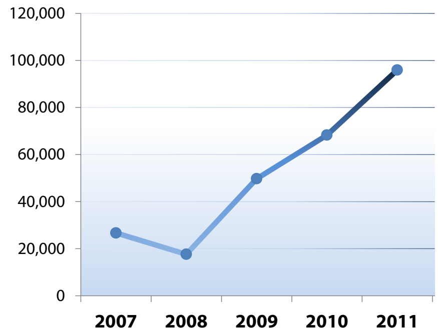
NOTE: A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not also be a member. In order to be valid, the PROXY FORM must be deposited at the Office of the Registrar, NTHC Limited, 1st Floor, Martco House, Adabraka or NTHC Limited, P.O. Box KIA 9563, Airport – Accra NOT LESS THAN 48 HOURS before the time of the holding of the meeting.

Five Year Financial Summary
(All amounts are expressed in thousands of Ghana cedis)

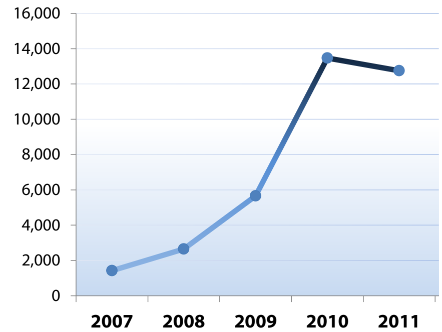
	2007	2008	2009	2010	2011
Gross Premium	**26,683**	**35,316**	**49,714**	**68,268**	**95,931**
Net premium	17,620	23,890	37,248	55,779	81,410
Net Premium Earned	16,851	23,416	37,771	54,891	79,553
Claims	(4,033)	(7,180)	(11,143)	(14,333)	(20,357)
Operating expenses	(6,440)	(8,494)	(12,277)	(18,201)	(22,095)
Investment income	1,422	2,646	15,658	13,470	12,752
Profit before Tax	4,150	7,238	4,197	9,179	23,309
Profit for the Year	**2,974**	**4,414**	**2,236**	**8,353**	**25,745**
Total Equity and Surplus	13,061	26,879	34,120	56,898	75,302
Total Assets	35,951	59,986	73,883	115,165	152,890
Number of Shares	**131,083,325**	**131,083,325**	**131,083,325**	**131,210,825**	**131,210,825**
Earnings per Share	0.023	0.034	0.017	0.03	0.15
Dividend per share	0.005	0.008	0.009	0.01	0.00
Return on Assets	8.27%	7.35%	3.03%	3.2%	12.5%
Return on Equity	22.77%	16.42%	6.55%	6.4%	25.3%
Share Price (Market) (GH¢)	0.260	0.628	0.440	0.50	0.38
Price Earning Ratio	11.30	18.47	25.88	16.67	2.53

Financial Highlights

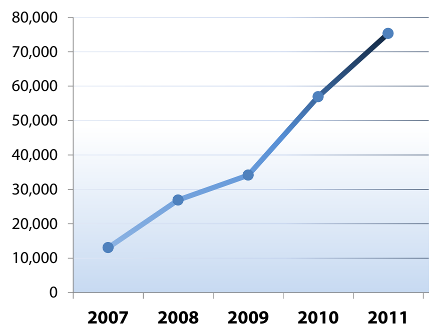
Gross Premium



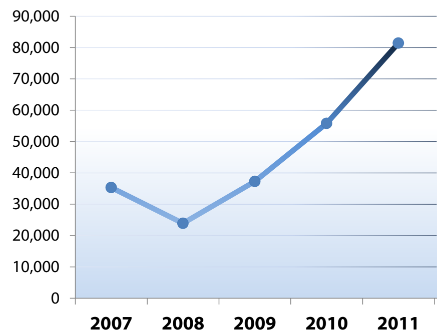
Investment Income



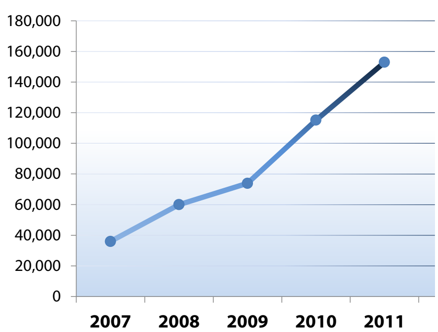
Total Equity and Surplus



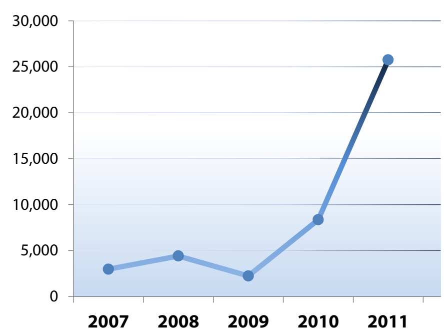
Net Premium



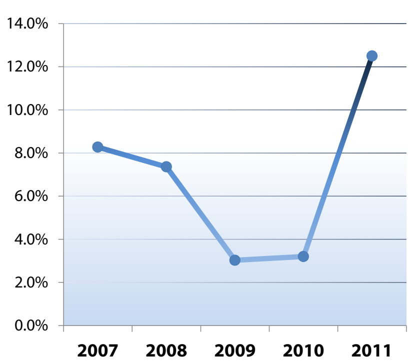
Total Asset



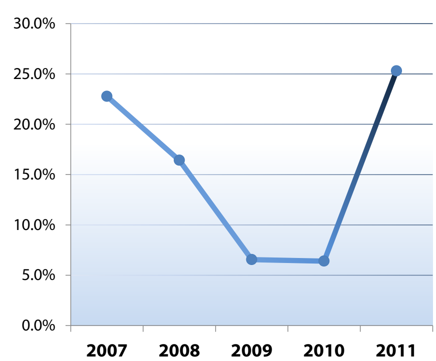
Profit for the Year



Return on Assets



Return on Equity



Board of Directors

Trevor Trefgarne – Chairman
George Otoo – Chief Executive Officer
Ken Ofori-Atta
Keli Gadzekpo
H. E. (Mrs.) Margaret Clarke-Kwesie
Martin Eson-Benjamin
Emmanuel Idun

Secretary

Abena Bonsu (Ms.)
Enterprise Group Limited
PMB 150
General Post Office
Accra

Solicitors

Sam Okudzeto & Associates
Total House, 3rd Floor
Liberia Road
P O Box 5520
Accra-North

Independent Auditor

PricewaterhouseCoopers
Chartered Accountants
No. 12 Airport City
Una Home, 3rd Floor
Accra, Ghana

Registrar

NTHC
1st Floor, Martco House,
Adabraka
P. O. Box KIA 9563
Airport, Accra

Registered Office

Enterprise House
No. 11 High Street
PMB 150
General Post Office
Accra

Bankers

Barclays Bank of Ghana Limited.
Standard Chartered Bank

Trevor Trefgarne
Chairman, Enterprise Group Limited

Dear Shareholder

Introduction

We are pleased to report that 2011 has been a year of further progress with growth in premium income and profit across the Group. The Life business has been the main driver of premium income and profitability, although the general business has made a most welcome return to underwriting profit.

The core businesses in both general and life insurance, achieved a gross premium growth of 40.6%, whilst the Group achieved a profit attributable to EGL shareholders of GHS 19.0m.

Significant progress has been made so that we now operate fully under the holding company structure. We have entered into new related and adjacent businesses, namely our first offshore venture into The Gambia with the creation of Enterprise Life Assurance Gambia Limited and have set up Enterprise Properties to develop the Group's property assets and to manage our space requirements. We have signed two Memorandums of Understanding, the first with Santam of South Africa to become a 40% shareholder of our general business, and the second with FSG of Botswana for a new business in funeral services aimed at forward integrating our life assurance activities. Hopefully these new initiatives can be concluded during 2012. In March 2012, regulatory approval was granted for Enterprise Trustees Limited (ETL) to commence operations.

"2011 was a year of progress with our businesses continuing to deliver good growth and improved profitability. Indeed the Enterprise Group has an exciting future."

2011 Economic Review

2011 was another important year for Ghana's economy as it marked the first full year as an oil producer. This had a significant impact on GDP growth which peaked at an estimated 13.6%, compared with 2010's 7.7%, due to the one off impact of the start of oil production. It is estimated that 50% of the 2011 GDP growth originated from oil.

The advent of Ghana as an oil economy, though broadening the economy has not yet directly impacted the insurance industry to a great extent. The industry pool set up to enhance the capability to insure such risks currently covers only a fraction of such insurable risks, due to the low capital base of our industry compared to the size of insurable risks in oil & gas .

Even without the impact of oil, economic growth remained strong in 2011, particularly in the context of economic difficulties experienced in Ghana's main export markets. Growth rates in agriculture; industry and services were 2.8%; 36.2%; and 4.2% respectively. Key contributors to GDP growth other than oil, in the industry sector were mining and construction.

In agriculture, higher production in cocoa, forestry and fishing drove growth, whilst telecommunications and construction drove the services sector. Continued strong growth in all these sectors represents a significant opportunity for the insurance industry.

Inflation in 2011 showed a progressively downward trend closing the year at 8.6%. This downward trend was driven by strong food production, keeping food inflation at a low of 3.7% and was partly offset by petroleum and imported inflation.

The lower trend in inflation rates allowed the Central Bank to progressively reduce Interest rates from 2010 close of 13.5% to 12.5% as at year end 2011.

Despite strong economic growth there remains a fiscal deficit projected at 4.8% of GDP versus a 2011 target of 5.1% of GDP. The public debt relative to GDP grew from 36% to 38% in 2010 and 2011 respectively, with indications that this growth was to fund infrastructure and settle salary arrears as a result of the new public sector single spine salary structure.

Economic prospects 2012

The economic outlook in 2012 appears promising. The 2012 budget's key objectives of macroeconomic stability; a focus on long term investments to generate long-term growth and the maintenance of inflation in single digits appear designed to build on Ghana's developing middle income status. The budget forecasts continued strong non-oil GDP growth of 7.6% and 9.4% overall growth; single digit inflation of 8.5%; a further reduction in the fiscal deficit to 4.8% of GDP, and reserves of 3 months cover.

With 2012 also being an election year, the key budget objectives indicate continued stability. To date the economic turmoil in the Eurozone has had a limited effect on the Ghanaian economy, mainly confined to the capital markets. Potentially there are risks in 2012 that global events could impact adversely on trade flows and government's budget. Although there can be such unforeseen events that might affect inflation and disposable incomes, we believe the economic environment in Ghana remains favorable to our continued growth.

Group Strategic Direction

Enterprise Group's long term aim is to progressively build our existing operations while taking advantage of business opportunities in allied areas.

Underpinning this broad strategic direction are six key pillars. These are;

1. Profitable growth through market penetration and diversification.
2. Generate cash to support capital requirements and shareholder returns
3. Improve returns by creating new revenue streams from property portfolio
4. Accelerate our growth through strategic alliances
5. Minimize costs by sharing services.
6. Pooling Group Resources

These strategic goals have the central theme of increasing value for shareholders. We have in 2011 taken a number of steps and initiatives aimed at ensuring they are achieved and the Group Chief Executive's report sets out his insights on what is being done.

Performance on the Ghana Stock Exchange

The performance of the Ghana Stock Exchange, (GSE) in 2011 contrasted sharply with that of 2010. The financial and economic instability in Europe and the United States led to profit taking and the exit of some offshore investors from the market. This led to a fall of 14% in the market index for the year ended 31st December 2011.

The fall in the GSE index impacted adversely on the Group's investment portfolio, which reduced in value by GHS6m. As the Group's investments are held for the long term, almost all the losses remain unrealized. Movements in investment values are accounted for under IFRS through the Income Statement so shareholders should be aware financial results may appear more volatile than historically.

Dividends

Your Board is committed to delivering sustainable dividend growth.

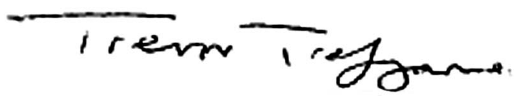
I am happy to announce that your Board declared a total interim dividend of GHS2.1m for 2012 (being GH¢0.016 per share). This represents a growth of 60% over full year 2010 pay out. The substantial increment is to recognize EGL not paying a dividend for the year 2011 due to our reorganization, and also to deliver on our promise to provide our shareholders a real return through dividends. This will be paid on 17th May 2012.

Management & Staff

Enterprise Group relies on its dedicated and passionate staff both for past successes and to deliver the future expectations. The coming year heralds significant changes in the nature and scope of our business and we know we can count on their creativity and commitment to deliver the growth on which the rewards for our shareholders depend. I'm sure shareholders will join me in expressing appreciation for the part played by all our people. We are empowered by having such a talented and hardworking team.

Prospects for 2012 and beyond

Enterprise Group has an exciting future. We believe that the major decisions taken by your board will ensure your company achieves continued long term growth and profitability.



Trevor Trefgarne
Chairman, Enterprise Group Limited

George Otoo,
Group Chief Executive Officer.
Enterprise Group Limited

Group Chief Executive Officer's Report

Introduction

At the end of 2010, we completed the reorganization of EIC and moved to a Group holding company structure, Enterprise Group Limited.

The Group's performance in 2011 gives us confidence in both our strategic direction and our ability to deliver shareholder value.

Business and Regulatory Environment

The National Insurance Commission (NIC) directed that insurance businesses, both Life and General, increase their stated capital to US$5m, up from the previous US$1m, by 31st December 2012. Both our life and general businesses are well positioned to meet the new capital requirements by the due date.

During 2011, the NIC began consultations on proposals for a major revision of the regulatory framework to guide the industry. The proposed revisions include a new Solvency Framework; a new Insurance Act; Insurance Regulations and Insurance Code. Corporate governance and risk management codes are also in preparation. The proposed new suites of regulations are extensive, highly prescriptive and will improve discipline within the industry. However, the new rules will also be demanding in terms of compliance and come at a significant cost to the industry.

"As we diversify into new business areas in the financial services sector, our strategic agenda is focused on driving the Group's growth both today and in the future to ensure our competitive survival."

It is hoped that the new regulatory framework can be implemented in a phased manner so as to minimize any disruptive or cost impact on the insurance industry.

The industry players continued to compete vigorously for market share. The life market has been growing at a faster rate than the general market over the last 10 years. Life premiums now constitute about 40% of total market premium compared to less than 10% a decade ago. This has been driven largely by product innovation and market penetration. Like most advanced countries, life is expected to become much bigger than general in just a couple of years as the culture of using a life policy as a tool for social and financial protection begins to find acceptance in our society.

Group Strategic Direction

Reference was made in the Chairman's statement to our overall strategic direction and the six broad pillars underpinning our goal of progressively transforming ourselves into a financial services group.

These pillars are:

1. Achieving profitable growth through market penetration and diversification
2. Generate cash to support capital requirements, our growth agenda and shareholder return
3. Improve ROE and ROA by creating new revenue streams from property portfolio
4. Accelerate growth through strategic alliances
5. Manage costs to achieve consistency and improved profitability
6. Pool Group resources by progressively deploying shared services to support cost reduction.

I would now like to give you an insight into initiatives undertaken in 2011 towards achieving these strategic goals:

1. **Achieving profitable growth through market penetration and diversification**
   a. We signed an MOU with the Funeral Services Group of Botswana to enter into funeral services in Ghana. This business has a strategic fit to our life insurance business.

   b. We formed the Enterprise Trustees Limited to provide services under tiers 2 and 3 of the National Pensions Act, [Act 766]

   c. We also incorporated Enterprise Life Assurance Company Gambia Limited, our first exploratory venture outside of Ghana aimed at providing life insurance to the Gambian market. Full operations are expected to begin in the second quarter of 2012.

Operationally, we do not expect these new ventures and partnerships to impact on our business results until 2013 and beyond.

2. **Generate cash to support capital requirements, growth agenda and shareholder return**
   a. We undertook a major restructuring and reallocation of assets on the Balance Sheet of EIC within the Group. Medium to long term, this will give the Group greater flexibility to manage the Group's assets to extract maximum yields in terms of ROE and ROC.

   b. We started focusing on making our cash work harder for us.

   c. We capitalized our three new businesses (Enterprise Properties Limited, Enterprise Trustees Limited and Enterprise Life Assurance Company Limited, The Gambia) and made substantial progress towards meeting the NIC's minimum capital requirements of US$5m for our life and general businesses.

3. **Improve ROE and ROA by creating new revenue streams from property portfolio**
   a. We transferred all the Group's "non-policy holder' investment properties into our newly created and wholly owned subsidiary, Enterprise Properties Limited.

   The new subsidiary will have the role of redeveloping and investing in existing and new prime properties. An additional role for the unit will be the co-ordination and efficient management of the Group's own space requirements as we expand our services across the country.

4. **To accelerate growth through strategic alliances**
   As we diversify our businesses into new, complementary and adjacent areas in financial services, and innovate on current product offerings, our ability to make rapid progress will be dependent on how quickly we can gain and apply "know how" in areas new to us. Our strategy in this area will be to form shareholder or technical strategic alliances which deliver to the Group the knowledge and competencies required in managing our various business segments.

   To this end we have initiated alliances in the following areas;

   a. A 60/40 shareholding in Enterprise Trustee Limited by Enterprise Group Limited and Sanlam of South Africa respectively.

   b. An MOU that will allow Santam, a subsidiary of Sanlam of South Africa to acquire a minority stake in Enterprise Insurance Company Limited, aimed at developing new product offerings in our general business to improve profitability.

   c. A partnership between Enterprise Properties Limited and Taysec Homes Limited to develop a prime site in Accra into residential houses.

5. **Manage costs to achieve consistency and improved profitability**

   A significant proportion of our costs are people related. Managing this important resource more efficiently will be a critical success factor. In 2011, we created a new Group HR function with the responsibility of better aligning our people resource to our corporate goals and objectives as a means of improving efficiency and productivity, particularly as we expand through diversification.

6. **Pool Group resources by progressively deploying shared services to support cost reduction agenda.**

   The strategic thrust of creating Group shared services has the ultimate dual aim of reducing the overall group back office services costs and achieving the standards and consistency necessary to deliver the Enterprise brand promise.

   The shared services initiative being undertaken could become an important competitive tool but involves a major business change process whose benefits will begin in the timeframe of between 12 to 24 months.
   The process started in the last quarter of 2011.

Financial Performance Review Revenues

Group gross premium income grew strongly by 40.6% to GHS 95.9m versus 2010's GHS 68.3m. Both the Life and General businesses demonstrated future potential, delivering growth rates of 53.4% and 22.4% respectively. Life revenues now represent 64.1% of total gross revenues against 58.7% in 2010.

Net premium grew by 44.9% due to the proportionately lower levels of premiums ceded to reinsurers in both life and general

Operating Costs

Total operating costs comprising of claims, selling and commission costs and operating expenses grew by 35.6% over prior year 2010. Individually, net claims grew by 42%, selling & commission expenses by 52.6% and operating costs 21.4%. The growth of 42% in total claims is attributed to growth rates of 52% in life, and 30% General. Moreover, in the general business, the exceptional flooding experienced in Accra late last year and rising motor claims drove the trend in claims. However, relative to gross premiums, claims remained static at 21%.

The commissions and selling expenses growth of 52.6% was fully attributable to increased selling expenses in our life assurance portfolio, due to enhanced incentive schemes to support growth and territorial expansion carried out in the year. Relative to gross premiums, commissions and selling expenses increased from 14.3% to 15.5%.

Management operating costs increased by 21.4% against 2010. Operating expenses in Life grew by 46%; however, there was a decline of 17.5% in the general business due to the headcount reduction arising from the realignment of resources in the Group. The higher growth rates of costs in life, generally supported premium growth. Relative to premiums, however, management operating costs fell from prior year's 26.3% to 23%.

Improving the management of and reducing total business costs relative to premiums is a key strategic goal and will receive the appropriate management focus at all times.

The end year actuarial valuation for the life business liabilities resulted in a charge of GHS 13.1m to Policyholders' Fund. Against prior year, this represented a reduction of 22.4% or GHS 4.2m which impacted positively on profits.

Underwriting Results

2011 saw the return of both the Life and General businesses to a positive underwriting profit. Group underwriting profit was GHS 9.0m versus a loss of GHS 4.8m in prior year 2010. This result was driven by the strong premium growth rates and the relative overall reduction in total operational costs which fell from 61.9% of gross premiums in 2010 to 59.8% in 2011.

Further information and analysis on each subsidiary's performance can be found in the respective Divisional Executive Directors reports in the pages which follow.

Investment Income

Net investment income (income plus capital gains minus losses) for the year was GHS 12.7m compared to GHS 13.5m achieved in 2010. The main reason for the fall in investment income was due to the sharp fall in prices of equity investments on the Ghana Stock Exchange and the decline in yields in money market instruments. The index (GSE-FI) fell from a base of 1000 points to 863.09 points in the twelve months ended 31st December 2011, a decline of 13.69%.

Profits

Group profit after tax and before minority interest was GHS 25.7m, against prior year's GHS 8.4m, representing an improvement of 208.2%. Profit attributable to the Enterprise Group shareholders was GHS 19.0m versus GHS 3.7m achieved in 2010.

This result was driven by the substantial improvement in underwriting results, which more than compensated for the shortfall arising from investment income. This is reflected in improved earnings per share movement from GHS 0.03 in 2010 to GHS 0.145 in 2011.

Our new subsidiaries, Enterprise Trustees Limited, Enterprise Properties Limited and Enterprise Life Assurance Company Gambia Limited did not trade in 2011, as they were all in setting-up mode.

Balance Sheet

As previously indicated, we undertook a major restructuring of the Balance Sheet of Enterprise Insurance Company Limited (EIC), our General business, with the objective of creating a "fit for purpose" Balance Sheet for EIC, and relocating assets with developmental or upside potential to the appropriate operating unit to facilitate full exploitation of that upside opportunity.

Total assets grew by 32.7%, mainly due to growth in the investments and cash balances. Net assets grew by 30.1%, generally reflecting the improvement in profitability.

ROE and ROA were 25.3% and 12.5%; and 6.4% and 3.2% for 2011 and 2010, respectively.

Management & Staff

With the expansion of our business and the emergence of new subsidiaries within the Group, our staff strength as at the end of 2011, was 274 permanent employees and an agency work force of over 500 spread across the regions in Ghana. The number of insurance professionals across the subsidiaries grew by 4.0% in 2011.

Our strategic goal of achieving transferability of resources across the Group is being pursued with cross-function moves across subsidiaries thereby creating opportunities for career growth and development for our people.

As we diversify into new business areas, our 2012 strategic people agenda is focused on driving the Group's growth both today and in the future to ensure our competitive position. We will do this by reviewing our policies and procedures in line with best practice, developing and engaging different talent pools, creating robust succession plans and building a strong performance culture.

The aim is to develop leaders capable of delivering business targets as we continue to retain the best talent by providing competitive rewards for our people.

Critical on our agenda is to promote a "one-enterprise" concept across the subsidiaries, depicting "one team, with one dream, within one enterprise".

Prospects for 2012

2012 promises to be another eventful year for the Enterprise Group. We do not underestimate the challenges ahead, but have confidence in our management and staff to manage both the risks and opportunities ahead as we work towards improving the results achieved in 2011.

George Otoo, Chief Executive Officer.
Enterprise Group Limited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"With the return of the company to positive underwriting margins in 2011, Management's focus is now on the achievement of consistent and sustainable profits year after year."

Kwame Ofori
Executive Director, EIC

Enterprise Insurance Company Limited Report

The Industry

In 2011 the Insurance Act 2006, Act 724, Section 183 which requires that all private commercial buildings and private commercial buildings under construction should be insured, became effective.

It is expected that as issues relating to the enforcement of this law are resolved, insurance companies will be better placed to take advantage of the opportunities presented by the passing of this law.

The NIC has proposed an upward review of the minimum start-up capital for insurance companies from the current US$1m in cedi equivalent to US5m in cedi equivalent. Under the proposal, foreign owned companies are required to meet this directive by December 2012 while Ghanaian owned companies are given up to the end of 2013 to comply.

Besides, the NIC has developed a new solvency framework to replace the current one issued in 2008. The new framework which is expected to come into effect in 2012, clearly defines allowable capital resources and minimum solvency capital requirements. It requires insurance companies to have admissible representative assets to back their technical provisions. According to the NIC, even though the new framework is not fully risk-based, it is a step towards a risk-based capital adequacy framework which will be introduced in the medium term.

The year also continued to witness a further softening of the market with premiums driven to very low levels in spite of minimum rates proposed by the NIC. The unbridled competition, based on price, is accompanied by uncontrolled granting of credit in flagrant disregard for the credit guidelines issued by NIC.

This has resulted in huge unpaid premiums standing on the balance sheets of most general insurance companies.

Company Results

As a result of the underwriting losses recorded for the year 2009 and 2010, Management's main objective for 2011 was to return the business to underwriting profit; and this was achieved by a high growth in net premium as well as a reduction in the operational expenses as a direct result of the formation of the Enterprise Group (EGL), which took on board some employees of the company and most of the non-insurance services hitherto performed by the Company.

Gross premium grew by 22.21% in 2011 from GH¢28.2m in 2010 to GH¢34.42m in 2011.

Net premium grew from GH¢16.40m in 2010 to GH¢20.80m in 2011 representing a growth of 26.82%, as a result of the fact that new business for the period were of the nature and size that allowed us to retain greater portions for our net account.

New business amounted to GH¢10.06m which accounted for 29.23% of the total gross premium for 2011. The major contributor was the motor account, which recorded GH¢4.9m in new business.

In line with our determination to keep our premium debtor ratio to the barest minimum, the Company achieved a 92.40% premium collection rate for 2011. We will continue to sustain the pressure on our indebted clients to improve further on our premium collection rate, as it is critical to meeting our objective of paying claims promptly.

In spite of the numerous and major claims suffered as a result of the flood event in Accra during the last quarter of the year that threatened our bottom line results, the company achieved a modest underwriting profit of GH¢0.55m in 2011 as against an underwriting loss of GH¢1.99m in 2010. This was a growth of GH¢127.91%. The total estimated gross claims as a results of the flooding is GH¢4.0m.

The main task for 2012 is to take advantage of the modest underwriting profit achieved to further increase profits and establish a solid platform on which to deliver consistent and sustainable profits year after year.

Financial Results

Investment income decreased from GH¢1.129m in 2010 to GH¢0.604m in 2011. As a result of sale of listed equity Investments dividend income reduced considerably.

Underwriting profit went up from a loss of GH¢1.989m in 2010 to a favourable position of GH¢0.56m. Other income went down to GH¢0.99m in 2011 from GH¢0.92m in 2010.

Compared with the previous year, profit before tax (after accounting for intergroup transfers) went up to GH¢2.148m in 2011 from GH0.57m in 2010.

Corporate taxation decreased marginally as a result of the write back of deferred taxation following the transfer of the Properties within the Group.

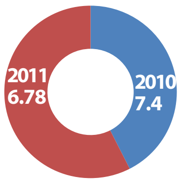
Profit after Tax increased to GH¢2.565 from a loss of **(GH¢0.621)** in 2010.

Net worth went down to GH¢21.438m in 2011 from GH¢37.487 in 2010, this was mainly as a result of appropriation of contingency reserves and dividend payments.

	2011	2010
Gross Premium	34,419	28,164
Net Premium	20,801	16,402
Claims Incurred	9,893	7,591
Commission Expenses	1,165	1,030
Operating Expenses	6,822	8,881
Underwriting Profit/(Loss)	617	(1,989)

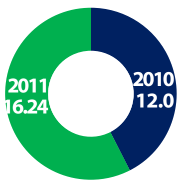
(From L-R) ***Ernestina Abeh*** *(Deputy General Manager, Operations),* ***Emmanuel Afriyie Amoako*** *(HR Business Partner),* ***Phyllis Woode-Nartey*** *(Head-Business Dev't, Communications & Sales),* ***Mercy Boampong*** *(Snr. Manager, Corporate Relations),* ***Nii O. Ankrah*** *(General Manager, Operations),* ***Akosua Ansah-Antwi*** *(Snr. Manager Broker Relations),* ***Alexander Anane*** *(Asst. General Manager, Finance)*

Summary of performance by class of Business



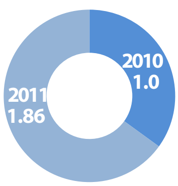
Fire

Due to the loss of some major accounts gross premium from our fire business fell by 8.38% in 2011; from GH¢7.40m in 2010 to GH¢6.78m in 2011. This class of business made an underwriting loss of GH¢0.36m in 2011, compared to a profit GH¢0.50m in 2010, mainly due to the flood losses experienced in the latter part of the year.



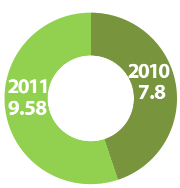
Motor

Motor recorded a gross premium of GH¢16.24m in 2011 as compared to GH¢12.0m in 2010. Efforts to return the motor portfolio to profitability within the shortest possible time have begun to pay off as the underwriting loss for this class of business reduced from GH¢2.7m in 2010 to GH¢0.52m in 2011. The introduction of our differentiated service called '3 Days Motor Claims Payment Service' as well as our prudent management of motor claims partly accounted for this improved result. Management is determined to return the motor account to profit in 2012.



Marine

Marine grew by 86.06% in 2011 recording a gross premium of GH¢1.86m compared to GH¢1.0m in 2010. This class of business made an underwriting profit of GH¢0.36m in 2011 compared to GH¢0.10m in 2010.



General Accident

The portfolio grew from GH¢7.8m in 2010 to GH¢9.58m in 2011; an increase of 22.95%. The classes of business that come under this portfolio made a total underwriting profit of GH¢1.14m. Public Liability, Banker indemnity, Engineering, Burglary, Contractors All Risks and Personal Accident all recorded underwriting profits.

The future

With the modest underwriting profit made, Management intends to sustain this and grow our profit across all business lines and also ensure that non-profit making lines of business are evaluated and corrective measures applied to ensure that each class of business contributes positively to profitability.

In view of the importance of renewal business to our growth, management has put in place measures to ensure that the company renews not less than 90% of all its existing renewable businesses. This will ensure that any new business that is added in the course of our operation actually contributes to the growth our business.

Management has also introduced a profit sharing innovation that is intended to make the sale of most of our products much easier and more attractive to the insuring public. We have also set up a new agency system that is highly performance based to ensure that the new products get to the doorsteps of the prospective insureds.

We are also optimistic that our partnership with Santam of South Africa, which comes into effect this year, will enable EIC replicate in the General insurance business market the excellent growth that ELAC has achieved and continues to in the Life insurance market.

Appreciation

We are indebted to all our valued clients, intermediaries and dedicated staff whose business and dedication to work has brought us this far.

My special thanks go to the Board of directors for their continued understanding and guidance that brought us back on the course of profitability.

Kwame Ofori
Executive Director, EIC

ENTERPRISE INSURANCE

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PRODUCTS

that provide you
peace of mind

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3 DAY MOTOR CLAIMS PAYMENT–INNOVATION WITH GUARANTEES

EIC has taken service delivery in the industry to the next level by introducing a 3 Day comprehensive motor claims payment service. What makes our 3D offer totally different is the fact that Enterprise Insurance your trusted Insurer provides the following **GUARANTEES** that are unavailable on the Ghanaian Market:

1. We sign a claim payment agreement with you at policy inception, which spells out exactly how long we will take to process your claim in the event of an accident.
2. We pay your claim(s) in 3 working Days
3. If we do not pay within the stipulated time, as per the terms of the agreement; we will **REFUND** your premium and **STILL PAY** your claim.

EIC also provides extensive coverage for personal line insurances such as home, personal accident and travel insurances.

Corporate Insurance Products

Corporate Insurance Products offered by Enterprise Insurance include the following:

1. Assets- All- Risks Policy

This is a special policy usually designed for corporate clients who want a complete insurance package to cover a wide range of risks. It can be designed to cover fire, lightning, flood, theft, malicious damage, earthquake, riots and strikes, burst pipe, impact, and many others.

2. Burglary (Business Premises) Policy

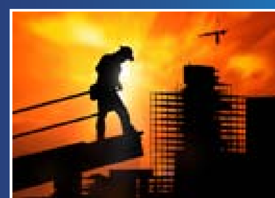
Our Burglary policy covers stock-in-trade, fixtures and similar property against theft involving entry or exit from the premises by forcible and violent means.

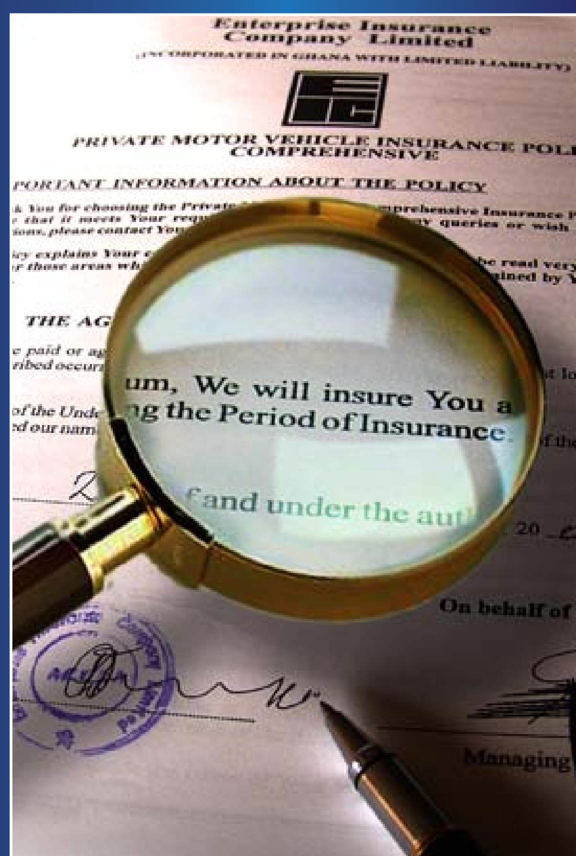
3. Fire Insurance Policy

Our Standard Fire Policy covers you against Loss by Fire, Lightning and Explosion (arising out of domestic use of gas or a boiler).

The above are standard policies we offer, aside these we have a host of many other policies for your corporate needs including:

Contractors-All-Risks Policy, Customs Bonds, Erection All Risks Policy, Employers Liability Policy, Goods-In-Transit Policy, Product Liability Policy, Group Personal Accident Policy, Public Liability Policy as well as Performance Bonds.





"ELAC's financial strategy continues to be to ensure we have a strong balance sheet and the flexibility to support the significant growth strategy."

C.C. Bruce Jnr.,
Executive Director, ELAC

Enterprise Life Assurance Company Limited Report

Introduction

2011 was a momentous year for our company which saw us celebrating our 10th Anniversary under the theme "10years of Excellence, Innovation and Meeting Needs".

During the year, we were recognized by the Ghana Investment Promotion Council in their much coveted Club 100 rankings as No. 1 in the Financial Services Sector and No. 3 overall.

Financial Review

ELAC's financial strategy continues to ensure we have a strong balance sheet and the flexibility to support the significant growth strategy.

2011 Profit before Tax increased by 46.59% to GH¢14.05m primarily because of the following;

Gross Premium growth of 53% over 2010 to GH¢61.5m

Management Expense growth of 46% to GH¢13.3m over prior year of GH¢9.1m. Thus, an expense ratio of 21.9% which is below the 2010 market average of 43%.

A very moderate returns on investment at 10.57% compared to 35.83% in 2010. This was due largely to negative growth on most equities experienced in the 2nd half year.

Total Assets for the year expanded from GH¢61.1m to GH¢88.9m representing an increase of 44%. Investments in bonds, properties and fixed deposits accounted largely for the increase.

Our policyholders' fund also increased by 31% over prior year to GH¢50.6m.

Embedded value improved by 46.5% from GH¢54.5m in 2010 to GH¢79.8m in 2011. Value in force also increased by 52.8% from GH¢38.0m in 2010 to GH¢58.1 in 2011.

Business Review

Individual Life Sales

In 2011, we continued with our growth objective, focusing more on individual new business growth. We also pursued our policy on diversification of our distribution channels. Currently our Agency Distribution Channel is dominant. However, our Broker and Bancassurance Channels are growing fast to give us a more even diversification of new business sales.

During the year, we opened 5 new offices at Tamale (branch office), Cape Coast, Bolgatanga, Techiman (sales offices), Oda, Nkawkaw (agency offices). We ended the year with a total of 562 Sales Reps under our Agency Channel, a 26% increase over prior year. Our Agency Channel had a 36% increase in new business sales.
We grew our Broker Channel by signing on 3 new broker contracts and this contributed to a 5% increase in new business sales.

(From L-R) ***Geraldine Abaidoo*** *(Snr. Manager, Individual Life),* ***Daniel Larbi-Tieku*** *(General Manager, Finance),* ***Emmanuel Aryee*** *(General Manager, Operations),* ***Jackie Benyi*** *(Deputy General Manager, Sales and Marketing),* ***Fiifi Simpson*** *(Deputy General Manager, Group Life)*

Under our Bancassurance Channel, we still had three banks, Standard Chartered Bank, Barclays Bank and International Commercial Bank. These are partnerships which have yielded dividends for us. Our Bancassurance Channel grew by 12% over prior year.

Products

Our strategic focus for the year was still on our Funeral Finance Plan. The product has been well designed to meet our culturally driven need of providing decent burials for our loved ones who pass away.

During the year, our Funeral Finance Product was enhanced with improved features including increases in benefit levels and introduction of a cash back feature.

Our Life Time Needs product which is a savings product was also enhanced to provide improved benefits and features to our policyholders.

During the year, we also had the regulator's approval for a new product Lady Care Plan. This is a female related variant of our Family Income Protection Policy. This will be launched this year for our Bancassurance Partner, Standard Chartered Bank and for our own operations.

Individual Life Operations

Premium collections remain key to our Individual Life Operations with collection from 3 main sources; Banks, Employer Deductions and Controller & Accountant General's Department.

The Banks are still the highest source of premium collection with almost 60% of total premium.

During the year the government policy to move the payroll of all para-statals to the Accountant-General's Department provided a challenge to us. Through the sterling efforts of our operational staff our overall collection rate inched up, though slightly.

Benefit payment increased significantly over that of the previous year. It increased from GH¢6,215,456 to GH¢9,721,164 representing 56% over prior year. Benefit Payments remain in the heart of our operations and we continue to find new ways to improve our service delivery to our policyholders.

We have been confronted with fraudulent claims in different forms. In our response to this unfortunate development, we have appointed an in-house Investigations Officer.

Group Life Operations

Our Group Life Operations gross premium income grew phenomenally by 431% to GH¢4,278,479.

This is driven strongly by Credit Life due to increasing loans from the various banks.

Our corporate business has also grown significantly as we added new schemes into our Group Life book.

The Church Funeral Scheme has had a relatively slower growth and we intend to focus more on the informal sector in the coming years.

Technology

To improve our operations and our service delivery to our policyholders, we have started the process of installing an improved version of our operational software. This version should improve the speed of the operations and allow us to employ additional applications to enhance our operations.

People

One of our key corporate objectives is to attract and retain staff for peak performance.

Our staff remain our key assets and during the year, we implemented a number of capacity building programmes at various levels of staff.

Our General Manager – Operations, participated in a high level management development programme run by the University of Stellenbosch, South Africa for the Sanlam Group.

We also had a well-designed management development programme comprising 4 workshops for our Heads of Departments.

Some individual staff were also sponsored on specific training courses.

We adhered to our performance management system with all staff being appraised at mid-year and year-end.

Staff productivity increased by 41% from a premium income per staff of GH¢280,453 in 2010 to GH¢396,950 in 2011.

Projects

After spending sometime exploring Life Assurance opportunities in West Africa, we have had approval from our Board to start operations in the Gambia.

Mr. Ben Birch Mensah who had previously served as National Sales Manager and Corporate Risk Manager has been appointed Chief Operations Officer and Country Manager. We have also taken on the initial staff who were all locally recruited.

We are poised to start operations by the end of the first quarter of 2012.

We are also working on a joint venture with the Funeral Service Group of Botswana to set up a Funeral Services operation in Ghana which will complement our funeral policy and add another income stream to our operations.

Corporate Social Responsibility

In 2011, our relationship with the Cardio Thoracic Centre of Korle-bu over the past 5years continued. We have for 4years sponsored the World Heart Day Celebration as a "Title Sponsor" but in 2011 our sponsorship status was elevated to a "Collaborator".

We also maintained our Cardio Needy Fund which provides support for the needy who are referred to the Centre for treatment.

We sponsored the construction of a Library at Wa as part of the Joy FM Library Project.

Our sponsorship for education included the Ghana Medical School Students Association and Actuarial Science Students Association (KNUST).

Looking Forward

In 2012 we will continue with our growth strategies and open additional offices. We will open an office in Wa which will mark our entry into the Upper West Region.

The implementation of our operational software will be completed to greatly improve our service delivery.

We expect our Gambia Operations to gain grounds by the end of the year.

2012 as the beginning of our next 10years should position us for greater performance in the next 10years.

C.C. Bruce Jnr.,
Executive Director, ELAC

PRODUCTS

INDIVIDUAL LIFE PRODUCT

Funeral Finance Plan(FFP)

Covers the final expenses of life and provides an opportunity to offer our loved ones a decent and dignified burial.
It provides funeral benefits to cover the members, spouse, children, parents and parent-in-law.

Lifetime Needs Plan(LTN)

An insurance policy that caters for your finances at each stage of your life. It is an investment linked life Assurance product providing both life cover and savings benefit.

Family Income Protection Plan

The policy pays a lump sum equal to the sum assured in the event of death or permanent disability during the period of life insurance cover.

Educare Plan

An endowment plan that pays out 5 (five) annual benefits to cater for your child's educational needs whether you are present or not.

GROUP LIFE PRODUCT

Group Funeral Plan

This plan ensures that the obligations of the employer is met in the unlikely event of an employee's death.

Group Corporate Life Plan

This plan is to provide a replacement income for the family in the event of employee's death.

Personal Accident Riders

Three main components

Permanent Disability Cover

This seeks to provide the payment of a lump sum in the event of a covered member being permanently disabled as a result of an accident. The extent of the incapacitation is determined by a medical doctor and thus the payment is made on a pre-determined agreed scale of incapacitation.

Temporary Disability Cover

This also seeks to provide the payment of a weekly benefit up to a maximum of 52 weeks when a covered member is temporary disabled as a result of an accident. The maximum weekly benefit is the actual income of the person before the incapacitation.

Medical Expenses cover

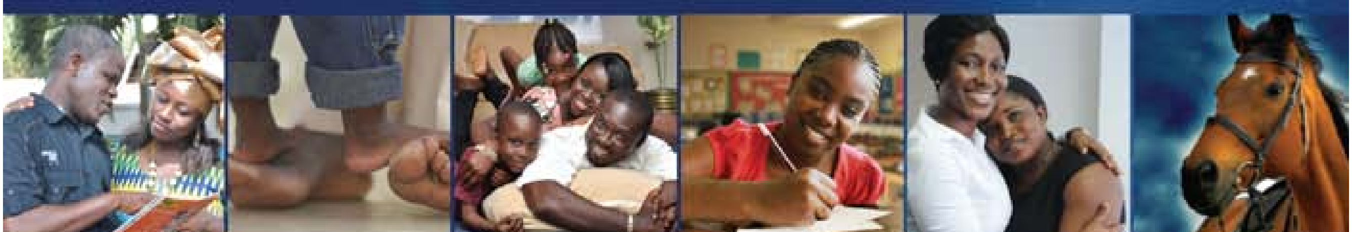
This provides a cover for the medical expenses arising out of an accident up to a maximum predetermined figure.

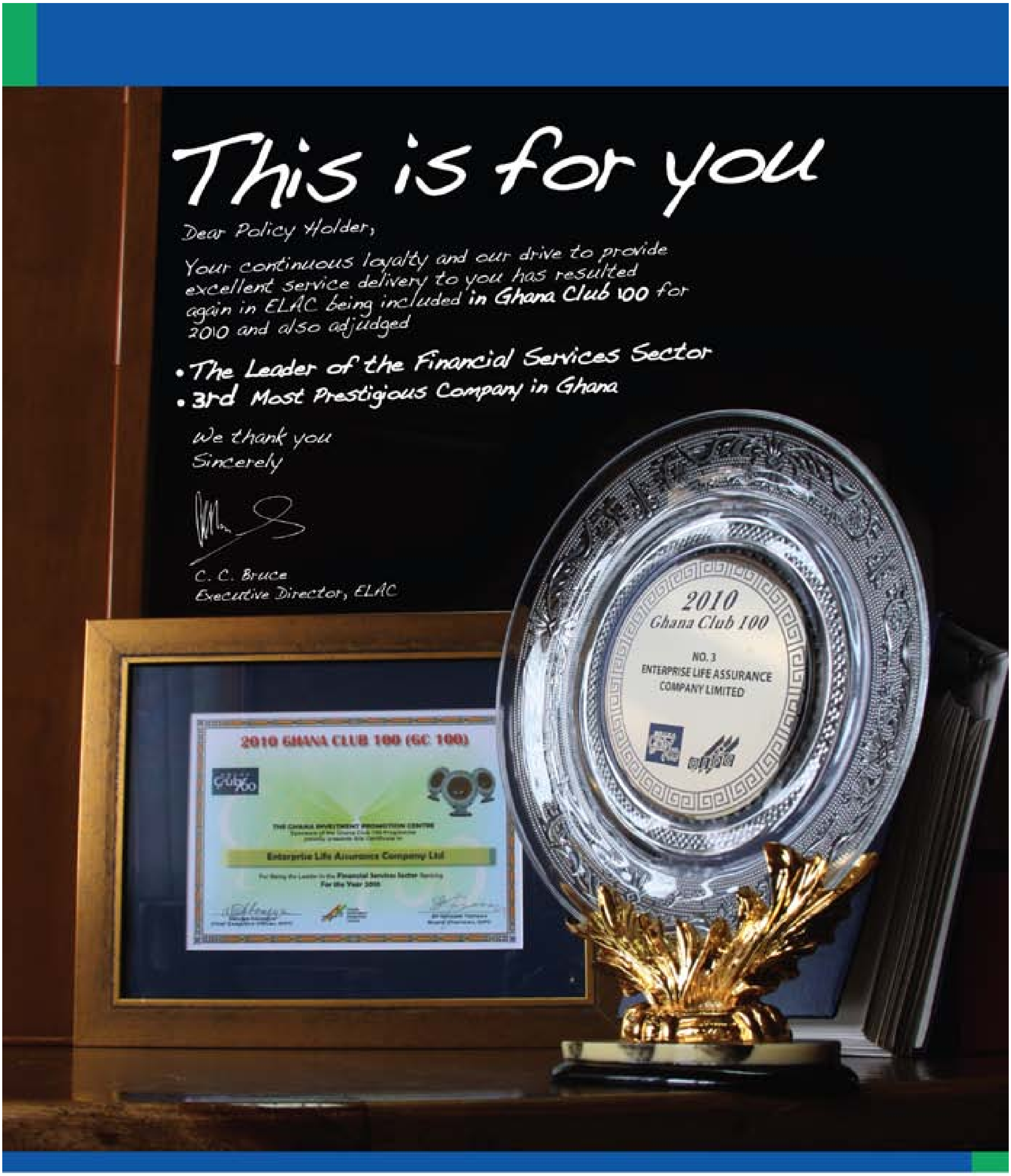
Voluntary Funeral Scheme

This consists of a funeral cover and an investment cover designed for employees of the public sector with death covers ranging from GHC 300.00.

Credit Life

This plan assures the policyholder that a loan outstanding will be covered in the unfortunate event of death or permanent disability.





www.elacghana.com
3rd Floor, Enterprise House, High Street; Telephone: 0302 689940/3/5

ELAC
Enterprise Life Assurance Company Limited

"Enterprise Trustees will bring hope to Ghanaians by providing them better retirement for their future."

Kwaku Yeboah-Asuamah
Executive Director, ETL

Introducing Enterprise Trustees Limited

Following the passage of the Pensions Act and the accompanying legislative instrument by Parliament paving the way for private participation in pensions, Enterprise Group commenced processes leading to the establishment of Enterprise Trustees Limited. A team of seven (7) led by the Executive Director, Kwaku Yeboah-Asuamah was put in place to start in June 2011, hoping that the license would be ready for actual operations to commence by September 2011. Licensing by NPRA however, had not been done as at the end of the year contrary to our expectations.

Fortunately on March 16, 2012 a provisional license was issued to ETL, ending the long period of inactivity.

Enterprise Trustees Limited's addition is to position Enterprise Group Limited as a one-stop shop for financial services. The Group is already providing services in non-life, life insurance and properties, allowing Ghanaians to manage their risks and the opportunity to save and acquire properties. It is our desire that Enterprise Trustees would bring hope to Ghanaians by providing them better retirement for their future. The necessary infrastructure for smooth operation and delightful services to customers has all been put in place.

As competition intensifies in the area of general and life assurance, there is the need to diversify to be able to meet the expectations of our shareholders. Enterprise Trustees Limited provides the vehicle for the diversification that will give investment security to our esteemed shareholders and also ensure that EGL remains relevant in a dynamic economic environment.

(From L-R) Michael Neequaye (Relationship Manager), Theresa Aggrey (Executive Assistant), Tetteh Ayitevie (Senior Manager Operations), Maclean Aggrey-Fynn (Relationship Manager), Joseph Ampofo (Senior Manager, Sales and Marketing).

“We advise on the alignment of our Property Asset Management strategy to The Group’s strategy to enable growth”

Philip Godson-Amamoo
General Manager, EPL

Introducing Enterprise Properties Limited

Enterprise Properties Limited was formally constituted in 2011. Its remit is to provide manage Property Services to impacting on every aspect of Enterprise Group Ltd.'s (i.e. The Group’s) property portfolio, examining occupancy costs (including utilities), evaluating and sourcing alternatives, and maintaining closer monitoring to ensure that all our property assets perform efficiently in line with The Group’s strategic goals.

Our services: An overview:

- Providing a consulting service for The Group. This means that EPL advises the on alignment of our Property Asset Management strategy to The Group’s strategy to enable growth.
- Portfolio Data Management: EPL provides property management and strategy advice.
- Portfolio Estates Management: EPL provides estate management of occupied and surplus leased commercial real estate portfolios, both for our residential and commercial premises.
- Transaction Management: Where required EPL on behalf of the Group provides outsourcing or out-tasking of the management of occupational transactions.
- Workplace Strategy: EPL optimises The Group’s space use to enhance better staff performance.

The key drivers to our Property asset Management operations include:

People
Currently our lean management structure empowers staff to take responsibility and act on their own initiative, thus ensuring that The Group’s requirements are met more efficiently and in timely fashion.

Process
Using appropriate software solutions to monitor all important management criteria for all our offices across the entire country.

Performance
Through our extensive collaboration to obtain maximum benefit for The Group through the exposure to global best practice.

Cost Efficiencies
Ensuring the creation of significant cost reduction, whiles at the same time increasing the performance management of our stock through proper and organized procurement methods and processes and where possible a systematic collaboration with other parties.

Board of Directors--Enterprise Group Limited

Trevor Trefgarne
Chairman

George Otoo
Group Chief Executive Officer

Emmanuel Idun
Executive Director,
Finance

H. E. Mrs. Margaret Clarke-Kwesie
Director

Keli Gadzekpo
Director

Martin Eson-Benjamin
Director

Ken Ofori-Atta
Director

Non-Executive Directors

Charles Paul Odei
Director - EIC & ETL

Matilda Obeng–Ansong
Director - ELAC

Gloria Akuffo
Director - ELAC

Margaret Dawes
Director - ELAC & ETL

Ken Asante
Director - EPL

Fiifi Kwakye
Director - ETL

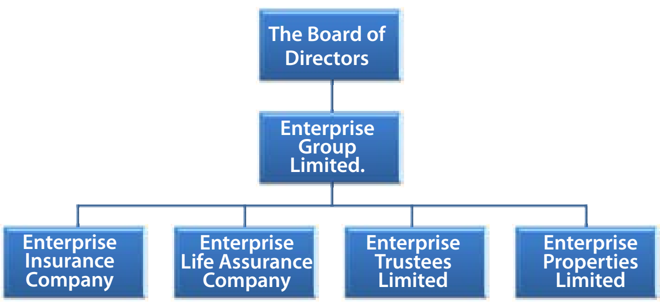
Josh Wrench
Director - ETL

Introduction

Enterprise Group Limited is committed to the principles and implementation of good corporate governance. The company recognizes the valuable contribution that good corporate governance makes to long term business prosperity; sustainability and accountability to shareholders and other stakeholders. The company is managed in a way that maximizes long-term shareholder value and takes into account the interests of all its stakeholders.

Enterprise Group Limited believes that full disclosure and transparency in its operations are in the interests of good governance. As indicated in the statement of responsibilities of directors and notes to the accounts, the business adopts standard internationally recognised accounting practices and ensures sound internal control to facilitate the reliability of the financial statements.

The Board of Directors



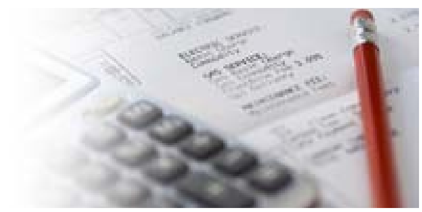
The responsibility for inculcating good corporate governance principles and practices belongs to the Board of Directors and the Management Team. The Members of the Board are highly qualified and experienced in both managerial and their respective fields of specialisation. The Board of Directors is currently comprised of five non-executive directors, including two independents and the Chief Executive Officer and the Executive Director of Finance.

The Board of Directors formally meets four times a year. They ensure a clear strategic direction for the Group and ensure the achievement of key deliverables. Senior management attends meetings of the Board of Directors by invitation.
The roles of the Chairman and the Chief Executive Officer are separate and do not vest in the same person, with the Chairman being a non-executive Director. The Chairman provides leadership and guidance to the Board of Directors and encourages proper deliberation of all matters requiring the Board's attention.

To ensure effective control and monitoring of the company's business, the Board has three main committees: an Audit Committee, a Human Resource Committee, and an Investment Committee.

Audit Committee

The Audit Committee reviews and reports to the Board of Directors on the compliance, integrity and major judgmental aspects of the company's published financial statements, the scope and quality of the external audits and the adequacy of the company's internal controls and risk management.



The Audit Committee members are:

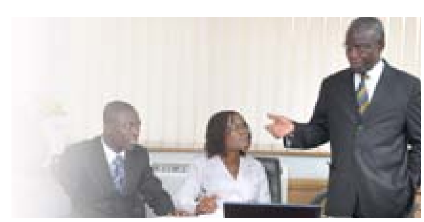
Martin Eson-Benjamin - Chairman
Ken Ofori-Atta
George Otoo
Emmanuel Idun

Some notable recommendations of the Committee to the Board in 2011 were:

- The adoption of NIC Credit guidelines for EIC.
- The development and implementation of Business Continuity Plans (BCP) for the Group and its subsidiaries.
- The adoption of the Audit Strategy and Plans for all Operating Companies in the Group.
- An Enterprise Risk Management across the Group.

Human Resource Committee

The Human Resource Committee determines the level and structure of Executive remuneration and reviews the executives' performance and service agreements annually. Additionally, the committee sets Board remuneration after appropriate surveys. It is also responsible for reviewing the Human Resource Policy for the company; executive succession plans and the recruitment of officers from the General Manager Level and above.



The Membership of the Human Resource Committee is as follows:

Keli Gadzekpo - Chairman
Kwame Ofori
Ken Ofori-Atta
George Otoo

Some notable recommendations of the Committee to the Board in 2011 were:

- Discussion and adoption of a Group strategic framework for achieving a "One Enterprise" structure and culture.
- Standardizing reward structures across the Group to facilitate the transferability of resources.
- Streamlining reward practices in line with best practice.

Investment Committee

The Committee reviews, discusses and recommends investment opportunities to the Board. The Committee monitors the progress of the Company's investment programmes and approves financial transactions within its authority as delegated by the Board. This Committee also provides strategic direction for the attainment of EGL's corporate vision and objectives aimed at maximizing shareholder value through growth and development through its subsidiaries.

The Membership of the Investment Committee is as follows:

George Otoo - Chairman
Ken Ofori-Atta
Emmanuel Idun

Some notable recommendations of the Committee to the Board in 2011 were:

- Purchase of low priced stocks
- Increase in property portfolio for some of the subsidiaries
- The entry of ELAC into the life assurance industry in Gambia, through a Gambian subsidiary; ELAC Gambia.

The Group's subsidiaries: Enterprise Insurance Company Limited, Enterprise Life Assurance Company Limited, Enterprise Trustees Limited and Enterprise Properties Limited each have their Board of Directors. These Boards also formally meet four times a year.

The roles of the Chairpersons and the Chief Executive Officers in the subsidiaries are separate and do not vest in the same person, with the Chairpersons being non-executive Directors.

To ensure effective control and monitoring of the subsidiary insurance companies business, their Boards have four main committees, an Audit Committee, a Human Resource Committee, an Investment Committee and a Strategy and Operations Committee.

Enterprise Trustees Limited and Enterprise Properties Limited which are Group's latest additions benefit from the monitoring of the Group's Corporate Audit and Risk functions as well as the External Auditor's.

Executive Committee

George Otoo
Group Chief Executive Officer

Emmanuel Idun
Group Executive Director, Finance

Kwame Ofori
Executive Director, EIC

C.C Bruce jnr.
Executive Director, ELAC

Kwaku Asuamah–Yeboah
Executive Director, ETL

Philip Godson-Amamoo
General Manager, EPL

Amma K. Ansah
General Manager, Group Human Resources

Abena Bonsu
Group Head, Legal & Company Secretary

Group Management

George Otoo
Group Chief Executive Officer

Emmanuel Idun
Group Executive Director, Finance

Araba Asumanu
Group Head, Audit & Corporate Assurance

Amma K. Ansah
General Manager, Group Human Resources

Abena Bonsu
Group Head, Legal & Company Secretary

Joe Adjei
Group Head, Information Technology

Kwame Odoi-Agyarko
Executive Assistant to Group CEO

Our vision to be the leader in the the provision of financial planning products and services for individuals and institutions in the African Sub-region.

Enterprise Group's sustainability is based on responsibly creating long term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments. The safety and security of employees and customers will always be the Group's paramount priority. The Group is also investing in its diverse and talented workforce, energetically responding to climate change through its investment strategy and actively engaging and contributing to the community where we live and work.

Focus on Innovation

There is a constant focus on consumer-centric innovation geared at reducing wastage and providing our valued customers with the best of services. Millions of people within the African sub-region do not have any access to the wide array of services we provide, curtailing their options of providing security for the lives and the lives of their loved ones. We aim to remain focused on providing solutions to reached our entire footprint.

Securing and Protecing Lives

The thrust of our various businesses is a focus on protection and security of lives and property, ensuring that the is peace of mind in our clients lives. Our determination to ensure this objective drives our growth agenda both organically and through acquisitions.

Client Service

Our business strategy is focused on our customers receiving the best of customer care services and we place exceedingly great value on our client feedback. We have rolled out call centres within our subsidiairies with a singular objective to make sure that all clients enquiries and needs are met professionally and on time; offering solutios from operational to strategical. We continue to enhance our human resource skill set in this area of endeavor to ensure that clients needs are dealt with the highest levels of professionalism.

Great Place to Work

The Group prides itself in recruiting and retaining the best human resource. Our performance measures are against international best practices and we continually are at the top of our sector industry in terms of employee productivity. We strive to maintain a proper work life balance to promote a healthy lifestyle whiles maintaining the highest productivity levels.

Health and Safety

There has been a growing motivation to improve the health and saftey standards across the Group. We are in the process of instituting new practices that should improve the level of safety assurances within our places of work. We have benitted from the introudction of a General Manager for our Propeties subsidiary who is championing our objective to achieve the highest levels of helath and safety standards across the Group.

Management of Enterprise Group making a donation to the Accra Psychiatric Hospital

Core Values

Our values are simple:

- Integrity
- honesty
- Service
- Passion
- Excellence

Responsible Investment

We are always looking at ways to maximise our contribution to the promote 'greener' sustainable investments. Our property portfolio is managed on these principles. Enterprise is committed only to investments that seeks to conserve energy and promote an agenda of climatic awareness.

Access to Financial Products and Services

We strive to make access to our products and services available to both the informal and formal sector. We are continually looking for channels to promote and maintain sustainable platforms for our customers. We are focused on improving our informal penetration through the use of cellular telephones and other third party channels with the primary aim of giving our clients easy options to acess our products.

Community Health, Education Agenda

We believe that for our community to be sustainable, there is the need to invest in the health and education of the communtiy. The Group, through our subsidiaries over 2011 supported and sponsored a number of intiatives aimed at our focus on community health and education.

(From L-R) ***Mr. C. C. Bruce Jnr****. (Executive Director - ELAC),* ***Grace Mankartah*** *(Head, HR & Admin),* ***Rev. Mensah Otabil*** *receiving a Cheque of GHC 26,000 on behalf of the National Cardio Thoracic Centre.*

REPORT OF THE DIRECTORS TO THE MEMBERS OF ENTERPRISE GROUP LIMITED

The directors submit their report together with the audited financial statements for the year ended 31 December 2011, which disclose the state of affairs of the Company and the Group.

1. Statement of directors' responsibilities

The directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Company and its subsidiaries and of the consolidated profit or loss and consolidated cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards and complied with the requirements of the Companies Code, 1963 (Act 179) and the Insurance Act, 2006 (Act 724).

The directors are responsible for ensuring that the Company and the Group keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and its subsidiaries. The directors are also responsible for safeguarding the assets of the Company and its subsidiaries and taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors have made assessment of the Company and the Group's ability to continue as a going concern and have no reason to believe that the Group will not be a going concern in the year ahead.

2. Principal activities

The principal activities of the Group and the subsidiaries continued to be undertaking the business of:

i. insurance and assurance and other business and agencies incidental thereto;
ii. investment and real estate development; and
iii. pension trust.

3. Results and dividend

The directors in submitting to the shareholders the consolidated financial statements of the Group for the year ended 31 December 2011 report as follows

	GH¢'000
Profit for the year before income tax	
and non-controlling interest	23,309
from which is added income tax credit of:	2,436
deducted non-controlling interest of	(6,700)
giving a profit for the year attributable to owners of the parent	19,045
to which is added balance on income surplus	
account brought forward of	6,251
less transfer to contingency reserves of	(5,224)
giving a total of	20,072
out of which a dividend of GH¢0.006 - per share	
declared for 2010 amounting to	(787)
giving a surplus carried forward on income surplus account of	19,285

Governance

4. Directors

The directors who held office during the year and to the date of this report were:

- Trevor Trefgarne (Chairman)
- George Otoo (Group Chief Executive Officer)
- Ken Ofori-Atta
- Keli Gadzekpo
- Hon. (Mrs.) Margaret Clarke-Kwesie
- Martin Eson-Benjamin
- Emmanuel Idun

Auditor

The Group's auditor, PricewaterhouseCoopers Chartered Accountants, will continue in office in accordance with Section 134(5) of the Ghana Companies Code, 1963, (Act 179).

Approval of the Financial Statements

The financial statements were approved by the board of directors on12th March, 2012 and signed on their behalf by:

GROUP CHIEF EXECUTIVE OFFICER

DIRECTOR

Financial Statements

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ENTERPRISE GROUP LIMITED

We have audited the financial statements of Enterprise Group Limited (the Company) and its subsidiaries (together, The Group), as set out on pages 45 to 87. These financial statements comprise the consolidated statement of financial position at 31 December 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, together with the statement of financial position of the company standing alone as at 31 December 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Companies Code, 1963 (Act 179), the Insurance Act 2006 (Act 724), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2011 and of the financial performance and cash flows of the Company and the Group for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) and the Insurance Act 2006 (Act 724).

REPORT ON OTHER LEGAL REQUIREMENTS

The Companies Code, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
iii) the group's balance sheet (group's statement of financial position) and group's profit and loss account (group's income statement) are in agreement with the books of account.

PricewaterhouseCoopers

Chartered Accountants
Accra, Ghana
Oseini Amui (100844)
7th May, 2012

pwc

Income Statement

(All amounts are expressed in thousands of Ghana cedis)

		The Company		The Group	
	Note	2011	2010	2011	2010
Gross insurance premium revenue		-	-	95,931	68,268
Insurance premium ceded to reinsurers		-	-	(14,521)	(12,489)
Net premium written		-	-	81,410	55,779
Unearned premium	5	-	-	(1,857)	(888)
Net insurance premium revenue		-	-	79,553	54,891
Investment income	6	18,743	1,020	12,752	13,470
Fair value gains on investment property	7	-	-	2,592	765
Other income	8	-	-	980	219
Impairment of investment in subsidiary		(10,305)	-	-	-
Net income		8,438	1,020	95,877	69,345
Insurance claims incurred		-	-	(24,423)	(14,908)
Insurance claims recoveries from reinsurers		-	-	4,066	575
Change in insurance contract liabilities – life fund	9	-	-	(13,123)	(17,356)
Net benefits and claims		-	-	(33,480)	(31,689)
Operating expenses	10	(962)	(217)	(22,095)	(18,201)
Commission expense		-	-	(14,906)	(9,769)
Net expenses		(962)	(217)	(70,481)	(59,659)
Profit before National Fiscal Stabilisation Levy and income tax		7,476	803	25,396	9,686
National Fiscal Stabilisation Levy	11	-	-	(2,087)	(507)
Income tax credit /(expense)	12	3,438	(201)	2,436	(826)
Profit for the year		10,914	602	25,745	8,353
Attributable to:					
Owners of the parent		10,914	602	19,045	3,654
Non-controlling Interest		-	-	6,700	4,699
Profit attributable to controlling interest		10,914	602	25,745	8,353
Earnings per share for profit attributable to the equity holders of the Company during the year					
Basic and diluted (GH¢ per share)	31	0.083	0.005	0.145	0.028

The notes on pages 45 to 87 are an integral part of these financial statements.

Financial Statements

Statement of Comprehensive Income

(All amounts are expressed in thousands of Ghana cedis)

	The Company		The Group	
	2011	2010	2011	2010
Profit for the year	10,914	602	25,745	8,353
Transfer to contingency reserves	-	-	(5,224)	(78)
Other comprehensive income for the year, net of tax				
Gains on revaluation of land and building	-	-	2,231	-
Recycling of fair value gain on disposal of available for sale financial assets	-	-	(6,771)	-
Available-for-sale financial assets	-	-	-	7,554
Deferred tax on revaluation reserve	-	-	-	624
Total comprehensive income for the year	10,914	602	15,981	16,453
Attributable to:				
Owners of the parent	10,914	602	9,281	11,754
Non – controlling interest	-	-	6,700	4,699
Total comprehensive income for the year	10,914	602	15,981	16,453

The notes on pages 45 to 87 are an integral part of these financial statements.

Statement of Financial Position

(All amounts are expressed in thousands of Ghana cedis)

		The Company		The Group	
	Note	2011	2010	2011	2010
Assets					
Property and equipment	13	87	-	11,480	11,159
Intangible assets	14	-	-	31	36
Investment properties	7	-	-	8,911	3,758
Investments in subsidiaries	15	24,651	31,981	-	-
Investment securities	16	14,083	-	100,281	87,415
Loans and receivables	17	78	171	6,764	2,857
Due from re-insurers	18(i)	-	-	4,753	2,195
Deferred income tax asset	25	3,438	-	229	-
Current income tax asset	12	-	-	346	337
Cash and cash equivalents	19	3,019	341	20,113	7,408
Total assets		45,356	32,493	152,908	115,165
Stated capital	20	31,599	31,599	31,599	31,599
Contingency reserve	21	-	-	5,302	78
Other reserves	22	-	-	5,911	10,451
Income surplus account	23	10,204	77	19,285	6,251
Non-controlling interest		-	-	13,205	8,519
Total equity		41,803	31,676	75,302	56,898
Liabilities					
Life fund – insurance contract liabilities	9	-	-	49,992	36,869
Unearned premiums and unexpired risk provision	5	-	-	9,009	7,152
Outstanding claims	24	-	-	1,014	1,452
Deferred income tax liability	25	-	-	-	2,041
Trade and other payables	26	112	616	12,000	6,394
Due to re-insurers	18(ii)	-	-	1,648	2,509
Due to related parties	27	3,441	-	1,999	1,418
Current income tax liability		-	201	1,944	432
Total liabilities		3,553	817	77,606	58,267
Total equity and liabilities		45,356	32,493	152,908	115,165

The financial statements on pages 39 to 87 were approved for issue by the board of directors on 12th March, 2012 and signed on its behalf by:

....

GROUP CHIEF EXECUTIVE OFFICER DIRECTOR

The notes on pages 45 to 87 are an integral part of these financial statements..

Financial Statements

Statement of Changes in Equity – The Company

(All amounts are expressed in thousands of Ghana cedis)

	Stated capital	Income Surplus	Total
At start of year	31,599	77	31,676
Profit and total comprehensive income for the year	-	10,914	10,914
Transactions with owners			
Dividends declared for 2010	-	(787)	(787)
Total transactions with owners	-	(787)	(787)
At end of year	**31,599**	**10,204**	**41,803**
Year ended 31 December 2010			
At start of year	1	-	1
Profit and total comprehensive income for the year	-	602	602
Transactions with owners			
Dividend declared for 2009	-	(525)	(525)
Issue of ordinary shares for consideration other than cash	31,598	-	31,598
Total transactions with owners	31,598	(525)	31,073
At end of year	31,599	77	31,676

The notes on pages 45 to 87 are an integral part of these financial statements.

Statement of Changes in Equity – The Group

(All amounts are expressed in thousands of Ghana cedis)

The Group

	Attributable to owners of the Company						
	Stated capital	Income surplus	Revaluation reserve	Fair value reserve	Share deals account	Non controlling interest	Total equity
At 1 January 2011	31,599	6,251	2,447	7,554	450	8,519	56,820
Profit for the year	-	19,045	-	-	-	6,700	25,745
Transfer to contingency reserve	-	(5,224)	-	-	-	-	(5,224)
Other comprehensive income: Recycling of fair value gain on disposal of available for sale financial assets	-	-	-	(6,771)	-	-	(6,771)
Gains on revaluation of land and building, net of tax	-	-	2,231	-	-	-	2,231
Total comprehensive income	-	13,821	2,231	(6,771)	-	6,700	15,981
Transactions with owners							
Dividends relating to 2010	-	(787)	-	-	-	(2,695)	(3,482)
Additions to non controlling interest in new subsidiaries	-	-	-	-	-	681	681
Total transactions with owners	-	(787)	-	-	-	(2,014)	(2,801)
At 31 December 2011	31,599	19,285	4,678	783	450	13,205	70,000
Year ended 31 December 2010							
At 1 January 2010	1	3,200	1,823	-	450	5,045	10,519
Profit for the year	-	3,654	-	-	-	4,699	8,353
Transfer to contingency reserve	-	(78)	-	-	-	-	(78)
Other comprehensive income							
Available-for-sale financial assets	-	-	-	7,554	-	-	7,554
Deferred tax on revaluation reserves	-	-	624	-	-	-	624
Total comprehensive income	-	3,576	624	7,554	-	4,699	16,453
Transactions with owners							
Dividends relating to 2009	-	(525)	-	-	-	(1,225)	(1,750)
Consideration other than cash	31,598	-	-	-	-	-	31,598
Total transactions with owners	31,598	(525)	-	-	-	(1,225)	29,848
At 31 December 2010	31,599	6,251	2,447	7,554	450	8,519	56,820

The notes on pages 45 to 87 are an integral part of these financial statements.

Statement of Cash Flows

(All amounts are expressed in thousands of Ghana cedis)

		The Company		The Group	
	Note	2011	2010	2011	2010
Cash flows from operating activities					
Cash (used in)/generated from operations	29	(15,404)	229	13,051	(604)
Investment income received		20,152	1,020	5,469	7,704
Income tax paid		(201)	-	(1,167)	(673)
Net cash from operating activities		4,547	1,249	17,353	6,427
Cash flows from investing activities					
Acquisition of subsidiaries		(966)	(383)	-	-
Purchases of property and equipment	13	(116)	-	(1,854)	(1,284)
Proceeds from sale of property and equipment	13	-	-	51	33
Net cash used in investing activities		(1,082)	(383)	(1,803)	(1,251)
Cash flow from financing activities					
Dividends paid		(787)	(525)	(3,482)	(2,896)
Proceeds from issue of ordinary shares		-	-	637	25
Net cash used in financing activities		(787)	(525)	(2,845)	(2,871)
Net increase in cash and cash equivalents		2,678	341	12,705	2,305
Cash and cash equivalents at beginning of year	19	341	-	7,408	5,103
Cash and cash equivalent at end of year	19	3,019	341	20,113	7,408

The notes on pages 45 to 87 are an integral part of these financial statements.

Notes

1. General information

Enterprise Group Limited ("the Company") and its subsidiaries (together forming "the Group") underwrite insurance risks, such as those associated with death, disability, health, property and liability. The Group also operates a pension trust and real estate business.

Enterprise Group Limited (EGL) is a limited liability company incorporated under the Companies Code, 1963, (Act 179) and domiciled in Ghana with registered office address of No.11 High Street, Enterprise House, P. O. Box GP50, Accra. The Company is listed on the Ghana Stock exchange and has five subsidiaries: Enterprise Insurance Company Limited, Enterprise Life Assurance Company Limited, Enterprise Life Assurance Company (Gambia) Limited, Enterprise Properties Limited and Enterprise Trustees Limited at year end.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, investment properties, available for sale financial assets and financial assets and liabilities at fair value through profit or loss. The financial statements are presented in Ghana cedis (GH¢), rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group

The amendments to existing standards below are relevant to the Group's operations:

Standard	Title	Applicable for financial years beginning on/after
IAS 1	Presentation of financial statements	1 January 2011
IAS 24	Related party disclosures	1 January 2011
IFRS 7	Financial instruments: Disclosures	1 January 2011

- The amendment to IAS 1, 'Presentation of financial statements' is part of the 2010 Annual Improvements and clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The application of this amendment has no significant impact as the Group was already disclosing the analysis of other comprehensive income on its statement of changes in equity

- The amendment to IAS 24, 'Related party disclosures' clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The amended definition means that some entities will be required to make additional disclosures, e.g., an entity that is controlled by an individual that is part of the key management personnel of another entity is now required to disclose transactions with that second entity. Related party disclosures have increased following adoption of this amendment.

Notes *(continued)*

2. Summary of significant accounting policies *(continued)*
Changes in accounting policy and disclosures *(continued)*
(i) New and amended standards adopted by the Group *(continued)*

- The amendments to IFRS 7, 'Financial Instruments - Disclosures' are part of the 2010 Annual Improvements and emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment has also removed the requirement to disclose the following;
  - Maximum exposure to credit risk if the carrying amount best represents the maximum exposure to credit risk;
  - Fair value of collaterals; and
  - Renegotiated assets that would otherwise be past due but not impaired

The application of the above amendment has simplified financial risk disclosures made by the Group.

Other amendments and interpretations to standards became mandatory for the year beginning 1 January 2011 but had no significant effect on the Group's financial statements.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

Numerous new standards, amendments and interpretations to existing standards have been issued but are not yet effective. Below is the list of new standards that are likely to be relevant to the Group. However, the directors are yet to assess the impact on the Group's operations.

Standard	Title	Applicable for financial years beginning on/after
IAS 1	Presentation of financial statements	1 July 2012
IAS 12	Income taxes	1 January 2012
IFRS 9	Financial instruments	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 12	Disclosure of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013

- **IAS 1, Presentation of financial statements**
  The amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income. Entities will be required to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled will be presented separately from items that may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

  The title used by IAS 1 for the statement of comprehensive income has changed to 'statement of profit or loss and other comprehensive income', though IAS 1 still permits entities to use other titles.

- **IAS 12, 'Income taxes'**
  Amendment to IAS 12, 'Income taxes', on deferred tax currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes - recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. The Company is yet to assess IAS 12's full impact and intends to adopt IAS 12 no later than the accounting period beginning on or after 1 January 2012.

Notes *(continued)*

2. Summary of significant accounting policies *(continued)*
Changes in accounting policy and disclosures *(continued)*

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group *(continued)*

- **IFRS 9, 'Financial instruments'**
  This addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model or managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

- **IFRS 10, 'Consolidated financial statements'**
  This builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

- **IFRS 12, 'Disclosure of Interests in other entities'**
  It includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013

- **IFRS 13, 'Fair value measurement'**
  It aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013.

2. Summary of significant accounting policies *(continued)*

2.1 Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.
The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity

Notes *(continued)*

2. Summary of significant accounting policies *(continued)*

2.1 Consolidation *(continued)*

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'), ie Ghana. The financial statements are presented in 'Ghana Cedi (GH¢)', which is the Group's functional currency. Except as otherwise stated, financial information presented in Ghana Cedi has been rounded to the nearest thousand Ghana Cedi.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.3 Property and equipment

Leasehold land and buildings comprise mainly outlets and offices occupied by the Group.

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent appraisers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Property and equipment is initially recorded at cost.
Cost prices include costs directly attributable to the acquisition of property and equipment as well as any subsequent expenditure when it is probable that future economic benefits associated with the item will flow to the Group and the expenditure can be measured reliably. All other expenditure is recognised in profit or loss when incurred.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserve in shareholder's equity. Decreases that offset previous increases of the same asset are charged against revaluation reserves directly in equity; all other decreases are charged to profit or loss.

2. Summary of significant accounting policies *(continued)*
2.3 Property and equipment *(continued)*

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold buildings	-	Shorter of lease term or useful life
Motor vehicles	-	25%
Furniture and fittings	-	12.5% to 20%
Office equipment	-	20% - 25%

The assets' residual values and useful lives are reviewed, are adjusted if appropriate, at the end of each reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (Note 2.6).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in 'other income' in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to income surplus.

2.4 Investment properties

Property held for long-term rental yields that is not occupied by the companies in the Group is classified as investment property.

Investment property comprises freehold land and buildings. It is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually by an independent valuation expert. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Changes in fair values are recorded in profit or loss.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the companies in the Group. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation of property and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

2.5 Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives.

Computer software cost recognised as assets are amortised using the straight line method over a three years useful life span.

2. Summary of significant accounting policies *(continued)*

2.6 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, available-for-sale, held-to-maturity and loans and receivables. The directors determine the classification of its financial assets at initial recognition which is dependent on the purpose for which the investments were acquired.

2.7.1 Classification

Financial assets at fair value through profit or loss

A financial asset is classified into the 'financial assets at fair value through profit or loss' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by the directors.

Financial assets designated as at fair value through profit or loss at inception are those that are:

- Held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and

- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. The Group's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the directors have the positive intention and ability to hold to maturity, other than:

(a) those that the Group upon initial recognition designates as at fair value through profit or loss;
(b) those that the Group designates as available-for-sale; and
(c) those that meet the definition of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available-for-sale. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables. Receivables arising out of reinsurance arrangements or direct insurance arrangements are classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

2. Summary of significant accounting policies *(continued)*

2.7 Financial assets *(continued)*

2.7.2 Recognition and measurement

Regular-way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of investment income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as net realised gains on financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. Both are included in the investment income line.

2.7.3 Determining fair value

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted bid price or asking price (as appropriate) in an active market wherever possible.

Where no such active market exists for the particular asset, the Group uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis or other valuation techniques commonly used by market participants.

Fair values of investments are determined on the following bases:

- Listed shares and units in unit trusts are valued at the ruling stock exchange bid price and repurchase prices respectively. The value of unlisted shares is determined by the directors using appropriate valuation bases, which include repurchase price and discounted cash flows using market rates for similar instruments.
- Interest-bearing investments are valued by discounting expected future cash flows at appropriate market interest rates.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment.

2. Summary of significant accounting policies *(continued)*

2.7 Financial assets *(continued)*

2.7.4 Impairment of financial assets

(a) Financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flow
- from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss.

If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

Notes *(continued)*

2. Summary of significant accounting policies *(continued)*
2.7 Financial assets *(continued)*
2.7.4 Impairment of financial assets *(continued)*

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account. The cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. If in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

2.8 Financial liabilities

The Group's holding in financial liabilities represents mainly insurance liabilities, creditors arising from reinsurance arrangements, other liabilities and dividend payable. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance.

2.11 Insurance and investment contracts - classification

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. The Group's products transfer significant insurance risk and hence are classified as insurance contracts.

2. Summary of significant accounting policies *(continued)*

2.11 Insurance and investment contracts - classification *(continued)*

2.11.1 Insurance contracts

Insurance contracts are classified into four main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

(i) Short-term insurance contracts

These contracts are casualty, property and short-duration life insurance contracts.
Casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Short-duration life insurance contracts protect the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

Short-term insurance premium income is recognised as revenue (earned premiums) proportionately over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

(ii) Long-term insurance contracts

These contracts insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

(b) Reinsurance Contracts Held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

Notes *(continued)*

2. Summary of significant accounting policies *(continued)*

2.11 Insurance and investment contracts - classification *(continued)*

2.11.1 Insurance contracts *(continued)*

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Group's property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the Group for the related claim, the difference is amortised over the estimated remaining settlement period.

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

(c) Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in profit or loss.

The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is calculated under the same method used for these financial assets.

(d) Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities less than three months or less. Cash and cash equivalents are carried at cost in the statement of financial position.

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation of uncertain timing or amount as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

2. Summary of significant accounting policies *(continued)*

2.14 Dividend distribution

Dividends on ordinary shares are charged to equity in the period in which they are declared.

2.15 Income tax

(a) Current income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same entity.

2.16 Employee benefits

(i) Defined contribution plan

Under the national pension scheme, the Group contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The Group's obligation is limited to the relevant contributions, which were settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

The Group has a provident fund scheme for staff under which the Group contributes 9% of staff basic salary. The Group's obligations under the plan is limited to the relevant contributions and these are settled on due dates.

(ii) Bonus plan

The Group operates bonus for the benefit of employees. A provision is recognised when the Group is contractually obliged to pay bonus to its employees or where a past practice has created a constructive obligation to do so.

2.17 Stated capital

Ordinary shares are classified as 'stated capital' in equity. All shares are issued at no par value.

Notes *(continued)*

2. Summary of significant accounting policies *(continued)*

2.18 Accounting for leases

Leases of property and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the leases at the lower of fair value of lease property and the present value of the minimum lease payments.

Property and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Leases where a significant portion of the risks and rewards are retained by the lessor are classified as operating leases.

2.19 Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there are no differences between expected and actual outcomes. The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as staff cost in profit or loss.

2.20 Revenue recognition

The accounting policy in relation to revenue from insurance contracts is disclosed in note 2.11.

(i) Interest income

Interest income and expense for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, are recognised within investment income and finance costs in profit or loss using the effective-interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

(ii) Dividend income

Dividend income for available-for-sale equities is recognised when the right to receive payment is established, which is the last day of registration in respect of its quoted shares and when declared in respect of unquoted shares.

(iii) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of each lease.

Notes *(continued)*

2. Summary of significant accounting policies *(continued)*

2.21 Insurance contract liability valuation basis and methodology

Policy liabilities for insurance contracts have been determined using the Financial Soundness Valuation (FSV) principles and are reflected in the statement of financial position as: "Life Fund'.

Liabilities are valued as the present value of future cash flows discounted at the rate of return assumed on the assets backing the policyholder funds. Future cash flows are projected on a best estimate basis with an allowance for compulsory margins. Best estimate assumptions are required for future: investment returns; bonus rates; expenses; persistency; mortality and other factors that may impact on the financial position of the Group.

Demographic assumptions including mortality and persistency rates are derived directly from recent experience and are adjusted for anticipated future trends. Investigations are performed at least annually and the most recent were performed in December 2011.

Future expenses are projected on a per policy basis where the per-policy expense is derived from actual renewal expenses incurred during the last financial period. Renewal expenses are determined by removing acquisition costs and non-recurring expenses from the total expenses and adding an allowance for future one-off costs which is derived from an analysis of historical one-off patterns.

For individual policies where benefits are linked to the return on an underlying investment portfolio, the liabilities are taken as the market values of the underlying investments, built up from the investment allocations made from the premiums paid, adjusted to allow for the discounted present value of the difference between expected future expenses and expected future charges.

3. Critical accounting estimates and judgements

The Group and Company make estimates and assumptions that affect, the reported amounts of assets and liabilities within the next financial year. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1.1 Assumptions and estimates of insurance contract holder liabilities - Life Fund

The liabilities relating to insurance contracts are measured in accordance with the Financial Soundness Valuation (FSV) basis. The FSV basis uses best estimate assumptions regarding future experience together with compulsory and discretionary margins for prudence. Assumptions used in the valuation basis are reviewed periodically and any changes in estimates are reflected in the statement of comprehensive income as they occur. The process used to decide on best estimate assumptions is described below:

(i) Mortality

Individual non-profit business: Mortality assumptions are based on internal investigations into mortality experience. Annual mortality investigations are carried out, with the most recent investigation being in respect of the 2011 financial year.

Allowance for worsening mortality as a result of AIDS has been made using a widely accepted AIDS and demographic model, calibrated to reflect the contract holder population being modelled

(ii) Morbidity

Morbidity and accident investigations are done annually, the most recent being in the past financial year 2011.

(iii) Persistency

Lapse and surrender assumptions are based on pricing and past experience. When appropriate, account is also taken of expected future trends. Experience is analysed by product type as well as policy duration.

3. Critical accounting estimates and judgements *(continued)*

3.1.1 Assumptions and estimates of insurance contract holder liabilities *(continued)*

(iv) Expenses

The budgeted expense for 2011 is taken as an appropriate expense base.

Provision for future renewal expenses starts at a level consistent with the budgeted experience for the 2010 financial year and allows for escalation at an assumed expense inflation.

The allocation of total expenses between initial and renewal is based on a functional cost analysis for both grouped and individual business.

(v) Investment returns

Market-related information is used to derive assumptions in respect of investment returns, discount rates used in calculating contract holder liabilities and renewal expense inflation. These assumptions take into account the notional asset mix backing each liability type and are suitably adjusted for tax and investment expenses. The notional and actual asset mix is closely related.

The main best estimate assumptions, gross of tax used in the valuation are:

	2011	2010
	%	%
Risk-free investment return	**14**	14
Renewal expense inflation	**11**	11

3.1.2 Impairment of available-for-sale equity financial assets

The Group accounts for its unlisted investments at cost. It then assesses at each balance sheet date whether there is objective evidence that these investments are impaired. An investment is considered impaired if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the investment (a 'loss event') and that loss event has an impact on the investment. Objective evidence that an investment is impaired includes observable data that comes to the attention of the Group about the following events:

- Significant financial/liquidity difficulty of the investee company.
- Continuous loss-making activities of the investee company.
- A negative networth of the investee company
- Other conditions that impact on the investee company's ability to operate

If there is objective evidence that an impairment loss has been incurred on investment in unlisted shares carried at cost, the carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

4. Management of insurance and financial risk

4.1 Management of non - life insurance risk

4.1.1 Exposure to non - life insurance risk

The Group underwrites risks that individuals, corporate or other entities wish to transfer to an insurer. Such risks may relate to property, accident, personal accident, motor, liability, marine, life and other perils which may arise from an insured event. As such the Group is exposed to uncertainty surrounding the timing, frequency and severity of claims under insurance contracts. The principal risk is that the frequency and/or severity of claims are greater than expected.

Insurance events are by their nature random and the actual size and number of events in any one year may vary from those estimated and experienced in prior periods. The Group underwrites short-term risks, that is, insurance under which claims are typically settled within one year of the occurrence of the events giving rise to the claims and long term risks which is associated with human life.

Consequently, whilst the Group may experience variations in its claims patterns from one year to the next, the Group's exposure at any time to insurance contracts issued more than one year before is limited.The product features of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts in the Group are described below.

(i) Property
Provides indemnity for loss or damage to immovable and movable property caused by perils such as fire, lightning, explosion, weather, water, earthquake and malicious damage.These contracts may also include business interruption policies which insure the loss of profits incurredby a business as a result of loss or damage to the insured property by these perils.

(ii) Accident
Provides indemnity for loss of or damage to mainly movable property for losses caused by crime, certain accidental damage such as damage to goods in transit or accidental damage to glass. Included under the accident classes are legal liabilities an insured may incur as a result of accidental damage to third-party property or accidental death or injury to a third party caused by the insured.

Provides compensation arising out of the death, permanent or temporary total disability of the insured, the family of the insured or the employees of a business.This cover is restricted to certain accidents and does not provide the wider benefits available from the life assurance industry.

(iii) Motor
Provides indemnity for loss of or damage to the insured motor vehicle.The cover is normally on an all-risks basis providing a wide scope of cover, however the insured may select restricted forms of cover such as fire and theft only. Legal liabilities arising out of the use or ownershipof the motor vehicle following an accident for damage to third-party property or death or injury to a third parties are also covered in this class.
Warranty and maintenance cover on insured vehicles are incorporated in this class of business.

(iv) Engineering
Provides indemnity for losses sustained through the use of machinery and equipment or the erection of buildings and structures. Risks covered by this type of contract include machinery breakdown, business interruption and loss or damage to plant and equipment.

(v) Marine
Provides indemnity for both cargo and hull classes of business. Cargo covers physical loss of or damage to cargo. Hull covers accidental loss or damage to commercial vessels.

4. Management of insurance and financial risk *(continued)*
4.1 Management of non – life insurance risk *(continued)*

4.1.2 Limiting exposure to non - life insurance risk

The Group limits its exposure to insurance risk through setting clearly defined underwriting strategy and limits, application of appropriate risk assessment techniques, and centralised management of reinsurance.

The Group's underwriting strategy ensures diversification of insurance risk in terms of type and amount of risk covered, geographical location and type of industry covered. The strategy also aims to develop a sufficiently large population of risks to reduce the variability of the expected outcome. The underwriting strategy is detailed in underwriting authorities which set the limits for underwriters in terms of line size, class of business and industry to enforce appropriate risk selection within the portfolio.

The underwriting mandates are applicable to both internal and external underwriters and partners. Ongoing review and analysis of underwriting information enables the Group to monitor its risks and take timely corrective action. The ability to adjust premiums allows the Group to mitigate the risk of underwriting losses by addressing adverse loss ratios in terms of different classes of business and different portfolio or clients.

The risk of fraudulent claims is reduced by internal controls embedded in claims-handling processes and specific techniques developed to proactively detect fraudulent claims.

(i) Underwriting and reinsurance operating procedures
The Group has implemented an appropriate risk management framework to manage risk in accordance with the Group's risk appetite. Group reinsurance is managed by the reinsurance department and risk management unit. The objectives and responsibilities of the department is set out and approved by the board of directors.

The main objective of the risk management outfit is to provide a policy framework that ensures that risk assumption and risk retention practice is in line with prudent risk/reward parameters set by the Group.

Specifically, the department determines the risk-retention policy of the Group, and this leads to the type and level of reinsurance placed for the year. Facultative and treaty reinsurance are undertaken for the purposes of cost-efficiency, compliance with risk assumption criteria and security.

(ii) Reinsurance strategy
The Group obtains reinsurance cover to reduce risks from single events or accumulation of risk which could have a significant impact on earnings for the current year or the Group's capital. This cover is placed on the local and international reinsurance market.

The Group's insurance risk and return position is tested against a wide range of reinsurance alternatives includingviability of proportional and non-proportional alternatives.

(iii) Risk-retention parameters
The Group is in the business of assuming that level of risk, which is deemed prudent in relation to the risk/reward and the Group's absolute capacity in terms of shareholders' funds and reserves.

(iv) Treaty and facultative placing process
Treaties are placed in accordance with the various agreement signed between the Group and its major reinsurance companies participating in its treaty arrangements which is reviewed/renewed at the end of each year.

4. Management of insurance and financial risk *(continued)*
4.1 Management of non – life insurance risk *(continued)*

4.1.3 Sources of uncertainty in the estimation of future claim payments

Insurance risks are unpredictable and it is impossible to forecast with absolute certainty future claims payable under existing insurance contracts. As such reasonable provisions are made to adequately cater for all insurance obligations when they arise.

Claims provision

The Group's outstanding claims provision include notified claims as well as incurred but not yet reported claims, and due to the short term nature of the business, it is not considered necessary to discount any of the claims provision.

Notified claims

Claims provisions are based on previous claims experience, knowledge of events, terms and conditions of the relevant policies and interpretation of circumstances. Each notified claim is assessed on a separate case-by-case basis with regard to the specific circumstances, information available from the insured and the loss adjuster and past experience of similar claims. The Group employs staff experienced in claims handling and rigorously applies standardised policies and procedures around claims assessment. In addition, the Group utilises the services of specialised administrators to perform the claims assessment process for some of its business.

The ultimate cost of the reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Estimates are reviewed regularly and updated if new information becomes available

Claims incurred but not yet reported (IBNR)

The majority of the Group's IBNR is calculated as a percentage of premiums written. This percentage is a best estimate reserve, which represents the expected value of the unreported claims liabilities. Different percentages are applicable for different classes of business and their appropriateness is assessed against the Group's past claims experience. There were no losses following the application of the liability adequacy test.

There have not been any significant changes in managing the Group's insurance risk

4.2 Management of life insurance risk

(a) Short-term insurance contracts
Short-duration life insurance contracts protect customers from the consequences of events (such as death) that would affect the ability of the customer or his/her dependants to maintain their current level of income.

(b) Long-term insurance contracts with fixed and guaranteed terms
Long term insurance contracts insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques. The assumptions used in the insurance contracts are disclosed in Note 3.

Notes *(continued)*

4. Management of insurance and financial risk *(continued)*
4.2 Limiting exposure to non - life insurance risk *(continued))*

The Group manages these risks through the activities of the Audit, Investment and Actuarial committees. Each committee meets at least two times per annum to discuss financial risk issues. Management is responsible for implementing recommendations that have been agreed with management and reporting back to the relevant committee. Of primary concern is the principle of asset liability matching in order to reduce the Group's risk of financial loss.

The Actuarial Committee draws on its knowledge of the business; the asset manager's expertise; and the experience of the statutory actuary.

The Investment Committee is responsible for the implementation and monitoring of the asset management process to ensure that the risks arising from trading positions are effectively managed within the pre-determined risk parameters.

4.3 Financial risk management

The Group is exposed to a range of financial risks through its financial assets, financial liabilities (investment contracts), reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long term its investment proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are market risk (including foreign currency risk, interest rate risk and other price risk), liquidity risk and credit risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

(i) Market Risk

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

(a) Foreign currency risk

The Group has financial assets which are denominated in foreign currencies. These assets are exposed to currency risk, primarily the US Dollar, the Euro and the Pound.

Sensitivity analysis – foreign currency risk

At 31 December 2011, if the Ghana cedi had weakened/strengthened by 5% (2010: 5%) against the US dollar with all other variables held constant, post tax profit for the year would have been GH¢ 257,000 (2010: GH¢ 98,000) higher/lower, mainly as a result of US dollar receivables and bank balances.

At 31 December 2011, if the Ghana cedi had weakened/strengthened by 5% (2010: 5%) against the Euro with all other variables held constant, post tax profit for the year would have been GH¢ 64,000 (2010: GH¢ 41,000) lower/higher, mainly as a result of Euro denominated amounts payable and bank balances

At 31 December 2011, if the Ghana cedi had weakened/strengthened by 10% (2010: 5%) against the Pound with all other variables held constant, post tax profit for the year would have been GH¢ 26,000 (2010: GH¢ 21,000) lower/higher, mainly as a result of Euro denominated amounts payable and bank balances.

(b) Interest rate risk

The Group does not have any interest-bearing borrowings.

Notes *(continued)*

4. Management of insurance and financial risk *(continued)*
4.3 Financial risk management *(continued)*
4.3*(i) Market risk* *(continued)*

Sensitivity analysis – interest-rate risk
The Group's interest bearing financial instruments are the government securities, fixed deposit and bank balances, and on which they are therefore exposed to cash flow interest rate risk. The Company regularly monitors financing options available to ensure optimum interest rates are obtained. At 31 December 2011, an increase/decrease of 50 basis points (2010: 50 basis points) would have resulted in a decrease/increase in post tax profit of GH¢440,000 (2010: GH¢275,000).

(c) Equity price risk
Investments in marketable securities are reflected at fair value and are therefore susceptible to market fluctuations. Investment decisions are delegated by the board to the investment committee, which has ultimate responsibility for the investment portfolio's risk profile and related decisions.

Sensitivity analysis – equity price risk
The Group is exposed to equity securities price risk because of investments held by the Group and classified on the statement of financial position at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group's board of directors.

The Group's investments in equity of other entities are publicly traded on the Ghana Stock Exchange (GSE). An increase/decrease of 15% (2010: 15%) in the GSE indexes would result in an impact on equity of 2011 GH¢646,000 (2010: GH¢798,000).

(ii) Credit risk
The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are amount due from:

- re-insurers in respect of claims already paid;
- insurance contract holders;
- insurance intermediaries;
- loans and receivables;
- debt securities;
- money market and cash positions; and
- re-insurers' share of insurance liabilities.

The Group structures the level of credit risk it accepts by placing limits on its exposure to a single counterparty or groups of counterparties, as well as geographical and industry segments. Such risks are subject to ongoing review and monitoring by the investment committee.

A significant amount of the insurance business is written through intermediaries. These intermediaries are closely monitored. Credit risk in terms of direct insurance clients is mitigated by the fact that where premiums are not paid to the Group, the Group is not obliged to act in terms of the policy.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The Group monitors the financial condition of Re-insurers on an ongoing basis and reviews its reinsurance arrangements periodically. Financial assets, cash and cash equivalents are placed with reputable financial institutions. The Group has policies which limit exposure to any one financial institution. The investment committee regularly reviews the Group's investments and potential exposure.

Notes *(continued)*

4. Management of insurance and financial risk *(continued)*
4.3 Financial risk management risk *(continued)*

Credit quality of financial assets

Bonds and treasury bills held by the Group are instruments issued by the government of The Republic of Ghana and have experienced no history of default.

Fixed deposits and bank balances of the Group are held with reputable financial institutions. The Group has experienced no history default.

Loans or receivables are neither past due or impaired. Reinsurance receivable is with reputable re-insurance companies and neither past due or impaired. The Group have experienced no history of default.

(iii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of policyholder benefit payments, cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for operational and trading activities. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfill policyholder commitments. The risk that the Group will be unable to do so is inherent in all insurance operations and can be affected by a range of institution-specific and market wide events including, but not limited to, credit events, systemic shocks and natural disasters.

The following table provides an aggregation of the liquidity analysis for liabilities and maturity analysis of the assets. All liabilities are presented on a contractual cash flow basis except for the insurance liabilities, which are presented with their expected cash flows.

The Group	**Carrying amount**	**Contractual cash flows (undiscounted)**	
Year ended 31 December 2011		**up to 1 year**	**Over 1 year**
Contractual liabilities:			
• Due to re-insurers	1,648	1,648	-
• Due to related parties	1,999	1,999	-
• Outstanding claims	1,014	1,014	-
• Life fund	49,992	-	49,992
• Trade and other payables	12,000	12,000	-
	66,653	16,661	49,992
Assets held for managing credit risk:			
• Treasury bills and fixed deposits	56,371	56,371	-
• Bonds	11,571	11,571	-
• Insurance and other receivables	6,764	6,764	-
• Due from re-insurers	4,753	4,753	-
	79,459	79,459	-

Notes *(continued)*

4. Management of insurance and financial risk *(continued)*
4.3 Financial risk management risk *(continued)*

(iii) Liquidity risk *(continued)*

The Group

Year ended 31 December 2010	Carrying amount	Contractual cash flows (undiscounted) up to 1 year	Over 1 year
Total contractual liabilities:			
• Due to re-insurers	2,509	2,509	-
• Due to related parties	1,418	1,418	-
• Outstanding claims	1,452	1,452	-
• Life fund	36,869	-	36,869
• Trade and other payables	6,394	6,394	-
	48,642	11,773	36,869
Assets held for managing credit risk:			
• Treasury bills and fixed deposits	44,301	44,301	-
• Bonds	3,204	3,204	-
• Insurance and other receivables	2,857	2,857	-
• Due from re-insurers	2,195	2,195	-
	52,557	52,557	-

The Company

Year ended 31 December 2011	Carrying amount	Contractual cash flows (undiscounted) up to 1 year	Over 1 year
Contractual liabilities:			
• Due to related parties	3,441	3,441	-
• Trade and other payables	112	112	-
	3,553	3,553	-
Assets held for managing credit risk:			
• Staff loans	78	78	-
	78	78	-
Year ended 31 December 2010			
Total contractual liabilities:			
• Trade and other payables	616	616	-
	616	616	-
Assets held for managing credit risk:			
• Staff loans	171	171	-
	171	171	-

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Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

4. Management of insurance and financial risk *(continued)*
4.3 Financial risk management risk *(continued)*

Fair value hierarchy- Financial instruments measured at fair value
IFRS 7 requires certain fair value disclosures for each class of financial instruments. It requires an entity to classify fair value measurement into fair value hierarchy with the following levels by reference to the observability and significance of the input used in making the measurement.

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange)

- **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of Bank of Ghana's securities and other derivative contracts.

- **Level 3** – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant observable market prices in its valuation where possible. Financial instruments measured at fair value at 31 December 2011 and 31 December 2010 were classified as follows:

The Group

	(Level 1)	(Level 2)	(Level 3)	Total
At 31 December 2011				
Equity securities	32,327	-	-	**32,327**
Unlisted equity securities	-	-	12	**12**
Bonds	-	11,571	-	**11,571**
Fixed deposit	-	45,222	-	**45,222**
Treasury bills	-	11,149	-	**11,149**
Total	32,327	67,942	12	**100,281**
At 31 December 2010				
Equities securities	39,898	-	-	39,898
Unlisted equity securities	-	-	12	12
Bonds	-	3,204	-	3,204
Fixed deposit	-	43,544	-	43,544
Treasury bills	-	757	-	757
Total	39,898	47,505	12	87,415

The Company

	2011 (Level 1)	2010 (Level 1)
At 31 December		
Equity securities	**14,083**	-

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

4. Management of insurance and financial risk *(continued)*
4.3 Financial risk management risk *(continued)*

Financial instruments by category

The Group

	2011	2010
Assets per statement of financial position		
Fair value through profit or loss		
• Listed equity investments	32,327	13,324
• Treasury bills and fixed deposits	48,171	38,263
• Government bonds	11,571	3,204
Available for sale financial assets		
• Listed equity investments	-	26,574
• Unlisted equity investments	12	12
• Treasury bills and fixed deposits	8,200	6,009
Held to maturity		
• Treasury bills	-	29
Loans and receivables		
• Insurance receivables	2,626	1,342
• Other receivables	4,138	1,515
• Due from re-insurers	4,753	2,195
• Cash and cash equivalents	20,113	7,408
Total	131,911	99,875
Liabilities per statement of financial position		
Fair value through profit or loss		
• Life fund	49,992	36,869
Other financial liabilities at amortised cost		
• Outstanding claims	1,014	1,452
• Trade and other payables	12,000	6,394
• Due to re-insurers	1,648	2,509
• Due to related parties	1,999	1,418
Total	66,653	48,642

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

4. Management of insurance and financial risk *(continued)*

4.3 Financial risk management risk *(continued)*

Financial instruments by category *(continued)*

The Company

	2011	2010
Assets per statement of financial position		
Fair value through profit or loss	14,083	-
• Listed equity investments		
Loans and receivables	78	171
• Staff loans	3,019	341
• Cash and cash equivalents	17,180	512
Total		
Liabilities per statement of financial position		
Other financial liabilities at amortised cost		
• Trade and other payables	112	616
• Due to related parties	3,441	-
Total	3,553	616

4.4 Capital management

The Group and Company's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders, to maintain an optimal capital structure, to reduce the cost of capital and to comply with the capital requirement set under the Insurance Act 2006, Act 724) for insurance business. In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt. The defined capital includes equity and reserve.

In accordance with section 69 of the Insurance Act 2006, (Act 724), the minimum capital required to carry out insurance business in Ghana should not be less than US$1 million. At 31 December 2011 and 2010, the subsidiaries within the group carrying out insurance business met the minimum stated capital requirement.

5. Provision for unearned premium

The Group

	2011	2010
At 1 January	7,152	6,264
Increase in provision	1,857	888
Loans and receivables	9,009	7,152

In the general insurance business, unearned premiums represent the proportion of the premiums written in periods up to the accounting date, which relate to the unexpired terms of policies in force at the reporting date, and are calculated at 45% of the premium written. No provision has been made for marine premiums due to the short-term nature of the class of business. The amount shown above is the net movement of provisions made in the prior period and balance outstanding at 31 December 2011.

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

6. Investment income

	The Company		The Group	
	2011	2010	2011	2010
Fair value through profit or loss				
• Dividend income	95	-	616	-
• Fair value (loss)/gain in equity securities	(3,418)	-	(4,492)	5,770
• Gain on disposal of equity securities	1,921	-	4,258	-
Dividend from subsidiary	20,145	1,020	-	-
Interest income	-	-	5,599	7,123
Available-for-sale:				
• Recycling of fair value gains on available for sale financial assets upon disposal	-	-	6,771	-
• Dividend income	-	-	-	577
	18,743	1,020	12,752	13,470

7. Investment properties

The Group

	2011	2010
At 1 January	3,758	2,993
Fair value gains	2,592	765
Additions during the year	1,725	-
Transfer from property and equipment (Note 13)	3,383	-
Disposals	(2,547)	-
At 31 December	8,911	3,758

The properties were valued by an independent valuer at 31 December 2011 and 2010 on the basis of determining the open market value of the investment property. The open market value of all properties was determined using recent market prices

8. Other income

The Group

	2011	2010
Exchange gains/ (loss)	648	(90)
Loss on disposal of property and equipment (Note 13)	(41)	(2)
Rental income	189	94
Sundry income	184	217
	980	219

9. Insurance contract liabilities

The Group

	2011	2010
At 1 January	36,869	19,513
Transfer from profit or loss	13,123	17,356
At 31 December	49,992	36,869

The actuarial valuation of the Life Fund as at 31 December 2011 and 2010 was carried out by an independent actuary.

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

10. Operating expenses

The following items have been charged in arriving at operating profit.

	The Company		The Group	
	2011	2010	2011	2010
Directors' emoluments	670	112	2,432	1,608
Auditor's remuneration	21	20	170	125
Depreciation and amortisation	29	-	1,043	1,137
Staff cost	209	-	14,067	11,547
Staff cost include:				
Salaries and other short-term employment benefit	175	-	12,316	10,175
Employer's provident fund contribution	15	-	753	592
Employer's social security contribution	19	-	998	780
	209	-	14,067	11,547

11. National Fiscal Stabilisation Levy

The Group
2011

	At 1 January	Payments	Charged to profit or loss	At 31 December
Up to 2010	432	-	-	432
2011	-	(575)	2,087	1,512
	432	**(575)**	**2,087**	**1,944**

2010

	At 1 January	Payments	Charged to profit or loss	At 31 December
Up to 2009	59	-	-	59
2010	-	(134)	507	373
	59	(134)	507	432

The National Fiscal Stabilisation Levy (NFSL) is assessed under the National Fiscal Stabilisation Levy Act, 2009 (Act 785) at 5% on accounting profit before tax.

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

12. Current income tax

The Company
2011

	At 1 January	Payments	Charged to profit or loss	At 31 December
Up to 2010	201	-	-	201
2011	-	(201)	-	(201)
	201	(201)	-	-

2010

	At 1 January	Payments	Charged to profit or loss	At 31 December
2010	-	-	201	201
	-	-	201	201

The Group
2011

	At 1 January	Payments	Charged to profit or loss	At 31 December
Up to 2010	(185)	-	-	(185)
2011	-	(574)	583	9
Tax credit	(152)	(18)	-	(170)
	(337)	(592)	583	(346)

2010

	At 1 January	Payments	Charged to profit or loss	At 31 December
Up to 2009	(319)	-	-	(319)
2010	-	(512)	646	134
Tax credit	(125)	(27)	-	(152)
	(444)	(539)	646	(337)

All tax liabilities are subject to agreement with the Ghana Revenue Authority

	The Company		The Group	
	2011	2010	2011	2010
Corporate income tax	-	201	583	646
Deferred income tax	3,438	-	(3,019)	180
	3,438	201	(2,436)	826

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Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

12. Current income tax *(continued)*

Reconciliation of effective tax rate	The Company		The Group	
	2011	2010	2011	2010
Profit before income tax	7,476	803	25,396	9,686
Tax rate of 25 % (2010: 25%)	1,869	201	6,349	2,422
Tax effect of:				
Income not subject to tax	(5,540)	-	(9,280)	(2,031)
Expenses not deductible for tax purposes	233	-	495	435
Income tax (credit)/expense	(3,438)	201	(2,436)	826

13. Property and equipment

The Group	Leasehold property	Motor vehicles	Equipments, fittings and furniture	Capital work in progress	Total
At 31 December 2011					
Cost or valuation					
At 1 January	10,219	1,431	2,560	92	14,302
Additions	267	746	841	-	1,854
Transfer to investment property (Note 7)	(3,383)	-	-	-	(3,383)
Revaluation surplus	2,980	-	-	-	2,980
Disposals	-	(145)	(227)	(92)	(464)
At 31 December	10,083	2,032	3,174	-	15,289
Depreciation					
At 1 January	872	877	1,394	-	3,143
Charge for the year	61	418	559	-	1,038
Disposal	-	(145)	(227)	-	(372)
At 31 December	933	1,150	1,726	-	3,809
Net book amount					
At 31 December 2011	9,150	882	1,448	-	11,480
Net book amount					
At 31 December 2010	9,347	554	1,166	92	11,159

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

13. Property and equipment *(continued))*

The Group	Leasehold property	Motor vehicles	Equipments, fittings and furniture	Capital work in progress	Total
At 31 December 2010					
Cost or valuation					
At 1 January	9,913	1,323	1,919	231	13,386
Additions	71	326	791	96	1,284
Transfers	235	-	-	(235)	-
Disposals	-	(218)	(150)	-	(368)
At 31 December	10,219	1,431	2,560	92	14,302
Depreciation					
At 1 January	419	783	1,143	-	2,345
Charge for the year	453	277	401	-	1,131
Disposal	-	(183)	(150)	-	(333)
At 31 December	872	877	1,394	-	3,143
Net book amount					
At 31 December 2010	9,347	554	1,166	92	11,159
Net book amount					
At 31 December 2009	9,494	540	776	231	11,041

The Group's leasehold properties were last revalued at 31 December 2011 by independent valuers. Valuations were made on the basis of the open market value. The valuation surplus net of applicable deferred taxes was credited to other comprehensive income and is shown in other reserves in shareholder's equity.

If leasehold buildings were stated on a historical cost basis, the amounts would be as follows:

	2011	2010
Cost	1,350	1,350
Accumulated depreciation	(81)	(54)
Net book value	1,269	1,296

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

13. Property and equipment *(continued)*

The Company

	Motor vehicles	Fittings and furniture	Total
Cost			
At 1 January	-	-	-
Additions	70	46	116
At 31 December	70	46	116
Depreciation	78	78	-
At 1 January	-	-	-
Charge for the year	17	12	29
At 31 December	• 17	• 12	• 29
Net book value			
At 31 December 2011	53	34	87
Net book value			
At 31 December 2010	-	-	-

Disposal of property and equipment

The Group

	2011	2010
Carrying amount	464	368
Accumulated depreciation	(372)	(333)
Net book amount	92	35
Proceeds on disposal	(51)	(33)
Loss on disposal of property and equipment	41	2

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

14. Intangible asset

The Group	2011	2010
Cost		
At 1 January and at 31 December	118	118
Amortisation		
At 1 January	82	76
Charge for the year	5	6
At 31 December	87	82
Net book value		
At 31 December	31	36

15. Investment in subsidiaries

	2011	2010
Enterprise Insurance Company Limited	21,293	31,540
Enterprise Life Assurance Company Limited	383	383
Consortium House Limited	-	58
Enterprise Trustees Limited	966	-
Enterprise Properties Limited	2,009	-
	24,651	31,981

Name of subsidiary	Nature of Activity	Percentage interest Held 2011	Percentage interest Held 2010
Enterprise Insurance Company Limited.	General Insurance	100	100
Consortium House Limited	Real Estates	-	100
Enterprise Life Assurance Company Limited	Life Assurance	51	51
Enterprise Life Assurance Company (Gambia) Limited	Life Assurance	48	-
Enterprise Properties Limited	Real Estates	75	-
Enterprise Trustees Limited	Pension	60	-

Enterprise Life Assurance Company (Gambia) Limited is incorporated in the Republic of The Gambia and is yet to commence operations. All other subsidiaries are incorporated in the Republic of Ghana. Consortium House Limited was voluntarily liquidated in July 2011.

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

16. Investment securities

	The Company		The Group	
	2011	2010	2011	2010
Available-for-sale investments	-	-	8,212	32,595
Fair value through profit or loss	14,083	-	92,069	54,791
Held-to-maturity	-	-	-	29
	14,083	-	100,281	87,415

Available for sale financial assets – The Group

	2011	2010
Equity securities:		
• Listed	-	26,574
• Unlisted	12	12
Fixed deposit and treasury bills	8,200	6,009
	8,212	32,595

Treasury bills are government of Ghana issued securities. Fixed deposits are held with reputable financial institutions. All are due to mature within twelve months.

	The Company		The Group	
Financial assets at fair value through profit or loss	2011	2010	2011	2010
Equity securities:				
• Listed	14,083	-	32,327	13,324
Unlisted bonds	-	-	11,571	3,204
Fixed deposit and treasury bills	-	-	48,171	38,292
	14,083	-	92,069	54,820

Equity and debt securities classified at fair value through profit or loss are designated in this category upon initial recognition.

Treasury bills and bonds are government of Ghana issued securities. Fixed deposits are held with reputable financial institutions. All are due to mature within twelve months.

The movement in financial assets at fair value through profit or loss is summarised in the table below.

	The Company		The Group	
	2011	2010	2011	2010
At beginning of year	-	-	54,791	29,294
Net purchase	17,501	-	41,770	19,756
Net Fair value(losses)/gains	(3,418)	-	(4,492)	5,770
At end of year	14,083	-	92,069	54,820

Held to maturity are government of Ghana issued fixed rate treasury bills and are due to mature within 12 months.

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

17. Loans and receivables

	2011	2010	2011	2010
Staff loans	78	171	697	902
Insurance receivables	-	-	2,626	1,342
Other receivables	-	-	3,441	613
	78	171	6,764	2,857

The maximum amount of staff loans during the year did not exceed GH¢697,133 (2010: GH¢930,596).

All loans and receivables are current and their carrying values approximate their fair value.

18. Reinsurance assets and liabilities

The Group	2011	2010
(i) Due from reinsurers	4,753	2,195

Due from reinsurers are due within twelve months. The carrying value of amount due from reinsurers approximates their fair value.

	2011	2010
(ii) Due to reinsurers	1,648	2,509

Due to reinsurers are payable within twelve months. The carrying value of amount due to reinsurers approximates their fair value

19. Cash and cash equivalents

	The Company		The Group	
	2011	2010	2011	2010
Cash	-	-	4	11
Bank balances	3,019	341	20,109	7,397
	3,019	341	20,113	7,408

20. Stated capital

The authorised shares of the Company are 200,000,000 ordinary shares of no par value.
The issued ordinary shares at 31 December 2010 and 31 December 2011 is as follows:

	No of Shares	GH¢'000
Cash	1	1
Consideration other than cash	131,210,825	31,598
	131,210,826	31,599

There are no movement in the share capital during the year. There is no unpaid liability on any share and there are no calls or instalments unpaid. There are no treasury shares.

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

21. Contingency reserves

The Group	2011	2010
At 1 January	78	-
Transfer from income surplus	5,224	78
At 31 December	5,302	78

The general insurance company sets aside on an annual basis a contingency reserve of not less than three per cent of the total premiums or twenty per cent of net profit whichever is greater as required by the Insurance Act 2006 (Act 724).

22. Other reserves

Reserves represent a total of revaluation reserves, fair value reserves and share deals account. Revaluation reserve is the surplus arising on the revaluation of the Group's Leasehold properties. Fair value reserves represents mark to market unrealised gains/losses on investment securities held as available for sale. Share deal account is the amount set aside for the repurchase of issued ordinary shares.

23. Income surplus

Income surplus represents the residual of cumulative annual profits that are available for distribution.

24. Outstanding claims

The Group	2011	2010
At 1 January	1,452	2,081
Claims reported	1,003	(715)
Recoveries from re-insurers	(1,697)	220
Claims incurred but not reported	256	(134)
At 31 December	1,014	1,452

Outstanding claims are due within twelve months. The carrying value of outstanding claims approximates their fair value.

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

25. Deferred income tax

	The Company		The Group	
	2011	2010	2011	2010
At 1 January	-	-	2,041	2,485
(Release)/charge to profit or loss	(3,438)	-	(3,019)	180
Charge/(release) to other comprehensive income – revaluation surplus	-	-	749	(624)
At 31 December	(3,438)	-	(229)	2,041

Deferred income tax is calculated using the enacted income tax rate of 25% (2010: 25%). Deferred income tax assets and liabilities, deferred income tax charge/(credit) in the income statement, and deferred income tax charge/(credit) in equity are attributable to the following items:

The Group 2011

	At 1 January	Charge/(credit) to profit or loss	Charge/(credit) to equity	At 31 December
Deferred tax liabilities arising from:				
Accelerated depreciation	235	(238)	-	(3)
Other deductible temporary difference	1,572	(2,781)	-	(1,209)
Revaluation surplus	234	-	749	983
	2,041	(3,019)	749	(229)

The Group 2010

	At 1 January	Charge/(credit) to profit or loss	Charge/(credit) to equity	At 31 December
Deferred tax liabilities arising from:				
Accelerated depreciation	143	92	-	235
Other deductible temporary difference	1,484	88	-	1,572
Revaluation surplus	858	-	(624)	234
	2,485	180	(624)	2,041

The Company 2011

	At 1 January	Charge/(credit) to profit or loss	Charge/(credit) to equity	At 31 December
Accelerated depreciation	-	7	-	7
Other deductible temporary difference	-	3,431	-	3,431
	-	3,438	-	3,438

There was no deferred tax asset or liability at 31 December 2010.

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

26. Trade and other payables

	The Company		The Group	
	2011	2010	2011	2010
Trade payables	112	596	10,791	5,414
Accrued expenses	-	20	1,209	980
	112	616	12,000	6,394

All balances are current. The carrying value of outstanding claims approximates their fair value.

27. Related party transactions

The group is controlled by Enterprise Group Limited, which is also the ultimate parent. Enterprise Group Limited's share holding in the other companies making up the Group is disclosed in Note 15. Sanlam Emerging Market is related to the Group through its 49% and 40% share holdings in Enterprise Life Assurance Company Limited and Enterprise Trustees Limited, the remaining 51% and 60% is owned by Enterprise Group Limited.

The following transactions were carried out with related parties:

	2011	2010
Expenses		
• Enterprise Insurance Company Limited for Enterprise Group Limited	3,441	580
• Sanlam Emerging Market Limited for Enterprise Life Assurance Company Limited	5	-
Dividend		
• Enterprise Insurance Company Limited to Enterprise Group Limited	17,340	-
• Enterprise Life Assurance Company Limited to Sanlam Emerging Market Limited	2,695	1,020

Year end balances arising from transactions with the related parties are as follows:

Amount due to related parties:

	The Company		The Group	
	2011	2010	2011	2010
Enterprise Insurance Company Limited	2,629	-	-	-
Enterprise Properties Limited	812	-	-	-
Sanlam Emerging Market Limited	-	-	1,999	1,418
	3,441	-	1,999	1,418

The payables to related parties arise mainly from expenses paid on their behalf and are due within twelve months. The payables bear no interest.

Key management personnel

Directors' emoluments are disclosed in Note 10.

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

27. Related party transactions *(continued)*

Key management personnel

The compensation of key management paid to or payable to key management for employee services is shown below;

	2011	2010	2011	2010
Salaries and other short-term benefits	750	91	3,886	4,267
Employer's social security contribution	61	7	331	340
Employer's provident fund contribution	68	14	306	306
	879	112	4,523	4,913

28. Dividend

	The Company		The Group	
	2011	2010	2011	2010
At 1 January	-	-	-	1,146
Amount declared during the year	787	-	3,482	1,750
Amount Paid	(787)	-	(3,482)	(2,896)
At 31 December	-	-	-	-

Dividend per share

	The Company		The Group	
	2011	2010	2011	2010
At 31 December	GH¢0.006	GH¢0.004	GH¢0.043	GH¢0.021

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

29. Reconciliation of profit before income tax to cash generated from operations

	The Company		The Group	
	2011	2010	2011	2010
Cash flows from operating activities				
Profit before income tax	7,476	803	25,396	9,686
Adjustments for:				
Depreciation	29	-	1,038	1,131
Amortisation	-	-	5	6
Impairment of investment in subsidiary	10,305	-	-	-
Fair value gain on investment property	-	-	(2,592)	(765)
Investment income	(18,743)	(1,020)	(12,752)	(13,470)
Loss on sale of property and equipment	-	-	41	2
Changes in working capital				
Transfer to life fund	-	-	13,123	17,357
Change in insurance contract liabilities				
Unearned premium	-	-	1,857	888
Outstanding claims	-	-	(438)	(629)
Amount due to re-insurers	-	-	(861)	(2,084)
Increase in amount due to related parties	3,441	-	581	-
Decrease/(increase) in loans and receivables	93	(171)	(3,907)	2,508
(Decrease)/increase in trade and other payables	(504)	617	5,606	4,125
Increase in amounts due from re-insurers	-	-	(2,558)	(86)
Net purchase of operating assets:				
Equity securities	(17,501)	-	3,079	(1,699)
Bonds, treasury bills and fixed deposits	-	-	(15,389)	(17,574)
Investment properties	-	-	822	-
Cash (used in)/ generated from operations	(15,404)	229	13,051	(604)

30. Segment information

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. All operating segments meet the definition of reportable segments under IFRS 8.

The Group is organised into five operating segments. These segments distribute products through various forms of brokers, agencies and direct marketing programmes.

The Group's main operating segments are: General insurance business; Life assurance business; Pension; Real estate; and Corporate.

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

30. Segment information *(continued)*

The segmental information provided to the board of directors for the reportable segments for the year is as follows:

2011

	General insurance	Life Assurance	Pension	Real estate	Corporate	Total
Gross premium from external customers	34,419	61,512		-	-	95,931
Reinsurance	(13,618)	(903)	-	-	-	(14,521)
Net premium written	20,801	60,609	-	-	-	81,410
Unearned premium	(1,857)	-	-	-	-	(1,857)
Net premium earned	18,944	60,609	-	-	-	79,553
Net investment and other income	8,315	4,787	13	1,806	1,403	16,324
Net income	27,259	65,396	13	1,806	1,403	95,877
Increase in Life fund	-	(13,123)	-	-	-	(13,123)
Net claim incurred	(9,893)	(10,464)	-	-	-	(20,357)
Commission	(1,165)	(13,741)	-	-	-	(14,906)
Depreciation and amortisation	(447)	(499)	(9)	(59)	(29)	(1,043)
Operating expenses	(6,822)	(12,776)	(469)	(53)	(932)	(21,052)
Profit before tax	8,932	14,793	(465)	1,694	442	25,396
National Fiscal Stabilisation Levy	(1,347)	(740)	-	-	-	(2,087)
Income tax expense	(1,004)	-	2	-	3,438	2,436
Profit after tax	6,581	14,053	(463)	1,694	3,880	25,745
Total assets	25,335	88,519	1,544	16,396	21,114	152,908
Total liabilities	14,118	62,962	404	-	122	77,606

Major customers of the Group constituting more than 10% of total gross insurance premium are Vitol Holdings NV, Newmont Mining Corporation and Barclays Bank of Ghana.

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

30. Segment information *(continued)*

The segmental information provided to the board of directors for the reportable segments for the year is as follows:

2010

	General insurance	Life Assurance	Corporate	Total
Gross premium from external customers	28,163	40,105	-	68,268
Reinsurance	(11,762)	(727)	-	(12,489)
Net premium written	16,401	39,378	-	55,779
Unearned premium	(888)	-	-	(888)
Net premium earned	15,513	39,378	-	54,891
Net investment and other income	2,055	11,379	1,020	14,454
Net income	17,568	50,757	1,020	69,345
Increase in Life fund	-	(17,356)	-	(17,356)
Net insurance benefits and claim incurred	(7,591)	(6,742)	-	(14,333)
Commission	(1,030)	(8,739)	-	(9,769)
Depreciation and amortisation	(814)	(323)	-	(1,137)
Other operating expenses	(8,067)	(8,780)	(217)	(17,064)
Profit before tax	66	8,817	803	9,686
National Fiscal Stabilisation Levy	-	(507)	-	(507)
Income tax expense	(625)	-	(201)	(826)
Profit after tax	(559)	8,310	602	8,353
Total assets	21,152	61,721	32,292	115,165
Total liabilities	13,115	44,335	817	58,267

Notes *(continued)*

(All amounts are expressed in thousands of Ghana cedis)

31. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

	The Company		The Group	
	2011	2010	2011	2010
Profit attributable to equity holders of the company (GH¢ 000)	10,914	602	19,045	3,654
Weighted average number of ordinary shares in issue	131,210,825	131,210,825	131,210,825	131,210,825
Basic earnings per share	0.083	0.005	0.145	0.028

There were no potentially dilutive shares outstanding at 31 December 2011 or 2010. Diluted earnings per share are therefore the same as basic earnings per share.

32. Contingencies

There were no contingent liabilities at the reporting date (2010: Nil).

33. Capital commitments

There were no capital commitments at the reporting date (2010: Nil)

34. Comparatives

Where necessary, comparative figures have been reclassified to conform to changes in the presentation in the current year.

i. Directors shareholding at 31 December 2011

• Trevor Trefgarne	152,315
• George Otoo	1,069,975
• Keli Gadzekpo	32,500
• Mrs. Margaret Clarke-Kwesie	25,000
• Emmanuel Kojo Idun	5,000
• Martin Eson Benjamin	4,110

ii. Analysis of Shareholding at 31 December 2011

	Number of Shareholders	Number of Shares	Percentage Holdings
1–1,000	1,212	481,200	0.37
1,001–5,000	1,112	2,814,203	2.14
5,001–10,000	415	2,566,820	1.96
10,001 and over	569	125,348,602	95.53
	3,308	131,210,825	100.00

iii. List of Twenty Largest Shareholders at 31 December 2011

	Number of Shares	Percentage Holdings
Ventures and Acquisitions Limited	57,867,615	44.09
Ghana Reinsurance Company Limited	8,215,925	6.26
SCBN/Barclays Mauritius	8,199,777	6.25
Social Security & National Insurance Trust	7,831,250	5.97
SCBN/EPACK Investment	7,742,655	5.90
Maxwell Janet Snowden	2,967,500	2.26
SCBN Mauritius Re Africa	2,049,944	1.56
SCBN/Unilever Ghana Provident Fund	1,500,000	1.14
SCBN/ Elac Policyholders Fund	1,480,615	1.13
SIC Insurance Company limited	1,261,725	0.96
Otoo George Banasco	1,069,975	0.82
NTHC LIMITED	819,915	0.62
SCBN/UNILEVER Ghana Managers Pension Fund	725,000	0.55
Universal Insurance Consultants	650,000	0.50
Estates of DR P.K.ANIM ADDO	625,000	0.48
Ghana International School Staff PF	600,000	0.46
SCBN RE:ELAC Shareholders Fund	592,795	0.45
Francis Dodoo & Tachie Emma	493,360	0.38
SSNIT SOS FUND	461,000	0.35
SCBN/DATABANK Balanced Fund ltd	450,000	0.34
	105,604,051	80.47

Resolutions

Ordinary Resolutions

The Board of Directors will be proposing the following resolutions, which will be put to the Annual General Meeting:

To receive the 2011 Accounts

The Board will be proposing for acceptance by shareholders the audited Financial Statements for 2011, together with the Reports of the Auditors and the Directors thereon in respect of the year ended 31st December, 2011.

To re-elect retiring Directors

The following Directors of the Board, Mr. Trevor Trefgarne and Her Excellency Mrs. Margaret Clarke-Kwesie are retiring in accordance with s. 298(a) of the Companies Act, 1963 (Act 179). The afore-mentioned Directors are eligible for re-election and have offered themselves to be re-elected as directors of the company.

Trevor Trefgarne, Chairman

Trevor Trefgarne, the Chairman of Enterprise Group Limited, is a graduate of Cranfield School of Management and is a non-executive Director of Franklin Templeton Investment Funds SICAV. He joined the company's board in 2008. Mr. Trefgarne is British.

Her Excellency Mrs. Margaret Clarke-Kwesie, Non-Executive Director

H. E. Mrs. Margaret Clarke-Kwesie is Ghana's Ambassador to the Republic of South Korea. She is a former Member of Parliament for Ga South, a former Deputy Minister of Health and Education and also a former Minister of State at the Office of the President. Prior to her entry into politics, Mrs. Clarke-Kwesie was a Principal Economic Planning Officer at the Ministry of Finance & Economic Planning. She has also served on the boards of the Oil Research Institute, the Scientific Instrumentation Centre of CSIR and the GIHOC Cannery of Nsawam. H. E. Mrs. Clarke-Kwesie joined the EGL Board in 2010. She is Ghanaian.

To authorise the Directors to fix the remuneration of the Auditors

The Board will request that the Directors be authorised to fix the remuneration of the Auditors for the year 2012.

To approve Directors' Remuneration

The Board will request that in accordance with s. 194 of Companies Act, 1963 (Act 179), that members approve the remuneration of Directors.


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PROXY FORM

I/WE .... being a member / members of Enterprise Group Limited
(Block Capitals Please)

Hereby appoint .... or failing him Trevor Trefgarne or failing him George Otoo as my / our proxy to vote on my / our behalf at the Annual General Meeting of the Company to be held on Thursday, May 31, 2012 and at any adjournment thereof.

The General Meeting hereby resolves the following:

RESOLUTION	FOR	AGAINST
1. To adopt the Reports of the Directors and the Auditors and the Financial Statements.		
2. To re-elect retiring Directors a. Trevor Trefgarne b. H. E. Mrs. Margaret Clarke-Kwesie		
3. To authorise the Directors to fix the remuneration of the Auditors		
4. To approve Directors' Remuneration		

Dated this .... day of 2012

Signature: ....

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IMPORTANT: - Before posting the attached form please tear off this part and retain it – see over. A member (Shareholder) who is unable to attend the Meeting is allowed to vote by proxy. The attached form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the Meeting. Following the normal practice the names of two Directors of the Company have been inserted on the proxy form to ensure that someone will be present at the Meeting to act as your proxy, but if you wish you may insert in the blank space on the form the name of any person whether a Member of the Company or not, who will attend the Meeting and vote on your behalf, instead of one of the Directors. Please complete and post the proxy form in time for it to reach the address indicated in the Notice on page 2 not later than 48 hours before the time of the holding of the Meeting.

Please Affix
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The Registrar
NTHC Limited
1st Floor, Martco House, Adabraka
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IMPORTANT: A member attending the meeting should not produce this form.


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