enterprise
GROUP
Your Advantage

Our Partnership Your Advantage

2017 ANNUAL REPORT & FINANCIAL STATEMENTS

enterprise
GROUP
Your Advantage

Vision

In all our markets, our pedigree will be recognized, our strength respected, our expertise valued and our solutions sought by all who desire an advantage in life.

Mission

We provide all who come into contact with us their desired advantage because... we are the best at what we do!

Values

- Friendliness
- Trust
- Reliability
- Excellence
- Professionalism

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Contents

Notice of an Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of Enterprise Group Limited will be held at Advantage Place, Mayor Road, Ridge West, Accra on Tuesday, June 12, 2018 at 10.30 a.m. for the following purposes:

1. To receive the Financial Statements of the Company together with the Reports of the Directors and the Auditors thereon for the year ended December 31, 2017.
2. To re-elect the following retiring Directors:
    a. Cleland Cofie Bruce
    b. Fiifi Kwakye
3. To ratify the appointment of Douglas Lacey as a Director.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To approve Directors' remuneration.

By Order of the Board
Sadia Chinery-Hesse
Company Secretary

Dated 20th day of March, 2018.

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)

	2017	2016	2015	2014	2013
Group Net Income	542,651	420,546	349,305	288,374	230,968
Net Investment Income	135,036	85,622	74,986	74,517	68,001
Net Insurance Premium	380,706	308,092	253,712	203,932	157,783
Net Benefits & Claims	275,699	207,210	178,121	129,921	114,726
Operating expenses	117,264	93,424	70,073	53,896	41,394
Profit before tax	90,404	75,765	59,041	69,581	41,394
Profit after tax	87,045	68,001	51,567	61,289	39,673
Total Equity and Reserves	308,779	318,174	276,137	223,293	135,152
Total Assets	1,034,967	812,085	633,450	485,951	345,997
Number of shares	**133,820,825**	**133,820,825**	**133,270,825**	**131,900,825**	**131,210,825**
Earnings per share (GH¢)	0.397	0.257	0.207	0.288	0.238
Dividend per share (GH¢)	-	-	0.050	0.215	0.045
Return on Assets (%)	9.43	9.41	9.21	14.73	13.93
Return on Equity (%)	24.12	14.60	13.33	21.20	27.30
Share price (Market) (GH¢)	3.70	2.40	2.40	1.75	1.88
Price Earnings Ratio	9.32	9.34	11.59	6.08	7.90

Corporate Information

Board of Directors	Trevor Trefgarne Keli Gadzekpo Daniel Larbi-Tieku Cleland Cofie Bruce Jr. George Otoo Martin Eson-Benjamin Prof. Angela Ofori-Atta Fiifi Kwakye H. E. (Mrs.) Margaret Clarke-Kwesie Douglas Lacey	- Chairman - Group Chief Executive Officer - Group Chief Financial Officer - Group Chief Operations Officer - *(resigned 8th August, 2017)* - *(appointed 8th December, 2017)*
Company Secretary	Sadia Chinery-Hesse Enterprise Group Limited No.11 John Evans Atta-Mills High Street PMB 150, GPO Accra, Ghana	
Solicitors	Sam Okudzeto & Associates 1st Floor, Total House Liberia Road Accra P. O. Box 5520 Accra- North	
Independent Auditor	KPMG, Chartered Accountants Marlin House P. O. Box GP 242 Accra	
Registrar	NTHC 1st Floor, Martco House Adabraka, Accra P. O. Box KIA 9563 Airport, Accra	
Registered Office	Enterprise House No. 11 John Evans Atta Mills High Street PMB 150, GPO Accra	
Bankers	Barclays Bank (Ghana) Limited Standard Chartered Bank (Ghana) Limited	

Chairman's Review

I am pleased to present our Annual Report for the year ended 31st December 2017.

Business Performance

Our performance in 2017 was a reflection of steady and creditable progress in a competitive market. Group pre-tax profit was GHS90.4m and earnings per share GHS0.397. Our Net Income growth was 29% compared to 20.4% in 2016 with our profit growth at 27.9%.

Our operating subsidiaries maintained growth, with Enterprise Life improving its market share to 28%. Life is now by far the largest part of the business of the Group and as set out in my colleagues' reviews, represents the major source of profit. Enterprise Insurance did well, improving its market share to 13.7%. Our Pensions business also continued it's profitable growth and is now Trustee for 28% of Assets Under Management in the Pensions Industry. Our funeral business EFSG, trading as "Transitions-The Funeral People", commenced operations, and our Accra office development has been completed and is ready for occupation.

These are significant achievements and would I like to congratulate all the team members and their staff for the sterling performance.

Black Star Holdings Limited

As you will be aware, our partnership with Black Star Holdings Limited (BSHL), owned by Leapfrog Strategic African Investments (LSAI), a private equity group funded by Prudential Plc (USA), was finalized towards the end of 2017. This is a transformational new partnership which we expect to contribute significantly to the future development of Enterprise Group.
An immediate benefit has been support in the Rights Issue which was approved by shareholders last August. The offer ended on 28th March, 2018 and all new EGL shares are already trading on the Ghana Stock Exchange.

Shareholders may be assured that the Board will ensure the capital raised will be applied in the manner previously advised. That is to say, entry into the Nigeria market, buy back of additional shares in subsidiaries, entry into the Medical Insurance space and starting the process of converting idle land into income yielding properties. This all represents an agenda for growth.

The transactions involving BSHL including the Rights Issue at GHS6.00 per share demonstrated the significant and previously unrecognised value created for our shareholders over past years, particularly in Life. As mentioned, we agreed to acquire from Black Star Holdings additional shares in our subsidiaries so that today, EGL holds 60% of Enterprise Life, 75% of Enterprise Insurance, 80% of Enterprise Trustees and 70% of Enterprise Properties.

Review of 2017

Ghana's macroeconomic performance improved in 2017, according to a World Bank report. This was on the back of a difficult election year. The country's economy expanded for the fifth successive quarter in September 2017 at a rate almost double that of 2016 with a GDP growth projected at 7.9%, fueled by the industry sector. This was aided through fiscal and monetary discipline, debt management and also recovery in oil and gold prices. Indeed, in a statement made by H.E.The President in early 2018, the country's budget deficit was said to have narrowed from 8.9% of GDP in 2016 to 5.6% in 2017, while annual debt growth fell to 13.6%.

The country's economy expanded for the fifth successive quarter in September 2017 at a rate almost double that of 2016 with a GDP growth projected at 7.9% fueled by the industry sector.

Trevor Trefgarne
Chairman,
Enterprise Group Limited

Chairman's Review *(continued)*

The Ghana Stock Exchange ended the 2017 year on a positive note. This comes after posting losses for three consecutive years. The GSE index for 2017 closed at 52.73%. Likewise the GSE Financial Stock Index returned 49.57% for the year.

This all helped general business sentiment as was gauged by the 2017 Oxford Business Barometer Survey with 91% of respondents having positive sentiments on the future. The underlying conditions together with prudent management strategies paved the way for a very positive turn out in the financial performance of EGL.

2018 Outlook

On the back of these positive achievements in 2017, the IMF forecasts GDP growth would reach 8.9% in 2018. The EU expects inflation to come back down within the Bank of Ghana's medium term target zone of 8% plus or minus 2% during 2018. Ghana's near term economic prospects are good but challenges remain. It is worth noting that while declining interest rates are welcome this could impact investment income for an institution like Enterprise Group. Nonetheless we can expect the Group to improve its position in this environment.

Share Price Performance and Dividend

Enterprise Group's price closed the year's trading at GHS3.699 with a return of 54.13% starting the year at GHS2.70. Our market capitalization improved from GHS312.3m (US$73.5m) to GHS495m (US$113m) at the end of the year. Since the year end, the share price has improved further, reflecting an appreciation of the value demonstrated in the share transactions.

Enterprise Group has consistently paid dividends to shareholders. However, in 2017, as we went though the process of raising additional capital through the Rights Issue your Board felt it was not appropriate to declare a dividend. Now this is past and, considering the performance of the Group with improved profitability, we anticipate reviewing the position on dividends for 2018 towards the end of the year and will communicate accordingly. Your Board believe it is important that shareholders and other stakeholders are able to obtain information promptly and easily. So as part of our ongoing efforts to communicate better with shareholders we have improved the "Investor" Section on the Enterprise web site and intend to keep it updated regularly. This may be found at www.enterprisegroup.net.gh

Board Changes:

In view of changes in our partnership structure in the various subsidiaries and also to align with requirements for Non-Executive Directors on our Boards, the EGL Board has appointed Mr Douglas Lacey as a Non-Executive Director. This appointment is brought before you for ratification.

Mr Douglas Lacey from South Africa is a Special Advisor to Leapfrog Strategic African Investments. He is well known to us from the early days of Enterprise Life and has over 35 years' experience in emerging markets. He can be expected to make a valuable contribution to Board deliberations.

We also made some new appointments to our subsidiary Boards during 2017. These include Dr Seth Attoh being appointed to the Enterprise Funeral Services Board; Norman J. Kelly being appointed to the Enterprise Life and Enterprise Trustees Boards; Comfort Ocran and Bernard A. Forson Jnr. to the Enterprise Life Board; and Ibrahim Salla to the Gambia Board.

I welcome all of them to the great Enterprise family and hope that their contributions will go a long way in shaping the destiny of our Group. Let me take this opportunity to thank you all for accepting our invitation.

Conclusion

Enterprise Group is stronger than ever and with the Ghana economy recovering, we can be confident of a busy few years ahead. However, as Enterprise grows we remain mindful that financial results represent the work of our dedicated staff serving the needs of our valued policy holders and customers.

Trevor Trefgarne
Chairman,
Enterprise Group Limited

Non-Executive Directors of Subsidiary Companies

Francis Koranteng
Director - Insurance & Transitions

Comfort Ocran
Director - Life

Dr. Seth Attoh
Director - Transitions

Abed Botchway
Director - Trustees

Norman John Kelly
Director - Life & Trustees

Kenneth Asante
Director - Properties

Bernard A. Forson jnr.
Director - Life

Board of Directors - Enterprise Group Limited

(Left to Right):
Sitting
Keli Gadzekpo, *Group Chief Executive Officer,* **Trevor Trefgarne**, *Chairman,* **Sadia Chinery-Hesse,** *Secretary,* **Angela Ofori-Atta,** *Director*,

Standing
Daniel Larbi-Tieku, *Chief Financial Officer,* **Cleland Cofie Bruce Jnr.,** *Chief Operations Officer*, **Martin Eson-Benjamin,** *Director,*
Fiifi Kwakye, *Director,* **Douglas Lacey** *Director,* **George Otoo,** *Director.*

We gained market share in each of our three core businesses. Enterprise Life improved its share to 28%, Enterprise Insurance was so close to becoming the market leader with 14% while Enterprise Trustees continued its dominance with 28% share of assets under management.

Keli Gadzekpo
Group Chief Executive Officer.
Enterprise Group Limited

Group Chief Executive Officer's Review

It has been an incredible privilege working alongside so many talented and dedicated Enterprise colleagues on your behalf over the past 3 years, and I am deeply honoured to have been entrusted with the role of CEO. If anything gives me faith in our future, it is the competitiveness, passion and drive of our teams. The passion to be the best we can be for our customers, to be a leader in the marketplace and to grow our businesses are clearly reflected in our 2017 business performance and results we are presenting today.

Recent Economic Developments

Ghana's economic performance improved in 2017 after substantial fiscal slippage in 2016. The economy grew from 3.6% in 2016, the lowest in 22 years, to 7.9% in 2017. The growth in the economy was fueled by a revival in the industry sector which saw a rebound from -0.5% to a growth of 17.7% in 2017. Inflation went down from 15.6% at the end of 2016 to 10.3%. Interest rates are on the decline, the cedi has stabilized whilst the fiscal deficit has reduced from 9.3% to 5.6% of GDP.

The favorable price outlook for gold and oil, coupled with an expected oil production increase from new fields, should lift economic activity, making Ghana one of the fastest growing economies in Africa this year. Monetary and fiscal discipline should drive investor and consumer confidence, fueling overall domestic demand. Nevertheless, the economy remains vulnerable to global commodity price changes. The government also needs to boost revenues to fund its ambitious spending programs and cut debt, following a long history of high budget deficits and public debt levels. Analysts expect GDP to grow 7.1% in 2018.

Group Strategy

2018 marks the penultimate year of our 5 year strategic agenda. I am very optimistic in the achievement of most of our deliverables. Notable amongst them is our GH¢1 billion Net Income agenda. A number of good initiatives have either been executed, started or are about to start. The commitments behind these initiatives leave no one in doubt about the positive outcomes to be expected.

Strategic priorities have been centered on the following key areas: (i) increasing the contribution of the non-core Operating Companies to top-line revenue; (ii) deepening relationships with our customers, improving the customer experience towards retaining customers and talent to build our leadership capacity; (iii) deploying appropriate technology in translating innovative ideas into actions; (iv) executing structural expense management strategies while continuing to invest for the future; and (v) attracting, training, developing and retaining the best talents to strengthen our diversity and also improve the competencies and skill levels of our staff.

In addition to leveraging improving market conditions to pursue strong organic growth, we have also balanced that against the pursuit of a targeted growth through market extension within the industry. 2018 will see a drive to extend our products and services to the Informal Sector, to address the gaps identified in consolidating the gains made. This will both complement core business and underpin our growth strategies, with the objective of delivering sustainable earnings growth.

We will of course remain alert to acquisitions that complement both our core business and our growth strategies, always with the objective of delivering sustainable earnings growth.

Our New Partnership

As already communicated, our new partnership with Black Star Holdings Limited (BSHL) has paved way for Enterprise Group to acquire additional shares in Enterprise Life Assurance (9%), Enterprise Insurance (15%) and Enterprise Trustees (20%). On the other hand Enterprise Group ceded 30% of Enterprise Properties to BSHL. This transaction provided the Group the opportunity to share in the success of these businesses which are industry leaders and to add value to shareholders. The implied intrinsic value of Enterprise Group post the transaction came to US$203.4m from a pre-transaction value of US$184.5m.

Group Chief Executive Officer's Review *(continued)*

To finance these buy backs and also provide capital to support our growth agenda, we presented the option of carrying out a rights issue to shareholders in 2017. This was approved and has been executed by Management. We are very much aware of the task ahead in the utilization of the capital. Shareholders can rest assured that the intended use of cash will be as indicated in the Prospectus and that the Board and Management will work assiduously towards achieving the outcomes promised.

Leveraging Information Technology

Our commitment to deliver outstanding value to our customers strongly drives our investment in technology. We have embarked on acquiring digital capabilities that would markedly enhance our value proposition to customers across all our businesses, deploying mobile apps, customer relationship management systems, universal payment platforms as well as active engagement with our customers on various media platforms. These should improve the customer experience in doing business with us.

Embedding Ourselves in the Customer's Journey

One of our operational focus areas has been delivering excellent service to our policyholders and contributors. We are seeking to set a high standard of service delivery and ensure there is consistency in achieving that standard across the subsidiaries and branches.

We launched a Group Customer Service Charter which sets the service standards and also defines the set of service behaviours expected of all staff. Going forward we will introduce a set of key measures to keep management informed of performance standards across the Group.

Human Capital Development

The people agenda continues to be of paramount importance across all businesses within the Group. We believe that people drive the execution of our strategy. We therefore ensure that we create the required environment, embed the right culture and engage them throughout their life-cycle, within the business.

Our commitment to our people is centered on unleashing the full potential of all employees to meet current and future business needs. A key deliverable in our agenda is to strengthen the "One Enterprise" culture, through living the corporate values that underpin the Brand. We have done this through several employee engagement initiatives throughout the year.

The capacity of our people has also been enhanced immensely through the Enterprise Leadership Programme and the Advantage Talent Programme which are aimed at grooming emerging leaders, as well as other learning and development solutions.

These have enabled our people to raise the bar of excellence, so far as this business is concerned.

I congratulate our dedicated and resourceful staff who have demonstrated high engagement levels and excellence in their delivery, which has culminated into the great achievements through the year. Our people are indeed our pride.

Industry Highlights

Last year our two major industries, General and Life markets, had contrasting outcomes. While General business had a severely contracted growth from 27.3% in 2016 to 8.2% in 2017, Life market experienced an upsurge from 21.7% in 2016 to 23.6% in 2017. The Pensions business is much more predictable with the market growth at 30% for 2017.

The New Solvency Framework Guideline for Insurance Companies for calculating available capital resources (ACR) opens room for aggressive investment in money market mutual funds as it allows only 5% discount rate. This is the lowest in the entire permissible asset class for insurers except Government Bonds, which attracts no discount.

A new Insurance Commissioner was appointed who has promised stricter enforcement of existing guidelines and an upward review of the minimum capital requirements towards improving operational efficiencies in the industry. We look forward to these initiatives.

Our Performance

2017 was another strong year for the Group. All our businesses performed well and delivered very strong results. We gained market share in each of our three core businesses. Enterprise Life improved its share to 28%, Enterprise Insurance was so close to becoming the market leader with 14% while Enterprise Trustees continued with its dominance with 28% share of assets under management.

We earned GHS543m in Net Income reflecting strong underlying performance across our businesses. We have delivered good results in the last few years and intend sustaining this going into the future. Our actions have been guided by an unrelenting focus on maximizing intrinsic value and associated decisions that carefully weigh the trade-offs among growth, profitability and risk.

Revenues

Our revenue streams continue to be dominated by Insurance premiums from both Life and General with 70% contribution at the end of 2017. Investment Income contributed 25% to Total Income with Enterprise Trustees improving on Fee Income with a contribution of 2% from just under 1% in 2016. This mix is expected to improve gradually as we make progress in our diversification efforts.

Group Chief Executive Officer's Review *(continued)*

The Group's Net Income grew by 29% from GHS420.5m in 2016 to GHS542.7m in 2017. This was driven by a 24% growth in Insurance Premium and a 58% growth in Investment Income.

Growth in Investment Income was driven by value appreciation of our Equity investments and some level of fair value gains on properties.

I believe the results represent our commitment as a Group towards continued improvements in earnings' quality, that can be sustained over the long term.

Cost and Efficiency

Total expenses for the Group amounted to GHS452.2m representing 31% growth on prior year. The more than anticipated growth in expenses was partly due to a 36% growth in Claims and Benefits from GHS133.7m in 2016 to GHS181.3m in 2017. This was occasioned by the need for additional provisions to bring us in line with IFRS standards and regulatory basis for determining "incurred but not reported" claims.

Our funeral business commenced operations early 2017 even though income flows started trickling in towards the middle of the year. There were therefore initial overheads that impacted on our management expenses resulting in a growth of 25%.

Profitability

The Group reported pre-tax profits of GHS90.4m for the 2017 financial year compared to pre-tax profit of GHS75.8m for 2016. This is driven mainly by investment returns and some improvements in efficiencies resulting in improvements in our underlying cost growth.

Cash Flow

Our primary objective in our cash generation strategy is to convert most of our profit into cash. In 2017, we achieved a Net Profit conversion of 92.3%, a demonstration that cash is not tied up in receivables. We continue to position ourselves with available cash to support our growth agenda. Cash generated from operating activities came in at GHS153.8m while Net Cash used in investing activities was at GHS120.6m.

Balance Sheet Quality and Strength

The total assets of the Group as at 31st December 2017 stood at GHS1,034m against GHS812,1m in 2016. This showed a growth of 27%, similar to what was achieved in 2016. Key drivers of the growth were appreciation in the values of our Investment properties and Equities.

Looking Forward

Being able to report on the continued success and positive developments at Enterprise Group, both financially and operationally, gives me a great sense of pride. The Group has had a sustained focus on financial strength, a service second to none for our customers and clients, and first class people- all of which are vital in dealing with a world of increasing complexity and challenge. As we look to the future, Enterprise Group is well positioned – now more than ever – to drive sustainable increases in operating profits and book value. Of course, further work is required to support the implementation of some of the key strategic initiatives we started in 2015. We move forward with confidence in our strategic direction as well as in our people, products, partners and programs.

In closing I wish to thank Management and staff for their dedication and commitment in making Enterprise Group what it is today. I would also like to thank the Boards and Committees, for their important contributions during the year. I very much look forward to continuing my work with all of you in the coming year.

Keli Gadzekpo
Group Chief Executive Officer.
Enterprise Group Limited

The areas that fuelled our growth were retention of existing business as well as increased efficiencies and collaboration from our intermediary channels. We set up a renewal team to consolidate the business retention processes hoping to reap the full benefits in the near future.

Kwame Ofori
Executive Director, Enterprise Insurance

Enterprise Insurance Company Limited Report

The Industry

There was a change in leadership at the National Insurance Commission (NIC) as Mr. Justice Yaw Ofori was appointed the new Commissioner in August 2017. With new leadership comes new stakeholder expectations and on assuming office, he has intimated an increase in the minimum capital requirement which when implemented will improve the solvency of insurance companies. He has also made known his intention to significantly increase the current insurance penetration rate.

The Commissioner is poised to ensure strict enforcement of the Insurance Act particularly, sections regarding the operations of (re)insurance companies and has already issued several communiqués requiring compliance by March 31st 2018.

The Commission has also reviewed the levy on overseas reinsurance placements from 1% to 1.5% as a result of significant increases in the operational costs of processing and approving reinsurance programs and transfers.

The general insurance industry itself experienced a reduced growth in 2017. It grew only 8.2% compared to 27.3% in 2016. This was largely due to the failure of the industry to increase the approved motor tariff as had earlier been planned and agreed by the industry.

Competition within the industry based on pricing continued unabated in spite of the fact that there are approved minimum rates for almost all classes of business.

Our Business

The inability of the industry to implement the final phase of the motor tariff increment impacted negatively on industry growth. The above notwithstanding, we ended the year with a top line growth of 19.2% compared to an average industry growth of 8.2%, having pursued aggressive sales in all our lines of business as a stop-gap measure.

Two intermediary engagement programmes were organised during the period under review in line with our strategic objective of improving our relationship with our partners. There was the maiden Broker Retreat held in the 1st half of the year and the 2nd Agency Conference in the 2nd half of the year. Key learnings were picked up from these conferences which will help improve our service delivery to our stakeholders.

We were appointed as managers of the Ghana Oil and Gas Pool (GOGIP), a clear demonstration of our leadership role in the industry and our commitment to upholding good governance practices. This also creates an opportunity for staff development in this specialised area.

In 2017, the basis of valuing IBNR ((incurred but not reported) Claims changed in compliance with NIC's requirement for an actuarial based valuation. This resulted in additional charges to our Claims Incurred figure which impacted negatively on our underwriting profit.

Company Results

Gross Premium grew by 19.2% from GHS135.4 million in 2016 to GHS161.4 million in 2017. Likewise, Net Premium went up by 12% from GHS86.2 million in 2016 to GHS96.2 million in 2017. New Business grew by 15% from GHS47.9 million in 2016 to GHS55 million in 2017. The introduction of the Renewal Call Centre saw retention improving from 74% in 2016 to 77% in 2017.

Net Commission increased by 58% from GHS4.3 million in 2016 to GHS6.9 million in 2017 whilst Claims Incurred grew by 34.7% from GHS42.4 million in 2016 to GHS57.1 million in 2017. This growth was mostly due to the increase in IBNR from GHS3.9 million in 2016 to GHS18.5 million in 2017.

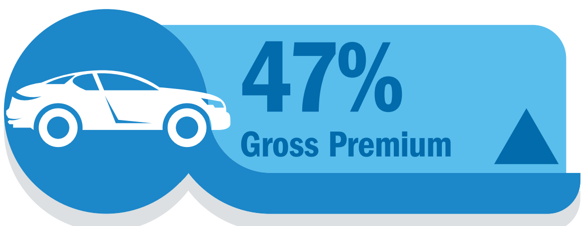
Enterprise Insurance Company Limited Report *(continued)*

Operating Expenses

We recorded an Underwriting Loss of GHS3.3 million in 2017 against an Underwriting Profit of GHS11.1 million in 2016 following the adoption of the Actuarial Valuation of IBNR in 2017.

Investment Income grew by 20% from GHS11.4 million in 2016 to GHS13.7 million in 2017 culminating in a Profit before Tax of GHS14.2 million which was 45% below the GHS25.9 million in 2016. Profit after Tax for the year 2017 was GHS11.6 million, compared to GHS17.0 million in 2016.

PERFORMANCE BY CLASS OF BUSINESS



Motor

The Motor Portfolio contributed 47% to Gross Premium and 76% to Net Premium in 2017 amounting to GHS76.0million and GHS73.1 million respectively. As earlier noted, the failure to increase the Motor tariff in 2017 as had been agreed by the industry resulted in the portfolio's marginal growth of 7.4% in 2017 as against a growth of 32.2% in 2016. Motor recorded an Underwriting Profit of GHS8.0 million thus being a key contributor to the company's underwriting result in 2017.

Fire

Contributing 27.73% to the Gross Premium, the Fire Portfolio remains the second largest. Gross Premium increased by 54.89% from GHS28.9 million in 2016 to GHS44.8 million in 2017 due to a significant increase in new business. Despite the growth in Gross Premium, Net Premium increased by only 14.2% from GHS7.6 million in 2016 to GHS8.7 million in 2017 due to the nature of businesses which necessitated the placement of significant reinsurances thus contributing only 9.0% to the Net Premium Income. Claims on the portfolio grew by 33% over previous year resulting in an Underwriting loss of GHS4.3million in 2017.

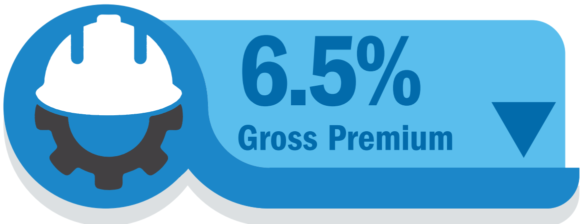
Marine

Significant efforts were made to increase the Gross Premium from GHS3.7 million in 2016 to GHS6.6 million in 2017, thus posting a growth of 75.43% on the Marine Portfolio. Net Premium went down by 5.56% from GHS1.6 million in 2016 to GHS1.5 million in 2017. Claims Incurred increased by 60.75%, however, this was only 0.53% of the total Claims Incurred by the Company. Marine posted an Underwriting Profit of GHS0.5 million.

General Accident

The General Accident Portfolio grew by 16.96% in terms of Gross Premium from GHS17.6 million in 2016 to GHS20.6 million in 2017 and by 12.67% in terms of Net Premium from GHS10.8 million in 2016 to GHS12.2 million in 2017. The portfolio therefore contributed 12.2% and 12.7% to Gross Premium and Net Premium respectively. It was indeed, the only account that posted a decline in Claims Incurred by 7.75% from GHS3.8 million in 2016 to GHS3.5 million in 2017. The portfolio recorded an Underwriting Loss of GHS5.4 million in 2017.

Enterprise Insurance Company Limited Report *(continued)*



Engineering

The Engineering Portfolio recorded a 6.5% decline in Gross Premium from GHS14.4 million in 2016 to GHS13.4 million in 2017 whilst recording a growth of 79% in Net Premium from GHS0.40 million in 2016 to GHS0.71 in 2017, contributing 8.36% and 0.74% to the total Gross Premium and Net Premium respectively. The reduction in premium is due to the non-renewable nature of most of the businesses. With the high claims ratio recorded during the period, the portfolio posted an underwriting loss of GHS2.0 million in 2017.

Outlook

We remain focused on making Enterprise the "brand of choice" by delighting our clients at every opportunity. We intend to introduce innovations in various areas of our operations that will set us apart from the competition. Our clients should expect to benefit from an expedited claims payment process that will place us leagues ahead of competition and entrench our position as the fastest claim payer in the industry. Customer convenience is the main propellant of all our innovations and we believe that the years ahead will be really exciting for all our insureds.

Appreciation

My appreciation goes to our valued clients and our brokers and agents who continue to keep us in business. We remain committed to deliver the peace of mind that they have always enjoyed through our excellent services.

I thank Management and staff for continuing to work diligently in a very challenging business environment to keep us at the top of our industry.

Finally, I thank the Board of Directors for their invaluable counsel, guidance and support, without which we could not sustain our leadership at the top.

Kwame Ofori
Executive Director, Enterprise Insurance

www.enterprisegroup.com.gh

enterprise
INSURANCE

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Enterprise Insurance in line with their reputation as the fastest in claim payment introduces **SAME DAY MOTOR CLAIM** payment.

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Contact us on +233 302 634 736

Email: info.insurance@enterprisegroup.com.gh

*Terms and conditions apply

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Enterprise Life Assurance Company Limited Report

Introduction

2017 represented another year of progress for Enterprise Life. Our leadership of the Life Insurance industry was consolidated further in 2017 with a 60 basis point improvement in market share at the end of December to 28% from 27.4% in 2016. We retained the leading insurance company per the 2016 Ghana Club 100 ranking with an overall position of 21st, one place better than our 22nd position in 2015. We continued to innovate, extending our reach to unserved segments of the market by launching a number of new products, whilst at the same time striving to retain our existing client base through improved customer service.

Overall Performance

Our business agenda in 2017 was prosecuted on the theme "A Journeying to Dominance; dare to be different". This was aimed at offering our people the opportunity to challenge the status quo to improve upon our products, processes, services and systems. The key pillars of our plans remained growth, legendary customer experience, inspired & motivated people, improved processes and innovation. The execution of the key activities under each of these pillars was the focus of the team in 2017.

Overall Financial Results

The focus of our financial management for the year was value creation, growth and preservation of value for both policy and shareholders. Premium Revenues and Investment Income saw positive growth for the period. As a life insurance company we continued to honour our promise to clients where it matters most, through the payment of benefits and claims. Payment of Claims and Benefits continues to see significant increases year on year, with 2017 recording a growth of 36.2% over prior year. Generally, we met our financial objectives for the year 2017.

Net Premium Income

We generated a total Net Premium of GHS 286.4m for 2017 representing a growth of 25.3% over 2016. The growth was fuelled by improvement in our collection rate for our Individual Life business from 78% to 81% and our continued drive to grow our Group business portfolio.

Total Expenses

Total Operating Expenses increase of GHS 325.1m was driven by benefits and claims, actuarial liability, management and selling expenses. Policy encashment and maturities accounted for a significant proportion of benefits and claims payments. Whilst General increases in prices of goods and services contributed to the growth in expenses. The underlying Management Expenses growth of 14.4% correlated closely to inflation, whilst selling expenses, fuelled by the commissions paid to agents and brokers, reflected the growth in premiums.

Investment Income

Total investment income generated for 2017 amounted to GHS 95.9m which represents a 42% growth over 2016. Major contributor to the growth was capital gains on equities on the Ghana Stock Exchange (GSE), with the GSE index witnessing a growth of about 45% in the year, due to improved investor confidence and the shift of investments from fixed income securities market to the equities in response to the declining interest rates. Notwithstanding the lower yields emanating from the correction of the yield curve fixed income securities also contributed to the investment income for the year.

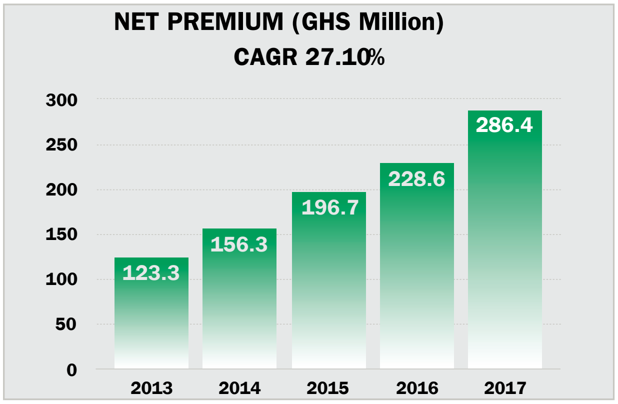
Operating Profit

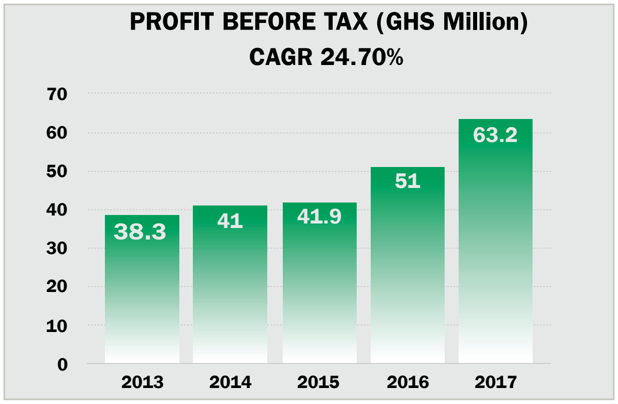
Operating profit improved from GHS 47.7m in 2016 to GHS 59.4m in 2017 representing a growth of about 24.5% over 2016. Improvement in premium collection coupled with improved investment income returns contributed to this growth.

As a life insurance company we continued to honour our promise to clients where it matters most, through the payment of benefits and claims. Payment of Claims and benefits continues to see significant increases year on year, with 2017 recording a growth of 36.2% over prior year.

Jacqueline Benyi,
Executive Director, Enterprise Life

Enterprise Life Assurance Company Limited Report *(continued)*





Profit Before Tax

We grew our profit before tax by 23.9% from GHS51m to GHS63.2m. This was on account of improved operating profit (premium collection and higher investment income for the period).

Total Assets

Growth in equities in addition to short term securities drove the growth of our total assets by 27.4% and in value terms of GHS484.3m to GHS617m.

Net Cash Generated

Net cash generated from operating activities amounted to GHS66.2m a growth of 22.8%. Increased profit is a major driver of the improved cash generations from operating activities for the year.

Value of New Business

Value of new business grew by 53% to GHS44.4m in 2017 as compared GHS29m in 2016. The growth was driven by enhancements in our product solutions and offerings in addition to positive changes in the economic assumptions made fuelled by the relative stability in the economy.

Embedded Value (EV)

Embedded value for 2017 saw a growth of 35% from GHS 332m in 2016 to GHS448.6m in 2017. Underlying the EV growth was 39% growth in Value in Force, an increase of about GHS85m above the 2016 position and 28% growth in net assets value from GHS118.9m to GHS 151.8m.

Individual Life Business

We made positive strides in expanding and enhancing our Individual Life operations in 2017. During the year we extended our footprints in the Individual Life Channels with the launch of AkwantuPa, a product purposely designed for Ghanaians living abroad. Four of our products were also made available online for easy purchase by potential customers thereby bringing meaning to comfort, convenience and accessibility.

In order to serve our clients better and to make it simple for premium payments we introduced the first premium payment at the point of sale where clients can pay premium via mobile money and visa cards. Premium arrears collection via mobile money using the USSD code system was also introduced, all geared at making life easy for our clients. The agency channel was expanded with one more branch on the Spintex road and additional teams created in other branches to grow the channel. The broker channel also saw the entrenching of the Broker Unit Managers concept with the introduction of the Broker Business Manager. This is to help the expansion drive and general growth of the broker channel.

Group Life Business

Group business continued to grow and increase its contribution to the total business gross premium. In 2017 it contributed 13.5% of total gross premium of the company a 150 basis point increase over 2016. The focus to grow other sectors of the group business apart from credit life continued in 2017. More resources will be deployed in the other identified sectors to help grow the entire group business faster to increase its contribution to business.

Customer Experience

The customer remained and will continue to be the cardinal focus of our operations. 2017 saw the further deepening of our relationship with our customers. We continued to build the relevant structures and systems to enable us respond timeously to the 'pain points' of our customers in order to delight them towards business continuity and sustainability.

We piloted the Central Payment Systems for selected offices which was aimed at improving our benefit payment turnaround time. This has started showing positive results and will be extended to cover the entire nation in 2018.

Enterprise Life Assurance Company Limited Report *(continued)*

The Customer Focus Group initiative was given a further boost with the session held in Kumasi where customers provided us feedback on their ‘pain points’ and areas of improvements. Concerns that came up have been factored into our 2018 annual plans for resolution.

We celebrated the Global Customer Service week which afforded us the opportunity to interact with and appreciate both our customers and our frontline staff. The theme for the celebration was ‘Building Trust’, and several activities were held to remind staff of the critical role that service excellence plays in winning the trust of our clients.

Subsidiaries

Enterprise Life Gambia maintained its market leadership and continued its steady growth in 2017 despite the impact of the political and economic challenges experienced in the country. Premium income grew by 22.2% in the year under review. Our funeral services business Enterprise Funeral Services Ltd started trading fully under the trade name ‘Transitions -The Funeral People’ in 2017.

Human Resources

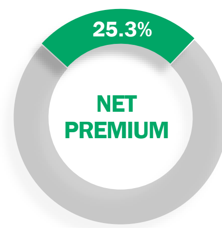
Over the period, the people agenda was brought to the fore. We continued to build the capacities of our people across the business. In 2017 the first batch of our people on the Enterprise Group High Performance Leadership programme completed. We launched the Enterprise Life Academy to serve as the hub for the training and development of our people for both the front and the back office functions. The leadership of our distribution division also benefited from a LIMRA training to build their capacity further. We are grateful to all our people for the dedication and commitment to the delivery of our strategy.

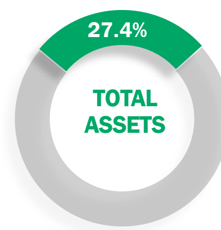
Outlook for 2018

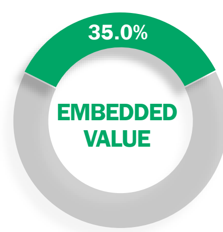
Our agenda for 2018 will still be anchored on our ambition of ‘Journeying together to sustain leadership’ with a theme of ‘raising the bar’ and the continued improvement and enhancement of our product solutions to make them relevant for all our existing and potential clients.

Jacqueline Benyi

Executive Director, Enterprise Life







AkwantuPa Policy

*A policy for Ghanaians Living Abroad.

Travel far, stay close

Distance should never be a barrier when it comes to supporting your family during funeral rites.
Support your loved ones with the AkwantuPa Policy from Enterprise Life no matter where you are in the world.

To find out more about the Enterprise AkwantuPa Policy visit www.akwantupa.com
or email akwantupa.life@enterprisegroup.com.gh

Contact us on +233 307084444, 020 6598119, 027 3210844

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Enterprise Trustees Limited Report

Introduction

In 2017 Enterprise Trustees ranked 25th (up from 100th in the 2016 edition) of Ghana Club 100. Enterprise Trustees still remains the only Corporate Trustee in the Ghana Club 100, representing the private sector in pension's administration. Similarly, at the 2017 maiden Ghana Accountancy & Finance Awards, Enterprise Trustees gained three awards, namely:

- The Most Transparent Corporate Trustee (Category Sponsored by the NPRA),
- The Pension Trustee Board of the Year
- The Pension CEO of the Year – Joseph Ampofo.

These awards are testimony to the progress and reputation Enterprise Trustees has earned in the last few years.

Our Performance in 2017

Our Strategy for the year, themed "Consolidating Market Leadership – From Customer Service to Customer Experience" was focused on Customers, Growth, Financial Performance, Processes, Innovation and People all geared towards driving revenue and profits.

As an innovation driven entity, we migrated to our new software called Fund Master Xi which is intended to greatly improve our operations and processes as well as offer our scheme members a convenient self-service portal, named The Stable.

In line with promoting inclusion for all members, we introduced the Know Your Client (KYC) project, a nationwide data collection exercise to ensure that all members are updated regularly on the status of their contributions and also strengthen our relationship with members.

To entrench our thought leadership position in the industry, we held a Pension-Backed Mortgage session in collaboration with the National Pension Regulatory Authority (NPRA).

The session sought to interrogate the mortgage provision in the National Pensions Act, 2008 (Act 776) in order to make Pension-Backed mortgage a reality for scheme members.

Regulatory Environment

A new Chief Executive Officer of NPRA, Mr. Hayford Atta Krufi, was appointed on 13th March, 2017.

The Regulator caused a review in the Investment Guidelines of pension schemes. This review was aimed at introducing alternative investment asset classes to complement traditional investment asset classes with the objective of achieving a well-diversified portfolio. Similarly, the investment bandwidth for the various asset classes was reviewed to optimal levels. This was to enhance the ability of Corporate Trustees and Fund Managers to make sound investment decisions for the Schemes. The implementation date was 1st April, 2017.

The NPRA issued directives in November 2017 on the following :

- PAYMENT OF 1% ACCRUED BENEFITS PER AMENDED AGE EXEMPTION IN ACT 766 AS AMENDED BY ACT 883

In November 2017 NPRA communicated its position on the 1% contributions and its accrued interest over the period per the amendment of the age exemption under Section 60(1) to (3) of Act 766 by section 2 (1) to (4) to Act 883.

All Corporate Trustees were directed to refund only 4% of the contributions and its returns to SSNIT and retain the remaining 1% contribution on account for the contributors affected, payable only on retirement. This directive took effect from November, 2017.

As an innovation driven entity, we migrated to our new software called Fund Master Xi which is intended to greatly improve our operations and processes as well as offer our scheme members a convenient self-service portal, named The Stable.

Joseph Ampofo
General Manager, Enterprise Trustees

Enterprise Trustees Limited Report *(continued)*

- WITHDRAWAL OF ACCRUED BENEFITS AS UNEMPLOYED

Secondly in November 2017 NPRA directed that any member of a registered scheme who had not attained the retirement age but had attained the age of fifty (50) years and was not employed or self-employed, was entitled to the entire Tier 2 accrued benefits in the scheme having presented among other things an unemployment certificate from the Labour Department. This directive took effect from November, 2017.

The NPRA also continued processing the transfer of funds from the Temporary Pension Fund Account (TPFA) at the Bank of Ghana to government institutions/agencies.

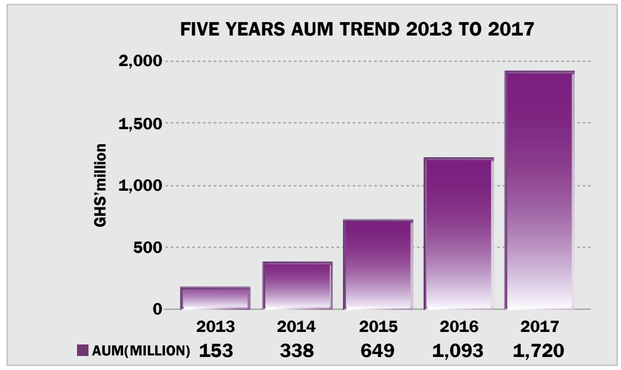
Corporate Governance

Enterprise Trustees ensured that in April of 2017 it's Scheme Board Trustees went through a certification training as mandated by the NPRA. The training was conducted by AUCC, an approved pension's trustee training facility of NPRA.

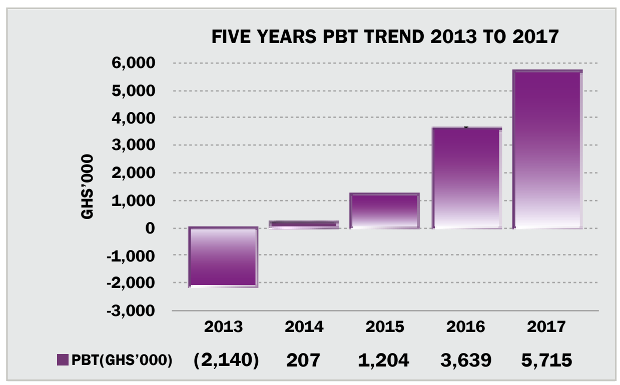
All of the Master Trust Schemes had its Board of Trustees properly constituted, in accordance with the Trust Deed, comprising the Independent Trustee, at least one third member nominated trustees and the Corporate Trustee representatives. Also, the Investment Committee operated during the period under review in accordance with the Terms of Reference based on the National Pensions Act as well as guidelines and other directives from NPRA. The main objective of the Investment Committee was to effectively engage the service providers to ensure sound investment decisions were made within acceptable risk tolerance levels. We are happy to report that all the schemes met the minimum investment return benchmarks set. Quarterly meetings for the Scheme Boards and the sub-committees were held for the period under review. During the year, the Audit sub-committee was constituted in line with best practice.

Financial Performance

The company delivered another sterling performance in the year 2017. Total Assets as at 31 December GHS12.98million which represented 43% growth over the 2016 figure of GHS9.10 million. The core of this growth was as a result of investment in non-current assets especially the acquisition of new operating software and growth of current assets financed from cash generated from operations. Fee Income which was the main driver of the financial performance grew by 58%, from GHS8.13million in 2016 to GHS12.83million in 2017. This was as a result of growth in the Schemes' Assets under Management (AUM) which increased from GHS1.1billion in December 2016 to GHS1.72billion in December 2017 representing 56% growth rate. The trend in AUM is depicted in the graph below:



The seven Master Trust Schemes made significant contribution to the Fee Income. As a growing business, we continue to keep sharp focus on controlling Management Expenses. Consequently, while Fee Income grew by 58%, Management Expenses grew by 46% from GHS5.5million to Ghs8.03million during the period. The Profit before Tax for the year was GHS5.72million representing about 57% growth over the 2016 figure of GHS3.64million. The trend for the past five years is depicted in the graph below:



Shareholders fund grew by 42% from GHS7.1million to GHS10.1million in 2017.

Staff and Management

On behalf of Management, I wish to express my sincere gratitude to all staff for their dedication and hard work towards making 2017 a successful year. Our people remain an integral part of our business and as such we will continue to empower, strengthen and motivate everyone towards the overall achievement of our objectives.

Outlook for 2018

The year 2018 is a promising one for us; we will continue our quest to consolidate market leadership by offering more value to our members and shareholders across all areas of the business.

Joseph Ampofo
General Manager, Enterprise Trustees

www.enterprisegroup.com.gh

Thank you for making us winners

Ghana Club 100 Awards

- 25th Most Prestigious Company

Ghana Accountancy and Finance Awards

- Pension CEO of the Year
- Pension Trustee Board of the Year
- Most Transparent Pension Company

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Enterprise Properties Limited Report

General Overview

2017 has been a milestone year for EPL as we focused on completion of the Advantage House project, whilst we continued to sharpen and define more clearly, our core 'reason for being'.

Industry Analysis

The real estate industry in Ghana continues to be dynamic with real estate increasingly being considered an important asset class within investment portfolios. The stabilization of the cedi has helped limit unanticipated shocks for the players within the industry. With the increasing number of players in the industry, construction quality is improving, tenants are becoming more aware and exacting of their rights and facility management services are also improving.

The residential sector is dominated by a fragmented assortment of local and international developers who mostly targeted the middle to high-middle income groups. The current price points of these units make them expensive and developers have witnessed a slower than expected uptake of residential units. Mortgage options remain expensive and there is still a gap for more affordable options. Nonetheless, demand continues to grow for both affordable homes and the middle class.

The office sub-sector is also experiencing a stagnation in uptake. Grade A spaces are increasingly becoming empty with tenants willing to take a risk in grade B options. The main reason remains rental prices. With more office spaces being developed we anticipate that a proactive resetting of rental rates to more realistic commercial terms immediately will allow EPL take advantage of tenants looking for a bargain in a comparative office environment. We expect, averagely, that there will be a 12% dip in rentals in 2018 which will kickstart a renewed uptake in quarter 4 of 2018.

The emergence of malls started a surge by investors in the retail sector. We envisage a move towards a regional spread in say Takoradi, Kumasi and Tamale as the next hubs for major retail centers, which currently are under way. Our outlook for the medium term suggest that investments in more mixed used complexes provides the best alternatives to the malls and to earn a superior return.

Business Analysis

In May 2017, we completed our flagship project, Advantage Place, culminating a three and half year timeline. By year end 2017, Advantage Place was approximately 50% let.

Operationally, we continue to focus on four (4) main areas:

1. A tight rein on costs and cost growth.
2. Maximizing spatial usage and growth through collaborative usage of spaces and optimal redesign to promote health and safety across all our branches and agencies.
3. A focus on increasing occupancy within Advantage Place.
4. Improving our service delivery with respect our facilities and property management services.

In 2017, we continued to de-risk our property portfolio with the aim of fully documenting all our assets. Other projects completed during the year included, finishing our Funeral Services Complex, opening Enterprise Market Stations and conducting Health and Safety audits.

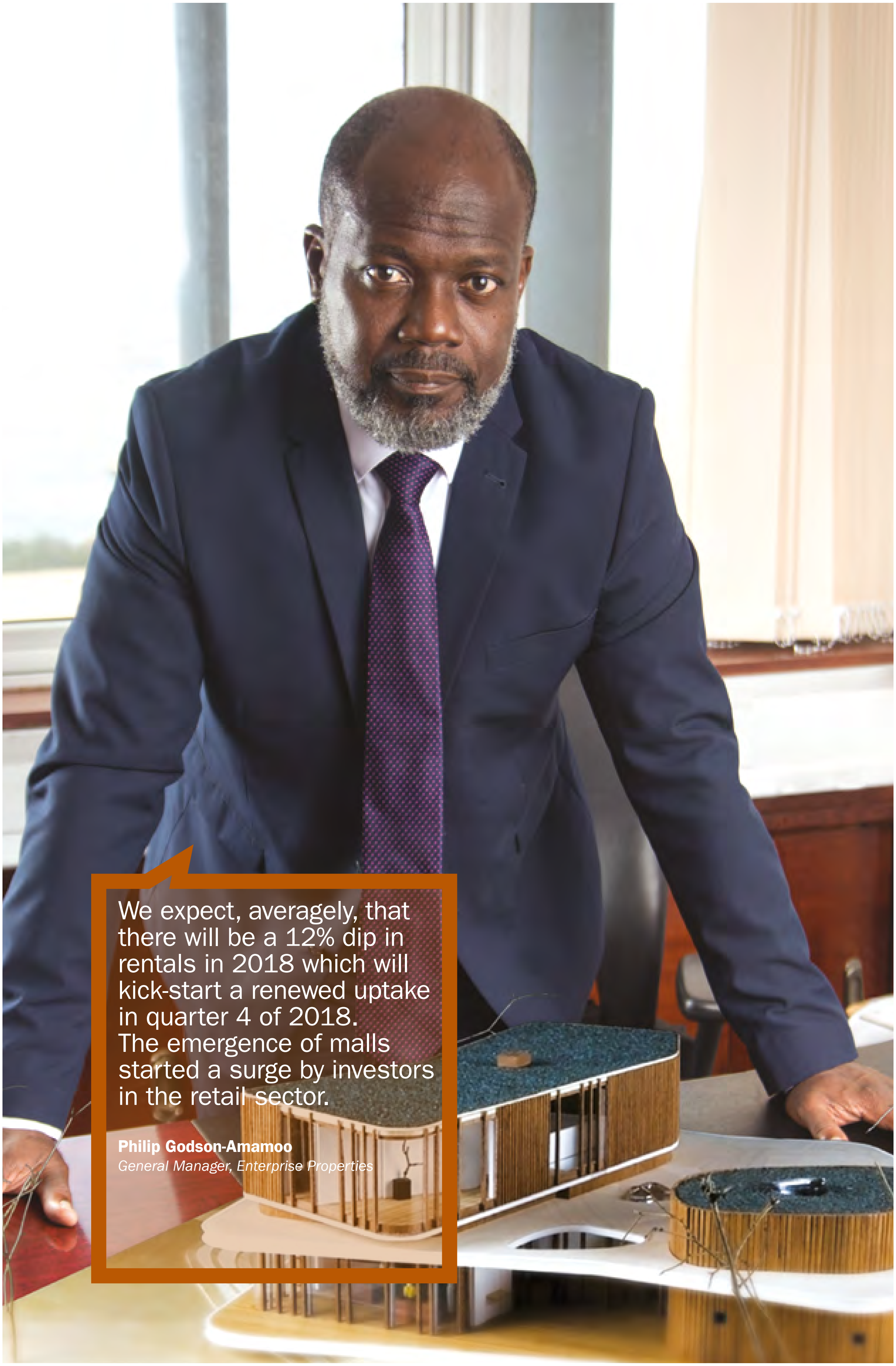
Financial Analysis

Enterprise Properties' consolidated revenues increased by 86% from GHS2,260K to GHS4,193K.

The revaluation of Advantage Place led to a significant increase in the value of the investment property.

Our expenses reduced marginally by 5% in 2017 over 2016.

Our bottom line, albeit boosted by the valuation gains, still was positive.



We expect, averagely, that there will be a 12% dip in rentals in 2018 which will kick-start a renewed uptake in quarter 4 of 2018. The emergence of malls started a surge by investors in the retail sector.

Philip Godson-Amamoo
General Manager, Enterprise Properties

Enterprise Properties Limited Report *(continued)*

Outlook

The outlook for developers and investors may include a slight uptick in transaction activity in the last quarter of 2018 if the growth trend in Ghana remains on track. We forecast a more specialized residential subsector, with smaller apartments in cities catering for middle level professionals however, with prices beginning to dip. There is still much opportunity for the patient investor with the right price point and/or financial solution.

Our forecast for the office sub-sector indicates a growth in supply that will outstrip demand. Prices remain sticky upwards with most prospects demanding for lesser rents. This we anticipate will force prices downwards in both category 1 and category 2 classes of buildings, more so in category 1.

Within the medium term, EPL will redefine itself properly to be able to execute its mandate of maximizing value from its current asset portfolio. Our topmost immediate objective will be to improve our property and facilities management services that we offer the Group.

Philip Godson-Amamoo
General Manager, Enterprise Properties

Your time is best spent in the best of spaces,

because you only live once.

Contact us on +233 0302 634790 Email: info.properties@enterprisegroup.com.gh

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Transitions Report

Introduction

Enterprise Funeral Services Ghana Limited trading as 'Transitions -The Funeral People' is a wholly owned subsidiary of Enterprise Life. The authorized business activities of the Company include, but are not limited to, the provision of Funeral Services and Sales of Funeral Insurance policies. Transitions has a state of the art funeral facility at Asore Junction, off Haatso - Kwabenya road.

Market Analysis

The "full service" funeral homes industry in Ghana is in its early state of development, and currently with very few operators. Transitions' entrance into the market was generally well received by the public.

Our analysis of the industry revealed that although a few Funeral Homes were offering the full spectrum of services, many of them rather concentrated more in particular areas, either on the mortuary or on casket sales.

Transitions' value proposition then was to offer convenience, focusing on providing everything for the family - a complete solution, without the stress.

The Enterprise Transitions Plan is the insurance policy designed by Transitions and underwritten by Enterprise Life that covers any life insured under the policy by providing funeral services instead of cash benefits.

Business Analysis

Transitions started operations in February 2017 and was officially launched on 12 December 2017. The following are the key business operations which generate the business revenues:

- The arranging process where bereaved families are assisted through the grieving period and funeral arrangements are done according to client's needs.
- The mortuary process where the dearly departed is treated with dignity and respect in our care, where preparation and storage is done prior to burial.
- The funeral ceremony where the funeral conductor assists with the entire ceremony, from driving the hearse to the services provided at the final resting place.

Transitions has state of the art funeral facilities that are unmatched in Ghana. These facilities include:

1. Hearse: Our hearses are one of a kind in the market
2. Chapel and Reception: with a capacity of 350
3. Mortuary with a capacity of 108
4. Waste treatment plant
5. Removal Vans: Our van helps to get the deceased from any part of Ghana to our facility.
6. Internationally trained staff.


After going through first year of operations, we believe our team is much more prepared with good knowledge of the industry. Our drive is to bring innovations to the way funerals are done in Ghana, with a focus on convenience.
Jodene Smith
General Manager, Transitions

Transitions Report *(continued)*

Key Objectives

The main objective for 2017 as a new business was to gain market share through advertising and building relationships with key stakeholders while focusing on Service Excellence. Training our people was the most important focus for 2017 to ensure they deliver on our promise to provide service excellence in all we do. The outstanding performance of our private (walk in) clients proved that we had made an impactful entry into the market.

Financial Highlights

Revenue: The Company recorded total topline revenue of GHS2.06 million within the nine months of full operations. The operating environment was difficult considering the fact that the funeral industry in Ghana is not very developed. The key driver of revenue was the private (walk in) clients, contributing 91% to total revenue.

Cost of Sales/Operating Expense: We performed very well in keeping costs lower when compared to our target for the year. Cost of Sales and Operating Expense were GHS0.56 million and GHS5.4 million respectively.

Profit: The Company however recorded a net loss of GHS3.9 million in 2017. This loss arose from high first year operating cost most of which were fixed overheads.
Total Assets of the Company up to December 2017 were GHS4.2 million. Total Assets was largely made up of Property, Plant and Equipment which were acquired to provide the service excellence we packaged for our clients.

Regulatory Environment

As a critical business in a regulated environment, 2017 saw us receive all approvals and certifications from regulators of the industry. Permits were received from the Environmental Protection Agency and the local assembly (Ga East Municipal Assembly).

2018 in Perspective

After going through first year of operations, we believe our team is much more prepared with good knowledge of the industry. Our drive is to bring innovations to the way funerals are done in Ghana, with a focus on convenience. We are positive that we can grow the market through our strategies, by aspiring to give all who come into contact with us "**An Advantage Here and Beyond**".

Jodene Smith
General Manager, Transitions


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Transitions
A member of the Enterprise Group

Corporate Governance Statement

Introduction

The Boards of Directors of Enterprise Group Limited and its subsidiary companies are committed to maintaining the highest standards of Corporate Governance. The Directors believe that full disclosure and transparency in the Group's operations are in the interests of good governance and contribute to the sustainability of the Group's long term prosperity and accountability to its shareholders.

This Statement outlines the Group's Corporate Governance principles and practices, and details how it has applied those principles over the past year. As indicated in the Statement of Directors' Responsibilities and Notes to the Financial Statements, the Group adopts standard internationally recognised accounting practices and maintains sound internal controls which provide reassurance regarding the reliability of the Financial Statements.

The Board of Directors

The Enterprise Group Board and its subsidiary companies together with the Management team are collectively responsible for inculcating best Corporate Governance principles into the business and securing the long term success of the Group as a whole.

The Board of Directors of Enterprise Group currently comprises of six Non-Executive Directors (one of whom is the Chairman), the Group Chief Executive Officer, the Group Chief Financial Officer and the Group Chief Operations Officer. The Members are highly qualified and experienced in both managerial and their distinctive fields of specialisation. The roles of the Chairman and Group Chief Executive Officer are distinct and do not vest in the same person.

The Board holds at least four meetings each year to review performance of the business, provide clear strategic direction for the Group and ensure the achievement of agreed key deliverables. Members of Senior Management attend Board meetings by invitation. The Chairman provides leadership and guidance to the Board and facilitates proper deliberation of all matters requiring the Directors' attention.

To ensure effective control and monitoring of the Group's business, the Enterprise Group Board has three standing committees, namely the Audit Committee, the Human Resources Committee and the Strategy & Investments Committee.

Audit Committee

The Audit Committee's mandate is to review and report to the main Board on the compliance, integrity and major judgmental aspects of the Company's published Financial Statements. It also reviews the scope and quality of external audits as well as the adequacy of internal controls and risk management, to eliminate the risk of failure to the Company's business objectives.

The members of the Committee are:

Martin Eson-Benjamin	*Chairman*
Trevor Trefgarne	
Keli Gadzekpo	

The Committee met four times during 2017.

Human Resources Committee

The Human Resource Committee assists the Board in fulfilling its responsibilities with respect to human capital related issues for the Group. It determines Executive and Board remuneration after appropriate surveys, and reviews Performance Contracts annually. Additionally, it is responsible for reviewing the Group Human Resources Policy to ensure that its implementation is in line with its stated objectives. The heads of the subsidiary companies attend meetings of the Committee.

The members of the Committee are:

Prof. Angela Ofori- Atta	*Chairperson*
Keli Gadzekpo	
Trevor Trefgarne	
Daniel Larbi-Tieku	
Cleland Cofie Bruce	

The Committee met four times during 2017.

Corporate Governance Statement *(continued)*

Strategy and Investment Committee

The Strategy and Investment Committee provides strategic direction for attainment of the Group's Corporate vision and objectives through growth and development. It also identifies and prioritises investment opportunities to deliver the Group's targets.

The members of the Committee are:

Keli Gadzekpo	Chairman
Trevor Trefgarne	
Daniel Larbi-Tieku	
Cleland Cofie Bruce	
George Otoo	

The Committee met four times during 2017.

The Group's Subsidiaries

The Group has four operating subsidiaries, namely:

- Enterprise Insurance Company Limited
- Enterprise Life Assurance Company Limited
- Enterprise Trustees Limited
- Enterprise Properties Limited

Each of these companies has its own Board of Directors which formally meets four times within a year. The Board of Enterprise Funeral Services Ghana Limited held its inaugural meeting in December, 2017. It will hold quarterly meetings going forward.

The roles of the Chairperson and the Chief Executive Officer 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 business of the subsidiary insurance companies, Enterprise Life and Enterprise Insurance, their Boards have two main committees: an Audit Committee and a Strategy & Operations Committee. Enterprise Life has an Investment Committee. Issues related to risk are tabled before the Strategy and Operations Committee.

Enterprise Trustees also has an Audit Committee.

Donation to the First Lady's "Save a Child, Save a Mother" project towards the construction of the mother and baby unit at the Komfo Anokye Teaching Hospital - Kumasi.

Donation to the Police Hospital Dialysis Centre in line with the world kidney day.

The refurbishment of the Atomic Community Hospital Children's ward.

Corporate Social Responsibility

Corporate social responsibility is at the heart of what Enterprise Group Limited does. Year on year, the Group focuses on initiatives that add value, improve and make a difference in the lives of the people across the various footprints of the business and to stakeholders at large.

The zeal to give back to society is underscored by the Group's core values of Friendliness, Professionalism, Reliability, Excellence and Trust. Sustainability of the projects undertaken is fundamental to the Group and therefore it is committed to ensuring that initiatives are long-lasting and impactful to beneficiaries. As always, Enterprise aims at giving stakeholders an advantage in every phase of life.

In line with the strategic direction of the Group's Corporate Social Initiatives, health and education have always been the primary focus. As a result, investment was made in this direction in 2017. It believes that advancement in health and education are critical to the development of the Ghanaian economy.

The Group demonstrated its sensitive social side through its dedication and regular support to the Children's Ward of the Accra Psychiatric Hospital, with quarterly provision of sanitary items, which is a major need for the fourteen inmates of the ward. This was done in all four quarters of the year. The carers in this ward were also acknowledged by the Group. This has boosted the morale of the carers and also helped to ease the burden with regards to sanitation at the ward.

Maternal health which is one of the Millennium Development goals was also attended to during the year. The Group contributed immensely to the construction of a maternal and child care centre at the Komfo Anokye Teaching Hospital in Kumasi. In addition to financial assistance, an insurance cover for the construction works being undertaken was provided. The maternal and child care centre has been completed and was recently commissioned. This was in response to a national call.

The Group has been in partnership with the Dialysis Centre, at the Police Hospital over the past three years. During these years, it provided the equipment for the treatment and supported education in kidney diseases. In 2017, a donation for the purchase of a waste water treatment plant was made to the centre. Kidney disease per the statistics, has escalated in Ghana in recent times and Enterprise is dedicated to providing regular support to enable education and treatment of these conditions.

Another project undertaken in 2017 was the partnership with Operation Smile, an International Charity to repair cleft lips and palettes of children and adults from deprived communities in Ghana. The Enterprise team joined Operation Smile to transform the lives of these individuals through surgeries, by providing financial assistance. The mission, which the Group was associated with was undertaken in Koforidua in the Eastern Region of Ghana. This act put smiles on the faces of beneficiaries.

In collaboration with the residents of Haatso, where Enterprise Funeral Services is located, the business selected and refurbished the Children's Ward of the Atomic Clinic. The valued added to the ward through this work were as follows:

- Creation of Direct Oxygen Supply Points to the beds
- Curtain Partitioning to provide privacy
- Provision of a mini library for children
- Creation of a child-friendly environment

This has enhanced the face of the ward for the patients which we believe will improve health conditions in the ward.

In the area of education, human capital development has been central to the projects undertaken.

The Group continues to provide for three girls in tertiary education in partnership with Zawadi Africa, an NGO that supports under-previledged and intelligent girls. These girls who would have otherwise not been in school are currently in the third year of their programmes at the University. Internship opportunities were also provided for them during vacations to enable them acquire some corporate experience.

Medical students on their yearly exchange programme were also beneficiaries of the corporate social agenda of the Group. This enables them to acquire practical knowledge overseas and migrate best practice to their field of study.

Enterprise Group views its corporate social responsibility initiatives as a commitment to its stakeholders. These projects reflect its efforts to inspire, connect and impact lives. Above all it is a demonstration of the delivery on the brand promise of providing an "advantage" in life.

Report of the Directors to the Members of Enterprise Group Limited

The Directors present their report to the members together with the Audited Financial Statements for the year ended 31 December 2017 in accordance with the Companies Act, 1963 (Act 179) which discloses the state of affairs of Enterprise Group Limited (the "Company") and its subsidiaries (together the "Group").

Directors' responsibility statement

The Directors are responsible for the preparation of Consolidated and Separate Financial Statements that give a true and fair view of Enterprise Group Limited, comprising the statements of financial position at 31 December 2017, and the Income Statements and Statements of Comprehensive Income, changes in equity and cash flows for the year then ended, and the notes to the Financial Statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179). 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. In addition, the Directors are responsible for the preparation of the Directors' Report.

The Directors are also responsible for internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The Auditor is responsible for reporting on whether the Consolidated and Separate Financial Statements give a true and fair view in accordance with the applicable financial reporting framework.

Five year financial highlights

The five year financial highlights are shown on page 3.

Results and dividend

The results for the year ended 31 December 2017 are summarised as follows:

	The Company GH¢'000	The Group GH¢'000
Profit for the year before tax of	9,517	90,404
From which is deducted an income tax expense and national fiscal stabilisation levy of	2,473	(3,359)
giving a profit for the year of	11,990	87,045
from which is made a transfer to non controlling interest of	-	(33,908)
and contingency reserves of	-	(7,799)
giving a profit for the year attributable to owners of the Company of	11,990	45,338
to which is added balance on the retained earnings account brought forward of	94,127	172,263
giving a total of	106,117	217,601
Acquisition of non controlling interest without a change in control of	-	(70,123)
leaving a surplus carried forward on retained earnings account of	106,117	147,478

The directors do not recommend the payment of dividend.

Report of the Directors to the Members of Enterprise Group Limited *(continued)*

Nature of business

The principal activities of the Company and its subsidiaries continued to be undertaking the business of investments, life and non life insurance underwriting, pension funds management, provision of funeral services and real estate development and management.

Objectives of the company

The Company exists to provide all who come into contact with us their desired advantage because we are the best at what we do.

Subsidiaries

The Company directly and indirectly owns various subsidiaries as follows:

- Enterprise Insurance Company Limited, a company incorporated in Ghana to engage in the underwriting non life insurance policies, is 60% owned by Enterprise Group Limited.
- Enterprise Life Assurance Company Limited, a company incorporated in Ghana to engage in underwriting life insurance policies, is 60% owned by Enterprise Group Limited.
- Enterprise Trustees Limited, a company incorporated in Ghana to engage in pension funds management, is 60% owned by Enterprise Group Limited.
- Enterprise Properties Limited, a company incorporated in Ghana to engage in real estate development and management, is 100% owned by Enterprise Group Limited.
- Enterprise Life Assurance Gambia Limited, a company incorporated in The Gambia to engage in underwriting life insurance policies is 75% owned by Enterprise Life Assurance Ghana.
- Enterprise Funeral Services Ghana Limited, a company incorporated in Ghana to engage in the provision of funeral services is 100% owned by Enterprise Life Assurance Company Limited.
- Seventh Avenue Properties Limited, a company incorporated in Ghana to engage in real estate development and management, is 100% owned by Enterprise Properties Limited.

Related party transactions

Information regarding Directors' interest in the ordinary shares of the Company is disclosed on page 113 and their remuneration is disclosed in note 32 to the financial statements. No director had a material interest in any contract to which any Group company was a party during the year.

Other than disclosures given in note 28 to the financial statements, there were no transactions or proposed transactions that were material to either the Company or its subsidiaries. Nor were there any transactions with any related party that were unusual in their nature or conditions.

Auditors

The Audit Committee has responsibility delegated from the Board of Directors for making recommendations on the appointment, reappointment, removal and remuneration of external auditor. KPMG has been the auditor of the Company and its subsidiaries from June 2016. KPMG does not provide non audit services to the Company.

Report of the Directors to the Members of Enterprise Group Limited *(continued)*

Board of Directors

Executive	**Qualification**	**Outside board and management position**
Keli Gadzekpo	B.Sc Accounting, CPA, MA, Public Administration	Ventures and Acquisition Limited; Family Ventures and Offices Ltd; Databank Asset Management; Ecolodge Mole Operating Company; Enterprise Properties Limited; Enterprise Life Assurance Company Limited; Enterprise Trustees Limited; Enterprise Funeral Services Limited; Seventh Avenue Properties Limited; One Point Payments Limited; Ventures and Acquisitions Limited; Databank Financial Services; Women's World Banking GH. Savings and Loans Company Limited; Databank Epack Investment Fund Limited; Structures Capital Limited; Enterprise Insurance Company Limited; the Bank of Ghana and Electricity Company of Ghana Limited.
Cleland Cofie Bruce Jnr.	ACII, FIIG, MA (Leading Change)	Enterprise Funeral Services Limited; Intel Opera Limited; HSB Ghana Limited; Enterprise Trustees Limited.
Daniel Larbi-Tieku	B.Sc. Accounting, FCCA, MSc Finance	Randace Company Limited.
Non-executive	**Qualification**	**Outside board and management position**
Trevor Trefgarne	Graduate of Cranfield School of Management	Franklin Templeton Investment Funds SICAV; Enterprise Life Assurance Company Limited; Enterprise Insurance Company Limited; Enterprise Properties Limited.
Martin Eson-Benjamin	B.Sc Admin	Ecobank Ghana Limited; CFAO Limited; College of Health Sciences; Enterprise Insurance Company Limited; Enterprise Properties Limited.
Prof. Angela Ofori-Atta	BSc, MA, PhD: Psychology	Databank Financial Services; Databank Group; Alpha Ghana; Databank Asset Management Services Limited; Enterprise Insurance Company Limited.
George Otoo	MBA Insurance Management UK, Diploma WAII Insurance Liberia, Associate ACII UK	Mainstream Reinsurance Company Limited; Databank EPack Investment Fund; Seventh Avenue Properties Limited; Enterprise Properties Limited; Ayoka Enterprises Limited.
Fiifi Kwakye	B.Sc. Accounting, MSc. Finance & Accounting, ICA Ghana, CIT Ghana	Afina Asset Management Company Limited; Afina Advisory Partners Limted; Phlox Services Limited; ACA development Limited; Enterprise Trustees Limited; Enterprise Life Assurance Company Limited; Seddis Investments Services Limited; CIG Microfinance Ghana Limited.
Douglas Lacey	Master's Degree in Business Leadership, Chartered Insurer	Enterprise Insurance Company Limited

Report of the Directors to the Members of Enterprise Group Limited *(continued)*

Age category	Number of directors
Up to 40 years	0
41 - 60 years	6
Above 60 years	3

Role of the Board

The Directors are responsible for the long term success of the Group, determine the strategic direction of the Group and review operating, financial and risk performance. There is a formal schedule of matters reserved for the Board of Directors, including approval of the Group's annual business plan, the Group's strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, the financial statements, the company dividend policy, transactions involving the issue or purchase of Company shares, borrowing powers, appointments to the Board, alterations to the Regulations, legal actions brought by or against the Group, and the scope of delegations to Board committees, subsidiary Boards and the Executive Committee.

Responsibility for the development of policy and strategy and operational management is delegated to the Executive Directors and a management committee of, which as at the date of this report, includes the Executive Directors and nine Senior Managers.

Internal Control Systems

The Directors have overall responsibility for the Group's Internal Control systems including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the Risk Management and Internal Control systems are the responsibility of the Executive Directors and Management. The systems are designed to identify weaknesses and failures in controls and recommend and implement collective solutions. As at the reporting date, there were no significant failings or weaknesses in the Internal Controls systems.

Professional Development and Training

On appointment to the Board, Directors are provided with a full, tailored programme of induction, to formalize them with the Group's businesses, the risks and strategic challenges the Group faces, and the economic, competitive, legal and regulatory environment in which the Group operates. A programme of strategic and other reviews, ensures that the Directors continually update their knowledge and familiarity with the Group's businesses, and their awareness of relevant developments to enable them to effectively fulfill their role.

Conflict of Interest

The Group has established appropriate conflicts authorization procedures, whereby actual or potential conflicts are disclosed and appropriate authorisations sought.

Board Balance and Independence

The composition of the Board of Directors and its Committees is regularly reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained. The Board considers that the Chairman is independent on appointment and all non Executive Directors are independent as it pertains to the management of the company. The continuing independent and objective judgement of the non Executive Directors has been confirmed by the Board of Directors.

Corporate Responsibilities and Compliance

Enterprise Group recognizes the importance of impacting positively on the lives of people within the communities in which it operates through corporate social and environmental activities. Our investments in communities, human development and wellbeing are investments in the long term success of the Group. This is because, we believe that we can influence society and contribute to the sustainability of the Ghanaian economy.

Report of the Directors to the Members of Enterprise Group Limited *(continued)*

Corporate Responsibilities and Compliance (cont'd)

This truly reflects our commitment of providing an "advantage" to all who come into contact with us. Our preferred approach delivers mutual benefit and goodwill amongst all stakeholders.

The impact on the Company's sustainability

- Projects a positive image and visibility of our brand
- Builds emotional attachment to our brand by clients and the Ghanaian Community
- Establishes the brand as one that fulfills its organizational obligations towards society.
- Provides support for humanity and the environment and ensures the business competitive survival.

There is a Code of Ethics for all staff. All employees within the Group and its Operating Companies are required to comply with it.

Details of the Code of Ethics are enshrined in the Group's Employee Handbook. Every employee within the Group and its subsidiaries has a copy of the Handbook. New hires are educated on it during their orientation and are given copies for their reference.

In addition, there is a document known as the Standards of Behaviour which encompasses the Code of Ethics. This is also made available to all staff.

Approval of the Consolidated and Separate Financial Statements

The Consolidated and Separate Financial Statements of Enterprise Group Limited, were approved by the Board of Directors on 16th March 2018 and signed on their behalf by

Keli Gadzekpo
Director

Martin Eson-Benjamin
Director

Independent Auditor Report to the Members of Enterprise Group Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Enterprise Group Limited ("the Group and Company"), which comprise the statements of financial position at 31 December 2017, and the income statements, statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 50 to 112.

In our opinion, these financial statements give a true and fair view of the consolidated and separate financial position of Enterprise Group Limited at 31 December 2017, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 1963 (Act 179).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Insurance contract liabilities Refer to Note 20 and 22 to the consolidated and separate financial statements	
The key audit matter	*How the matter was addressed in our audit*
The Group's insurance contract liabilities comprise the 'life fund and 'incurred but not reported (IBNR) provision'. At 31 December 2017, the life fund and IBNR provision amounted to GH¢ 432.4 million and GH¢ 18.5 million respectively. These make up 62.1% of the Group's liabilities. The valuation of insurance contract liabilities is a key judgmental area due to the level of subjectivity inherent in the estimation of the effect of uncertain or unknown future events and the resulting potential exposure to large losses.	Our audit procedures included, among others • Tested the design and implementation of controls over the actuarial reserving process and the data used to perform the actuarial projections to determine the reserve for life fund and IBNR; • Challenged the methodology and key assumptions applied in actuarial projections by assessing their appropriateness based on our cumulative industry knowledge, the Group's historical claims experience and consistency with prior periods; • Used our actuarial specialists to support us in the evaluation of insurance liabilities and to challenge the methodology and assumptions made in calculating the liabilities;

Independent Auditor Report to the Members of Enterprise Group Limited *(continued)*

<table>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The calculation of the liabilities is complex and requires the use of actuarial techniques to estimate the reserve for life fund and claims IBNR.

The Directors set the claims outstanding reserves at a level that they consider includes an appropriate margin over the actuarial best estimate, in order to take account of current uncertainties around factors that may influence the value of reserves.</td><td>• Evaluated the quality of prior year's estimates by assessing the outcome of prior period's liabilities; and
• Evaluated the adequacy of disclosures about the degree of estimation and the sensitivity of recognised amounts to changes in assumptions, and assessed whether the disclosures comply with relevant accounting standards.</td></tr>
<tr><td colspan="2">Revenue recognition
Refer to Notes 21, 29 and 36 to the consolidated and separate financial statements</td></tr>
<tr><td>The main streams of revenue for the Group include insurance premiums and investment income. The net insurance premium revenue was GH¢ 380.7 million at 31 December 2017. Investment income included interest on unlisted debt securities which was GH¢ 77.5 million as at the reporting date.

The judgement involved in the recognition of insurance premiums and the deferring of unearned premium as well as the size of the investment portfolio and valuations, makes revenue recognition a key focus within our audit.</td><td>• In this area, our audit procedures included, among others:
• Tested the Group's key controls over the recognition of insurance premium and investment income;
• Assessed whether the data for insurance premiums received for life insurance included all the relevant information through testing a sample of relevant data fields and their aggregate amounts against data in the source systems;
• Agreed premium administration data to the general ledger for the non life insurance business;
• Used KPMG Computer Assisted Audit Techniques to assess month on month and year on year trend of insurance premiums and investment income;
• Evaluated the unearned insurance premiums and performed testing to ensure that they have been recorded and reported in the appropriate financial reporting period;
• For unlisted debt securities financial investments we re- computed the interest earned taking into consideration the start date, end date and the last interest payment date; and
• Evaluated the adequacy of the Group's disclosures on revenue recognition in the financial statements in accordance with the applicable financial reporting framework.</td></tr>
</table>

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 1963 (Act 179) which we obtained prior to the date of this auditor's report, and the Chairman's Statement, Group Chief Executive Officer's Review and Corporate Governance Statement, which are expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the Company or its subsidiaries or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor Report to the Members of Enterprise Group Limited *(continued)*

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179)

We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, and the consolidated and separate statements of financial position and income statements and the statement of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is **Frederick Nyan Dennis (ICAG/P/1426).**

KPMG

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For and on behalf of:
KPMG: (ICAG/F/2018/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
ACCRA

20 March, 2018

STATEMENTS OF FINANCIAL POSITION

(All amounts are in thousands of Ghana cedis)

		The Company As at 31 December		The Group As at 31 December	
	Note	2017	2016	2017	2016
ASSETS					
Property and equipment	6	**1,225**	829	**37,964**	37,491
Intangible assets	7	**-**	-	**2,111**	667
Investment properties	8	**-**	-	**217,239**	176,237
Investments in subsidiaries	9	**112,890**	30,562	**-**	-
Deferred tax assets	25	**2,674**	201	**10,192**	2,597
Investment securities	10	**9,742**	2,017	**568,875**	443,728
Inventories	27	**-**	-	**168**	260
Loans and receivables	11	**334**	335	**19,704**	18,441
Prepayments		**1,160**	166	**3,678**	4,298
Deferred commission expense	12	**-**	-	**7,544**	6,012
Due from re insurers	13	**-**	-	**18,839**	21,266
Due from related parties	28	**72,052**	66,052	**-**	-
National fiscal stabilization levy receivable	33	**-**	-	**283**	-
Current tax assets	34	**-**	-	**767**	137
Cash and bank balances	14	**35,478**	37,833	**147,603**	100,951
Total assets		**235,555**	137,995	**1,034,967**	812,085
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	15	**37,268**	37,268	**37,268**	37,268
Contingency reserve	16	**-**	-	**32,945**	25,146
Currency translation reserve	17	**-**	-	**748**	818
Share option reserve	19, 42	**1,836**	352	**1,836**	352
Retained earnings account	18	**106,117**	94,127	**147,478**	172,263
Non controlling interest	9	**-**	-	**88,504**	82,327
Total equity		**145,221**	131,747	**308,779**	318,174
Liabilities					
Deferred tax liabilities	25	**-**	-	**2,097**	2,535
Life fund – insurance contract liabilities	20	**-**	-	**432,404**	338,167
Unearned premiums and unexpired risk provision	21	**-**	-	**33,212**	31,300
Outstanding claims	22	**-**	-	**24,615**	7,235
Loans and borrowings	26	**-**	-	**68,372**	40,425
Trade and other payables	23	**5,188**	3,373	**56,346**	49,778
Policy holder retention scheme			–	**859**	-
Deferred commission income	24	**-**	-	**4,222**	3,263
Due to re insurers	13	**-**	-	**15,519**	13,901
Due to related parties	28	**82,328**	50	**82,328**	820
National fiscal stabilization levy payable	33	**-**	-	**100**	324
Current tax liabilities	34	**2,818**	2,825	**6,114**	6,163
Total liabilities		**90,334**	6,248	**726,188**	493,911
Total equity and liabilities		**235,555**	137,995	**1,034,967**	812,085

The notes on pages 57 to 112 are an integral part of these financial statements.

The financial statements on pages 50 to 112 were approved for issue by the board of directors on 20 March, 2018 and signed on its behalf by:

Keli Gadzekpo
Group Chief Executive Officer

Martin Eson-Benjamin
Director

INCOME STATEMENTS

(All amounts are in thousands of Ghana cedis)

		The Company		The Group	
		For the year ended 31 December			
	Note	**2017**	2016	**2017**	2016
Investment income	29	**21,746**	25,075	**112,603**	81,259
Fair value gains on investment properties	8	**-**	-	**22,433**	4,363
Net investment income		**21,746**	25,075	**135,036**	85,622
Gross insurance premium revenue		**-**	-	**462,985**	374,129
Insurance premium ceded to reinsurers		**-**	-	**(80,367)**	(59,297)
Net premium written	36	**-**	-	**382,618**	314,832
Change in unearned premium	21	**-**	-	**(1,912)**	(6,740)
Net insurance premium revenue		**-**	-	**380,706**	308,092
Other income	30	**3,332**	7,717	**26,909**	26,832
Net income		**25,078**	32,792	**542,651**	420,546
Insurance benefits and claims	31	**-**	-	**(181,310)**	(133,685)
Change in insurance contract liabilities – life fund	20	**-**	-	**(94,389)**	(73,525)
Net benefits and claims		**-**	-	**(275,699)**	(207,210)
Net finance (cost) / income		**-**	-	**(3,467)**	
Operating expenses	32	**(15,561)**	(12,219)	**(117,264)**	(93,424)
Commission expense	37	**-**	-	**(70,965)**	(52,212)
Commission income	38	**-**	-	**15,148**	8,065
Net expenses		**(15,561)**	(12,219)	**(452,247)**	(344,781)
Profit before national fiscal stabilisation levy and income tax		**9,517**	20,573	**90,404**	75,765
National fiscal stabilisation levy	33	**-**	-	**(3,877)**	(3,879)
Income tax expense	34	**2,473**	(4,459)	**518**	(3,885)
Profit for the year		**11,990**	16,114	**87,045**	68,001
Attributable to:					
Owners of the parent		**11,990**	16,114	**53,137**	34,439
Non controlling interest	9	**-**	-	**33,908**	33,562
Earnings per share for profit attributable to the equity holders of the Company during the year					
Basic (GH¢ per share)	41	**0.090**	0.120	**0.397**	0.257
Diluted (GH¢ per share)	41	**0.089**	0.119	**0.394**	0.255

The notes on pages 57 to 112 are an integral part of these financial statements

STATEMENTS OF COMPREHENSIVE INCOME

(All amounts are in thousands of Ghana cedis)

	The Company		The Group	
	For the year ended 31 December			
	2017	2016	**2017**	2016
Profit for the year	**11,990**	16,114	**87,045**	68,001
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				85,622
Currency translation difference	**-**	-	**(156)**	20
Total comprehensive income for the year	**11,990**	16,114	**86,889**	68,021
Attributable to:				
Owners of the parent	**11,990**	16,114	**53,139**	34,447
Non – controlling interest	**-**	-	**33,750**	33,574
Total comprehensive income for the year	**11,990**	16,114	**86,889**	68,021

The notes on pages 57 to 112 are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

(All amounts are in thousands of Ghana cedis)

The Company	Stated capital	Retained earnings account	Share option reserve	Total
Balance at 1 January 2016	35,920	84,704	518	121,142
Total comprehensive income				
Profit	-	16,114	-	16,114
Total comprehensive income	-	16,114	-	16,114
Transactions with owners of the Company Contributions and distributions Dividend:				
- Final dividends paid for 2015	-	(6,691)	-	(6,691)
Share option scheme:				
- Value of employee services (Note 42)	-	-	161	161
- Transfer to stated capital for share options exercised (Note 15)	327	-	(327)	-
- Proceeds from issue of ordinary shares (Note 15	1,021	-	-	1,021
Total transactions with owners of the Company	1,348	(6,691)	(166)	(5,509)
Balance at 31 December 2016	37,268	94,127	352	131,747
Balance at 1 January 2017	37,268	94,127	352	131,747
Total comprehensive income				
Profit	-	11,990	-	11,990
Total comprehensive income	-	11,990	-	11,990
Transactions with owners of the Company Contributions and distributions Share option scheme: - Value of employee services (Note 42)	-	-	1,484	1,484
Total transactions with owners of the Company	-	-	1,484	1,484
Balance at 31 December 2017	37,268	106,117	1,836	145,221

The notes on pages 57 to 112 are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY *(continued)*

(All amounts are in thousands of Ghana cedis)

The Group	**Stated capital**	**Retained earnings account**	**Currency translation reserve**	**Share option scheme**	**Contingency reserve**	**Non controlling interest**	**Total**
Balance at 1 January 2016	35,920	150,831	810	518	18,830	69,228	276,137
Total comprehensive income							
Profit	-	34,439	-	-	-	33,562	68,001
Other comprehensive income	-		8	-	-	12	20
Total comprehensive income	-	34,439	8	-	-	33,574	68,021
Transfer to contingency reserve	-	(6,316)	-	-	6,316	-	-
Transactions with owners of the Company							
Contributions and distributions							
Dividends:							
- Final dividends paid for 2015	-	(6,691)	-	-	-	-	(6,691)
- Dividends to non controlling interest	-	-	-	-	-	(20,475)	(20,475)
Share option scheme:							
- Value of employee services (Note 42)	-	-	-	161	-	-	161
- Transfer to stated capital for share options exercised (Note 15)	327	-	-	(327)	-	-	
Proceeds from issue of ordinary shares (Note 15)	1,021	-	-	-	-	-	1,021
Total transactions with owners of the Company	1,348	(6,691)		(166)		(20,475)	(25,984)
Balance at 31 December 2016	37,268	172,263	818	352	25,146	82,327	318,174

The notes on pages 57 to 112 are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY *(continued)*

(All amounts are in thousands of Ghana cedis)

The Group	**Stated capital**	**Retained earnings account**	**Currency translation reserve**	**Share option scheme**	**Contingency reserve**	**Non controlling interest**	**Total**
Balance at 1 January 2017	37,268	172,263	818	352	25,146	82,327	318,174
Total comprehensive income							
Profit	-	53,137	-	-	-	33,908	87,045
Other comprehensive income	-	-	(70)	-	-	(86)	(156)
Total comprehensive income	-	53,137	(70)	-	-	33,822	86,889
Transfer to contingency reserve	-	(7,799)	-	-	7,799	-	-
Transactions with owners of the Company							
Contributions and distributions							
- Dividends to non controlling interest						(15,440)	(15,440)
Share option scheme:							
- Value of employee services (Note 42)	-	-	-	1,484	-	-	1,484
Acquisition of NCI without a change in control	-	(70,123)	-	-	-	(12,205)	(82,328)
Total transactions with owners of the Company	-	(70,123)	-	1,484	-	(27,645)	(96,284)
Balance at 31 December 2017	37,268	147,478	748	1,836	32,945	88,504	308,779

The notes on pages 57 to 112 are an integral part of these financial statements

STATEMENT OF CASH FLOWS

(All amounts are in thousands of Ghana cedis)

	Note	The Company As at 31 December 2017	2016	The Group As at 31 December 2017	2016
Cash flows from operating activities					
Cash (used in)/generated from operations	39	**(15,497)**	(10,608)	**80,368**	84,968
Investment income received		**20,656**	25,040	**86,033**	79,652
Income tax paid	34	**(7)**	(143)	**(8,196)**	(6,694)
National fiscal stabilisation levy paid	33	**-**	-	**(4,384)**	(4,318)
Net cash generated from operating activities		**5,152**	14,289	**153,821**	153,608
Cash flows from investing activities					
Purchases of equity securities		**-**	-	**(19,329)**	(5,446)
Proceeds from sale of equity securities		**-**	2,512	**31**	4,493
Net purchase of unlisted debt securites		**(6,635)**	(268)	**(82,110)**	(199,495)
Acquisition of investment property		**-**	-	**(10,987)**	(37,077)
Acquisition of property and equipment	6	**(929)**	(652)	**(8,235)**	(12,795)
Proceeds from sale of property and equipment	6	**57**	89	**603**	200
Purchase of intangible assets	7	**-**	-	**(611)**	(387)
Net cash (used in)/generated from investing activities		**(7,507)**	1,681	**(120,638)**	(250,507)
Cash flow from financing activities					
Dividends paid	35	**-**	(6,691)	**(7,840)**	(19,324)
Proceeds from issue of ordinary shares	15	**-**	1,021	**-**	1,021
Interest paid		**-**	-	**(6,108)**	
Proceeds from loans and borrowings		**-**	-	**23,776**	40,425
Net cash (used in)/generated from financing activities		**-**	(5,670)	**9,828**	22,122
Net (decrease)/increase in cash and cash equivalents		**(2,355)**	10,300	**43,011**	(74,777)
Cash and cash equivalents at beginning of year	14	**37,833**	27,533	**130,632**	205,409
Cash and cash equivalents at end of year	14	**35,478**	37,833	**173,643**	130,632

The notes on pages 57 to 112 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Ghana cedis)

1. General information

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

The Company is a limited liability company incorporated under the Companies Act, 1963 (Act 179) and domiciled in Ghana with registered office address of Enterprise House, No.11 High Street, PMB GP150, Accra. The Company is listed on the Ghana Stock Exchange and its subsidiaries are Enterprise Insurance Company Limited, Enterprise Life Assurance Company Limited, Enterprise Trustees Limited and Enterprise Properties Limited.

For Companies Act, 1963 (Act 179) reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by part of the income statement, in these financial statements.

2 Basis of preparation

2.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 1963 (Act 179). The financial statements have been prepared under the historical cost conversion, except for investment properties, insurance contract liabilities and financial assets held at fair value through profit or loss which have been measured at fair value.

Details of the Group's accounting policies are included in Notes 3.

2.2 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'). The financial statements are presented in Ghana Cedi (GH¢), which is the functional currency of the Company. All financial information presented in Ghana cedis have been rounded to the nearest thousand, except when otherwise stated.

2.3 *Use of estimates and judgements*

In preparing the consolidated and separate financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2017 are set out in note 5.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below and relates to both the Company's and the Group's activities. These policies have been consistently applied to all the years presented, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.1 Basis of consolidation

3.1.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. Consideration ceases when control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree 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 carrying value of the acquirer's previously held equity interest in the acquiree is re measured to fair value at the acquisition date; any gains or losses arising from such re measurement are recognised in 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 re measured, 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. When necessary, amounts reported by subsidiaries have been adjusted to conform to the group's accounting policies.

Non controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

3.1.2 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.

3.1.3 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.1 Basis of consolidation (continued)

3.1.3 Disposal of subsidiaries (continued)

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.

3.1.4 Separate financial statements

In the separate financial statements, investments in subsidiaries and associates 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.

3.2 Foreign currency transaction

3.2.1 Transactions and balances

Foreign currency transactions are translated into the functional currency using the 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 the income statement. Foreign exchange gains and losses are reported on a net basis under operating expenses or other income.

3.2.2 Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in 'currency translation reserve' in equity.

3.3 Property and equipment

Property and equipment is measured at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Cost of an item of property and equipment includes its purchase price and any direct attributable costs. Cost includes the cost of replacing part of an existing property and equipment at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an item of property and equipment.

Subsequent costs are included in the asset's carrying amount or 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. The carrying amount of those parts that are replaced is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.3 Property and equipment (continued)

Depreciation is calculated using the straight line method to allocate the cost over the assets' estimated useful lives. The depreciation rates used for each significant class of property and equipment are as follows:

Motor vehicles	25%
Furniture and fittings	12.5% - 25%
Computer equipment	33.33%
Office equipment	20% - 25%
Buildings	2.5% - 4%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year end.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (note 3.6).

Property and equipment are derecognised upon disposal or when no future economic benefits are expected to flow to the Group from either their use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

3.4 Intangible assets

Intangible assets comprise computer software licenses. Software acquired by the Group is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software is capitalized only when it increases future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortized on a straight line basis and recognized in profit or loss over its estimated useful life, from the date that it is available for use. The estimated useful life of software for the current and comparative periods is three years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

3.5 Investment property

Property that is held for long term rental yields or for capital appreciation or both, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Land held under operating leases is classified and accounted for by the Group as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.5 Investment property (continued)

Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. 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. It may sometimes be difficult to determine reliably the fair value of the investment property under construction.

In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract.
- The stage of completion.
- The level of reliability of cash inflows after completion.
- The development risk specific to the property.
- Past experience with similar constructions.
- Status of construction permits.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the statement of financial position is added back to arrive at the carrying value of the investment property for accounting purposes.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property. Changes in fair values are recognised in the income statement. Investment properties are derecognised when they have been disposed.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. If an item of owner occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.6 Impairment of non - financial assets

The carrying amounts of the Group's non financial assets (other than deferred tax assets, inventories, investment property) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). Prior impairments of non financial assets are reviewed for possible reversal at each reporting date.

3.7 Leases

3.7.1 Lease payments - Lessee

Payments made under operating leases are recognized in income statements on a straight line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance lease are apportioned between finance expense and a reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.7.2 Lease assets - Lessee

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Group's statement of financial position.

3.7.3 Lease assets - Lessor

Where significant portions of the risks and rewards of ownership or leases are retained by the lessor, such leases are classified as operating leases.

Lease income from operating leases are recognized in income statement on a straight line basis over the period of the lease. Properties leased out under operating leases are included in investment properties (Note 3.5).

3.8 Financial assets and financial liabilities

3.8.1 Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The directors determines the classification of its financial assets at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.8 Financial assets and financial liabilities (continued)

3.8.1 Financial assets (continued)

Classification (continued)

a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets as they are expected to be settled within 12 months.

b) Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non current assets. The Group's loans and receivables comprise 'trade and other receivables', 'due from reinsurers', 'due from related parties' and 'cash and cash equivalents'. 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.

c) Held-to-maturity
The Group's held to maturity financial assets comprise unlisted debt securities. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

d) Available-for-sale
The Group classifies its unlisted equity securities as available for sale financial assets. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost.

Recognition and measurement
The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instruments. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other (losses)/gains net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of investment income when the Group's right to receive payments is established.

3.8.2 Financial liabilities

Financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instruments. The Group's holding in financial liabilities represents mainly insurance contract liabilities, creditors arising from reinsurance arrangements, loans and borrowings, trade and other payables and other liabilities.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.8 Financial assets and financial liabilities (continued)

3.8.2 Financial liabilities (continued)

Such financial liabilities are initially recognised at fair value less any directly attributable transaction costs and subsequently measured at amortised cost using effective interest method. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

3.8.3 Determination of fair value

For financial instruments traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges. The quoted market price used for financial assets is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the reporting dates.

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

3.8.4 Impairment of 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 a 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 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.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, 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 not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.8 Financial assets and financial liabilities (continued)

3.8.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is currently 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.

Income and expenses are presented on a net basis only when permitted under applicable accounting standards, or for gains and losses arising from a Group of similar transactions such as in the Groups' trading activity.

3.9 Insurance contract

Companies within the group licensed to carry out insurance business undertake contracts to underwrite significant insurance risk. 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 more than the benefits payable if the insured event did not occur.

3.9.1 Recognition and measurement

The Group's insurance contracts are classified into life and non life insurance contracts.

3.9.1.1 Non life insurance contracts

Non life insurance contracts are casualty and property insurance contracts. Casualty insurance contracts protect the contract holder 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 contract holder for damage suffered to their properties or for the value of property lost. Contract holders 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).

Non life insurance contracts protect the contract holders from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependents 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.

Non life insurance premium income is recognised on assumption of risks, and, less an allowance for cancellations, and less unearned premium. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the reporting date, and is calculated on a time apportionment basis. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Non life insurance 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.9 Insurance contract (continued)
3.9.1 Recognition and measurement (continued)
3.9.1.1 Non life insurance contracts (continued)

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).

Non-life insurance commission expenses are paid on new insurance policies accepted during the period and renewals. Commission expense is recognised when incurred.

Contingency reserve is held for the full amount of contingency reserve for companies within the Group issuing non-life insurance contracts in Ghana as required by the regulatory authority in Ghana. Transfers to and from the contingency reserve are treated as appropriations of retained earnings.

3.9.1.2 Life Insurance contracts

Life 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. Premiums are shown before deduction of commission.

The Group issues long term insurance contracts. These contracts insure events associated with human life (for example, death). The Group's insurance contracts are divided into 'individual life insurance contracts' and 'group life insurance contracts'. Group life insurance contracts are usually taken to cover a group of persons whiles individual life contracts are taken to cover an individual.

Claims and other benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used. The liability is actuarially determined (Note 3.9.5) based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the decrease of unexpired insurance risk of the contracts in force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid.

3.9.2 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 in Note 3.9.1 are classified as reinsurance contracts held. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts. Contracts that do not meet these classification is classified as financial assets.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.9 Insurance contract (continued)

3.9.2 Reinsurance contracts held (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.

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.

3.9.3 Receivables and payables related to insurance contracts

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. These processes are described in Note 3.8.4.

3.9.4 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.

3.9.5 Life insurance liability valuation basis and methodology

Policy liabilities for insurance contracts are determined using actuarial valuation principles and are reflected in the statement of financial position as “Life insurance contract liabilities” or “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; 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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.9 Insurance contract (continued)

3.9.5 Life insurance liability valuation basis and methodology (continued)

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.

All deficits or surplus arising from the valuation of the Group's life fund are recognised in profit or loss.

3.10 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.11 Current and deferred tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction the entities in the Group operate in adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.11 Current and deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred 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.

3.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

3.13 Stated capital

Ordinary shares are classified as equity. All shares are issued at no par value.

3.14 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.15 Provisions

Provisions are recognised when: the Group have a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

3.17 Revenue recognition

Revenue comprises the fair value for services rendered. Revenue is recognised as set out below:

3.17.1 Premium income

The accounting policy in relation to revenue from insurance contracts is disclosed in note 3.9.

3.17.2 Dividend income

Dividend income is recognised in profit or loss when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.17 Revenue recognition (continued)

3.17.3 Rental income

Rental income from operating leases is recognised on a straight line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight line basis, as a reduction of rental income.

Investment property revenue includes rental income, and service charges and management charges from properties.

3.17.4 Service charges and management charges from investment properties

Service and management charges are recognised in the accounting period in which the services are rendered. When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

3.17.5 Pension management fee

Pension management fees are charged to the customer periodically (monthly) either directly or by making a deduction from invested funds. Fees billed in advance are recognised on a straight line basis over the billing period; fees charged at the end of the period are accrued as a receivable that is offset against the financial liability when charged to the customer.

3.17.6 Interest income

Interest income for all interest bearing financial instruments, including financial instruments measured at fair value through profit or loss, is recognised within 'investment income' using the effective interest rate 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.

3.18 Operating expenses

Operating expenses include expenses claim handling costs, product development, training costs, and marketing expenditure as well as all other non commission related expenditure. Operating expenses are recognised when incurred. Operating expenses also include staff related costs, auditors and directors remuneration and other general administrative expense.

3.19 Commission expenses

Commission expenses are paid on new business accepted policies during the period and renewals. Commission expenses are recognised when incurred.

3.20 Policyholder benefits

Policyholder benefit payments in respect of insurance contracts are shown gross of reinsurance recoveries and recognised when claims are incurred.

3.21 Employee benefits

3.21.1 Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.21 Employee benefits (continued)

3.21.2 Defined contribution plans

Social security contributions
The Group contributes to the defined contribution scheme (the Social Security Fund) on behalf of employees. The Group operates the two tier pension scheme. Contributions by the Group to the mandatory tier one and tier two schemes are determined by law; currently the employer contributes 13% of employee's basic salary while employee contributes 5.5%. Out of the total contribution of 18.5%, the Company remits 13.5% to Social Security and National Insurance Trust towards the first tier pension scheme and the remaining 5% to a privately managed scheme by Enterprise Trustees Limited under the mandatory second tier.

Provident fund
The Company contributes 7.5% of an employee's basic salary into a provident fund. This is a defined contribution scheme under the management of an external fund manager appointed by the Trustees.

The Group's contributions to the defined contribution schemes are recognised as an employee benefit expense when they fall due. The Group has no further payment obligations once the contributions have been paid.

3.22 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

The cost of inventories is based on the first in first out (FIFO) principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

3.23 Share option
The Group operates an equity settled, share based compensation plan, under which the Group receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- ncluding any market performance conditions (for example, an entity's share price); and
- excluding the impact of any service and non market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non market performance and service contributions conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the entity issues new shares. The proceeds received net of any directly attributable transaction costs are credited to stated capital when the options are exercised.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.24 Segment reporting

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

All transactions between business segments are conducted on the same basis as offered to third parties, 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.

3.25 Comparative statements
Certain comparative amounts in the statement of comprehensive income have been reclassified or re represented to align with current year presentation.

3.26 Standards and interpretations issued but not yet effective
A number of new standards and amendments to standards and interpretations are available for early adoption for annual periods beginning after 1 January 2017, but have not been applied in preparing these financial statements. These include the following Standards and Interpretations that are applicable to the Group and may have an impact on future financial statements:

Effective for the financial year commencing 1 January 2018
- IFRS 9 Financial Instruments
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
- IFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Transfers of Investment property (Amendments to IAS 40)
- IFRIC 22 Foreign Currency Transactions and Advance Considerations

Effective for the financial year commencing I January 2019
- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments

Effective for the financial year commencing I January 2021
- IFRS 17 Insurance Contracts

IFRS 9 Financial Instruments
On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard changes the measurement bases of the financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model. This would impact the way the Group reviews the impairment of its financial assets.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.26 Standards and interpretations issued but not yet effective (continued)

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The amendments to IFRS 4 reduce the impact of the differing effective dates of the forthcoming insurance contracts standard and IFRS 9 for entitites within the insurance industry. The amendments provides two optional solutions. One solution is a temporary exemption from IFRS 9, effectively deferring its application for some insures. The other is an overlay approach to presentation to alleviate the volatility that may arise when applying IFRS 9 before the forthcoming insurance contracts standard.

The amendments reduce the impact, but entities need to carefully consider their IFRS 9 implementation approach to decide if and how to use them. Both solutions include various complexities – such as the eligibility criteria for the temporary exemption – that may require detailed analysis and the use of judgement on the part of management.

The amendments apply for annual periods beginning on or after 1 January 2018. The Directors are yet to assess the effect of the standard on its financial statements.

IFRS 15 Revenue from contracts with customers
This standard replaces IAS 11 *Construction Contracts*, IAS 18 Revenue, and related interpretations.

The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract based five step analysis of transactions to determine whether, how much and when revenue is recognised.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Directors are assessing the impact of IFRS 15.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
Currently, there is ambiguity over how a company should account for certain types of share based payment arrangements. The IASB has responded by publishing amendments to IFRS 2 Share based Payment.

The amendments cover three accounting areas:
Measurement of cash settled share based payments –The new requirements do not change the cumulative amount of expense that is ultimately recognised, because the total consideration for a cash settled share based payment is still equal to the cash paid on settlement.

Classification of share based payments settled net of tax withholdings –The amendments introduce an exception stating that, for classification purposes, a share based payment transaction with employees is accounted for as equity settled if certain criteria are met.

Accounting for a modification of a share based payment from cash-settled-to-equity-settled –The amendments clarify the approach that companies are to apply.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.26 Standards and interpretations issued but not yet effective (continued)

Clarifying share based payment accounting (Amendments to IFRS 2) continued

The new requirements could affect the classification and/or measurement of these arrangements – and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are effective for annual periods commencing on or after 1 January 2018. The Directors are assessing the impact of the amendments to IFRS 2.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Transfers of Investment property (Amendments to IAS 40)
The IASB has amended the requirements in IAS 40 Investment property on when a company should transfer a property asset to or from investment property.

The amendments apply for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Directors are yet to assess the effect of the standard on its financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Considerations
When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for translating the related item.

This has resulted in diversity in practice regarding the exchange rate used to translate the related item. IFRIC 22 clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The interpretation applies for annual reporting periods beginning on or after 1 January 2018.

The Directors is yet to assess the effect of the standard on its financial statements.

IFRS 16 Leases
IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors.

The Group is yet to assess the effect of the standard on its financial statements. No significant impact is expected for the group and company's finance leases.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

3. Summary of significant accounting policies (continued)

3.26 Standards and interpretations issued but not yet effective (continued)

IFRIC 23 Uncertainty over Income Tax Treatments
IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

The Directors are yet to assess the effect of the standard on its financial statements.

IFRS 17 Insurance Contracts
IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI.

The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

The Group is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.

The standard is effective for annual periods beginning on or after 1 January 2021. Early adoption is permitted

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

4. Management of insurance and financial risk

4.1 Insurance risk

Insurance contracts issued by companies within the group carrying out insurance business transfers insurance risk. This section summarises these risks and the way the Group manages them.

4.1.1 Management of 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, motor, liability, marine 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.

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 incurred by 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 ownership of 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

4. Management of insurance and financial risk (continued)

4.1 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) Re insurance 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 including viability 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. Predetermined criteria are observed at all times other than where specific written permission has been obtained from the board of directors.

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

4. Management of insurance and financial risk (continued)

4.1 Insurance risk (continued)

4.1.3 Sources of uncertainty in the estimation of future claim payments (continued)

(i) 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.

(ii) 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.

(iii) Claims incurred but not yet reported (IBNR)

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims.

(iv) Unsettled claims

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case by case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

4.1.4 Management of life insurance risk

The risk under any one life 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 a life insurance contract, this risk is random and therefore unpredictable.

For a portfolio of life 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 5.1.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

4. Management of insurance and financial risk (continued)

4.1 Insurance risk (continued)

4.1.4 Management of life insurance risk (continued)

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. The concentration of life insurance risk before and after reinsurance by class in relation to the type of insurance risk acceptable in summarised.

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.

4.2 Financial risk

The Group is exposed to a range of financial risks through its financial assets, 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 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.

The Group manages financial risks via the Board Investment Committee ("BIC") which is mandated to achieve long term investment returns in excess of the Group's obligations under insurance contracts. The principal technique of the BIC is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders.

4.2.1 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. 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 foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

4.2.1.1 Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollars, the Pound Sterling and the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Foreign currency changes are monitored by the investment committee and holdings are adjusted when there is a deviation from the Company's investment policy.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

4.2.1.1 Foreign exchange risk (continued)

The Company's and the Group's exposure to foreign currency risk based on notional amounts at the year end was as follows:

31 December 2017	**The Company**			**The Group**		
In thousands of	USD	GBP	EUR	USD	GBP	EUR
Cash and bank balances	5,465	-	-	9,174	107	612
Loans and receivables	-	-	-	252	-	-
Due from reinsurers	-	-	-	1,468	161	116
Loans and borrowings	-	-	-	(15,093)	-	-
Due to reinsurers	-	-	-	(716)	(130)	(136)
Net exposure	5,465	-	-	(4,915)	138	592

31 December 2016	**The Company**			**The Group**		
In thousands of	USD	GBP	EUR	USD	GBP	EUR
Cash and bank balances	6,896	-	-	11,270	86	248
Due from reinsurers	-	-	-	1,078	31	87
Due from related party	12,645	-	-	-	-	-
Loans and borrowings	-	-	-	(9,529)	-	-
Due to reinsurers	-	-	-	(825)	(22)	(107)
Net exposure	19,541	-	-	1,994	95	228

The following significant exchange rates were applied during the year:

	Average Rate		**Year - end spot rate**	
	2017	**2016**	**2017**	**2016**
USD 1	4.43	3.96	4.53	4.25
GBP 1	4.98	5.15	5.48	5.20
EUR 1	5.68	4.44	6.17	4.44

The following table shows the effect of a strengthening or weakening of the US$ against the GH¢ on the Company's profit or loss. This sensitivity analysis indicates the potential impact on profit or loss based on foreign currency exposures at 31 December. It does not represent actual or future gains or losses. The sensitivity analysis is based on the percentage difference between the highest daily exchange rate and the average exchange rate per currency recorded in the course of the respective financial year.

Sensitivity analysis – currency risk

At 31 December, if the Ghana cedi had strengthened or weakened against the United States dollars with all variables held constant, the impact would have been as follows:

	Profit or loss		**Equity, net of tax**	
The Company	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
31 December 2017	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
USD (4% movement)	(975)	975	(731)	731
31 December 2016				
USD (7% movement)	(6,038)	6,038	(4,530)	4,530

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

4.2.1.1 Foreign exchange risk (continued)

Sensitivity analysis – currency risk (continued)

The Company	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 December 2017	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
USD (4% movement)	877	(877)	658	(658)
GBP (10% movement)	(76)	76	(57)	57
EUR (10% movement)	(365)	365	(274)	274
31 December 2016				
USD (7% movement)	(616)	616	(462)	462
GBP (10% movement)	(49)	49	(37)	37
EUR (10% movement)	(101)	101	(76)	76

4.2.1.2 Interest rate risk

Fixed interest rate financial instruments carried at fair value expose the Group to fair value interest rate risk. The Group's fixed interest rate financial instruments are government securities and deposits with financial institutions. The Group regularly monitors financing options available to ensure optimum interest rates are obtained.

The interest rate profile of the Group's interest bearing financial instruments as at the reporting date, is as follows:

	The Company		The Group	
	2017	2016	**2017**	2016
Fixed rate instruments				
Financial assets	**7,483**	415	**477,346**	401,294
Variable rate instruments				
Financial liabilities	**-**	-	**(68,372)**	(40,425)

Sensitivity analysis – interest rate risk

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, particularly foreign currency exchange rates, remain constant.

The Company	Profit or loss		Equity, net of tax	
	50bp Increase	50bp Decrease	50bp Increase	50bp Decrease
31 December 2017				
Fixed rate instruments	(37)	37	(28)	28
31 December 2016				
Fixed rate instruments	(2)	2	(2)	2

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

4.2.1.2 Interest rate risk (continued)

The Group	Profit or loss		Equity, net of tax	
	50bp Increase	50bp Decrease	50bp Increase	50bp Decrease
31 December 2017				
Fixed rate instruments	(2,387)	2,387	(1,790)	1,790
Variable rate instruments	342	(342)	257	(257)
31 December 2016				
Fixed rate instruments	(2,006)	2,006	(1,505)	1,505
Variable rate instruments	202	(202)	152	(152)

4.2.1.3 Price risk

The Group is exposed to equity securities price risk because of investments in quoted shares classified as fair value through profit or loss. The Group is not exposed to commodity price risk. 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 limits set by the Group. All listed investments held by the Group are traded on the Ghana Stock Exchange (GSE).

Sensitivity analysis – Equity price risk

At 31 December 2017, if there was a 5% increase or increase in share prices of the Group's listed equity instruments with all other variables held constant, the impact on profit or loss and equity would have been an increase or decrease of GH¢ 3.43 million after tax (2016: GH¢ 1.59 million after tax).

4.2.2 Credit risk

Credit risk arises from the inability or unwillingness of counterparty to a financial instrument to discharge its contractual obligations.

The Group is exposed to credit risk in respect of the following:

i) Receivables arising out of reinsurance arrangements;

ii) Debt securities; and

iii) Staff and other receivables.

The Group has no significant concentrations of credit risk. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category are approved periodically by the Board of Directors.

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 creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. The Group does not have a concentration of credit risk in respect of reinsurance as it deals with variety of reinsurers.

The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. Management information reported to the Group includes details of provisions for impairment on loans and receivables and subsequent write offs. Internal audit makes regular reviews to assess the degree of compliance with the procedures on credit.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.2 Credit risk (continued)

The Group is not exposed to credit risk from its insurance contract holders because in accordance with the regulator's directive, an insurer can only underwrite insurance risk when the premium is settled.

Exposure to financial institutions concerning deposits and similar transactions is monitored against approved limits. The Group manage credit risk associated with deposits with banks by transacting business with financial institutions licensed by the central banks of the respective jurisdictions in which the entities within the Group operate.

Debt securities are instruments in the form of treasury bills and bonds issued by the Government in the respective jurisdictions in which the entities within the Group operate.

Below is the analysis of the Group's maximum exposure to credit risk at year end.

	The Company		The Group	
	2017	2016	**2017**	2016
Equity securities	**2,259**	1,602	**91,529**	42,434
Debt securities	**7,483**	415	**477,346**	401,294
Cash and bank balances	**35,478**	37,833	**147,603**	100,951
Amount due from related parties	**72,052**	66,052	**-**	-
Due from reinsurers	**-**	-	**18,839**	21,266
Staff advances	**-**	1	**3**	7
Loans and receivables	**334**	334	**18,847**	16,580
	117,606	106,237	**754,167**	582,532

None of the Group's financial assets are neither past due nor impaired at 31 December 2017 and 31 December 2016. The Group does not hold any collateral security.

4.2.3 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 or cash requirements from contractual commitments. Such outflows would deplete available cash resources for operational, trading and investments 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 fulfil 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 Group's liquidity management process, is monitored by a separate team in finance, includes day to day funding, managed by monitoring future cash flows to ensure that requirements can be met, maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow and monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements. Monitoring and reporting take the form of cash flow measurement and projections for the next month, as this is a key period for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.3 Liquidity risk (continued)

The table below presents the cash flows payable by the Company for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows:

		Contractual cash flows (undiscounted)		
The Company Year ended 31 December 2017	**Carrying amount**	**Up to 1 year**	**Over to 1 year**	**Total**
Trade and other payables	**5,188**	5,188	-	**5,188**
Due to related parties	**82,328**	82,328	-	**82,328**
	87,516	87,516	-	**87,516**
Year ended 31 December 2016				
Trade and other payables	3,373	3,373	-	3,373
Due to related parties	50	50	-	50
	3,423	3,423	-	3,423

		Contractual cash flows (undiscounted)		
The Group Year ended 31 December 2017	**Carrying amount**	**Up to 1 year**	**Over to 1 year**	**Total**
Outstanding claims	**24,615**	24,615		**24,615**
Loans and borrowings	**68,372**	7,210	85,180	**92,390**
Trade and other payables	**56,346**	56,346	-	**56,346**
Policy holder retention scheme	**859**	859	-	**859**
Due to re insurers	**15,519**	15,519	-	**15,519**
Due to related parties	**82,328**	82,328	-	**82,328**
	248,039	186,877	85,180	**272,057**
Year ended 31 December 2016				
Outstanding claims	7,235	7,235	-	7,235
Loans and borrowings	40,425	4,050	54,526	58,576
Trade and other payables	49,778	49,778	-	49,778
Due to re insurers	13,901	13,901	-	13,901
Due to related parties	820	820	-	820
	112,159	75,784	54,526	130,310

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

4. Management of insurance and financial risk (continued)

4.3 Capital management

The Group's objectives when managing capital are:

- To comply with the insurance capital requirements;
- To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The insurance and pension regulators in each of the countries in which the Group operates specifies minimum capital that must be held in addition to the insurance liabilities.

The minimum required capital (presented in the table below for each of the entities within the Group) must be maintained at all times throughout the year.

The table below summarises the minimum required capital and the regulatory capital held. These figures are an aggregate number, being the sum of the statutory capital.

Year ended 31 December 2017

Entity	Nature of activity	Regulatory capital held	Minimum regulatory capital requirement
Enterprise Insurance Company Limited	General Insurance	15,316	15,000
Enterprise Life Assurance Company Limited	Life Insurance	15,000	15,000
Enterprise Life Assurance Company (Gambia) Limited	Life Insurance	843	843
Enterprise Trustees Limited	Pension	7,417	1,000

Year ended 31 December 2016

Entity	Nature of activity	Regulatory capital held	Minimum regulatory capital requirement
Enterprise Insurance Company Limited	General Insurance	15,316	15,000
Enterprise Life Assurance Company Limited	Life Insurance	15,000	15,000
Enterprise Life Assurance Company (Gambia) Limited	Life Insurance	843	843
Enterprise Trustees Limited	Pension	7,417	1,000

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

4. Management of insurance and financial risk (continued)

4.4 Accounting classifications and fair values

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount						Fair value		
The Company **Year ended 31 December 2017**	**Fair value through profit or loss**	**Held to maturity**	**Loans and receivables**	**Available for sale**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value									
Listed equity securities	2,256	-	-	-	-	2,256	2,256	-	-
	2,256	-	-	-	-	2,256	-	-	-
Financial assets not measured at fair value									
Unlisted equity securities	-	-	-	3	-	3	-	-	-
Treasury bills	-	7,483	-	-	-	7,483	-	-	-
Loans and receivables	-	-	334	-	-	334	-	-	-
Due from related parties	-	-	82,328	-	-	82,328	-	-	-
Cash and bank balances	-	-	35,478	-	-	35,478	-	-	-
	-	7,483	118,140	3	-	125,626	-	-	-
Financial liabilities not measured at fair value									
Trade and other payables	-	-	-	-	5,188	5,188	-	-	-
Due to related parties	-	-	-	-	72,052	72,052	-	-	-
	-	-	-	-	77,240	77,240	-	-	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

4. Management of insurance and financial risk (continued)

4.4 Accounting classifications and fair values (continued)

	Carrying amount						Fair value		
The Company **Year ended 31 December 2017**	**Fair value through profit or loss**	**Held to maturity**	**Loans and receivables**	**Available for sale**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value									
Listed equity securities	1,599	-	-	-	-	1,599	1,599	-	-
	1,599	-	-	-	-	1,599	-	-	-
Financial assets not measured at fair value									
Unlisted equity securities				3	-	3	-	-	-
Treasury bills	-	415	-	-	-	415	-	-	-
Loans and receivables	-	-	335	-	-	335	-	-	-
Due from related parties	-	-	50	-	-	50	-	-	-
Cash and bank balances	-	-	37,833	-	-	37,833	-	-	-
	-	415	38,218	3	-	38,636	-	-	-
Financial liabilities not measured at fair value									
Trade and other payables	-	-	-	-	3,373	3,373	-	-	-
Due to related parties	-	-	-	-	66,052	66,052	-	-	-
	-	-	-	-	69,425	69,425	-	-	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

4. Management of insurance and financial risk (continued)

4.4 Accounting classifications and fair values (continued)

The Group	Carrying amount						Fair value		
Year ended 31 December 2017	**Fair value through profit or loss**	**Held to maturity**	**Loans and receivables**	**Available for sale**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value									
Listed equity securities	91,526	-	-	-	-	91,526	91,526	-	-
	91,526	-	-	-	-	91,526			-
Financial assets not measured at fair value									
Unlisted equity securities	-	-	-	3	-	3	-	-	-
Unlisted equity securities	-	-	-	3	-	3	-	-	-
Fixed deposits	-	177,402	-	-	-	177,402	-	-	-
Bonds	-	147,445	-	-	-	147,445	-	88,205	-
Treasury bills	-	152,499	-	-	-	152,499	-	-	-
Loans and receivables	-	-	18,850	-	-	18,850	-	-	-
Due from re insurers	-	-	18,839	-	-	18,839	-	-	-
Due from related parties	-	-	82,328	-	-	82,328	-	-	-
Cash and bank balances	-	-	147,603	-	-	147,603	-	-	-
	-	477,346	267,620	3	-	744,969	-	-	-
Financial liabilities not measured at fair value									
Outstanding claims	-	-	-	-	24,615	24,615	-	-	-
Loans and borrowings	-	-	-	-	68,372	68,372	-	-	-
Trade and other payables	-	-	-	-	56,346	56,346	-	-	-
Policy holder retention scheme	-	-	-	-	859	859	-	-	-
Due to re insurers	-	-	-	-	15,519	15,519	-	-	-
	-	-	-	-	165,711	165,711	-	-	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

4. Management of insurance and financial risk (continued)

4.4 Accounting classifications and fair values (continued)

The Group	Carrying amount						Fair value		
Year ended 31 December 2016	**Fair value through profit or loss**	**Held to maturity**	**Loans and receivables**	**Available for sale**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value									
Listed equity securities	42,431	-	-	-	-	42,431	42,431	-	-
	42,431	-	-	-	-	42,431	-	-	-
Financial assets not measured at fair value									
Unlisted equity securities	-	-	-	3	-	3	-	-	-
Fixed deposits	-	223,724	-	-	-	223,724	-	-	-
Bonds	-	72,586	-	-	-	72,586	-	50,372	
Treasury bills	-	104,984	-	-	-	104,984	-	-	-
Loans and receivables	-	-	16,587	-	-	16,587	-	-	-
Due from re insurers	-	-	21,266	-	-	21,266	-	-	-
Due from related parties	-	-	820	-	-	820	-	-	-
Cash and bank balances	-	-	100,951	-	-	100,951	-	-	-
	-	401,294	139,624	3	-	540,921	-	-	-
Financial liabilities not measured at fair value									
Outstanding claims	-	-	-	-	7,235	7,235	-	-	-
Loans and borrowings	-	-	-	-	40,425	40,425	-	-	-
Trade and other payables	-	-	-	-	49,778	49,778	-	-	-
Due to re insurers	-	-	-	-	13,901	13,901	-	-	-
	-	-	-	-	111,339	111,339	-	-	-

There were no transfers between level 1, 2 and 3 during the year for either Company or the Group (2016: Nil).

The Group's financial assets and financial liabilities classified as 'loans and receivables' and 'other financial liabilities at amortised cost' are due within 12 months and the directors deem their carrying amount to approximate their fair values due to their short term nature.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

5. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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:

5.1 Assumptions and estimates of life insurance contract holder liabilities (life fund)

The liabilities relating to insurance contracts are measured in accordance with the financial soundness valuation basis. The basis uses best estimate assumptions regarding future experience together with compulsory and discretionary margins for prudence and deferral of profit emergence. Assumptions used in the valuation basis are reviewed periodically and any changes in estimates are reflected in the income statement 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. 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.

(iii) Persistency

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

(iv) Expenses

The budgeted expense for 2017 is taken as an appropriate expense base. Provision for future renewal expenses starts at a level consistent with the budgeted experience for the 2017 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 inflation.

Sensitivity analysis

The following table presents the sensitivity of the value of insurance liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance liabilities.

Variable	Change in variable	Change in liability	
		2017	**2016**
Worsening in mortality	+1% p.a	**503**	1,171
Worsening of expense inflation	+1% p.a	**2,905**	1,449
Worsening of lapse rate	+20%	**521**	309

The above analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, change in interest rate and change in market values; and change in lapses and future mortality.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

5. Critical accounting estimates and judgements (continued)

5.2 The ultimate liability arising from claims made under non life insurance contracts

There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

An increase of 10% in the ultimate number of such claims would cost an additional loss of GH¢ 2,461,500 net of re insurance (2016: GH¢723,500).

5.3 Investment property

The valuation was determined by a professional independent valuer principally based on sales price of comparable properties in close proximity and adjusted for size of the property. The inputs used in estimating the value of the Group's investment properties are not quoted on an active market and are classified under level 2 fair value hierarchy classification.

5.4 Income tax

The Group is subject to income taxes. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions.

5.5 Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed. To the extent practical, models use only observable data; however areas such as credit risk, volatilities and correlations require directors to make estimates.

5.5.1 Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

5. Critical accounting estimates and judgements (continued)

5.5 Fair value of financial instruments (continued)

5.5.1 Valuation models (continued)

Assumptions and inputs used in valuation techniques include risk free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates and foreign currency exchange rates and expected price volatilities and correlations.

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

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments that use only observable market data and require little management judgment and estimation.

Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

6. Property and equipment

- **Reconciliation of carrying amount**

The Company	**Motor vehicles**	**Equipment, fittings and furniture**	**Capital work in progress**	**Total**
Cost				
Balance at 1 January 2016	852	481	269	1,602
Additions	597	55	-	652
Disposals	(312)	-	-	(312)
Write off	-	-	(269)	(269)
Balance at 31 December 2016	1,137	536	-	1,673
Balance at 1 January 2017	1,137	536	-	1,673
Additions	836	93	-	929
Disposals	(193)	-	-	(193)
Balance at 31 December 2017	1,780	629	-	2,409
Accumulated depreciation			-	
Balance at 1 January 2016	408	297	-	705
Depreciation	293	90	-	383
Disposals	(244)	-	-	(244)
Balance at 31 December 2016	457	387	-	844
Balance at 1 January 2017	457	387	-	844
Depreciation	426	107	-	533
Disposals	(193)	-	-	(193)
Balance at 31 December 2017	690	494	-	1,184
Carrying amounts				
At 1 January 2016	444	184	269	897
At 31 December 2016	680	149	-	829
At 31 December 2017	1,090	135	-	1,225

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

6. Property and equipment (continued)

- **Reconciliation of carrying amount (continued)**

The Group	Building and Leasehold property	Motor vehicles	Equipment, fittings and furniture	Capital work in progress	Total
Cost					
Balance at 1 January 2016	12,785	6,462	10,306	9,780	39,333
Additions	570	3,808	2,742	5,675	12,795
Disposals	-	(451)	-	-	(451)
Write off	-	-	(361)	(564)	(925)
Translation difference	-	5	10	-	15
Balance at 31 December 2016	13,355	9,824	12,697	14,891	50,767
Balance at 1 January 2017	13,355	9,824	12,697	14,891	50,767
Additions	162	3,307	3,161	1,605	8,235
Transfer from capital work in progress	12,523	-	794	(13,317)	-
Transfer to investment properties (Note 8)	-	-	-	(140)	(140)
Transfer to intangible assets (Note 7)	-	-	-	(1,090)	(1,090)
Disposals	-	(985)	(30)	–	(1,015)
Write off	-	-	-	(724)	(724)
Translation difference	-	(12)	(17)		(29)
Balance at 31 December 2017	26,040	12,134	16,605	1,225	56,004
Accumulated depreciation					
Balance at 1 January 2016	1,301	3,693	4,883	-	9,877
Depreciation	511	1,771	1,700	-	3,982
Disposals	-	(427)	-		(427)
Write off	-	-	(168)	-	(168)
Translation difference	-	6	6	-	12
Balance at 31 December 2016	1,812	5,043	6,421	-	13,276
Balance at 1 January 2017	1,812	5,043	6,421	-	13,276
Depreciation	629	2,534	2,318	-	5,481
Disposals	-	(683)	(15)	-	(698)
Translation difference	-	(10)	(9)	-	(19)
Balance at 31 December 2017	2,441	6,884	8,715		18,040
Carrying amounts					
At 1 January 2016	11,484	2,769	5,423	9,780	29,456
At 31 December 2016	11,543	4,781	6,276	14,891	37,491
At 31 December 2017	23,599	5,250	7,890	1,225	37,964

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

6. Property and equipment (continued)

Profit on disposal of property and equipment is as follows

	The Company		The Group	
	2017	2016	**2017**	2016
Cost	193	312	1,015	451
Less: Accumulated depreciation	(193)	(244)	(698)	(427)
Net book value	-	68	317	24
Less: Proceeds on disposal	(57)	(89)	(603)	(200)
Profit on disposal	(57)	(21)	(286)	(176)

7. Intangible assets

Reconciliation of carrying amount	The Company		The Group	
	2017	2016	**2017**	2016
Cost				
Balance at 1 January	-	-	759	390
Additions	-	-	611	387
Transfer from property, plant and equipment	-	-	1,090	-
Write off	-	-	-	(18)
Translation difference	-	-	(1)	-
Balance at 31 December			2,459	759
Accumulated amortisation and impairment losses				
Balance at 1 January	-	-	92	88
Amortisation	-	-	257	4
Translation difference	-	-	(1)	-
Balance at 31 December			348	92
Carrying amounts				
At 1 January	-	-	667	302
At 31 December	-	-	2,111	667

8. Investment properties

Reconciliation of carrying amount	The Company		The Group	
	2017	2016	**2017**	2016
Balance at 1 January	-	-	176,237	130,993
Acquisitions	-	-		2,247
Subsequent expenditure	-	-	13,721	34,830
Transfer (to)/from property and equipment	-	-	140	-
Change in fair value	-	-	22,433	4,363
Exchange difference on valuation	-	-	4,708	3,804
Balance at 31 December			217,239	176,237

The fair values of the Group's investment properties were derived by an independent valuer using the sales prices of comparable properties in close proximity and adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is rental income per square foot. As set out in note 5.3, the basis for fair value estimation of investment properties is considered as level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

8. Investment properties (continued)

The Group started the construction of an office complex in 2014. This project, called the 'Advantage Place' was completed in May 2017 and is classified as an investment property. Included in the cost of this project are capitalized borrowing costs related to the construction of GH¢ 2.73 million (2016: GHS 0.22 million).

9. Investment in subsidiaries

	The Company		The Group	
	2017	2016	**2017**	2016
Enterprise Insurance Company Limited	17,715	17,715	-	-
Enterprise Life Assurance Company Limited	82,711	383	-	-
Enterprise Trustees Limited	4,312	4,312	-	-
Enterprise Properties Limited	8,152	8,152	-	-
	112,890	30,562	-	-

Name of subsidiary	Nature of Activity	Country of incorporation / and principal place of business	Percentage interest held by the Company	
			2016 (%)	2015 (%)
Enterprise Insurance Company Limited	Non life insurance underwriting	Ghana	60	60
Enterprise Life Assurance Company Limited	Life assurance underwriting	Ghana	60	51
Enterprise Trustees Limited	Pension fund management	Ghana	60	60
Enterprise Properties Limited	Real estates	Ghana	100	100

The remaining shares are held by Black Star Holdings Limited (non controlling interest).

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. None of the subsidiaries issued preference shares during the year ended 31 December 2017 (2016: Nil).

Total comprehensive income attributable to non controlling interest

	2017	2016
Profit for the year	**33,908**	33,562
Foreign currency translation reserve	**(158)**	12
	33,750	33,574

The total non controlling interest for the year ended 31 December 2017 is GH¢88.5 million (2016: GH¢82.3 million). This comprise; GH¢59.3 million (2016: GH¢59.0 million) for Enterprise Life Assurance Company Limited, GH¢25.1 million (2016: GH¢20.5 million) for Enterprise Insurance Company Limited and GH¢4.1 million (2016: GH¢2.8 million) for Enterprise Trustees Limited.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

9. Investment in subsidiaries (continued)

Significant restrictions

Significant restrictions relates to statutory deposit not available for use in the day to day operations of companies within the group licensed to underwrite life and nonlife insurance contracts in Ghana in accordance with section 73 of the Insurance Act 2006, (Act 724).

The summarised financial information for each subsidiary that has non controlling interests that are material to the group before any intra group eliminations, are set out below.

Transactions with non controlling interests are set out in note 28.

	Enterprise Insurance Company Limited		Enterprise Life Insurance Company Limited	
Summarised statement of financial position	**2017**	2016	**2017**	2016
Current				
Assets	**142,716**	110,219	**549,879**	420,601
Liabilities	**(89,060)**	(63,792)	**(39,483)**	(28,621)
Total current net assets	**53,656**	46,427	**510,396**	391,980
Non current				
Assets	**9,162**	4,784	**67,137**	63,740
Liabilities	**-**	-	**(432,404)**	(338,167)
Total non current net assets/(liabilities)	**9,162**	4,784	**(365,267)**	(274,427)
Net assets	**62,818**	51,211	**145,129**	117,553
Summarised income statement				
Insurance premium revenue	**94,254**	79,447	**286,452**	228,645
Profit before income tax and national fiscal stabilisation levy profit	**14,228**	25,849	**63,253**	51,033
Profit after income tax and national fiscal stabilisation levy profit	**11,609**	17,021	**61,185**	49,720
Other comprehensive income	**-**	-	**391**	431
Total comprehensive income	**11,609**	17,021	**61,576**	50,151
Total comprehensive income allocated to non controlling interests	**4,644**	6,808	**27,520**	24,701
Dividend to non controlling interests	**-**	4,795	**15,040**	15,680
Summarised cash flows				
Cash flows from operating activities:				
Cash flows from operations	**25,482**	31,729	**70,096**	57,835
Investment income received	**12,927**	11,083	**69,280**	64,515
Income tax paid	**(5,897)**	(5,476)	**(270)**	(169)
National fiscal stabilisation levy paid	**(1,058)**	(1,006)	**(3,326)**	(3,312)
Net cash generated from operating activities	**31,454**	36,330	**135,780**	118,869
Net cash used in from in investing activities	**(36,572)**	(19,662)	**(60,688)**	(186,168)
Net cash used in financing activities	**-**	(11,982)	**(26,800)**	(24,160)
Net (decrease)/increase in cash and cash equivalents	**(5,118)**	4,686	**48,292**	(91,459)
Cash and cash equivalents at 1 January	**32,208**	27,522	**54,701**	146,160
Cash and cash equivalents at 31 December	**27,090**	32,208	**102,993**	54,701

The information above is the amount before inter-company eliminations.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

10. Investment securities

	The Company		The Group	
	2017	2016	**2017**	2016
Equity securities:				
- Listed equity securities	**2,256**	1,599	**91,526**	42,431
- Unlisted equity securities	**3**	3	**3**	3
Total equity securities	**2,259**	1,602	**91,529**	42,434
Unlisted debt securities	**7,483**	415	**477,346**	401,294
	9,742	2,017	**568,875**	443,728

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

	The Company		The Group	
Equity securities	**2017**	2016	**2017**	2016
Balance at 1 January	**1,602**	4,114	**42,434**	45,570
Purchases of equity securities	**-**	-	**19,329**	5,446
Sale of equity securities	**-**	(2,076)	**(31)**	(4,057)
Net loss on equity securities	**657**	(436)	**29,797**	(4,525)
Balance at 31 December	**2,259**	1,602	**91,529**	42,434

	The Company		The Group	
Unlisted debt securities	**2017**	2016	**2017**	2016
Fixed deposits	**-**	-	**177,402**	223,724
Bonds	**-**	-	**147,445**	72,586
Treasury bills	**7,483**	415	**152,499**	104,984
	7,483	415	**477,346**	401,294

Fixed deposits are held with financial institutions. Treasury bills and bonds held are issued by the government of the respective jurisdictions in which the entities within the Group operates.

11. Loans and receivables

	The Company		The Group	
	2017	2016	**2017**	2016
Staff loans	**-**	1	**3**	7
Deferred reinsurance cost	**-**	-	**854**	1,854
Other receivables	**334**	334	**18,847**	16,580
	334	335	**19,704**	18,441

The maximum amount of staff loans during the year did not exceed GH¢7,000 (2016: GH¢43,000).

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

12. Deferred commission expense

	The Group	
	2017	2016
Balance at 1 January	**6,012**	-
Commission expense deferred	**1,532**	6,012
Balance at 31 December	**7,544**	6,012

13. Re insurance assets and liabilities

	The Group	
	2017	2016
Due from re insurers	**18,839**	21,266

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

	The Group	
	2017	2016
Due from re insurers	**15,519**	13,901

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

14. Cash and cash equivalents

	The Company		The Group	
	2017	2016	**2017**	2016
Cash	19		100	66
Bank balances	**35,459**	37,833	**147,503**	100,885
Cash and bank balances in the statement of financial position	**35,478**	37,833	**147,603**	100,951
Treasury bills with original maturities less than 3 months	**-**	-	**26,040**	29,681
Cash and cash equivalents in the statement of cash flows	**35,478**	37,833	**173,643**	130,632

In accordance with section 73 of the Insurance Act 2006, (Act 724), the insurance entities within the Group are expected to have 10% of minimum capital as statutory deposits which is not available for use in day to day operations of the business.

The information above is the amount before inter company eliminations.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

15. Stated capital

The authorised shares of the Company are 1,000,000,000 (2016: 200,000,000) ordinary shares of no par value. The issued ordinary shares at 31 December 2017 and 31 December 2016 is as follows:

	No of shares		Proceeds	
	2017	2016	**2017**	2016
Balance at 1 January	**133,820,825**	133,270,825	**37,268**	35,920
Issue during the year:				
Transfer from reserves (share option)	**-**	133,420	**-**	327
Cash	**-**	416,580	**-**	1,021
Balance at 31 December	**133,820,825**	133,820,825	**37,268**	37,268

There is no unpaid liability on any share and there are no calls or instalments unpaid. There are no treasury shares.

16. Contingency reserves

	The Group	
	2017	2016
Balance at 1 January	**25,146**	18,830
Transfer from retained earnings	**7,799**	6,316
Balance at 31 December	**32,945**	25,146

The life and non life insurance companies within the Group 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).

17. Currency translation reserve

Currency reserves represents foreign exchange difference arising from translation of a foreign operation's financial results presented in Dalasi to the Group's presentation currency. Movements in these reserves are shown in the statements of changes in equity.

18. Retained earnings account

The retained earnings account represents the earnings retained. The amount available for distribution to the members of the Company is subject to the requirements of the Companies Act 1963 (Act 179).

19. Share option reserve

This reserve represents increase in equity in respect of share based payment transactions.

20. Life fund Insurance contract liabilities

	The Group	
	2017	2016
Balance at 1 January	**338,167**	264,557
Charge to income statement	**94,389**	73,525
Translation difference	**(152)**	85
Balance at 31 December	**432,404**	338,167

An independent actuary carried out the valuation of the Life Fund as at 31 December 2017 and 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

21. Provision for unearned premium

	The Group	
	2017	2016
Balance at 1 January	**31,300**	24,560
Increase in provision	**1,912**	6,740
Balance at 31 December	**33,212**	31,300

Provision for unearned premium represent the portion of non life insurance contracts premium written in periods up to the accounting date, which relate to the unexpired terms of policies in force at the reporting date.

22. Outstanding claims

	The Group	
	2017	2016
Balance at 1 January	**7,235**	4,181
Claims incurred	**68,028**	76,871
Claims paid	**(65,284)**	(76,753)
Incurred but not reported provision	**14,636**	2,936
Balance at 31 December	**24,615**	7,235

This is analysed as follows:

	The Group	
	2017	2016
Gross outstanding claims	**70,801**	16,111
Reinsurance recoveries	**(64,722)**	(12,776)
Incurred but not reported provision	18,536	3,900
	24,615	7,235

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

23. Trade and other payables

	The Company		The Group	
	2017	2016	**2017**	2016
Trade payables	**-**	-	14,148	15,845
Accrued expenses and other payables	**5,188**	3,373	**26,758**	26,093
Dividend payable	**-**	-	**15,440**	7,840
	5,188	3,373	**56,346**	49,778

All trade and other payables are current and their carrying values approximate their fair value.

24. Deferred commission income

	The Group	
	2017	2016
Balance at 1 January	**3,263**	-
Commission income deferred	**959**	3,263
Balance at 31 December	**4,222**	3,263

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

25. Deferred tax

	The Company		The Group	
	2017	2016	**2017**	2016
Deferred tax assets	**2,674**	201	**10,192**	2,597
Deferred tax liabilities	**-**	-	**2,097**	2,535

Deferred tax assets of Seventh Avenue Properties Limited amounting to GH¢ 24.14 million, have not been recognised because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

Deferred income tax is calculated using the enacted income tax rate of 25% (2016: 25%). Deferred income tax assets and liabilities and deferred income tax (charge)/credit in the income statement and the statement of changes in equity of the Company and the Group are attributable to the following items:

The Company	**At 1 January**	**Charged/(credit) to profit or loss**	At 31 December
Year ended 31 December 2017			
Deferred tax assets arising from:			
Accelerated depreciation	(15)	25	**10**
Other deductible temporary difference	216	2,448	**2,664**
	201	2,473	**2,674**
Year ended 31 December 2016			
Deferred tax assets arising from:			
Accelerated depreciation	55	(70)	(15)
Other deductible temporary difference	2,642	(2,426)	216
	2,697	(2,496)	201

The Group	**At 1 January**	**Charged/(credit) to profit or loss**	At 31 December
Year ended 31 December 2017			
Deferred tax (assets)/liabilities arising from:			
Accelerated depreciation	(4,155)	(2,136)	**(6,291)**
Other deductible temporary difference	4,093	(5,897)	**(1,804)**
	(62)	(8,033)	**(8,095)**
Year ended 31 December 2016			
Deferred tax (assets)/liabilities arising from:			
Accelerated depreciation	(19)	(4,136)	(4,155)
Other deductible temporary difference	7,719	(3,626)	4,093
	7,700	(7,762)	(62)

26. Loans and borrowings

	The Company		The Group	
	2017	2016	**2017**	2016
Non current liabilities				
Secured bank loan	**-**	-	**67,950**	40,208
Current liabilities				
Accrued interest payable on secured bank loan	-	-	**422**	217
Total	-	-	**68,372**	40,425

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

26. Loans and borrowings (continued)

Enterprise Properties Limited obtained a long term facility of up to US$15 million in 2016 from Standard Chartered Bank Limited to support the construction of an office complex, known as 'Advantage Place', on the 7th Avenue at Ridge West, Accra. The loan is to be repaid in 10 semi annual repayments commencing on the date falling 30 months after the first utilization under the Facility. Interest payments is on the last day of each Interest Period which is 6 months after first draw down. The interest rate applicable is the aggregate of margin (8% per annum) and libor. The facility is secured on the first ranking real estate mortgage over the buildings, improvements and land interest comprised in Advantage Place. Seventh Avenue Properties Limited and Enterprise Group Limited are the first and second guarantors, respectively.

27. Inventories

	The Company		The Group	
	2017	2016	**2017**	2016
Trading stocks	**-**	-	**130**	207
Consumables	**-**	-	**38**	53
	-	-	**168**	260

Trading stocks relate to caskets and other funeral ornaments. Consumables relate to materials used to prepare units.

During 2017, inventories of GHS 459,143 (2016: GHS 49,259) were recognised as an expense during the period and included in 'operating expenses'.

28. Related parties

The Group is controlled by Enterprise Group Limited, which is also the ultimate parent. The Company's shareholding in the other subsidiaries making up the Group is disclosed in Note 9. Black Star Holding Limited is related to the Group through its common share holdings in Enterprise Life Assurance Company Limited, Enterprise Insurance Company Limited and Enterprise Trustees Limited respectively.

During the year, Sanlam Emerging Markets Limited sold its 49% shares in Enterprise Life Assurance Company Limited to Black Star Holdings Limited. Black Star Holidngs Limited subsequently sold 9% of the 49% shares to Enterprise Group Limited. As at the year ended 31 December 2017, Enterprise Group Limited and Black Star Holdings Limited, a private company limited by shares and registered in England and Wales, owned 60% and 40% respectively of the ordinary issued share capital of Enterprise Life Assurance Company Limited.

The following transactions were carried out with related parties:

The Company	**2017**	2016
Expenses settled by:		
- Enterprise Group Limited on behalf of Enterprise Insurance Company Limited	1,479	148
- Enterprise Group Limited on behalf of Enterprise Life Assurance Company - Limited	-	542
- Enterprise Group Limited on behalf of Enterprise Properties Limited	7,273	24,209
- Enterprise Group Limited on behalf of Enterprise Trustees Limited	77	20
Dividend paid by		
- Enterprise Insurance Company Limited to Enterprise Group Limited	**-**	7,190
- Enterprise Life Assurance Company Limited to Enterprise Group Limited	**18,960**	16,320
- Enterprise Trustees Limited to Enterprise Group Limited	**600**	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

28. Related party transactions (continued)

The Group	**2017**	2016
Expenses settled by:		
Sanlam Emerging Market Limited for Enterprise Life Assurance Company Limited	-	17,781
Sanlam Emerging Market Limited for Enterprise Insurance Company Limited	-	30
Dividend paid by		
Enterprise Life Assurance Company Limited to Black Star Holdings Limited	**15,040**	-
Enterprise Trustees Limited to Black Star Holdings Limited	**400**	-
Enterprise Life Assurance Company Limited to Sanlam Emerging Market Limited	**-**	15,680
Enterprise Insurance Company Limited to Sanlam Emerging Market Limited	**-**	4,795

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

	The Company		**The Group**	
Amount due to related parties	**2017**	2016	**2017**	2016
Enterprise Life Assurance Company Limited	**-**	50		-
Black Star Holdings Limited	**82,328**	-	**82,328**	-
Sanlam Emerging Market Limited	-	-		820
	82,328	50	**82,328**	820

	The Company		**The Group**	
Amount due from related parties	**2017**	2016	**2017**	2016
Enterprise Insurance Company Limited	**847**	193	**-**	-
Enterprise Properties Limited	**71,030**	65,829	**-**	-
Enterprise Trustees Limited	**175**	30	**-**	-
	72,052	66,052	**-**	-

The amounts due from and due to related parties are due within twelve months. The payables bear no interest. The Amount due from related parties was not impaired at 31 December 2017 and 31 December 2016.

Directors' emoluments are disclosed in Note 32.

Dividend payable to the non-controlling interest is disclosed in Note 23.

Key management personnel

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

	The Company		**The Group**	
	2017	2016	**2017**	2016
Salaries and other short term benefits	**7,554**	4,690	**19,461**	14,841
Share based payment	**490**	49	**1,484**	161
Employer's pension fund contribution	**925**	697	**2,888**	2,431
Other long term employment benefits	**956**	754	**2,087**	2,914
	9,925	6,190	**25,920**	20,347

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

29. Investment income

	The Company		The Group	
	2017	2016	**2017**	2016
Fair value through profit or loss:				
- Dividend income	**38**	90	**2,153**	2,039
- Net fair value (loss)/gain in equity securities	**657**	(436)	**29,797**	(4,526)
Dividend from subsidiaries	**19,560**	23,510	**-**	-
Interest on unlisted debt securities	**893**	1,273	**77,489**	82,213
Profit on sale of equity securities	**-**	49	**-**	49
Bank interest	**598**	589	**3,164**	1,484
	21,746	25,075	**112,603**	81,259

30. Other income

	The Company		The Group	
	2017	2016	**2017**	2016
Exchange gains	**3,275**	7,696	**7,568**	13,966
Profit on disposal of property and equipment (Note 6)	**57**	21	**286**	176
Fee income	**-**	-	**14,644**	8,125
Rental income	**-**	-	**1,936**	1,601
Sundry income	**-**	-	**2,475**	2,964
	3,332	7,717	**26,909**	26,832

31. Insurance benefits and claims

	The Group	
	2017	2016
Non life insurance		
Claims incurred	**68,028**	76,871
Management expenses charged	**-**	10,576
Gross claims incurred	**68,028**	87,447
Reinsurance recoveries	**(25,595)**	(47,956)
Incurred but not reported provision	**14,636**	2,936
	57,069	42,427
Life insurance:		
Death claims	**1,697**	1,059
Funeral	**19,102**	17,144
Policy surrenders, terminations and withdrawals	**94,995**	67,636
Individual life	**115,794**	85,839
Group benefits	**8,447**	5,419
	124,241	91,258
Total insurance benefits and claims	**181,310**	133,685

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

32. Operating expenses

The following items have been charged in arriving at operating profit

	The Company		The Group	
	2017	2016	**2017**	2016
Directors' emoluments	**6,331**	3,290	**9,196**	5,661
Auditor's remuneration	**67**	61	**573**	525
Depreciation and amortisation	**533**	383	**5,738**	3,261
Staff cost	6,761	6,230	**54,275**	48,900
Staff cost include:				
Salaries and other short term employment benefit	**5,568**	4,623	**48,233**	41,953
Employer's pension fund contribution	**519**	853	**4,183**	4,033
Other long term employment benefits	**674**	754	**1,859**	2,914
	6,761	6,230	**54,275**	48,900

The number of staff employed by the Company and the Group were as follows:

	The Company		The Group	
	2017	2016	**2017**	2016
Staff numbers	**20**	17	**411**	374

33. National fiscal stabilisation levy

	The Group	
	2017	2016
Balance at 1 January	**324**	763
Charged to profit or loss	**4,101**	3,879
Prior year adjustments	**(224)**	-
Payments during the year	**(4,384)**	(4,318)
Balance at 31 December	**(183)**	324
Analysed into:		
National fiscal stabilization levy receivable	**283**	-
National fiscal stabilization levy payable	**100**	324

In accordance to the National Fiscal Stabilization Act (862), 2013, some specified companies and institutions including Insurance Companies are liable to pay a levy under the Act. The rate of the levy is 5% on the profit before tax of these Companies. The Levy is not an allowable deduction for the purpose of ascertaining the chargeable income.

Prior year adjustments relates to additional tax asset to agree the tax position for 2015 to the GRA's tax audit report for the years up to 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

34. Income tax

	The Company		The Group	
	2017	2016	**2017**	2016
Current tax expense				
Current year	**-**	1,963	**8,985**	11,647
Changes in estimates related to prior years	**-**	-	**(1,470)**	-
	-	1,963	**7,515**	11,647
Deferred tax expense				
Origination and reversal of temporary differences	**(2,473)**	2,496	**(8,033)**	(7,762)
	(2,473)	2,496	**(8,033)**	(7,762)
	(2,473)	4,459	**(518)**	3,885

Current tax assets and liabilities
The Company

Year ended 31 December 2017	**At 1 January**	**Payments**	**Charged to profit or loss**	**At 31 December**
Year of assessment				
Up to 2015	1,005	-	**-**	**1,005**
2016	1,820	-	**-**	**1,820**
2017	-	(7)	**-**	**(7)**
	2,825	(7)	**-**	**2,818**
Year ended 31 December 2016				
Year of assessment				
Up to 2015	1,005	-	**-**	**1,005**
2016	-	(143)	**1,963**	**1,820**
Up to 2016	1,005	(143)	**1,963**	**2,825**

The Group

Year ended 31 December 2017	**At 1 January**	**Payments**	**Charged to profit or loss**	**Prior year adjustment**	**At 31 December**
Year of assessment					
Up to 2015	957	(22)	-	(1,470)	**(535)**
2016	5,045	(1,550)	-	-	**3,495**
2017	-	(6,624)	8,985	-	**2,361**
Translation difference	24	-	-	-	**26**
	6,026	(8,196)	8,985	(1,470)	**5,347**
Current tax assets	137				**767**
Current tax liabilities	6,163				**6,114**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

34 Income tax (continued)

The Group

Year ended 31 December 2016	At 1 January	Payments	Charged to profit or loss	At 31 December
Year of assessment				
Up to 2015	1,049	(92)	-	957
2016	-	(6,602)	11,647	5,045
Translation difference	-	-	-	24
	1,049	(6,694)	11,647	6,026
Current income tax assets	230			137
Current income tax liabilities	1,279			6,163

The tax position for the remaining years of assessment is yet to be agreed with the tax authorities.

The Group and the Company's profit before tax differ from the theoretical amount as follows:

	The Company		The Group	
	2017	2016	**2017**	2016
Profit before income tax	9,517	20,573	**90,404**	75,765
Tax rate of 25% (2016: 25%)	2,379	5,143	**22,601**	18,941
Adjusted for:				
Tax exempt income	(4,914)	(5,887)	**(77,961)**	(55,240)
Tax charged at different rate	-	-	**345**	350
Current year losses for which no deferred tax asset is recognised	-	-	**5,509**	2,511
Non deductible expenses	62	5,203	**50,500**	37,323
Derecognition of previously recognised deductible temporary differences	-	-	**(42)**	-
Changes in estimates related to prior years	-	-	**(1,470)**	-
	(2,473)	4,459	**(518)**	3,885
Effective tax rate	(25.99)%	21.67%	**(0.57)%**	5.13%

35. Dividend payable

	The Company		The Group	
	2017	2016	**2017**	2016
At 1 January	**-**	-	**7,840**	-
Amount declared during the year	**-**	6,691	**15,440**	27,164
Amount paid	**-**	(6,691)	**(7,840)**	(19,324)
At 31 December	**-**	-	**15,440**	7,840

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

36. Net insurance premium

The Group

	2017			2016		
	At 1 January	**Reinsurance ceded**	**Net premium**	Gross premium	Reinsurance ceded	Net premium
Non life insurance:						
Motor	75,951	(2,878)	**73,073**	70,729	(4,962)	65,767
Fire	44,762	(36,098)	**8,664**	28,894	(21,309)	7,585
Marine	6,603	(5,081)	**1,522**	3,764	(2,153)	1,611
General Accident	34,108	(21,201)	**12,907**	32,059	(20,835)	11,224
	161,424	(65,258)	**96,166**	135,446	(49,259)	86,187
Life insurance:						
Individual life	262,297	(233)	**262,064**	210,648	(422)	210,226
Group life	40,727	(14,876)	**25,851**	28,035	(9,616)	18,419
	303,024	(15,109)	**287,915**	238,683	(10,038)	228,645
Customer Retention Scheme	(1,463)	-	**(1,463)**	-	-	-
	301,561	(15,109)	**286,452**	238,683	(10,038)	228,645
	462,985	**(80,367)**	**382,618**	374,129	(59,297)	314,832

37. Commission expense

	The Group	
	2017	2016
Commission expense	**72,497**	58,224
Commission expense deferred	**(1,532)**	(6,012)
	70,965	52,212

38. Commission income

	The Group	
	2017	2016
Commission income	**16,107**	11,328
Commission income deferred	**(959)**	(3,263)
	15,148	8,065

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

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

	The Company		The Group	
	2017	2016	**2017**	2016
Profit for the year	**11,990**	16,114	**87,045**	68,001
Adjustments for:				
Depreciation and amortisation	**533**	383	**5,738**	3,982
Write off of property and equipment and intangible assets	**-**	269	**724**	775
Impairment of loans and receivables	**-**	-	**-**	1,500
Share based payment	**490**	49	**1,484**	161
Fair value gain on investment properties	**-**	-	**(22,433)**	(4,363)
Exchange differences on valuation of investment properties	**-**	-	**(4,708)**	(3,804)
Exchange difference on loans and borrowings	**-**	-	**3,966**	-
Net finance (cost) / income	**-**	-	**3,467**	-
Investment income	**(21,746)**	(25,075)	**(112,603)**	(81,259)
Profit on sale of property and equipment	**(57)**	(21)	**(286)**	(176)
Transfer to life fund	**-**	-	**94,389**	73,525
National fiscal stabilisation levy	**-**	-	**3,877**	3,879
Income tax expense	**(2,473)**	4,459	**(518)**	3,885
Changes in working capital:				
Unearned premium	**-**	-	**1,912**	6,740
Outstanding claims	**-**	-	**17,380**	3,054
Deferred commission income	**-**	-	**959**	3,263
Amount due to re insurers	**-**	-	**1,618**	828
Amount due to related parties	**(50)**	50	**(820)**	(5,081)
Inventories	**-**	-	**92**	(260)
Loans and receivables	**1**	(487)	**(1,263)**	(7,455)
Prepayments	**(994)**	-	**620**	-
Deferred commission expense	**-**	-	**(1,532)**	(6,012)
Amount due from related parties	**(5,006)**	(6,820)	**-**	-
Policy holder retention scheme	**-**	-	**859**	-
Trade and other payables	**1,815**	471	**(2,026)**	17,834
Amounts due from re insurers	**-**	-	**2,427**	5,951
Cash (used in)/generated from operations	**(15,497)**	(10,608)	**80,368**	84,968

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

40. 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 six operating segments. These segments are Non life insurance business; Life assurance business; Pension administration; Real estate; Funeral services and Investments.

Year ended 31 December 2017

	Non life insurance	Life assurance	Pension administration	Real estate	Funeral services	Investments	Total
Net premium earned	94,254	286,452	-	-	-	-	380,706
Net investment and other income	17,525	100,685	13,751	22,386	2,080	5,518	161,945
Net income	111,779	387,137	13,751	22,386	2,080	5,518	542,651
Increase in Life fund	-	(94,389)	-	-	-	-	(94,389)
Net claim incurred	(57,069)	(124,241)	-	-	-	-	(181,310)
Net commission	(6,887)	(48,930)	-	-	-	-	(55,817)
Net finance cost	-	-	-	(3,467)	-	-	(3,467)
Operating expenses	(32,215)	(51,319)	(7,519)	(6,493)	(4,865)	(14,853)	(117,264)
Profit/(loss) before tax	15,608	68,258	6,232	12,426	(2,785)	(9,335)	90,404
National Fiscal Stabilisation Levy	(487)	(3,390)	-	-	-	-	(3,877)
Income tax (expense)/credit	(2,132)	1,322	(1,750)	605	-	2,473	518
Profit after tax	12,989	66,190	4,482	13,031	(2,785)	(6,862)	87,045
Total assets	151,878	615,268	12,981	200,070	4,157	50,613	1,034,967
Total liabilities	88,212	471,175	2,707	73,048	712	90,334	726,188

Year ended 31 December 2016

	Non life insurance	Life assurance	Pension administration	Real estate	Funeral services	Investments	Total
Net premium earned	79,447	228,645	-	-	-	-	308,092
Net investment and other income	14,713	75,060	9,144	4,241	14	9,282	112,454
Net income	94,160	303,705	9,144	4,241	14	9,282	420,546
Increase in Life fund	-	(73,525)	-	-	-	-	(73,525)
Net claim incurred	(42,427)	(91,258)	-	-	-	-	(133,685)
Net commission	(4,347)	(39,800)	-	-	-	-	(44,147)
Operating expenses	(20,944)	(43,432)	(5,420)	(10,428)	(1,446)	(11,754)	(93,424)
Profit/(loss) before tax	26,442	55,690	3,724	(6,187)	(1,432)	(2,472)	75,765
National Fiscal Stabilisation Levy	(1,292)	(2,587)	-	-	-	-	(3,879)
Income tax (expense)/credit	(7,536)	1,322	(1,084)	7,920	(48)	(4,459)	(3,885)
Profit after tax	17,614	54,425	2,640	1,733	(1,480)	(6,931)	68,001
Total assets	114,940	481,485	9,090	160,320	4,869	41,381	812,085
Total liabilities	63,601	366,158	1,862	55,461	631	6,198	493,911

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

41. 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	
	2017	2016	**2017**	2016
Profit attributable to equity holders of the company (GH¢ 000)	11,990	16,114	53,137	34,439
Weighted average number of ordinary shares in issue	**133,820,825**	**133,820,825**	**133,820,825**	**133,820,825**
Basic earnings per share	0.090	0.120	0.397	0.257

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group's potential dilutive shares relates to share options. Outstanding share options at 31 December 2017 and 31 December 2016 is set out in note 42

	The Company		The Group	
	2017	2016	**2017**	2016
Dilutive earnings per share	**0.089**	0.119	**0.394**	0.255

42. Share based payments

Enterprise Group Limited's ordinary shares are granted to directors and selected employees of the Group through a share option scheme. The exercise price of the granted options is equal to the market price of the shares on the date of the grant. Options are conditional on the employee completing three years' service (the vesting period). The options are exercisable starting three years from the grant date, there are no other vesting conditions; the options have a contractual option term of five years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related

	2017		2016	
The Company	**Average exercise price per share**	Option (thousands)	Average exercise price per share	Option (thousands)
At 1 January	**0.28**	**1,203**	0.28	1,753
Exercised	-	-	0.28	(550)
At 31 December		**1,203**		1,203

Options exercised in 2016 resulted in 550,000 being issued at a weighted average price of GH¢0.28 each. The related weighted average share price at the time of exercise in 2016 was GH¢2.45 per share.

The value of the Group's outstanding share options at 31 December 2017 is GH¢ 1.836 million (2016: GH¢0.352 million).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(All amounts are in thousands of Ghana cedis)

42. Share based payments (continued)

The total expenses recognised in respect of the share option scheme are as follows:

	The Company		The Group	
	2017	2016	**2017**	2016
Value of employee services	**490**	49	**1,484**	161

Share option outstanding at 31 December 2017 will expire in September 2022 (2016; September 2022).

43. Contingencies

The Group is presently involved in certain legal proceedings. These court cases arose in the normal course of business. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided for in the outstanding claims balance at 31 December 2017.

44. Capital commitments

The Group has capital commitments of GH¢1.14 million (2016: GH¢8 million) in respect of capital expenditures contracted for at the reporting date. The commitments relate to the construction of the Advantage Place. There were no capital commitment for the Company at 31 December 2017 (2016: Nil).

45. Subsequent events

There were no significant events after the reporting date that needs to be adjusted or disclosed.

enterprise GROUP
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SHAREHOLDERS' INFORMATION

ii **Directors shareholding at 31 December 2017**

Name of director	Number of Shares Held
GEORGE BANASCO OTOO	531,700
C. C. BRUCE JNR	116,185
KELI GADZEKPO	32,500
MARTIN ESON BENJAMIN	4,110

iii **Analysis of Shareholding at 31 December 2017**

	Number of Shareholders	Number of Shares	Percentage Holdings
1–1,000	1,691	605,324	0.45
1,001–5,000	1,040	2,710,378	2.03
5,001–10,000	362	2,567,397	1.92
10,001 and over	515	127,937,726	95.60
10,001 and over	3,608	133,820,825	100.00

iv **List of twenty largest shareholders as at 31 December 2017**

	Name of Share holder	Number of Shares	Percentage Holdings(%)
1	GRACE STRATEGIC VENTURES LIMITED	38,808,040	29.00
2	STD NOMS/CS SEC (US) LLC/AFRICA OPPT FUND L.P	15,159,237	11.33
3	CLEARTIDE ASSET HOLDINGS LTD	12,967,878	9.69
4	SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	8,292,318	6.20
5	SCGN/SSB& TRUST AS CUST FOR KIMBERLITE FRONTIER	7,864,372	5.88
6	VENTURES AND ACQUISITIONS LIMITED	7,820,700	5.84
7	SCGN/'EPACK INVESTMENT FUND LIMITED TRANSACTION EI FL	4,541,055	3.39
8	MAXWELL, JANET SNOWDEN	2,967,500	2.22
9	SCGN/CITIBANK NEW YORK RE NORGES BANK	2,155,300	1.61
10	STD NOMS TVL PTY/ BNYM SANV/VANDERBILT UNIVERSITY	1,142,191	0.85
11	SCGN/SSB&TRUST AS CUST FOR CONRAD N HILTON, FOUNDATION	1,038,316	0.78
12	DAMSEL/OTENG GYASI, ANTHONY	1,006,600	0.75
13	SCGN/GHANA MEDICAL ASS. PENSION FUND	801,000	0.60
14	ESTATE OF DR. P.K ANIM ADDO	625,000	0.47
15	HFCN/EDC GHANA BALANCED FUND LIMITED	609,591	0.46
16	GHANA INTERNATIONAL SCHOOL STAFF PF	600,000	0.45
17	DODOO, FRANCIS F.D	593,845	0.44
18	OTOO, GEORGE BANASCO	531,700	0.40
19	SCGN/DATABANK BALANCED FUND LIMITED	526,100	0.39
20	UNIVERSAL INSURANCE CONSULTANTS STAFF PROV. FUND	500,000	0.37
	TOTAL	108,550,743	81.12
	OTHERS	25,270,082	18.88
	GRAND TOTAL	133,820,825	100.00

CERTIFICATE OF SOLVENCY IN RESPECT OF LIFE POLICIES (REGULATION 12A)

I, G. T. Waugh certify that the liabilities in respect of life policies of Enterprise Life Assurance Company for the financial year ended 31 December 2017 do not exceed the amount of the life assurance fund as shown in the balance sheet.

The Company was financially sound on the statutory basis as at the valuation date, and in my opinion is likely to remain financially sound for the foreseeable future.

Embedded value analysis

Embedded Value (EV)
Margins in the reserving basis mean the net asset value of an insurance company does not necessarily provide a good indication of the company's value. The Embedded Value (EV) is intended to address this problem by placing a value on these margins. The EV is equal to:

- the adjusted net worth of the company.
- plus the value of future profits from in-force business.
- less the cost of required capital.

The Net Asset Value (NAV) is defined as the excess value of all assets attributed to the business not required to back the liabilities.

The value of future profits from in-force business (VIF) is determined by projecting profits on the best estimate basis without margins, and discounting the results at the risk discount rate. The value derived is therefore the economic value of the margins in the reserves. A similar calculation is performed to determine the value of new business at the point of sale (VNB)

For the VIF and the VNB allowance is made for the cost of required capital (CoC). This represents the difference between the required capital and the discounted value of interest on the amount and the releases on an annual basis. The required capital has been set equal to the anticipated regulatory minimum capital when draft legislation is enacted.

Embedded Value Results

The embedded value has increased by GH¢116.6 million over the past year to date, as shown in the table below:

	2017 **GH¢'000**	2016 GH¢'000
Net Asset Value	**151,773**	118,881
Value of in-force business	**303,518**	218,196
Cost of Capital	**(6,713)**	(5,060)
Embedded Value	**448,578**	332,016

Embedded Value Earnings
The embedded value earnings are shown in the table below:

	2017 **GH¢'000**	2016 GH¢'000
Change in EV (excluding dividends)	**116,562**	68,993
Dividends declared	**34,000**	24,160
Change in Capital	**7,993**	(12,000)
Embedded Value Earnings	**158,555**	81,153

CERTIFICATE OF SOLVENCY IN RESPECT OF LIFE POLICIES (REGULATION 12A) *(continued)*

Analysis of Embedded Value Earnings

The analysis of embedded value earnings provides explanations and insights as to how and why the NAV and the VIF have changed over the reporting period. It also provides a check that the business is performing in line with expectations. A summary of the analysis is shown in the table below:

	VIF GH¢'000	CoC GH¢'000	NAV GH¢'000	EV GH¢'000
Roll forward to year end	43,699	(1,143)	5,759	48,315
Transfers to net worth	(51,368)	-	51,368	-
VNB	50,317	(1,080)	(4,849)	44,388
Experience profits	23,219	(537)	15,963	38,645
Actuarial basis changes	28,200	1,107	(2,100)	27,207
Embedded Value earnings	**94,067**	**(1,653)**	**66,141**	**158,555**

Key Assumptions

The assumptions are set based on estimates of future experience. These are derived from analyses of past experience for mortality, persistency and expenses. Allowance is made for future investment return at 15.0% p.a. (2016: 17.50% p.a.) and inflation at 10.5% p.a. (2016: 13% p.a.). The risk discount rate is 20.5% p.a. (2016: 23% p.a.).

GTWaugh

G T Waugh MA FASSA

Statutory Actuary
14 March 2018

Enterprise Group Limited and Subsidiaries

PROXY FORM

I/WE ....

.... *being a member/

members of Enterprise Group Limited hereby appoint ....

....* or failing him/her the Chairman of the Meeting

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 12th June, 2018 and at any adjournment thereof.

*(Block Capitals Please)

The Annual General Meeting hereby resolves the following:

ORDINARY BUSINESS	FOR	AGAINST
1. To receive the financial statements of the Company together with the Reports of the Directors and the Auditors thereon for the year ended December 31, 2017		
2. To re-elect the following retiring Directors of the Company: a. Cleland Cofie Bruce b. Fiifi Kwakye		
3. To ratify the appointment of Mr. Douglas Lacey as a Director		
4. To authorise the Directors to fix the remuneration of the Auditors		
5. To approve the remuneration of the Directors		

Dated this……………….day of …………………………..……………………………. 2018

Shareholder's Signature: ……………………………………………………………………

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IMPORTANT: - Before sending the attached form, please tear off this part and retain it - see over. A member who is unable to attend the Meeting is allowed by law to vote by proxy. The attached form has been prepared to enable you to exercise your vote if you cannot personally attend. 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. However to ensure that someone will be present at the Meeting to act as your proxy, the Chairman of the Meeting has been inserted as your proxy if the named person is unable to attend the Meeting. Please complete, sign and send the proxy form so that it reaches the address indicated in the Notice not later than 48 hours before the commencement time of the Meeting.

Please Affix
Stamp Here

First Fold Here

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

Second Fold Here

Third Fold Here

Cut Here *Cut Here*

IMPORTANT: A member attending the meeting should not produce this form.

ENTERPRISE GROUP LIMITED

ANNUAL GENERAL MEETING

VOTING CARD

Venue : Advantage Place, Mayor Road, West Ridge, Accra

Date : Tuesday, June 12, 2018

Time : 10.30 a.m.

enterprise GROUP Your Advantage

ENTERPRISE GROUP LIMITED

ANNUAL GENERAL MEETING

SHAREHOLDERS UPDATE CARD

I hereby mandate NTHC registrars to forward my dividends and correspondence to

Current Address: ....

Name of Bank: ....

Account No: | | | | | | | | | | | | | |

Account Holder's Name: ....

Tel: .... Email: .... Date: ....

Signature: .... Signature: ....

(For joint shareholders only)

enterprise GROUP Your Advantage

(Kindly complete and return this section to:
NTHC REGISTRARS, 1st Floor, Martco House, Okai Mensah Link, Adabraka, P.O. Box KIA 9563, Airport, Accra)

ENTERPRISE GROUP LIMITED

ANNUAL GENERAL MEETING

ADMISSION CARD

Signature: ....

Name of Person Attending: ....

Name of Shareholder: ....

Enterprise House
No. 11, John Evans Atta Mills High Street
PMB 150, GPO, Accra.
Tel: 0302 666847-9, 0302 666856-8

www.enterprisegroup.com.gh