enterprise
GROUP
Your Advantage

Every Advantage Counts

2018 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

Contents

Notice of Annual General Meeting

NOTICE **IS HEREBY GIVEN THAT** the Ninth Annual General Meeting of Enterprise Group Limited will be held at Advantage Place, Mayor Road, Ridge West, Accra on Tuesday June 25th, 2019 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, 2018.
2. To declare a final dividend.
3. To re-elect the following retiring Directors:
    a. Daniel Larbi-Tieku
    b. Martin Eson-Benjamin.
4. To authorise the Directors to fix the remuneration of the Auditors.

By Order of the Board
Sadia Chinery-Hesse
Company Secretary

Dated 15th day of March, 2019.

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)

	2018	2017	2016	2015	2014
Group Net Income	607,167	542,651	420,546	349,305	288,374
Net Investment Income	114,478	139,744	85,622	74,986	74,517
Net Insurance Premium	453,430	380,706	308,092	253,712	203,932
Net Benefits & Claims	283,573	275,699	207,210	178,121	129,921
Operating expenses	147,545	117,264	93,424	70,073	53,896
Profit before tax	96,639	90,404	75,765	59,041	69,581
Profit after tax	87,949	87,045	68,001	51,567	61,289
Total Equity and Reserves	576,553	308,779	318,174	276,137	223,293
Total Assets	1,349,344	1,034,967	812,085	633,450	485,951
Number of shares	**170,892,825**	**133,820,825**	**133,820,825**	**133,270,825**	**131,900,825**
Earnings per share (GH¢)	0.3034	0.397	0.257	0.207	0.288
Dividend per share (GH¢)	0.045	-	-	0.050	0.215
Return on Assets (%)	7.38	9.43	9.41	9.21	14.73
Return on Equity (%)	11.15	24.12	14.60	13.33	21.20
Share price (Market) (GH¢)	2.24	3.70	2.40	2.40	1.75
Price Earnings Ratio	7.4	9.32	9.34	11.59	6.08

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 Douglas Lacey	- Chairman - Group Chief Executive Officer - Group Chief Financial Officer - Group Chief Operations Officer
Company Secretary	Sadia Chinery-Hesse Enterprise Group Limited Advantage Place, Mayor Road, Ridge West 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 13 Yiyiwa Drive Abelemkpe, Accra P. O. Box GP 242 Accra	
Registrar	NTHC 1st Floor, Martco House, Okai Mensah Link, Off Kwame Nkrumah Avenue Adabraka, Accra P. O. Box KIA 9563 Airport, Accra	
Registered Office	Advantage Place Mayor Road, Ridge West, Accra PMB 150, GPO Accra, Ghana	
Bankers	Barclays Bank (Ghana) Limited Standard Chartered Bank (Ghana) Limited	

Chairman's Review

"We successfully concluded the Rights Issue to raise additional capital of $50m to undertake various strategic initiatives."

Trevor Trefgarne
Chairman,
Enterprise Group Limited

It is my pleasure to welcome shareholders to this year's Annual General Meeting and to present our Annual Report for 2018.

There have been challenges during the year, but through it all, we have stuck to our main goal: to do our very best to meet our clients' needs and create sustainable value for our cherished shareholders. The drive to build our core businesses in the insurance sector was passionately pursued notwithstanding the challenging environment.

The year 2018 was the first full year with our new partners, Black Star Holdings Limited. The partnership started on a very positive note with effective collaboration to improve our offerings, and ensuring that the key risks faced by our businesses are managed in a well-coordinated and holistic manner.

We successfully concluded the Rights Issue to raise additional capital of $50m to undertake various strategic initiatives. I wish to inform you that we have completed the buyback from Black Star Holdings of 9% additional shares in Enterprise Life, 15% additional shares in Enterprise Insurance and 20% additional shares in Enterprise Trustees at a total cost of US$29.9m. Similarly, we concluded the sale to Black Star Holdings of 30% shares in Enterprise Properties at a value of USD$10.9m.

Chairman's Review *(continued)*

Currently, therefore EGL now has the following shareholding in the operating companies; 60% in Enterprise Life, 80% in Enterprise Trustees, 75% in Enterprise Insurance and 70% in Enterprise Properties. We also started the process to enter the Nigerian financial services market and we expect some positive outcomes in the course of this year. We have also identified a strategic partner for our Health Insurance initiative and now expect to move with more purpose on the project. Let me assure shareholders that the money raised in the rights issue will be used for the purposes set out in our prospectus at the time.

Review of 2018

2018 was expected to build upon the economic gains made in 2017, however the economic environment turned out to be tougher than anticipated. The financial sector was stressed with the continuation of the cleaning of the banking sector by the Central Bank ahead of the 31 December 2018 deadline of meeting the new minimum capital of 400m. The Stock Market went southwards in 2018 with the Composite Index declining by 0.29% and the Financial Index following suit at 6.79% decline. Our share price also reflected the general performance of the GSE to close the year at 2.24 from a high of about 5 per share during the year. The cedi experienced higher depreciation at 9% against the US dollar compared to prior year.

Notwithstanding these difficulties, economic indicators trended positively. GDP for the first three quarters trended positively at a 6.1% average. Inflation ended the year at 9.4% from the 2017 level of 11.8% whilst the Bank of Ghana Policy rate also saw a 300 basis point decline from 20% to 17% in December 2018. Government continued its tight fiscal discipline and pursed initiatives that ensured there were no slippages in policy. Revenue mobilisation was given further impetus during the year with the introduction of some tax interventions like the Luxury Vehicle Levy, the conversion of the NHIL and GETFUND portion of the VAT to a special levy and the increase in PAYE income tax to 35%. Rebasing of the economy also reduced the debt to GDP ratio to about 63%.

2019 Outlook

We expect government to consolidate gains made on the fiscal and macro economic fronts over the past two years. 2019 being the third year in office of this administration, greater focus will be shifted to infrastructure development as articulated in the Budget and Economic Policy. This we expect will increase liquidity in the economy and generate more business opportunities. Government has forecasted a GDP growth rate of 6% for 2019. Inflation is projected to come within the band of 8% plus or minus 2%. Fiscal and monetary policy discipline will be key in the post IMF era to ensure sustainable development.

Business Performance

Overall, our performance for 2018 shows our determination to continually improve irrespective of the tough prevailing conditions in the business environment. We grew our net income by 12% as against 28% in 2017. Profit after tax went up by only 2% compared to 27.9% in 2017, due to impairments made on receivables and interest paid on the SCB loan.

Our drive to grow across all our subsidiaries continued to be our focus. Enterprise Life retained market leadership with a market share of 26.6%. Enterprise Insurance attained market leadership of the general insurance sector for the first time in 2018 with a market share of 14.5%. Enterprise Trustees, our pensions business, had a total of 3bn Assets under Management maintaining their leadership of the sector with 28% market share. Transitions, our Funeral Services business, has already built a good image in their first full year of operations

Share price performance and Dividend

The overall performance of the Ghana Stock Exchange in 2018 was negative compared to 2017. Generally, investor perception of the problems in the banking sector fuelled the decline experienced on the GSE. Enterprise Group's share price was not insulated from the negative performance on the GSE. Our share price ended the year at 2.24 bringing our total market capitalisation to 383m. As is our usual practice, Enterprise Group actively engaged with interested shareholders and prospective investors to provide relevant information and explanation. Management also participated in a Facts Behind the Figures session organised by the GSE. It was highly interactive and very successful. The Board remains confident in the real and growing long term value shown by our strong actuarial position and financial performance

In 2017, the Board felt it was not prudent to declare any dividend in view of the process to raise additional capital through the Rights Issue. Therefore, there was no dividend paid for 2016 and 2017. On consideration of the Group's performance, and the Directors confidence in future prospects, the Board is proposing a final dividend of GH¢0.045 per share for 2018.

Board Changes

At the Board level, I welcome Mrs Amina Oyagbola to the Board of Enterprise Life Assurance Company Limited. I am very thankful to Amina for accepting to be part of our Board. It is my sincere believe that her experience, expertise and insights in the West African business space particularly in the Nigerian market will bring new impetus to our deliberations.

Chairman's Review *(continued)*

Conclusion

As I move round the various businesses within Enterprise Group, I am impressed by how true we are to our core values. I would like to take this opportunity to say thank you to everyone at Enterprise Group who has gone the extra mile this year in serving our customers, partners, communities and shareholders. The Board is grateful for our management team, led by our CEO, Keli Gadzekpo, who continues to guide and manage effectively. They are ably supported by staff who are passionate about their work. At the recent Ghana Human Resources Innovation Awards held in February this year, Enterprise Group was awarded the HR Innovation of the year. Our Group CEO was recognised as the Most-People Focused CEO and our Group Head of HR featured in the Top 20 HR Leaders. I am very proud of these achievements and congratulate everyone who played a part.

My report cannot be complete without thanking you, our shareholders, for your continued trust and investment. I am pleased with what was achieved in 2018, and I am excited about the opportunities that lie ahead.

Trevor Trefgarne
Chairman
Enterprise Group Limited

Board of Directors - Enterprise Group Limited

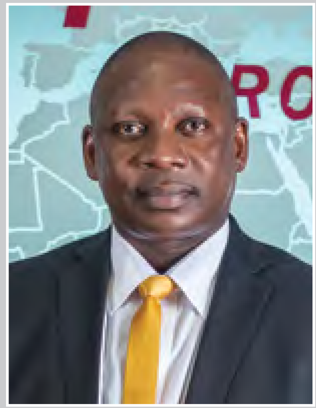
(Left to Right):
Sitting
Keli Gadzekpo, *Group Chief Executive Officer,* **Sadia Chinery-Hesse,** *Secretary,* **Trevor Trefgarne**, *Chairman.*

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

Non-Executive Directors of Subsidiary Companies

Francis Koranteng
Director - Insurance & Transitions

Amina Oyagbola
Director - Insurance



Dr. Seth Attoh
Director - Transitions

Kenneth Asante
Director - Properties

Norman John Kelly
Director - Life & Trustees

Abed Botchway
Director - Trustees

Bernard A. Forson jnr.
Director - Life

Comfort Ocran
Director - Life

Group Chief Executive Officer's Review

"Enterprise Insurance became the Market leader with 14.6% share of the General Insurance market. Enterprise Life maintained its leadership with 26.6% of the Life Insurance market and Enterprise Trustees continued its dominance with 28% share of Assets under Management which stood at Gh¢3.01 billion at 31st December 2018."

Keli Gadzekpo
Group Chief Executive Officer.
Enterprise Group Limited

I am delighted to report that Enterprise Group Limited has had another strong performance in the fourth year of our Five-Year Strategic Plan. We continued to deliver excellent business growth with strong financial results and a good cash flow. We were able to make significant improvements in customer experience, continued positive development in employee engagement and motivation, made excellent progress around technology, risks and controls as well as with innovation.

Economic Environment

In September 2018 the Ghana Statistical Service (GSS) revised the base year for national accounts from 2006 to 2013. The rebasing of the economy decreased the Real GDP growth rate to 6.1% at the end of 2018 from 8.1% in 2017.

Inflation progressively declined throughout the year, ending at 9.4%. The non-food group recorded a year-on-year inflation rate of 9.8% while the Food and non-alcoholic beverages group recorded 8.7%. At the regional level, the year-on-year inflation rate ranged from 7.5% in the Upper East Region to 11.4% in the Upper West Region with Greater Accra and Ashanti ending on 9% and 9.7% respectively.

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

The Ghanaian cedi depreciated against all the major currencies at the end of the year, by about 9% against the US$ and 2% against the Pound Sterling. The depreciation was driven predominantly by the broader sell-off of emerging-market currencies prompted by the tightening of US monetary policy, in addition to domestic factors including the large current account deficit and low confidence in the Financial Sector. This had implications on Claims payments especially in our General Insurance business as prices of spare parts are referenced to the US dollar. Gross claims incurred therefore increased from GH¢68m in 2017 to GH¢122m in 2018.

The Bank of Ghana continued its reforms to ensure the liquidity and solvency of the Banking Sector, as well as bringing Corporate Governance standards to acceptable levels. This resulted in some temporary dislocations in the Financial Services sector with extension into the Insurance Sector. There were cases of panic redemption of policies, increase in partial encashments and some withdrawals from Pension Funds, all of which had implications for our various businesses. It is hoped that the recapitalisation and enhanced transparency of the remaining banks will restore confidence and better position them to support private sector growth in the Ghanaian economy and also present sustained opportunities for future collaborations.

Business and Financial Performance

Enterprise Insurance became the Market leader with 14.6% share of the General Insurance market. Enterprise Life maintained its leadership with 26.6% of the Life Insurance market and Enterprise Trustees continued its dominance with 28% share of Assets under Management which stood at Gh¢3.01 billion at 31st December 2018.

Financial Performance

The Group's Net Income increased by 11.9% to GHS 607.2m as against GHS542.7m in 2017. This growth was driven predominantly by Insurance Premiums from our Life and General Businesses, contributing 74.7% to our Net Income. Investment Income also contributed 15.57% whilst Fee Income from our Trustees business contributed 3.25%.

Net Premiums from our Life Insurance subsidiary grew by 21.4% from GHS286.5m in 2017 to GHS347.8m in 2018, largely due to consistent improvement in the collection rate from 81% in 2017 to 85% in 2018 for Individual Life business. Net Premiums from General business also grew by 12% from GHS96.2 million in 2017 to GHS107.7million in 2018.

Net Investment Income decreased by 18% to GHS114.5m in 2018 from GHS139.7m in 2017. This performance was due to a 27.6% decline in Investment Income of Enterprise Life compared to 2017. The underlying driver was the decline in equity prices on the Ghana Stock Exchange, which led to capital losses on their stock holdings. On the other hand, Investment Income from the General Insurance which was mainly from short to medium term investments, grew by 21% over 2017.

Fee Income from our Trustees business grew by 54% from GHS12.8million in 2017 to GHS19.7million in 2018. This was as a result of growth in the Schemes' Assets under Management which increased from GHS1.72billion in December 2017 to GHS3.01billion in December 2018 representing 75% growth rate.

Operating Costs

Total Expenses for the Group increased by 12.9% from GHS452.2m in 2017 to GHS510.5m in 2018. This was due to a 2.9% growth in Net Claims and Benefits. This seeming low growth compared to 36% in 2017 was because of additional provisions made for Claims Incurred But Not Reported (IBNR) in 2017.

Management Expenses grew by 25.8% over 2017 of GHS 117.3m to GHS 147.5m. Transitions, which had a full year in operation with attendant fixed costs, is yet to see full recovery. Those costs and interest payments for the SCB loan for Advantage Place were the two key drivers of expense growth.

Profitability

We recorded a Profit before Tax of GHS96.6m from GHS90.4m representing a 6.9% growth. This positive result is registered despite the decline in the Investment Income which contributes significantly to the bottom line.

Cash flow

Cash flows from operating activities were GHS153.4m compared to GHS148.4m in 2017, whilst cash used in investment activities was GHS152.4m. However, the net cash flows for the period were GHS114.2m.

Statement of Financial Position

Total Assets increased by 30% from GHS1.035m in 2017 to GHS 1,349.3m in 2018. This growth was mainly driven by a 39% growth in investments from GHS 568.9m in 2017 to GHS 791.6m in 2018, capital gains in our investment properties by 13% and increase in cash and cash equivalent of 28.6%.

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

Regulatory Environment

The National Insurance Commission has indicated its intention to increase the minimum Capital from the current GHS15 million to GHS50 million for Life and Non-Life insurance companies. We welcome this move as we believe this will strengthen the capital base of insurance companies and significantly improve the industry's underwriting capability. We at Enterprise are well positioned to meet the new Capital Requirements.

The National Pensions Regulatory Authority, has also initiated discussions to reconsider the capital requirements for operating as Corporate Trustees. This is in line with the general capital requirement review exercises being carried out in the financial sector. Once again, we welcome this move.

A number of Accounting Standards that affect our businesses have been introduced for adoption by the Accounting Standards Board. IFRS 9 (Investments), IFRS 15 (Revenue from contracts), IFRS 16 (Leases) and IFRS 17 which replaces IFRS 4 on Insurance Contracts. Detailed implementation plans which is consistent with the NIC's program for adoption has been put in place.

Investing in innovation and growth

Enterprise Group actively drives innovation, especially around data-intensive services and technology, utilizing digital platforms to create differentiated customer experience to accelerate growth across all our markets and customer segments.

Some products and innovations were introduced across our subsidiaries, in a bid to satisfy our customers. During the year under review, we also introduced Customer Care initiatives aimed at delighting our Customers. Enterprise Insurance introduced the Same Day Claims Payment, the first in the General Insurance Industry in Ghana. With this introduction, minor motor claims of up to GHS5,000 are paid on the same day. Once again, this has set the trail in the Industry, leading to competition following suit. Enterprise Life also enhanced their Life Time Needs and Funeral Policies to ensure the needs and expectations of our clients are met. The introduction of Personal Pensions by Enterprise Trustees in 2017, caught on well with clients in 2018.

Committing to our communities

We continued to give back to our communities, in the areas of health and education. During the year under review, in commemoration of World Kidney Day, we contributed towards the Police Hospital Dialysis Centre. We also refurbished the Children's Ward of the Atomic Hospital, Haatso and supported corrective surgeries for children with cleft palette under "Operation Smile". In terms of education, we sponsored 10 medical students abroad for further studies. Going forward in 2019, our plan is to allocate a percentage of our Net Income to CSR activities with special emphasis on financial literacy, youth empowerment and health.

Towards greater customer experience

Customer value and experience represents one of our key strategic goals. Every interaction counts in creating a delightful experience for our customers. As part of our drive towards greater customer experience, we have during the past years set up customer experience centers, known as Enterprise Markets, across the country. To date, we have centers in Kumasi, Airport (Accra), High street (Accra), Tema and our recently opened center in Advantage Place at Ridge. Our ambition is to turn our customer experience into a competitive differentiator. In fact, in 2018, we witnessed significant improvement in our strategic customer experience survey results, with Net promoter Score reaching an all –time high of 70%.

Employee Development

Underpinning Enterprise's ambitious growth strategy is a clear focus on making sure we have the right people to deliver exceptional performance. To encourage everyone in Enterprise Group to take charge of their own development, we created a self-learning portal, E-Campus, where all staff are mandated to complete a developmental activity during the year.

Together with our new Strategic partners, a number of tailor made leadership and capacity development programs were undertaken. These included the Leadership Development initiatives that we partnered with Leapfrog and Prudential Financial Inc. (USA) at the senior and middle management level.

We continued with the Advantage Talent Program which focuses on emerging talents in all our operating companies. We also developed the Framework for Succession Planning for Group roles to ensure sustainable competitive viability of the Business.

Progress on delivering our strategy, 2015 – 2019

2018 marked the penultimate year of our 5 year Strategic Plan, which ends in 2019. We started this journey with a Net Income of GHS288.4m at the end of 2014. By year end 2018, our Net Income had grown to GHS607.2m. Even though we set an ambitious target of GHS1 billion to push ourselves, we may not achieve this but happy to report that our CAGR over the last 4 years of 20.1% exceeds the insurance industry average of 18% over the same period. We have also made good progress with the Medical Health Insurance and our West Africa expansion.

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

Move to Advantage Place

In August 2018, Group Staff and the Management Teams of our Subsidiaries moved into our new headquarters, Advantage Place, making it our new head office address. We have made some good progress in letting out other space to third party tenants.

Focus for 2019

We expect a more concerted move towards fiscal consolidation in 2019 . This should create reasonable space for robust levels of economic activity. Projected GDP growth of 6% will be underpinned by a continued ramping-up of oil and gas production from the TEN and Sankofa fields. These, in addition to gradual restoration of confidence in the financial services sector, should position us for greater successes.

Our focus for 2019 will be to drive profitable growth by consolidating best-in-class customer experiences based on innovation and operational excellence. A key priority will be to improve the profitability of all products across the Group.

The ongoing digitization of our operations to serve our customers better will continue in 2019. To make sure that we are at the forefront of this development, the following initiatives will be rolled out in the course of the year:

1. Big Data Analytics to help analyze large volumes of data for intelligence to innovate, develop unique products and capture value
2. Artificial intelligence to automate some customer interactions to help save cost and improve customer convenience.

Moving ahead, we see more business opportunities in the Specialised Insurance space, and we intend to take advantage of this. In this light, beginning 2019, a new Unit within Enterprise Group is set up to be wholly responsible for underwriting Special Insurance Risks.

Key Management Moves

Our focus for 2019 is on sustaining the growth trajectory of our various companies. In this light, we have made some changes to our organisational structures to accommodate the new emphasis on growth. These have resulted in some personnel movements in the management of some of our subsidiaries.

Mr. Kwame Ofori, Executive Director of Enterprise Insurance, moves to develop the new Special Risk Business. Madam Ernestina Abeh takes over from Kwame as Managing Director of Enterprise Insurance.

Mrs. Solace Odamtten-Sowah moves from Group Projects to Enterprise Life as the New General Manager, Operations and Mrs Akosua Ansah-Antwi has moved up to become the General Manager, Operations for General Insurance.

There have been other senior management movements across subsidiaries within the Group, in line with our succession planning and staff development.

We look forward to an exciting and successful year 2019, which brings us to the end of our 5 year Strategic Plan. We are hopeful that we would achieve a significant success in all our

Strategic Objectives and Key Financial Indicators.

In the course of this year, we will be spending time to develop our strategy, which will give our businesses the strategic direction for the next 5 years.

West Africa Expansion

Our expansion into other West African Countries will continue to be a top of the agenda item for 2019. With the Rights Issue successfully concluded, and funds made available for the expansion, we are confident that sooner than later, this objective will be achieved. Towards the end of 2018, we made significant progress in our Nigeria entry and will pursue this aggressively in 2019.

Collaboration with Leapfrog / Prudential Financial Inc (USA)

As part of the continued joint collaboration between ourselves and our partners, some areas of priority have been identified as we continue to drive growth, value and efficiencies. These include entry into Nigeria, Customer Relationship Management, Enterprise Insurance business profitability, expense management, redefining our Retail presence, Talent management and improved Risk and Controls.

Conclusion

Finally, I wish to thank Management and staff for their hard work, dedication and commitment to our goals, which have brought us this far. I cannot end this without thanking the various Boards and Committees for their guidance, contributions and strong support. I look forward to another exciting year working with all of you.

Keli Gadzekpo
Group Chief Executive Officer.
Enterprise Group Limited

Enterprise Insurance Company Limited Report

"In March 2018, we launched an industry game changer: *Same Day Claims Payment Service*, the first of its kind in Ghana's Insurance Industry. The service seeks to pay minor motor claims of our comprehensively insured customers on the very same day they lodge a claim."

Ernestina Abeh
Managing Director,
Enterprise Insurance

Introduction

The year 2018 ended with Enterprise Insurance becoming the market leader in the General Insurance space with 14.6% market share. Our Gross Premium grew by 14.2% over prior year. This achievement was chalked, despite the decline in industry growth from 11% in 2017 to 7% in 2018. This industry performance was influenced by many factors including the effect of the fall out of the banking reforms on disposable incomes, the stagnation in the motor premiums for two consecutive years, the unbridled undercutting in premium rates by industry players and Government's reduced spending which has an effect on insurable projects

On the regulatory front, the National Insurance Commission indicated their intention to increase the minimum capital of insurance companies from GHS15m to GHS50m. This move by the Regulator is aimed at strengthening the capacity of insurance companies to write bigger risks and settle claims as they fall due.

Business Review

Enterprise Insurance received a number of awards in 2018 in recognition of our performance. The Company was adjudged the best General Insurance Company in the Chamber Business Awards organized by the Ghana National Chamber of Commerce & Industry (GNCCI).

Enterprise Insurance Company Limited Report *(continued)*

In addition to this, the Chartered Institute of Marketing Ghana (CIMG) retained Enterprise Insurance in the prestigious Hall of Fame category that same year. We were also adjudged the Most Broker Friendly and Supportive (Non-Life) Insurer in 2018 by Ghana Insurance Brokers Association (GIBA).

Our strategy for 2018 was to consolidate market leadership by aggressively growing revenues, providing efficiencies in our processes and providing legendary customer service through innovation.

In March 2018, we launched an industry game changer: the Same Day Claims Payment Service, the first of its kind in Ghana's Insurance Industry. The service seeks to pay minor motor claims of our comprehensively insured customers on the very same day they lodge a claim. This has improved service delivery to our insureds and has created convenience to our claimants. It has also improved the confidence of the insuring public and we expect that this will result in customer loyalty. The Same Day Claim Payment Unit served 21% of the total number of motor claimants for 2018.

We also introduced the U.S.S.D (Unstructured Supplementary Service Data) code which enables customers to renew their motor insurances remotely. This brings convenience to our insureds as they are able to renew their policies without being physically present at our offices. We expect that this innovation will improve our renewals and retention. The patronage of this service is gradually picking up.

The Specialist Risk Unit was set up in the first quarter of 2018 to reach out to customers with sophisticated insurance needs and also to augment the income growth of the business. The unit contributed 3% to the Gross Premium in the first 9 months of its set up.

Company Performance

Summary of Key Financial performance

GHS'000	2018	2017	% GROWTH
Gross Written Premium	184,282	161,425	14%
Net Written Premium	107,711	96,166	12%
Net Earned Premium	105,668	94,255	12%
Claims Incurred	55,672	57,070	-2%
Net Commission	(9,491)	(6,887)	38%
Management Expenses	39,985	33,595	19%
Underwriting Profit/Loss	(3,880)	(3,297)	18%
Investment Income	16,561	13,687	21%
Profit Before Tax	14,777	14,228	4%
Profit After Tax	13,914	11,609	20%

The 14% growth in Gross Premium was largely driven by the Motor portfolio which contributed 46% to total Gross Premium. The two new classes of business, Marine Hull and Aviation, contributed 3% of the Gross premium.

Net Written Premium grew by 12% in 2018 as compared to the industry growth of 8%. Motor and our other personal lines remained the key contributors to this.

Management Expense grew by 19% over the previous year. The major driver of this growth was a GHS4.4m bad debt provision on reinsurance receivables.

New Business Income was GHS70.7 million contributing 35% of our gross premium. Our focus on the specialist lines as well as deepening the partnership with our intermediaries contributed to this growth.

Underwriting Loss of GHS3.9 million was recorded in 2018 against the GHS3.3 million recorded in 2017. This result was influenced by the GHS4.4 million provision on impaired reinsurance receivables.

Income from Investment stood at GHS16.6 million, a 21% growth over the 2017 Investment Income of GHS13.7 million. Even though interest rates averaged 13% over the period, we were able to achieve this growth because of the increase in our Investment Securities which grew by 34% from GHS98.5m in 2017 to GHS132m in 2018, thereby giving us a higher income.

Profit after Tax grew by 20% from GHS11.6 million in 2017 to GHS13.9 million in 2018. Even though we recorded an underwriting loss of GHS3.9 million, the returns on our investments and other income contributed to this growth.

Motor

The Motor portfolio recorded a Gross Premium of GHS85.5 million growing by 13% over 2017 income of GHS76 million, and contributed 46% to the total Gross Premium written during the period under review. This was a better performance than the 7% growth in 2017. The portfolio's Net Premium contribution was GHS81.8 million recording a growth of 12% over 2017. With a combined ratio of 85%, the Motor portfolio recorded an Underwriting Profit of GHS11.8 million growing by 54% over the 2017 Underwriting Profit of GHS7.7 million.

Fire

Fire contributed GHC47.1 million or 26% to the total Gross Premium for the period under review, recording a marginal growth of 5% in 2018 against the 12% growth in 2017. Though the fire portfolio remains the 2nd largest contributor to the gross premium, on Net Premium contribution, however, it was the 3rd highest – GHS9.4 million. A Net Commission Income of GHS1.9 million notwithstanding, the portfolio recorded an Underwriting Loss of GHS3.9 million.

Enterprise Insurance Company Limited Report *(continued)*

GHS'000	MARINE	MOTOR	FIRE	ENGINEERING	ACCIDENT	AVIATION	M. HULL	TOTAL
Gross Written Premium	7,391	85,544	47,114	16,172	23,341	1,464	3,256	184,281
Net Written Premium	1,510	81,808	9,355	418	14,610	5	5	107,710
Net Earned Premium	1,494	79,324	9,572	450	14,820	5	3	105,667
Claims Incurred	594	44,071	5,666	668	4,672	-	-	55,671
Net Commission	(585)	11,055	(1,933)	(1,271)	1,715	(158)	(320)	8,504
Management Expenses	1,953	12,710	9,377	4,250	15,651	222	222	44,385
Underwriting Profit/Loss	(563)	11,794	(3,852)	(3,648)	(7,381)	(135)	(95)	(3,880)

General Accident

General Accident grew by 13% from GHS20.6 million in 2017 to GHS23.3 million in 2018 which growth was driven by the Special Risks initiatives. Being 2nd highest contributor to Net Premium, the Accident portfolio recorded a Net Premium of GHS14.6 million which was 15% over the 2017 income of GHS12.7 million. Accident recorded an Underwriting Loss of GHS7.4 million.

Engineering

Engineering recorded the highest growth of 20% over 2017. The Gross Premium of GHS16.2 million represented 9% of the 2018 Gross Premium. The high reinsurances on the Engineering portfolio earned it a Net Commission Income of GHS1.3 million. The portfolio recorded an Underwriting Loss of GHS3.6 million.

Marine Cargo

Marine Cargo contributed 4% to the Gross Premium Income growing by 12% from GHS6.6 million in 2017 to GHS7.4 million in 2018. The portfolio's Net Premium was GHS1.5 million, raking in a Net Commission Income of GHS0.59 million. For the period under review, Marine Cargo recorded an Underwriting Loss of GHS0.56 million.

Marine Hull

Marine Hull, a new line under the Special Risks Initiative in 2018, recorded GHS3.3 million, representing 2% of the 2018 Gross Premium. With its high exposures, significant portions of the risks were reinsured, hence the rather low Net Premium retention of GHS0.005 million and an Underwriting Loss of GHS0.095 million.

Aviation Hull

Aviation Hull, another new initiative in 2018 recorded a Gross Premium of GHS1.5 million thus contributing 1% to the Gross Premium for the period under review. With a Net Premium income of GHS0.005 million, the portfolio recorded an Underwriting Loss of GHS0.135 million.

Human Capital and Performance Management

In line with our People Pillar, we continue to build the capacity of our team to ensure they deliver superior performance. We deployed various learning and development channels such as, E-Campus, High Performance Leadership Programme, Talent Management Programme as well as Technical trainings for the different categories of staff based on their needs.

2019 Outlook

Our strategy for 2019 is hinged on “Growing for Profit.” We are determined, not only to sustain our top line growth, but to return profit to shareholders. This will be achieved by efficiently managing claims, introducing quality assurance in our business model, improving our retention and efficiently managing our expenses to drive profit. We are confident that with this approach and commitment, we will deliver value and profitability to our customers and shareholders.

Concluding Remarks

2018 was generally, a difficult year for our industry which impacted negatively on our performance with an overall underwriting loss of GHS3.9 million. We are however determined to improve the profitability of all classes of business through aggressive net premium drive, reinsurance optimization and an independent review of expense apportionment.

We acknowledge the role of our key Partners, the Brokers and Agents, who through their unrelenting efforts made growth possible in a rather difficult year. Many thanks to the Board for their direction and support.

To the Great Team, Management and Staff, who worked tirelessly, I say thank you for your commitment to the goals of 2018.

We look forward to a successful business year in 2019.

Ernestina Abeh
Managing Director, ,
Enterprise Insurance

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Enterprise Life Assurance Company Limited Report

"The main thrust of our activities for 2018 was on deepening our relationship with our customers, improving our product offering and enhancing our back office operations to make business more agile and responsive to the changing needs of customers."

Jacqueline Benyi,
Managing Director,
Enterprise Life

Introduction

I have the pleasure to present the progress of Enterprise Life for 2018. The operating and economic environment during the year was challenging coupled with the unpredictable impact of the reforms in the Banking Sector. The insurance industry experienced a knock on effect from the banking sector issues, which manifested itself in the high level of benefit payments recorded in the year. In the midst of the volatility in the business environment, Enterprise Life grew its gross premium by 18.8% to GHS358.3m, retained leadership of the Life Insurance sector with a market share of 26.6% and recorded profit after tax of GHS68.9m a growth of 12.7% over 2017. We were adjudged the CIMG Life Insurer of the year by the Chartered Institute of Marketing-Ghana, the most Prudent Life Underwriter by Ghana Reinsurance Company and ranked 32nd in the Ghana Club 100.

Focus for 2018

The main thrust of our activities for 2018 was on deepening our relationship with our customers, improving our product offering and enhancing our back office operations to make business more agile and responsive to the changing needs of customers. This led to the commencement of the validation of new business sold to address mis-selling and the full roll out of the automation of portions of our underwriting process as well as the piloting of mobile money auto deduction of premiums.

Enterprise Life Assurance Company Limited Report *(continued)*

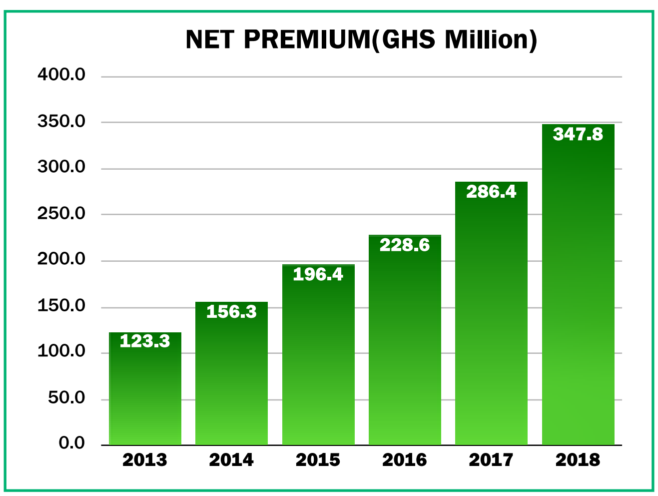
The validation exercise reached 86,305 clients in its first year of introduction, a 59% success rate whiles the automation enabled the redeploying of 4 (33%) underwriting staff to other critical areas of the business and a further reduction of our headcount by two (2). To expand our payment sources we further piloted the automatic deduction of premiums using mobile money platforms.

Financial performance

Our drive to create sustainable value for our policyholders and shareholders continued in 2018 despite the difficult operating and economic conditions. The agenda to grow profitably was sharply in focus, as we executed our plans for the year. Premium Income grew even though it was not to our planned levels. Investment Income however saw a decline mainly due to the low outturn of equities on the Ghana Stock Exchange (GSE). We kept our promise to pay claims and benefits to our customers as depicted by the over 35.2% increase in our benefits and claims paid from prior year, 2017.

Premium Income

Consistent improvement in our collection rate from 81% to 85% in 2018 for our Individual Life business coupled with the drive to grow our Corporate business contributed to the Premium Income generated for the year 2018. Gross Premium increased by 18.8% from GHS302m to GHS358m whilst Net Premium grew by 21.4% from GHS286m to GHS348m for the year. New business generation primarily on the retail side however was a challenge on account of the tight economic situation which impacted on the disposable income the existing and potential customers.



Investment Income

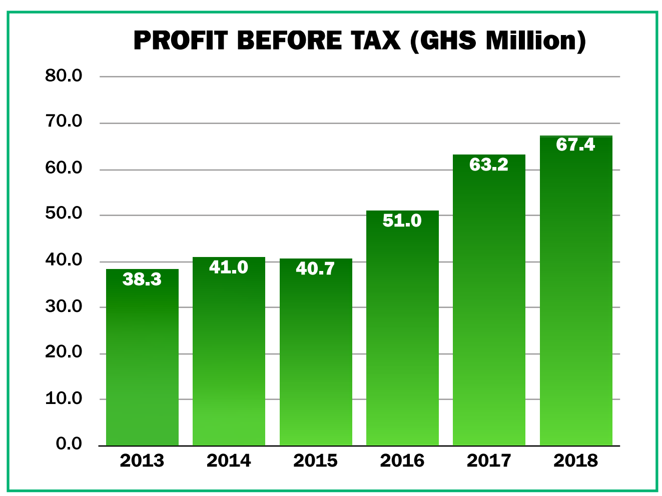
Overall, our net investment and other income declined by 32% compared to 2017. The underlying driver was the decline in equity prices on the Ghana Stock Exchange which led to capital losses on our equity stock holding. The Ghana Stock Exchange Composite Index (GSE CI) declined by 0.29% whiles the GSE Financial Index declined by 6.79%. Income from fixed income securities improved on account of our rebalancing of the portfolio from short term securities in banks and non-bank financial institutions to long dated Government of Ghana bonds. The reforms in the banking sector led to us taking a more conservative approach to our investments, thereby consolidating our position more in Government issued securities to secure policyholders funds.

Total Expenses

Our total Operating Expenses which includes benefits and claims paid, selling and management expenses and actuarial liability went up by 9.9% from GHS325m in 2017 to GHS357m in 2018. Actuarial liabilities declined by 37% from GHS94.4m in 2017 to GHS60m in 2018 on account of the impact of capital loses on reserving on our investment linked products. Claims and benefit payments of GHS168m accounted for about 47% of total Operating Expenses which increased by 35.2% over prior year. In addition to claims paid on our risk products, maturities and part encashment on the investment linked products saw a significant increase during the year. Management expenses continued to be driven by people cost, office accommodation, utilities and investment in IT applications and infrastructure to enable us serve the customer better. Management expenses increased by 23.1% over prior year.

Profit before Tax

Profit before Tax increased by 6.5% from GHS63m in 2017 to GHS67m in 2018. The effect of the decline in Investment Income accounted for the growth in profit before tax delivered for the year.



Total Assets

Total assets saw a growth of 16.9% over 2017, on account of improvement from our fixed income securities, in addition to appreciation recorded in our investment properties.

Cash Generated

Cash required was generated from operations. Net cash generated from operations at the end of 2018 stood at GHS64m.

Enterprise Life Assurance Company Limited Report *(continued)*

Value of New Business (VNB)

Our value of new business which measures the profitability of new business generated in the year improved from GHS44.4m recorded in 2017 to GHS 52.8m. Underlying the increase in VNB were the migration of Individual Life customers to the Enhanced Funeral Policies with better benefits and higher premiums coupled with growth in church funeral, group corporate risk and credit life businesses.

Embedded Value (EV)

Embedded Value is the net worth of the business taking into consideration its net asset value and the value of future profits from the in-force covered business taking into account the cost of capital required. Our Embedded Value grew by 13.2% from GHS448m in 2017 to GHS508m in 2018. The growth in EV was on account of growth in Net Asset Value (NAV) and Value in Force (VIF) at 18% and 10.4% respectively.

Individual Life

Investment and Innovation into our individual life channel continued in 2018 as it remained the largest channel for our business contributing about 89% of total premium income. An additional 500 of our Sales Representatives were equipped with electronic tablets for signing up new clients online to reduce the time lag from policy sale to policy inception. From the career management and continuity perspective, we rolled out the Junior Manager Concept, a system where high performing Sales Representatives were identified, groomed and given responsibility for managing small numbers of Sales Representatives. This was introduced to develop the next level of Managers for the channel.

Having successfully operationalized our Agency Management Model for the past seventeen years, we commenced a thorough review with the help of our new Strategic Partners. The outcomes are being examined with the objective of putting in place an effective implementation plan to drive execution towards positioning the business on the path to sustainable growth.

Corporate Business

The drive to progressively grow our corporate business continued with sustained momentum, albeit not to our desired levels. The focus during the year was on courting new Bancassurance partners and the Micro Insurance Sector which we refer to as Special Markets. Contribution of this channel to overall business Premium Income declined from 13.5% in 2017 to 11.1% due to delays experienced in bringing on board new Bancassurance partners as a result of the uncertainties in the banking sector.

Customer Experience

Understanding and consistently giving the customer the right experience at all times remained the pivot of our activities for the year. The Customer Focus Group meetings have now been included in our calendar as a special annual event. The 2018 event was held at Takoradi with a cross section of our customers who provided us feedback on key areas of concern and things they would like to see the business focus on. The International Customer Week celebrations were also marked with different activities at our frontline with customers. Our top management team also took turns to serve at the frontline to experience the customers at first hand. We hosted another batch of customers to a cocktail where they interacted with senior management of both Enterprise Life and its parent company, Enterprise Group.

Subsidiaries

The year under review was relatively stable post the Gambia elections, even though the effect of the new government in terms of policy formation started slowly. Operations in the Gambia continued to make steady progress, with Premium Income of GHS5m representing a growth of about 23% over the 2017 levels. Enterprise Life Gambia continued its pace setting role as a market leader with the introduction of the first ever Charity Product, onto the market.

Enterprise Funeral Services also known as 'Transitions–The Funeral People', continued to make inroads into the funeral services market with their quality standard services. Income generated for 2018 was GHS4.8m a growth of over 263% on 2017.

We will continue to drive our subsidiaries to deliver on their promise to our customers and also create shareholder value.

Our People

Permit me to celebrate and extend my deepest appreciation to our people who have remained loyal and dedicated to the vision of the business. They continued to receive pride of place in our operations through the various capacity development and employee engagement initiatives we executed.

Investments in our people were in areas of building the relevant skills and capacity across all facets of our business to equip them adequately to respond to the changing needs in the world of business. In addition to the deployment of our online learning systems, instructor-led trainings in leading self, amongst others were done.

Our staff benefited from the Enterprise Group Leadership Development Programme while some Senior Managers also attended Executive Programmes with our new partners.

Outlook for 2019

Our focus for 2019 will be to enrich our engagement with our customers, whiles we drive the sustainable value creation agenda through the provision of relevant products and services. We will continue to review and eliminate non-value adding processes to make us more agile and fit to effectively compete in a difficult environment. The process to meet the new proposed minimum capital by NIC will also start to ensure we are compliant by the time required. Work on the implementation of the International Financial Reporting Standard (IFRS) 17 will be progressed in readiness for the implementation date. More importantly, we will continue to develop and actively engage our people for optimal performance.

Jacqueline Benyi
Managing Director,
Enterprise Life

Enterprise Trustees Limited Report

"For our Administration clients we continue to provide them with innovative solutions to assist in client education and enrollment, which are key in helping people reach their desired retirement outcomes."

Joseph Ampofo
Managing Director,
Enterprise Trustees

Introduction

2018 represented another year of steady progress for Enterprise Trustees as we were ranked 10th (up from 25th in the 2017 edition) in Ghana Club 100. The Company was also adjudged the 2nd fastest growing Company in the financial services sector as well as the Ghana Club 100 2018 edition. Our Company still remains the only Corporate Trustee in the Ghana Club 100, representing the private sector in pension's administration. Similarly, at the 2018 maiden Ghana Accountancy & Finance Awards, we gained two awards, namely: Corporate Trustee of the year and the CEO was adjudged "The Pension CEO of the Year" for the second year running.

Our Performance in 2018

Our focus for the year hinged along growth, financial performance, improving internal business processes and innovation. This aim was to enable us deliver on the customer experience in serving our valued customers. As an innovation driven entity, upon migration onto our new platform in 2017 we further delivered an improved self-service portal 'The Stable', in early 2018, to deliver a more engaging experience. Member adoption of The Stable continues to rise and we encourage others to do same. For our Administration clients we continue to provide them with innovative solutions to assist in client education and enrollment, which are key in helping people reach their desired retirement outcomes. We held regional

Enterprise Trustees Limited Report *(continued)*

stakeholder fora in Kumasi, Tamale and Takoradi as part of continuous education of our members and providing a valuable interacting platform to understand better our member's pension's needs.

Regulatory Environment

An eleven member board for the National Pensions Regulatory Authority (NPRA) was inaugurated in 2018. The new Board which is under the chairmanship of Mr Paul Simon Koranteng is made up of members with varied experience in different sectors of the economy.

The Management of Temporary Pension Fund Account 1 for the private sector was transferred to a third party, Sankofa Master Trust, managed by Gentrust, a Corporate Trustee. The NPRA sought to divest itself of the day to day management of this fund and that was a step in the right direction.

The NPRA for the first time received the full backing of law to begin prosecuting employers who fail to pay the contributions of their workers as well as those who have not registered any scheme with the intention of not paying the mandatory contributions of their workers. The likely impact of the prosecuting powers would be felt going forward. Meanwhile, the NPRA continued to select some defaulting employers to recover the outstanding contribution with a penal interest rate of 3% per month.

Corporate Governance

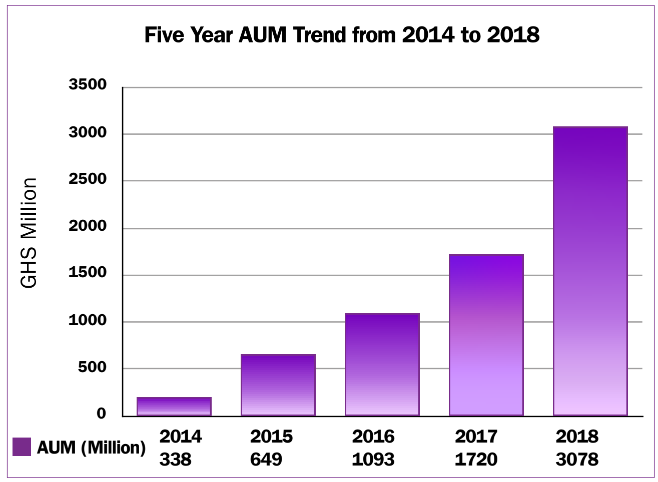
The Board Members of both the Company and the Schemes strictly adhered to quarterly board meetings with the aim of providing oversight and strategic Guidance to the business and schemes.

Scheme Board Members were trained in pension related courses to improve their effectiveness in decision making.

NPRA named Enterprise Trustees as a service provider in 'Good Standing' as per their Guidelines, and published this on its website.

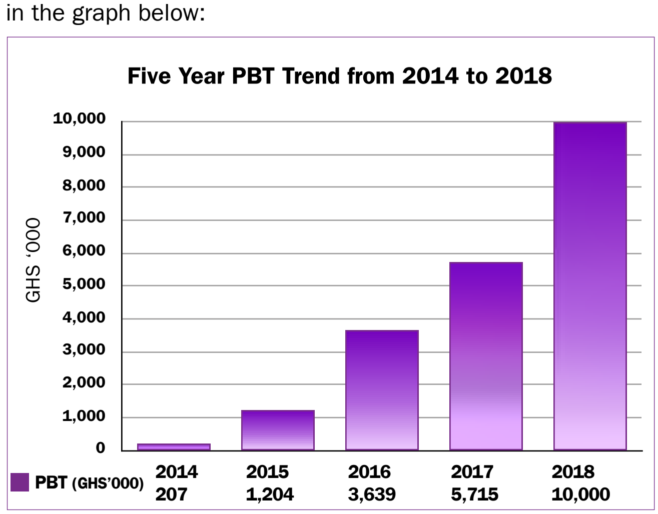
Financial Performance

The company delivered another sterling performance in the year 2018 although in difficult financial environment. The Total Assets of the company as at 31 December were GhS21.05million which represented 62% growth over the 2017 figure of GHS12.98 million. The core of this growth was as a result of increased investment in Government bonds of about 185% over the previous year and 57% growth in fee receivables as a result of growth of Assets under Management. Non-current assets especially additional investment in our operating software resulted in about 32% growth over the 2017 figure. The above growth was financed mainly from Fee Income generated from core operations. Fee Income which was the main driver of the financial performance grew by 54%, from GHS12.8million in 2017 to GHS19.7million in 2018. This was as a result of growth in the Schemes Assets under Management (AUM) which increased from Ghs1.72billion in December 2017 to GHS2.46 billion in December 2018 representing 43% growth. The trend in the AUM of GHS2.46 billion excludes Temporary Pension Fund Assets of about GHS618 million under the Health Sector Scheme yet to be allocated.



The seven Master Trust Schemes made significant contribution to the Fee Income. As a growing business, we continue to keep focus on controlling Management Expenses. Consequently, Management Expenses grew by 46% from GHS8.04million to GHS11.8million during the period. The main cost drivers in Management Expenses were investment in technology (our current operating software, Fund master) and customer experience programs during the year.

The Profit before Tax for the year was GHS10.0million representing about 70% growth over the 2017 figure of GHS5.72million. The trend for the past five years is depicted in the graph below:



Shareholders fund grew by 58.2% from GHs10.1million to GHs15.98 million in 2018..

Enterprise Trustees Limited Report *(continued)*

Staff and Management

On behalf of Management, I wish to congratulate and appreciate our staff across the business for their immense contribute to our continuous success within the industry. Our vision is to empower staff to be the best at what they do. In 2019 we will continue to build staff capacity towards the achievement of overall business goals and objectives.

Outlook for 2019

The year 2020 will mark the beginning of payment of retirement benefits, as our first set of members turn 60 years. The objective is to ensure that our legendary customer experience, the confidence our members have in us and the competitive returns we provide will result in them continuing to keep their funds with us. Our focus for 2019 will therefore be echoed with a theme of '10/10 Riding to Excellence'. We will continue to improve the customer experience we offer across all areas of the business to deliver the needed advantage to Members.

Joseph Ampofo
Managing Director,
Enterprise Trustees

Enterprise Properties Limited Report

"Our business in 2018 was streamlined into 2 strands. Firstly, to focus intently on the Group real estate assets with a view to providing excellent property and facility management services so that all our branches are uniform, best quality and fit for purpose."

Philip Godson-Amamoo
General Manager,
Enterprise Properties

The Real Esate Environment

The year 2018 was a difficult year within the real estate sector. Rising costs of construction continued to plague the entire value chain due to the large dependency of imported inputs. Added to that, the cedi depreciation and decreasing rates of rental rates across all sub markets made the investment in real estate more stringent than evidenced in the past decade.

Competition is also increasing within the residential, retail and office spaces with more and more developments being completed. There is a growing availability of spaces especially within the office space for both grade A and B properties.
With the existence of these factors the market has been cutthroat, driving developers to be flexible and creative in their service offerings.

2018 has seen an increase in already fitted-out spaces as a lure for tenants, rents being engineered to accommodate fit-out costs, reduction in rates for both service charges and rents, and tenants targeting residential homes as an option for office spaces.

Enterprise Properties Limited Report *(continued)*

There is however, a gap in the market for excellent facility and property management services. The increase in built spaces has resulted in the need for excellent first rate management of these buildings – a service which is still at its infancy in the country.

Business Analysis

Our business in 2018 was streamlined into 2 strands. Firstly, to focus intently on the Group real estate assets with a view to providing excellent property and facility management services so that all our branches are uniform, best quality and fit for purpose.

On the back of this first facet of the strategy, the Properties team was carved out into a Corporate Real Estate Unit (CRES) with an initial 3-year 'Push-to-Pass' strategy to deliver 6 main functions across the Group as a strategic catalyst to increase revenues and profitability across the Group thereby increasing shareholder wealth.

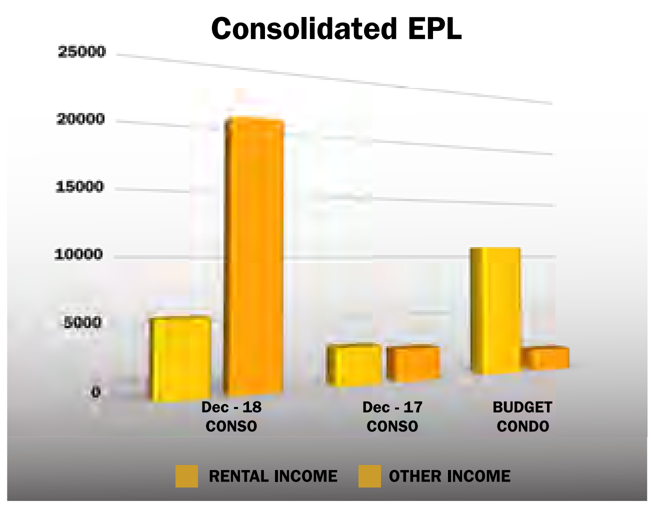
Our second strand focused on deriving maximum yields of our investment assets and de-risking all our investment assets through an Investment Management Function.

Advantage Place, our premier office complex in Ridge, Accra, remains our largest asset and as at year end 2018 was 40% let. The sluggish economic downturn in the real estate market coupled with the financial restructuring of the economy affected lettings. This trend was not expected to persist all year round, but did – compounded further by the restructuring activities of the financial sector which stifled liquidity. A bias of tenants for second grade office spaces and the growing imbalance between demand and supply also adversely affected letting.

Financial Analysis

Our revenues were negatively impacted by the poor letting of Advantage Place. This was reflective of the real estate market as a whole. However, other income sources augmented the gap created.

We continued to maintain a tight rein on the cost of operations, done through strict adherence to project costs and rates. Over the same period under review costs were 5% below 2017.
Our primary financial commitments in 2018 were the repayments of the interest on the loan secured for the construction of Advantage Place. With a depreciating cedi against the US dollar, the effect was two-fold.



Summary and Outlook

Looking ahead we expect favourable investment conditions to emerge. On the demand side, forecasts indicate that the Ghanaian economy should outperform 2018. This will underpin occupational markets and our forecast is for further rental stabilization across all sectors of the market and a gradual slant towards grade A office space.

While interest rates are destined to eventually decline, current thinking is that rate decreases are unlikely before mid-2020. On the supply side, we believe the trend towards forward commitment arrangements will continue. But speculative development will also ensure ample opportunities for investors of all shapes and sizes to deploy capital.

Philip Godson-Amamoo
General Manager,
Enterprise Properties

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Transitions Report

> " Trust and Convenience are key factors for people choosing a funeral home. Policies must be designed to suite the family needs and must be affordable with high cash payout."

Jodene Smith
General Manager,
Transitions

Introduction

The entry of Transitions into the market in 2017 caused some excitement, as a new entrant offering high quality products and services. We also had the privilege of conducting the funeral services of a few high profile clients which gave us brand exposure and visibility.

When we started 2017 we had anticipated a great but challenging year. Looking at how the market reacted to us, we were excited to boost the industry and also provide opportunities to local suppliers along the value chain.

The industry is a huge playing field with no direct regulator and no barriers to entry. It is therefore not always easy to identify all the players. From the one man hearse owner, the casket manufacturer on the side of the street or Government institutions.

Our Theme for the year 2018 was "An Advantage Here and Beyond" which was underpinned by the following strategic objectives:

Transitions Report *(continued)*

- Our growth strategy to achieve qualitative and profitable growth
- Drive excellence in customer service delivery through customer feedback and survey.
- Thriving to be industry leaders by providing innovative solutions for convenient services.
- Brand marketing in making Transitions a 'Top of Mind' Brand.
- Through our people engagement and training initiatives.

Financial Highlights

Revenue

The Business recorded significant growth in revenue during the year under review. Topline revenue increased by 140% from GHS2.0 million recorded in 2017 to GHS4.8million. Total revenue however grew by 148% from GHS2.1million to GHS5.2 million. The key driver of revenue during the year was the complete funeral service provided to walk-in clients.

Total Expenses

General and Administrative Expenses increased by 16% from GHS5.5 million in 2017 to GHS6.4% in 2018. Fixed overheads such as depreciation, occupancy costs and personnel costs were the main drivers of Operating Expenses. Marketing and Brand Development Expenses also contributed materially to total Operating Expenses. These costs are expected to be absorbed with an increase in turnover.

Net Profit/Loss

The Net Loss of the Business has improved from GHS3.9million recorded in 2017 to GHS2.6million in 2018. This trend is expected to continue into breakeven in year three of operations.

Market Analysis

The funeral industry in Ghana is generally very complex although very young. The cultural dynamics of very ethnic groupings in the country play a significant role in the market. The religious diversity and the beliefs and faiths of these groups are critical factors in how the industry functions. The norm of having funeral services limited to weekends impacts the business model of Service Providers and determines direction and area of focus in the industry.

There exists a large untapped market which attracts unregulated individuals providing varying funeral services to customers. This is very visible in the public mortuaries where funeral undertaking services are handled by individuals near and within the institutions.

At the end of 2018 a market survey was conducted to ascertain the demands of customers from Funeral Homes, the awareness of the Transitions Brand and the perception about funeral policies. The outcome of the survey shows that Transitions is viewed positively and amongst the top Service Providers in the market.

Trust and convenience are key factors for people choosing a funeral home. Policies must be designed to suit the family needs and must be affordable with high cash payout. Also observed was that only about 24% of respondents had ever used the services of a funeral home. This implies that there are opportunities in the midst of the cultural and religious dynamics that influence funerals in Ghana.

Transitions will continue to position itself in the market, providing one-stop-shop funeral services in order to give the clients the convenience in organizing the funeral services of their loved ones.

Risk Factors

We have identified potential risks in the business that we will monitor through our Compliance and Risk Management functions.

Assurance Product

Enterprise Life has an established Distribution Team and we therefore leveraged on their strength to manage the Transitions Distribution Team. This resulted in an increase of productivity by 120%.

Product Development

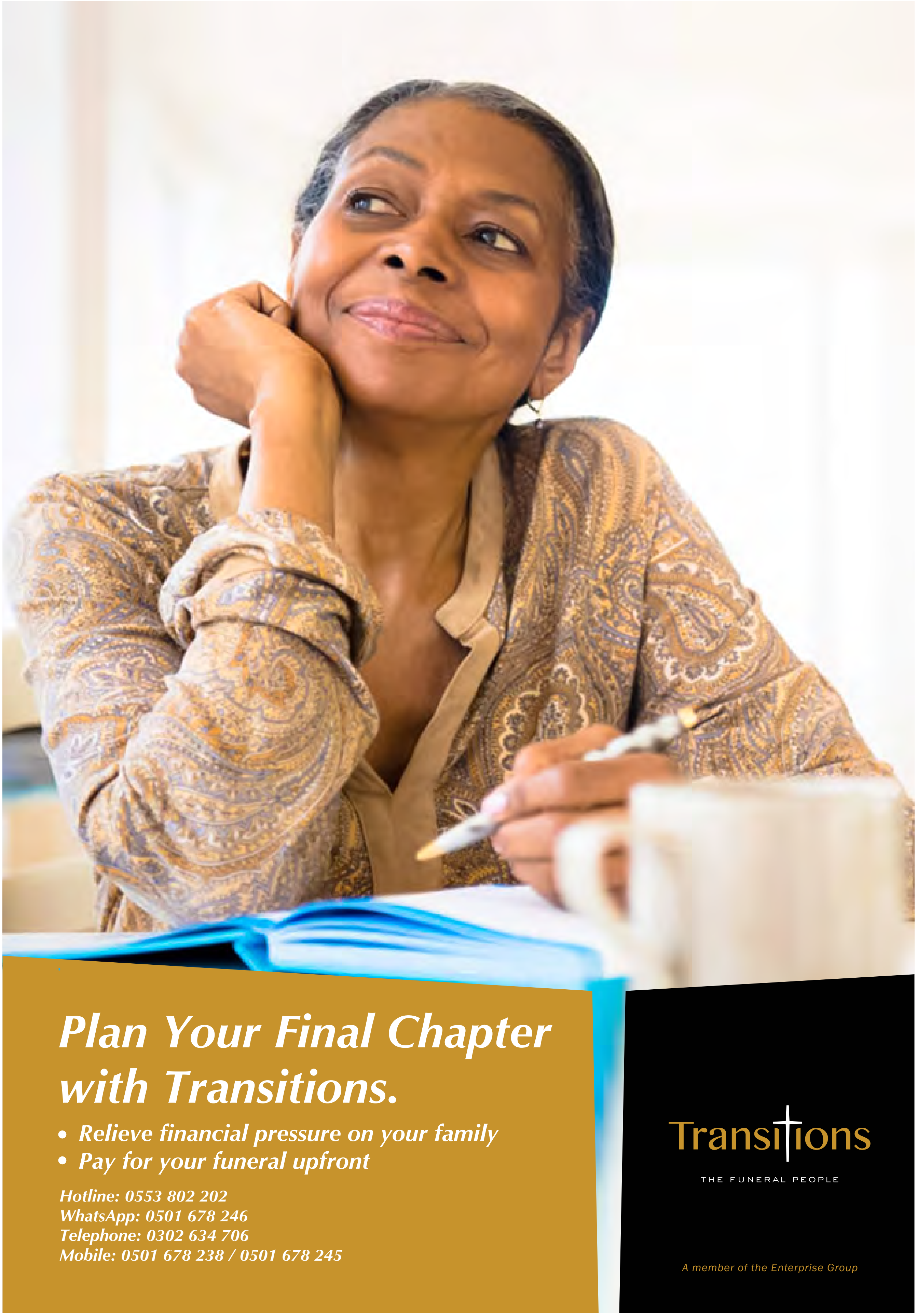
The development of the Pre-Plan Product which is a funeral expenses savings plan willl be introduced into the market during the first half of 2019.

2019 in Perspective

We embark on our journey to BREAK EVEN. This is projected to be achieved through growth of revenue by 107% over prior year, while focusing on our exceptional Customer Service Delivery.

We have therefore themed 2019 as "YES WE CAN".

Jodene Smith
General Manager,
Transitions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• Pay for your funeral upfront
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WhatsApp: 0501 678 246
Telephone: 0302 634 706
Mobile: 0501 678 238 / 0501 678 245
Transitions
THE FUNERAL PEOPLE
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). There are three Executive Directors, namely 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.

During the year, the Board engaged an external facilitator to conduct an evaluation of its governance processes and procedures. The overall finding of the review was that the Group's governance arrangements are effective. Recommendations made at the end of the exercise are being implemented.

The first recommendation to be implemented is the appointment of a Lead Independent Director ("LID"), whose role is to provide a communication channel between the Chairman and the Non-Executive Directors; to take responsibility for relations with the minority Shareholders; and to provide an alternate source of leadership in situations where for various reasons it is deemed inappropriate for the Chairman to exercise his normal functions. Mr. Martin Eson-Benjamin has been appointed as the Group's first LID.

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 2018.

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	
Douglas Lacey	

The Committee met four times during 2018.

Corporate Governance Statement *(continued)*

Strategy and Investments Committee

The Strategy and Investments 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.

It was decided during the year that with effect from 2019, all Directors of the Group Board should attend meetings of this Committee, so they can collectively make input in the Committee's deliberations.

Risk and Compliance Committee

In order to strengthen the Group's Risk and Compliance functions and bring them in line with international best practice, a Risk and Compliance Committee was established in September 2018.

The Committee's mandate is to oversee the governance, monitoring and control of significant risks and ensure compliance with all applicable statutory, regulatory and internal policy requirements.

The members of the Committee are:

Mrs. Amina Oyagbola	*Chairperson*
Fiifi Kwakye	
Francis Koranteng	
Abed Botchway	
Norman Kelly	
Cleland Cofie Bruce	

The Committee met twice during 2018.

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 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 Enterprise Life and Enterprise Insurance, their Boards have two main committees: an Audit Committee and a Strategy & Operations Committee. Enterprise Life also has an Investment Committee. In addition, Enterprise Trustees has an Audit Committee.

Corporate Social Responsibility

At Enterprise Group we believe that we should always give an advantage to all those who come into contact us, just as prescribed by the mission statement "we provide all who come into contact with us an advantage in life, because we are the best at what we do". It is in the light of this, that Corporate Social Responsibility Initiatives are undertaken and have become top of mind for the business.

Each year, we focus on deepening the partnerships and relationships with all stakeholders. These include staff, customers, organisations and the communities in which we operate to ensure that we continue to be relevant to them. We demonstrate our corporate values of Friendliness, Professionalism, Reliability, Excellence and Trust through the programmes we support.

In 2018, the Group decided to devote a percentage of its Net Premium towards giving back to society through sustainable initiatives, that will have a deeper and lasting impact on society, with greater emphasis on education and health.

With regards to health, the following activities were undertaken and the beneficiaries are as follows:

Accra Psychiatric Hospital

Over the years, Enterprise has partnered with the Accra Psychiatric Hospital Children's Ward to put smiles on the faces of the inmates and 2018 was no exception. The Group supported the Ward and its children on a quarterly basis with sanitary and food items. Some support was also extended to the caretakers of these children. In recognition of the continuous relationship, the Hospital presented a citation to the Group acknowledging the partnership and its impact on the children.

Breast Cancer Awareness Campaign

To mark the breast cancer awareness month in October 2018, the Group partnered with an organisation known as Partnership in Cancer Care Initiative to cater for the health needs of people with the condition. In addition to that, it supported awareness campaigns through education seminars as well as clinical examinations for all female employees within the company. This impacted positively on employee engagement.

Operation Smile, Ghana

Enterprise continued its engagements with Operation Smile, Ghana an International Charitable Organisation that performs surgeries for children and adults with cleft pallettes. Last year's mission, which was held at the Shai Osudoku District Hospital was very successful, where a number of children went through the procedure that transformed their looks, built their confidence and enhanced their outlook to life.

Autism Awareness Centre

The business contributed in the construction of a shelter for an Autism Awareness Care Centre in Accra.

Enterprise Group donates to the Accra Psychiatric Hospital.

SUPPORTING ACCRA PSYCHIATRIC HOSPITAL

Corporate Social Responsibility *(continued)*

National Reconstructive & Burns Centre

This was sponsorship for reconstructive surgery for a six year old girl who had experienced severe burns on the body and had since been out of school. Following the assistance provided a successful procedure was done and the little girl is now back in school.

In the area of education, the following assistance was provided to the following individuals and institutions:

Brilliant but Needy Students in Tertiary Education

Working with Zawadi Africa Education Fund, an organisation that supports brilliant but needy girls through tertiary education, Enterprise provides financial assistance for two of such girls who have become known as "Enterprise Ambassadors". These girls who are currently in their third year of school, are offered internships during the vacation as well. The internships offered are geared towards giving them the opportunity to acquire some hands on corporate experience and exposure whilst in school. With the help offered the girls are doing well and adding value to themselves. They therefore experienced the Enterprise advantage.

Institutional Support

Enterprise also contributed to a number of projects within various schools particularly where the operating companies had their footprints. Beneficiaries of such institutional support included the following

- Nursing and Mid-Wifery Training College
- South La Estate Junior High School
- SDA Preparatory School at High Street, Accra
- EME Technical Training Institute

Internship Programmes

The Group and its Operating Companies, offer internship programmes to tertiary students during vacations. A hundred and fourteen (114) students across seven tertiary institutions had the opportunity to have internships across the various Operating Companies of Group within the year. This programme which lasts between six and eight weeks helps interns to gain some corporate experience and exposure which in the long term will enrich their career path. It also contributes positively to building human capital for the nation at large.

Conclusion

Moving forward, Enterprise will continue to engage in corporate social initiatives that are sustainable, transformational and beneficial to all its stakeholders. The intention is to get employees to volunteer on these projects, so that together, we continue to make a difference in the lives of people by providing them the Enterprise Advantage.

Recognition from Accra Psychiatric Hospital.

Supporting Operation Smile.

SUPPORTING SURGERIES FOR CHILDREN AND ADULTS WITH CLEFT PALLETTES

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 2018 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 the state of affairs of Enterprise Group Limited, comprising the consolidated and separate statements of financial position at 31 December 2018, and the consolidated and separate 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 and made judgements and estimates that are reasonable and prudent. In addition, the Directors are responsible for the preparation of the Report of the Directors.

The Directors are also responsible for internal controls 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 4.

Results and dividend
The results for the year ended 31 December 2018 are summarised as follows:

	The Company		The Group	
	2018	**2017**	**2018**	**2017**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Profit for the year after taxation	42,652	11,990	87,949	87,045
which when added to the brought forward balance on retained earnings account of	106,117	94,127	147,478	172,263
	148,769	106,117	235,427	259,308
out of which is transferred to the contingency reserve in accordance with the Insurance Act 2006, (Act 724), an amount of	-	-	(9,108)	(7,799)
from which is made a transfer to non-controlling interest an amount of	-	-	(36,093)	(33,908)
	148,769	106,117	190,226	217,601
Acquisition of non controlling interest without a change in control of	-	-	(99)	(70,123)
Disposal of 30% shares in EPL without a change in control	-	-	(24,303)	-
Transactions cost for right issue	(3,610)	-	(3,610)	-
leaving a balance to be carried forward on the retained earnings account of	**145,159**	**106,117**	**162,214**	**147,478**

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

The Directors recommend the payment of final dividend of GH¢ 0.045 per share for 2018 amounting to GH¢ 7.7million (2017: Nil). The Directors consider the state of the company's affairs to be satisfactory.

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.

Mission statement of the Company
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 at 31 December 2018.

During the year Enterprise Group Limited (EGL) effected a purchase agreement acquiring 15% shares in Enterprise Insurance Company Limited and 20% shares in Enterprise Trustees Limited from Black Star Holding Limited (BSHL). In addition EGL transferred 30% shares held in Enterprise Properties Limited (EPL) to BSHL

- Enterprise Insurance Company Limited, a company incorporated in Ghana to engage in the underwriting non- life insurance policies, is 75% 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 80% owned by Enterprise Group Limited.
- Enterprise Properties Limited, a company incorporated in Ghana to engage in real estate development and management, is 70% 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 Company Limited.
- 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, Ghana.
- 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' interests in the ordinary shares of the Company is disclosed on page 116 and their remuneration is disclosed in note 38 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 29 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)*

Executive	Qualification	Outside board and management position
Keli Gadzekpo	B.Sc Accounting, CPA, MA, Public Administration	Ventures and Acquisitions 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; Enterprise Insurance Company Limited; Databank Financial Services; Women's World Banking GH Limited; Savings and Loans Company Limited; Databank Epack Investment Fund Limited; Structures Capital Limited; Bank of Ghana and Electricity Company of Ghana Limited; Grace Strategic Ventures Limited.
Cleland Cofie Bruce Jnr.	ACII, FIIG, MA (Leading Change)	Enterprise Funeral Services Limited; Enterprise Trustees Limited; Inovare Limited; Enterprise Life Assurance Company (Gambia) Limited.
Daniel Larbi-Tieku	B.Sc. Accounting, FCCA, MSc Finance	Enterprise Funeral Services Ghana Limited; Enterprise Life Assurance Company (Gambia) Limited; Randace Company Limited.
Non-Executive	**Qualification**	**Outside board and management position**
Trevor Trefgarne	Graduate of Cranfield School of Management	Enterprise Life Assurance Company Limited; Enterprise Insurance Company Limited; Enterprise Properties Limited.
Martin Eson-Benjamin	B.Sc Admin	Ecobank Ghana Limited; CFAO Limited; Enterprise Insurance Company Limited; Enterprise Properties Limited.
Prof. Angela Ofori-Atta	BSc, MA, PhD: Psychology	Databank Financial Services Limited; Databank Group; Alpha Ghana; Databank Asset Management Services Limited; Enterprise Insurance Company Limited; Enterprise Funeral Servises Ghana Limited; Grace Strategic Ventures Limited.
George Otoo	MBA Insurance Management UK, Diploma WAII Insurance Liberia, Associate ACII UK	Databank EPack Investment Fund; Seventh Avenue Properties Limited; Enterprise Properties Limited.
Fiifi Kwakye	B.Sc. Accounting, Institute of Chartered Accountants Ghana, Institute of Taxation, Ghana, Institute of Internal Auditors, Ghana. MSc. Finance & Accounting.	Afina Asset Management Company Limited; Phlox Services Limited; ACA Development Limited; Enterprise Trustees Limited; Enterprise Life Assurance Company Limited; Seddis Investments Services Limited.
Douglas Lacey	B.Commerce; Master's Degree in Business Leadership, FCII (UK)	Enterprise Insurance Company Limited Grace Strategic Ventures 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	5
Above 60 years	4

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. Matters approved by the Board of Directors include 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, 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 which, as at the date of this report, includes the Executive Directors and twelve Senior Managers.

Internal Control Systems
The Directors have overall responsibility for the Group's Internal Controls systems including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the Risk Management and Internal Controls 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 and all non Executive Directors are independent as it pertains to 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. Its investments in communities, human development and wellbeing are investments in the long term success of the Group. This is because the Group believes that it 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 the Group's commitment of providing an "advantage" to all who come into contact with it.
Its preferred approach delivers mutual benefit and goodwill amongst all stakeholders.

The impact on the Company's sustainability:

- Projects a positive image and visibility of the brand
- Builds emotional attachment to the 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 28th March 2019 and signed on their behalf by

Keli Gadzekpo	Martin Eson-Benjamin
Director	*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 2018, 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 45 to 115.

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 2018, 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*
Insurance contract liabilities comprise the 'life fund and 'incurred but not reported (IBNR) provision'. At 31 December 2018, the life fund and IBNR provision amounted to GH¢ 492.56 million and GH¢ 21.95 million respectively. These make up 67% 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. 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.	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; • 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

<table>
<tr><td colspan="2">Revenue recognition
Refer to Notes 30 and 37 to the consolidated and separate financial statements</td></tr>
<tr><td>The main streams of revenue for the Group include insurance premiums (non-life insurance premium, life premium – individual premium and group premium) and investment income from unlisted debt securities. The gross insurance premium revenue was GH¢ 542.6 million at 31 December 2018. Investment income included interest on unlisted debt securities which was GH¢ 100.4 million as at the reporting date.

Due to the multiple revenue streams and the different revenue recognition criteria for each revenue stream, there is a tendency that revenue may not be appropriately recognized for some streams of revenue.</td><td>In this area, our audit procedures included, among others:
• Tested the design and implementation and the operating effectiveness of key controls over the recognition of insurance premium;

Non-Life insurance premium
• Assessed whether the data for insurance premiums received included all the relevant information through testing a sample of relevant data fields and their aggregate amounts against data in the source systems;
• Used KPMG Computer Assisted Audit Techniques to assess month on month and year on year trend. Where variances were identified, we obtained an understanding of variances and corroborated managements explanations by vouching to relevant source documents

Life premium –individual premium
• Performed a reconciliation of the Premium Admin System to the general ledger to ensure that premiums received reconciled to premiums recorded in the general ledger.

Life premium –group premium
• Obtained monthly deferral report schedule and recomputed deferred/earned premiums for the year
• 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 and Company'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, Chief Executive Officer Review, Executive Director's Review (Insurance), Executive Director's Review (Life), General Manager's Review (Trustees), General Manager's Review (Properties), General Manager's Review (Transitions),Corporate Governance Statement and the Annual Report which is expected to be made available to us after that date.

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 or the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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.

Independent Auditor Report

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

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 Controls 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 Controls.
- Obtain an understanding of Internal Controls 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 Controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 inancial information of the entities or business activities within the Group to express an opinion on the consolidated and separate 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 Controls 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

For and on behalf of:
KPMG: (ICAG/F/2019/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA
28th March 2019

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

(All amounts are in thousands of Ghana cedis)

		The Company		The Group	
ASSETS	**Note**	**2018**	**2017**	**2018**	**2017**
Property and equipment	6	**6,130**	1,225	**48,039**	37,964
Intangible assets	7	**-**	-	**2,044**	2,111
Investment properties	8	**-**	-	**246,525**	217,239
Investment in subsidiaries	9	**164,400**	112,890	**-**	-
Deferred tax assets	26	**578**	2,674	**15,457**	10,192
Investment securities	11	**137,891**	9,742	**791,610**	568,875
Inventories	28	**-**	-	**238**	168
Loans and receivables	12	**-**	334	**24,641**	19,704
Prepayments		**351**	1,160	**5,961**	3,678
Deferred commission expense	13	**-**	-	**8,557**	7,544
Due from re-insurers	14	**-**	-	**15,560**	18,839
Due from related party	29	**93,095**	72,052	**-**	-
National fiscal stabilization levy receivable		**-**	-	**123**	283
Current tax assets	35	**-**	-	**742**	767
Cash and bank balances	15	**36,453**	35,478	**189,847**	147,603
Total assets		**438,898**	235,555	**1,349,344**	1,034,967
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	16	**258,886**	37,268	**258,886**	37,268
Deposit for shares		**-**	-	**996**	-
Retained earnings	19	**145,159**	106,117	**162,214**	147,478
Currency translation reserve	18	**-**	-	**814**	748
Share option reserve	20	**142**	1,836	**142**	1,836
Contingency reserve	17	**-**	-	**42,053**	32,945
Equity attributable to owners of the company		**404,187**	145,221	**465,105**	220,275
Non-controlling interest	10	**-**	-	**111,448**	88,504
Total equity		**404,187**	145,221	**576,553**	308,779
Liabilities					
Deferred tax liabilities	26	**-**	-	**2,557**	2,097
Life fund	21	**-**	-	**492,556**	432,404
Loans and borrowings	27	**-**	-	**75,154**	68,372
Policy holder retention scheme		**-**	-	**2,224**	859
Unearned premiums and unexpired provision	22	**-**	-	**35,255**	33,212
Trade and other payables	24	**5,614**	5,188	**68,058**	56,346
Outstanding claims	23	**-**	-	**33,613**	24,615
Deferred commission income	25	**-**	-	**6,224**	4,222
Due to re-insurers	14	**-**	-	**21,235**	15,519
Due to related parties	29	**21,933**	82,328	**27,076**	82,328
National fiscal stabilization levy payable	34	**-**	-	**774**	100
Current tax liabilities	35	**7,164**	2,818	**8,065**	6,114
Total liabilities		**34,711**	90,334	**772,791**	726,188
Total equity and liabilities		**438,898**	235,555	**1,349,344**	1,034,967

These financial statements were approved by the Board of Directors on 28th March 2019 and are signed on its behalf by:

Keli Gadzekpo
Group Chief Executive Officer

Martin Eson-Benjamin
Director

The notes on pages 51 to 115 are an integral part of these financial statements

enterprise GROUP
Your Advantage

CONSOLIDATED AND SEPARATE
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts are in thousands of Ghana cedis)

		The Company		The Group	
	Note	**2018**	**2017**	**2018**	2017
Investment income	30	**35,591**	21,746	**95,136**	112,603
Fair value (loss)/gains on investment	8	**-**	-	**(2,238)**	22,433
Exchange difference on valuation of investment properties	8	**-**	-	**21,580**	4,708
Net Investment Income		**35,591**	21,746	**114,478**	139,744
Gross insurance premium	37	**-**	-	**542,558**	462,985
Insurance premium ceded to reinsurers	37	**-**	-	**(87,085)**	(80,367)
Net premium written	37	**-**	-	**455,473**	382,618
Change in unearned premium	22	**-**	-	**(2,043)**	(1,912)
Net insurance premium revenue		**-**	-	**453,430**	380,706
Gain on disposal of 30% share in EPL	40(b)	**28,389**	-	**6,531**	-
Other income	31	**2,144**	3,332	**32,728**	22,201
		30,533	3,332	**39,259**	22,201
Net income		**66,124**	25,078	**607,167**	542,651
Insurance benefits and claims	32	**-**	-	**(223,650)**	(181,310)
Change in life fund	21	**-**	-	**(59,923)**	(94,389)
Net benefits and claims		**-**	-	**(283,573)**	275,699)
Net finance cost		**-**	-	**(7,472)**	(3,467)
Impairment loss on reinsurance receivables		**-**	-	**(4,400)**	-
Operating expenses	33	**(16,997)**	(15,561)	**(147,545)**	(117,264)
Commission expense	38	**-**	-	**(84,494)**	(70,965)
Commission income	39	**-**	-	**16,956**	15,148
Net expenses		**(16,997)**	**(15,561)**	**(510,528)**	**(452,247)**
Profit before national fiscal stabilisation levy and income tax		**49,127**	9,517	**96,639**	90,404
National fiscal stabilisation levy	34	**-**	-	**(4,442)**	(3,877)
Income tax (expense)/credit	35	**(6,475)**	2,473	**(4,248)**	518
Profit for the year		**42,652**	**11,990**	**87,949**	**87,045**
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Currency translation difference		**-**	-	**88**	(156)
		-	-	**88**	(156)
Total comprehensive income for the year		**42,652**	**11,990**	**88,037**	**86,889**
Profit Attributable to:					
Owners of the parent		**42,652**	11,990	**51,856**	53,137
Non-controlling interest		**-**	-	**36,093**	33,908
		42,652	11,990	**87,949**	87,045
Total comprehensive income attributable to:					
Owners of the parent		**42,652**	11,990	**51,068**	53,139
Non-controlling interest		**-**	-	**36,969**	33,750
		42,652	**11,990**	**88,037**	**86,889**
Earning per share for profit attributable to the equity holders of the Company during the year Basic (GH¢ per share)		**0.250**	0.090	**0.303**	0.397
Diluted (GH¢ per share)		**0.249**	0.089	**0.302**	0.394

The notes on pages 51 to 115 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018
(All amounts are in thousands of Ghana cedis))

	Stated capital	Deposit for shares	Retained earnings	Currency translation reservee	Share option reserve	Contingency reservet	Total	Non controlling interests	Total Equity
Balance at 1 January 2018	37,268	-	147,478	748	1,836	32,945	220,275	88,504	308,779
Total comprehensive income									
Profit for the year	-	-	51,856	-	-	-	51,856	36,093	87,949
Currency translation differences	-	-	-	66	-	-	66	22	88
Total comprehensive income	-	-	51,856	66	-	-	51,922	36,115	88,037
Transfer to contingency reserve	-	-	(9,108)	-	-	9,108	-	-	-
Transactions with owners of the company									
Proceeds from Rights Issue	219,721	-	-	-	-	-	219,721	-	219,721
Proceeds from vested share option	1,462	-	-	-	-	-	1,462	-	1,462
Transfer from share option reserve	435	-	-	-	(435)	-	-	-	-
Transactions cost for right issue	-	-	(3,610)	-	-	-	(3,610)	-	(3,610)
- Dividends to non-controlling interest -ELL	-	-	-	-	-	-	-	(15,200)	(15,200)
- Dividends to non-controlling interest -ETL	-	-	-	-	-	-	-	(600)	(600)
- Value of employee services (Note 42)	-	-	-	-	-	-	-	-	-
Share option scheme:	-	-	-	-	-	-	-	-	-
- Value of employee services (Note 44)	-	-	-	-	(1,259)	-	(1,259)	-	(1,259)
Acquisition of a portion of NCI without a change in control	-	-	(99)	-	-	-	(99)	(21,674)	(21,773)
Disposal of 30% shares in EPL without a change in control	-	-	(24,303)	-	-	-	(24,303)	24,303	-
Proceeds from capital injection from BSHL		996	-	-	-	-	996	-	996
Total Transactions with owners of the company	221,618	996	(28,012)	-	(1,694)	-	192,908	(13,171)	179,737
Balance at 31 December 2018	258,886	996	162,214	814	142	42,053	465,105	111,448	576,553

The notes on pages 51 to 115 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017
(All amounts are in thousands of Ghana cedis)

	Stated capital	Retained earnings account	Currency translation reserve	Share option scheme	Contingency reserve	Total	Non controlling interest	Total Equity
Balance at 1 January 2017	37,268	172,263	818	352	25,146	235,847	82,327	318,174
Total comprehensive income								
Profit for the year	-	53,137	-	-	-	53,137	33,908	87,045
Currency translation differences	-	-	(70)	-	-	(70)	(86)	(156)
Total comprehensive income	-	53,137	(70)	-	-	53,067	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	-	1,484
Acquisition of NCI without a change in control	-	(70,123)	-	-	-	(70,123)	(12,205)	(82,328)
Total transactions with owners of the Company	-	(70,123)	-	1,484	-	(68,639)	(27,645)	(96,284)
Balance at 31 December 2017	**37,268**	**147,478**	**748**	**1,836**	**32,945**	**220,275**	**88,504**	**308,779**

The notes on pages 51 to 115 are an integral part of these financial statements

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018
(All amounts are in thousands of Ghana cedis)

	Stated capital	Retained earnings account	Share option reserve	Total Equity
Balance at 1 January 2017	37,268	94,127	352	131,747
Total comprehensive income				
Profit for the year	-	11,990	-	11,990
Total comprehensive income	-	11,990	-	11,990
Transactions with owners of the company				
Share option scheme:				
- Value of employee services (Note 44)	-	-	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**
Balance at 1 January 2018	37,268	106,117	1,836	145,221
Total comprehensive income				
Profit for the year	-	42,652	-	42,652
Total comprehensive income	-	-	-	-
Total comprehensive income	-	42,652	-	42,652
Transactions with owners of the company				
Proceeds from rights issue	219,721	-	-	219,721
Proceeds from vested share option	1,462	-	-	1,462
Transfer from share option reserve	435	-	435	-
Transactions cost for right issue	-	(3,610)	-	(3,610)
Share option scheme:	-	-	-	-
- Value of employee services (Note 44)	-	-	(1,259)	(1,259)
Total Transactions with owners of the company	221,618	(3,610)	(1,694)	216,314
Balance at 31 December 2018	**258,886**	**145,159**	**142**	**404,187**

The notes on pages 51 to 115 are an integral part of these financial statements

CONSOLIDATED AND SEPARATE
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts are in thousands of Ghana cedis)

		The Company		The Group	
	Note	2018	2017	2018	2017
Cash flows from operating activities					
Cash (used in)/generated from operations	41	**(25,203)**	(17,227)	**64,649**	76,867
Investment income received		**9,254**	1,458	**101,236**	84,087
Income tax paid	35	**(33)**	(7)	**(8,641)**	(8,196)
National fiscal stabilisation levy paid	34	**-**	-	**(3,830)**	(4,384)
		(15,982)	(15,776)	**153,414**	148,374
Cash flows from investing activities					
Purchases of equity securities	11	**-**	-	**(21,778)**	(19,329)
Proceeds from sale of equity securities		**-**	-	**324**	31
Net purchase of unlisted debt securities		**(48,012)**	(6,635)	**(108,860)**	(82,110)
Acquisition of investment property	8	**-**	-	**(9,944)**	(10,987)
Acquisition of property and equipment	6	**(5,859)**	(929)	**(16,815)**	(8,235)
Proceeds from sale of property and equipment	6	**62**	57	**617**	603
Purchase of intangible assets	7	**-**	-	**(884)**	(611)
Proceeds from net sale and buy back of shares		**3,955**	-	**3,955**	-
Dividend received from subsidiaries		**15,800**	19,160	**-**	-
Dividend received from equity securities held		**28**	38	**1,006**	1,946
Net cash (used in)/generated from investing activities		**(34,026)**	11,691	**(152,379)**	(118,692)
Cash flow from financing activities					
Dividends paid		**-**	-	**(23,209)**	(7,840)
Proceeds from issue of ordinary shares	16	**219,720**	-	**219,720**	-
Proceeds from vested shares	16	**1,463**	-	**1,463**	-
Payment to BSHL for share buy back in ELAC		**(82,328)**	-	**(82,328)**	-
Interest paid		**-**	-	**(7,439)**	(6,108)
Proceeds from loans and borrowings	27	**-**	-	**-**	23,776
Transaction cost paid on right issue		**(3,610)**	-	**(3,610)**	-
Proceeds from capital injection from BSHL		**-**	-	**8,585**	-
Net cash generated from financing activities		**135,245**	-	**113,182**	9,828
Net increase/ (decrease) in cash and cash equivalents		**85,237**	(4,085)	**114,217**	39,510
Cash and cash equivalents at beginning of year	15	**35,478**	37,833	**173,643**	130,632
Effect of exchange difference on cash held		**2,186**	1,730	**4,061**	3,501
Cash and cash equivalents at end of year	15	**122,901**	35,478	**291,921**	173,643

The notes on pages 51 to 115 are an integral part of these financial statements
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Notes to the Financial Statements

(All amounts are in thousands of Ghana cedis)

1. GENERAL INFORMATION

The Company is a limited liability company incorporated under the Companies Act, 1963 (Act 179) and domiciled in Ghana.

The consolidated financial statements as at and for the year ended 31 December 2018 comprise the company and its subsidiary (together referred to as the "Group"). The separate financial statements as at and for the year ended 31 December 2018 comprise the financial statements of the Company.

The Company is listed on the Ghana Stock Exchange.

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 the statement of comprehensive income, in these financial statements.

2 BASIS OF PREPARATION

2.1 Basis of accounting

The consolidated and separate financial statements ('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 the following measured at fair value;

- investment properties;,
- insurance contract liabilities; and
- financial assets held at fair value through profit or loss which have been measured at fair value.

The Group presents its Statements of financial position broadly in order of liquidity, in a decreasing order of liquidity.

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.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in Note 3.5 Classification of dual-use property

2.4 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 2018 are set out in Note 5.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. 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.

3.1 Basis of consolidation

3.1.1 Business Combination

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 IFRS 9 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.

3.1.2 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.

3.1.2.1 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.

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

3.1.3 Non Controlling Interests (NCI)

NCI are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions (except for foreign exchange differences) and any unrealized income and expenses rising from intra-group transactions are eliminated.

3.1.5 Separate financial statements

Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Foreign Currency

3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated and recorded in the respective functional currencies of the Group companies Ghana cedis at the average exchange rates as of the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was measured. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated to the functional currency at the exchange rate date of the transaction. Foreign currency differences are generally recognized in profit or loss.

3.2.2 Foreign operations

The assets and liabilities of foreign operations are translated into Ghana Cedis at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Ghana Cedis at the average rate.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to the foreign operations is reclassified to profit or loss as part of the gain or loss on disposal. If the group disposes of part of its interest in a subsidiary but retains control, then the relevant portion of the cumulative amount is reattributed to NCI.

3.3 Property Plant and Equipment

3.3.1 Recognition and measurement

Property and equipment is measured at historical cost less accumulated depreciation and any accumulated impairment losses. 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.

3.3.2 Subsequent expenditure

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 profit or loss during the financial period in which they are incurred.

3.3.3 Depreciation

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

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.3 Property Plant and Equipment *(continued)*

3.3.3 Depreciation *(continued)*

Building	2.5% - 4%
Motor vehicles	25%
Furniture and fittings	12.5% - 25%
Office equipment.	20% - 25%

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

3.3.4 Derecognition

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.

3.3.5 Capital work in progress

Property and equipment under construction is stated at initial cost and depreciated from the date the asset is made available for use over its estimated useful life. Assets are transferred from capital work in progress to an appropriate category of property and equipment when commissioned and ready for its intended use.

3.4 Intangible assets

3.4.1 Recognition and measurement

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

3.4.2 Subsequent expenditure

ubsequent 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.

3.4.3 Amortization

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 licence 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.

3.4.4 Derecognition

*I*ntangible assets are derecognised upon disposal or when no future economic benefits are expected to flow to the Group from either their use or disposal. Gains or losses on derecognition of an item of property and equipment are determined by comparing the proceeds from disposal, if applicable, with the carrying amount of the item and are recognised directly in profit or loss.

3.5 Investment Property

3.5.1 Recognition and measurement

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.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.5 Investment Property *(continued)*

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

3.5.2 Subsequent expenditure

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.

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.

3.5.3 Derecognition

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.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.5 Investment Property *(continued)*

3.5.4 Reclassification to property and equipment

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.

3.5.5 Dual-use property

Properties that are partly held to earn rentals and partly held for own-use activities such as administrative purposes or supply of services are considered dual-use properties. This would result in the portion held for rental being considered to be investment property and the other portion as property and equipment if these portions could be sold separately or leased out separately under a finance lease. Otherwise, the entire property is classified as investment property only if an insignificant portion of the property is held for own-use activities. The Group considers an own-use portion below 25% of the measure to be insignificant.

3.6 Impairment of non-financial assetss

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 profit or loss 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.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.7 Leases *(continued)*

3.7.2 Lease assets Lessee (continued)

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

3.5.3 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 profit or loss 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 Change in significant accounting policies

The Group has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables.

The effect of initially applying these standards is mainly attributed to an increase in impairment losses recognised on financial assets.

3.8.1 IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or service. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. IFRS 15 did not have a significant impact on the Group's accounting policies with respect to its revenue streams. There are no changes to performance obligations under the new standard

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

3.8.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of comprehensive income.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments:

Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.8.2 IFRS 9 Financial Instruments *(continued)*

3.8.2.1 Classification of financial assets and financial liabilities

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9.

IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

3.8.2.2 Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost, debt investments at FVOCI and lease receivables. Under IFRS 9. credit losses are recognised earlier than under IAS 39.

3.8.2.3 Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied prospectively.

3.8.2.4 Effect of initial application

Classification of financial assets and financial liabilities

The following table shows the original measurement category and carrying amount under
IAS 39 and the new measurement category and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
GROUP				**GH¢'000**	**GH¢'000**
Financial Assets					
Cash and cash equivalents		Loans and Receivables	Amortised cost	147,603	147,603
Listed equity securities		FVTPL	FVTPL	91,526	91,526
Unlisted equity securities		Cost	FVTPL	3	3
Unlisted debt securities		Amortised cost	Amortised cost	477,346	477,346
Due to re-insurers		Loans and Receivables	Amortised cost	18,839	18,839
Other receivables		Loans and Receivables	Amortised cost	18,850	18,850
Total financial assets				**754,167**	**754,167**

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.8 Change in significant accounting policies *(continued)*

3.8.2.4 Effect of initial application

Financial liabilities				
Loans and borrowings	Amortised cost	Amortised cost	68,372	68,372
Trade and other payables	Amortised cost	Amortised cost	56,346	56,346
Due to re-insurers	Amortised cost	Amortised cost	15,519	15,5196
Due to related parties	Amortised cost	Amortised cost	82,328	82,328
Total financial liabilities			**222,565**	**222,565**

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
COMPANY					
Financial Assets				**GH¢'000**	**GH¢'000**
Cash and cash equivalents		Loans and Receivables	Amortised cost	35,478	35,478
Listed equity securities		FVTPL	FVTPL	2,256	2,256
Unlisted equity securities		Cost	FVTPL	3	3
Unlisted debt securities		Amortised cost	Amortised cost	7,483	7,483
Due from related parties		Loans and Receivables	Amortised cost	72,052	72,052
Other receivables		Loans and Receivables	Amortised cost	334	334
Total financial assets				**117,606**	**117,606**
Financial liabilities					
Trade and other payables		Amortised cost	Amortised cost	5,188	5,188
Due to related parties		Amortised cost	Amortised cost	82,328	82,328
Total financial liabilities				**87,516**	**87,516**

The reclassifications are as stated above and there were no remeasurements in the carrying amounts.

3.9 Financial assets and financial liabilities

3.9.1 Recognition and initial measurement

The Group recognises deposits with financial institutions and loans and borrowings on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.9 Financial assets and financial liabilities *(continued)*

3.9.1 Recognition and initial measurement *(continued)*

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

3.9.2 Classification and subsequent measurement

Financial assets policy applicable from 1 January 2018.

Classification

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.9 Financial assets and financial liabilities *(continued)*

3.9.2 Classification and subsequent measurement *(continued)*

Business model assessment *(continued)*

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation; but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are managed and whose performance is evaluated on a fair value basis, which include underlying items of participating contracts, and financial assets that are held for trading are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time -e.g. if there are repayments of principal.

Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs). as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Groups claim to cash flows from specified assets - e.g. non-recourse asset arrangements; and
- features that modify consideration of the time value of money - e.g. periodic reset of interest rates.

A prepayment feature is consistent with the 'solely payments of principal and interest' criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. In addition, for a financial asset acquired at a premium or discount to its contractual par amount. a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.9 Financial assets and financial liabilities *(continued)*

3.9.2 Classification and subsequent measurement*(continued)*

Subsequent measurement and gains and losses

Classification	Measurement
Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss, unless they arise from derivatives designated as hedging instruments in net investment hedges.
Financial assets at amortised cost	Measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial assets policy applicable before 1 January 2018

Classification

The Group classified its financial assets into one of the following categories:

- financial assets designated as at FVTPL
- held-to-maturity investments;
- loans and receivables; and

Subsequent measurement and gains and losses

Classification	Measurement
Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, were recognised in profit or loss, unless they arose from derivatives designated as hedging instruments in net investment hedge.
Held-to-maturity investments	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method

Financial liabilities

Classification

The Group classifies its financial liabilities, other than financial guarantees into one of the following categories:

- financial liabilities at amortised cost.

Subsequent measurement and gains and losses

Classification	Measurement
Financial liabilities at amortised cost	Measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.9 Financial assets and financial liabilities *(continued)*

3.9.3 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

3.9.4 Interest income and expense

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

Interest on financial instruments policy applicable from 1 January 2018

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial asset's, adjusted for any loss allowance.

The gross carrying amount of a financial asset is its amortised cost before adjusting for any loss allowance.

Financial assets not credit-impaired on initial recognition	If the financial asset is not credit-impaired, then interest income is calculated by applying the effective interest rate to the gross carrying amount of the asset. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the asset but not ECL. If the financial asset has become credit-impaired subsequent to initial recognition, then interest income is calculated by applying the effective interest rate to the amortised cost of the asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. For information on when financial assets are credit-impaired.
Financial assets not credit-impaired on initial recognition	Interest income is calculated by applying a credit-adjusted effective interest rate to the amortised cost of the asset. The credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.
Financial liabilities	Interest expenses are calculated by applying the effective interest rate to the amortised cost of the liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.9 Financial assets and financial liabilities *(continued)*

3.9.4 Interest income and expense *(continued)*

Interest revenue on financial assets not measured at FVTPL and other finance costs presented in profit or loss include interest on financial assets and financial liabilities measured at amortised cost and debt investments measured at FVOCI calculated on an effective interest basis.

Interest on financial instruments policy applicable 1 January 2018

Interest income and expenses were recognised in profit or loss using the effective interest method. The effective interest rate was the rate that exactly discounted the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimated future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate included transaction costs and fees and points paid or received that were an integral part of the effective interest rate. Transaction costs were incremental costs that were directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest revenue on financial assets not measured at FVTPL and other finance costs presented in profit or loss included interest on financial assets and financial liabilities measured at amortised cost and available-for-sale financial assets calculated on an effective interest basis.

3.9.5 Impairment

Financial assets policy applicable from 1 January 2018

The Group recognises loss allowances for ECL on:

- financial assets measured at amortised cost;

The Group measures loss allowances at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date.

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses and are measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls- i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive; and
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.9 Financial assets and financial liabilities *(continued)*

3.9.5 Impairment *(continued)*

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets measured at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Group on terms that the Group would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In assessing whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- the market's assessment of creditworthiness as reflected in the bond yields;
- the rating agencies' assessments of creditworthiness;
- the country's ability to access the capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- the international support mechanisms in place to provide the necessary support as 'lender

of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms, including an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of loss allowances in the statement of financial position

Loss allowances for ECL are presented as follows:

- financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets; and

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.9 Financial assets and financial liabilities *(continued)*

3.9.5 Impairment *(continued)*

Financial assets policy applicable before 1 January 2018

At each reporting date, the Group assessed whether there was objective evidence that financial assets not measured at FVTPL were impaired. A financial asset or a group of financial assets was impaired when objective evidence demonstrated that a loss event had occurred after the initial recognition of the asset(s) and that the loss event had an impact on the future cash flows of the asset(s) that could be estimated reliably. This assessment was similar to determining whether a financial asset not derecognised before 1 January 2018 is credit-impaired (see above).

In addition, for an investment in an equity instrument, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment. In general, the Group considered a decline of 20% to be significant and a period of nine months to be prolonged. However, in specific circumstances a smaller decline or a shorter period might have been appropriate.

Impairment losses on financial assets were recognised as follows.

Financial assets at amortised cost	The Group considered evidence of impairment for these assets at both individual asset and collective levels. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends. An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

3.9.6 Derecognition and contract modification

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.9 Financial assets and financial liabilities *(continued)*

3.9.6 Derecognition and contract modification *(continued)*

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. For debt investments at FVOCI and financial assets that had already been derecognised at 1 January 2018, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. The cumulative gain or loss on equity investments designated as at FVOCI is not reclassified to profit or loss.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases. the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement. determined by the extent to which it is exposed to changes in the value of the transferred asset.

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If a financial asset measured at amortised cost is modified but not substantially, then the financial asset is not derecognised. If the asset had not been derecognised at 1 January 2018, then the Group recalculates the gross carrying amount of the financial asset by discounting the modified contractual cash flows at the original effective interest rate and recognises the resulting adjustment to the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower. then the gain or loss is presented together with impairment losses; in other cases, it is presented as interest revenue.

Financial liabilities

The Group generally derecognises a financial liability when its contractual obligations expire or are discharged or cancelled. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Notwithstanding the above, when, and only when, the Group repurchases its financial liability and includes it as an underlying item of direct participating contracts, the Group may elect not to derecognise the financial liability. Instead, the Group may elect to continue to account for that instrument as a financial liability and to account for the repurchased instrument as if it were a financial asset and measure it at FVTPL. This election is irrevocable and is made on an instrument-by-instrument basis.

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.10 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.

3.10.1 Recognition and measurement

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

3.10.1.1 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.

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.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.10 Insurance contract *(continued)*

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.

3.10.1.2 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.

3.10.2 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.

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.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.10.2 Reinsurance contracts held (continued)

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.

3.10.3 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 3.9

3.10.4 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.

3.10.5 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.

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.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.11 Current tax and deferred tax

Income tax expense comprise 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.

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 Stated capital

Ordinary shares are classified as equity and presented as stated capital. All shares are issued at no par value.

3.13 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.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.13 Provisions *(continued)*

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.

3.14 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.

3.15 Revenue recognition

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

3.15.1 Premium income

The accounting policy in relation to revenue from insurance contracts is disclosed in Note 3.10.

3.15.2 Dividend income

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

3.15.3 Rental income

Rental income from investment property 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.

Revenue from investment property includes rental income, and service charges and management charges from properties.

3.15.4 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.

3.15.5 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.

3.16 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.

3.17 Commission expenses

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

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.18 Policyholder benefits

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

3.19 Employee benefits

3.19.1 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.

3.19.2 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.

3.20 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.

3.21 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:

- including 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.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.21 Share option *(continued)*

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.

3.22 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.

3.23 New Standards and Interpretations issued not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparation these consolidated and separate financial statements. At the date of authorisation of the financial statements of Enterprise Group Limited for the year ended 31 December 2018, the following Standards and Interpretations were in issue but not yet effective:

Effective for the financial year commencing 1 January 2019

- *IFRS 16 Leases*
- *IFRIC 23 Uncertainty over Income Tax Treatments*
- *Prepayment Features with Negative Compensation (Amendments to IFRS 9)*
- *Long-term Interests in Associates and Joint Ventures (Amendment to IAS 28)*
- *Plan Amendment, Curtailment or Settlement (Amendment to IAS 19)*

Effective for the financial year commencing 1 January 2020

- *Amendments to References to Conceptual Framework in IFRS Standards*
- *Definition of a Business (Amendments to IFRS 3)*
- *Definition of Material (Amendments to IAS 1 and IAS 8)*

Effective for the financial year commencing 1 January 2021

- *IFRS 17 Insurance Contracts*

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).
Long-term Interests in Associates, Joint Ventures (Amendment to IAS 28) and 'Plan Amendment, Curtailment or Settlement (Amendment to IAS 19) are not applicable to the business of the entity and will therefore have no impact on future financial statements. The directors are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.23 New Standards and Interpretations issued not yet adopted *(continued)*

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 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors. IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors.

The group and company have begun assessing the potential impact of IFRS 16 on the financial statements.

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

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

***Prepayment Features with Negative Compensation* (Amendments to IFRS 9)**

The amendments clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

The amendments apply for annual periods beginning on or after 1 January 2019 with retrospective application, early adoption is permitted.

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

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.23 New Standards and Interpretations issued not yet adopted *(continued)*

Amendments to References to Conceptual Framework in IFRS Standards *(continued)*

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

Although we expect this to be rare, some companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Although we expect this to be rare, some companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

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

Definition of a Business (Amendments to IFRS 3)

Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

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

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.23 New Standards and Interpretations issued not yet adopted *(continued)*

Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality.

The Group is 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 entity 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 RISK AND FINANCIAL RISK *(continued)*

4.4 Accounting classifications and fair values

The Company

31 December 2018	Amortised cost	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Financial assets measured at fair value							
Listed equity securities	-	-	2,034	2,034	2,034	-	-
				2,034	**2,034**	-	-
Financial assets not measured at fair value					-	-	-
Unlisted equity securities	-	3	-	3	-	-	-
Treasury bills	135,854	-	-	135,854	-	-	-
Loans and receivables	21,933	-	-	21,933	-	-	-
Due from related parties	36,453	-	-	36,453	-	-	-
Cash and bank balances	**194,240**	**3**	**-**	**194,243**	**-**	**-**	**-**
Financial liabilities not measured at fair value							
Trade and other payables	5,614	-	-	5,614	-	-	-
Due to related parties	21,933	-	-	21,933	-	-	-
	27,547	**-**	**-**	**27,547**	**-**	**-**	**-**

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

4 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

4.4 Accounting classifications and fair values

The Company

31 December 2017	Amortised cost	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Financial assets measured at fair value							
Listed equity securities	-	-	2,256	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	-	-	-
	125,623	**3**	**-**	**125,626**	**-**	**-**	**-**
Financial liabilities not measured at fair value							
Trade and other payables	5,188	-	-	5,188	-	-	-
Due to related parties	82,328	-	-	82,328	-	-	-
	87,516	**-**	**-**	**87,516**	**-**	**-**	**-**

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

4 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK *(continued)*

4.4 Accounting classifications and fair values

The Group

31 December 2018	Amortised cost	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Financial assets measured at fair value							
Listed equity securities	-	-	105,641	105,641	105,641	-	-
	-	**-**	**105,641**	**105,641**	**105,641**	**-**	**-**
Financial assets not measured at fair value					-	-	-
Unlisted equity securities	-	3	-	3	-	-	-
Fixed deposits	14,594	-	-	14,594	-	-	-
Bonds	403,911	-	-	403,911	-	225,608	-
Treasury bills	267,461	-	-	267,461	-	-	-
Loans and receivables	24,641	-	-	24,641	-	-	-
Due from re-insurers	15,560	-	-	15,560	-	-	-
Due from related parties	27,076	-	-	27,076	-	-	-
Cash and bank balances	189,847	-	-	189,847	-	-	-
	943,090	**3**	**-**	**943,093**	**-**	**225,608**	**-**
Financial liabilities not measured at fair value							
Loans and borrowings	75,154	-	-	75,154	-	-	-
Trade and other payables	68,058	-	-	68,058	-	-	-
Policy holder retention scheme	2,224	-	-	2,224	-	-	-
Due to re-insurers	21,235	-	-	21,235	-	-	-
	166,671	**-**	**-**	**166,671**	**-**	**-**	**-**

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

4 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK *(continued)*

4.4 Accounting classifications and fair values

The Group

31 December 2017	Amortised cost	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Financial assets measured at fair value							
Listed equity securities	-	-	91,526	91,526	91,526	-	-
			91,526	**91,526**	**91,526**	-	-
Financial assets not measured at fair value					-	-	-
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	-	-	-
	744,966	**3**	**-**	**744,969**	**-**	**88,205**	**-**
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 RISK AND FINANCIAL RISK *(continued)*

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

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.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.1 Insurance risk *(continued)*

4.1.1 Management of non life insurance risk

(v) Marine

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

4.1.2 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 (cont'd)

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 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.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

4. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK *(continued)*

4.1 Insurance risk *(continued)*

4.1.3 Sources of uncertainty in the estimation of future claim payments

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

(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)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.1 Insurance risk *(continued)*

4.1.1 Management of non life insurance risk

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.

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.

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.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

4. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK *(continued)*

4.2 Financial risk *(continued)*

4.2.1.1 Foreign exchange risk *(continued)*

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

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 2018	**The Company**			**The Group**		
	USD	GBP	EUR	USD	GBP	EUR
Asset	**000**	**000**	**000**	**000**	**000**	**000**
Cash and cash equivalents	4,403	-	-	8,534	126	775
Due from reinsurers	-	-	-	2,159	121	26
	4,403	-	-	10,693	247	801
Liabilities						
Loans and borrowings	-	-	-	(15,091)	-	-
Due to reinsurers	-	-	-	(2,681)	(140)	(22)
Net Exposure	**4,403**	**-**	**-**	**(7,079)**	**107**	**779**
31 December 2017						
Asset						
Cash and cash equivalents	5,465	-	-	9,174	107	612
Loans and receivables	-	-	-	252	-	-
Due from reinsurers	-	-	-	1,468	161	116
	5,465	**-**	**-**	**10,894**	**161**	**116**
Liabilities						
Loans and borrowings	-	-	-	(15,093)	-	-
Due to reinsurers	-	-	-	(716)	(130)	(136)
Net Exposure	**5,465**	**-**	**-**	**(4,915)**	**31**	**(20)**

The following significant exchange rates were applied during the year:

	Average Rate		**Year-end spot rate**	
	2018	**2017**	**2018**	**2017**
USD 1	4.72	4.43	4.98	4.53
GBP 1	6.13	4.98	6.34	5.48
EUR 1	5.43	5.68	5.69	6.17

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:

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

4 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK *(continued)*

4.2 Financial 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 GH¢'000	Weakening GH¢'000	Strengthening GH¢'000	Weakening GH¢'000
31 December 2018				
USD (5% movement)	(1,096)	1,096	(822)	822
31 December 2017				
USD (4% movement)	(975)	975	(731)	731
The Group				
31 December 2018				
USD (5% movement)	1,763	(1,763)	1,322	(1,322)
GBP (3% movement)	(20)	20	(15)	15
EUR (5% movement)	(222)	222	(166)	166
31 December 2017				
USD (4% movement)	877	(877)	658	(658)
GBP (10% movement)	(76)	76	(57)	57
EUR (10% movement	(365)	365	(274)	274

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	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Fixed-rate instruments				
Financial assets	135,854	7,483	685,966	477,346
Variable-rate instruments				
Financial liabilities	-	-	(75,154)	(68,372)

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.

	Profit or loss		Equity, net of tax	
	Increase	Decrease	Increase	Decrease
The Company	GH¢'000	GH¢'000	GH¢'000	GH¢'000
31 December 2018				
Fixed rate instruments	679	(679)	509	(509)

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

4. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK *(continued)*

4.2 Financial risk *(continued)*

4.2.1.2 Interest rate risk *(continued)*

	Profit or loss		Equity, net of tax	
	Increase	Decrease	Increase	Decrease
The Company 31 December 2017	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Fixed rate instruments	37	(37)	28	(28)
The Group 31 December 2018				
Fixed rate instruments	3,430	(3,430)	2,572	(2,572)
Variable-rate instruments	(376)	376	(282)	282
31 December 2017				
Fixed rate instruments	(2,387)	2,387	(1,790)	1,790
Variable-rate instruments	342	(342)	257	(257)

4.2.1.2 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 2018 the Group and Company had total listed equity security amounting to GH¢106 million and GH¢2million respectively. If there was a 50 basis points 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¢ 0.396million after tax (2017: GH¢ 0.343million 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.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

4 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK *(continued)*

4.2 Financial risk *(continued)*

4.2.2 Credit risk *(continued)*

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.

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	
	2018	2017	2018	2017
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Equity securities	2,037	2,259	105,644	91,529
Debt securities	135,854	7,483	685,966	477,346
Cash and bank balances	36,453	35,478	189,847	147,603
Amount due from related parties	93,095	72,052	-	-
Due from reinsurers	-	-	15,560	18,839
Staff advances	-	-	7	3
Loans and receivables	-	334	23,897	18,847
	267,439	**117,606**	**1,020,921**	**754,167**

With the exception of due from reinsurers, none of the Group's financial assets are neither past due nor impaired at 31 December 2018 and 31 December 2017. The Group does not hold any collateral security.

Below is the analysis of impairment on due to reinsurers for 2018 and 2017.

	The Group	
	2018	2017
	GH¢'000	GH¢'000
Impairment as at January 1	1,500	1,500
Charged for year	4,400	-
Balance as at December 31	**5,900**	**1,500**

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

4. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK *(continued)*

4.2 Financial risk *(continued)*

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.

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	**Carrying amount**	**Up to One year**	**Over 1 year**	**Total**
31 December 2018	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Trade and other payables	5,614	5,614	-	5,614
Due to related party	21,933	21,933	-	21,933
	27,547	27,547	-	27,547
31 December 2017				
Trade and other payables	5,188	5,188	-	5,188
Due to related party	82,328	82,328	-	82,328
	87,516	**87,516**		**87,516**
The Group **31 December 2018**				
Loans and borrowings	75,154	8,873	96,069	104,942
Trade and other payables	76,865	76,865	-	76,865
Due to re-insurers	21,235	21,235	-	21,235
Due to related parties	27,076	27,076	-	27,076
	200,330	**134,049**	**96,069**	**230,118**
31 December 2017				
Loans and borrowings	68,372	7,210	85,180	92,390
Trade and other payables	56,346	56,346	-	56,346
Due to re-insurers	15,519	15,519	-	15,519
Due to related parties	82,328	82,328	-	82,328
	222,565	**161,403**	**85,180**	**246,583**

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

4 MANAGEMENT OF INSURANCE RISK 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.

4.3 Capital management *(continued)*

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.

31 December 2018

Entity	Nature of activity	Regulatory capital held	Minimum regulatory capital requirement
Enterprise Insurance Company Limited	General Insurance	22,905	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

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

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.

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 analysed by product type as well as policy duration.

iv) Expenses

The budgeted expense for 2016 is taken as an appropriate expense base. Provision for future renewal expenses starts at a level consistent with the budgeted experience for the 2018 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	
		2018	2017
		GH¢'000	GH¢'000
Worsening in mortality	+1% p.a	142	503
Worsening of expense inflation	+1% p.a	2,369	2,905
Worsening of lapse rate	+20%	1,027	521

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.

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

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

5.5.1 Valuation models

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.

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	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
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
Balance at 1 January 2018	1780	629	-	2,409
Additions	821	5038	-	5,859
Disposals	(95)	-	-	(95)
Balance at 31 December 2018	2,506	5,667	-	8,173
Accumulated depreciation				
Balance at 1 January 2017	457	387	-	844
Depreciation	426	107	-	533
Disposals	(193)	-	-	(193)
Balance at 31 December 2017	690	494	-	1,184
Balance at 1 January 2018	690	494	-	1,184
Depreciation	562	392	-	954
Disposals	(95)	-	-	(95)
Balance at 31 December 2018	1,157	886	-	2,043
Carrying amounts				
Balance at 31 December 2017	**1,090**	**135**	**-**	**1,225**
Balance at 31 December 2018	**1,349**	**4,781**	**-**	**6,130**

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

6 PROPERTY AND EQUIPMENT *(continued)*

Reconciliation of carrying amount

The Group	**Building and Leasehold**	**Motor vehicles**	**Equipment, fittings and furniture**	**Capital work in progress**	**Total**
Cost	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
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
Balance at 1 January 2018	26,040	12,134	16,605	1,225	56,004
Additions	-	3,625	10,566	2,624	16,815
Transfer from capital work in progress	-	-	439	(439)	-
Transfer to intangible assets (Note 7)	-	-	-	-	-
Disposals	-	(1,293)	(5)	-	(1,298)
Write-off	-	-	-	(3)	(3)
Translation difference	-	9	18	-	27
Balance at 31 December 2018	26,040	14,475	27,623	3,407	71,545
Accumulated depreciation					
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
Balance at 1 January 2018	2,441	6,884	8,715	-	18,040
Depreciation	812	2,991	2,900	-	6,703
Disposals	-	(1,254)	(2)	-	(1,256)
Translation difference	-	9	10	-	19
Balance at 31 December 2018	3,253	8,630	11,623	-	23,506
Carrying amounts					
Balance at 31 December 2017	**23,599**	**5,250**	**7,890**	**1,225**	**37,964**
Balance at 31 December 2018	**22,787**	**5,845**	**16,000**	**3,407**	**48,039**

There was no indication of impairment of property and equipment held by the Group at 31 December 2018 (2017: Nil). None of the property and equipment of the Group had been pledged as security for liabilities and there were no restrictions on the title of any Group's property and equipment at the reporting date and at the end of the previous year.

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	
	2018	2017	2018	2017
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cost	95	193	1,298	1,015
Less: Accumulated depreciation	(95)	(193)	(1,256)	(698)
Net book value	-	-	42	317
Less: Proceeds on disposal	(62)	(57)	(617)	(603)
Profit on disposal	62)	(57)	(575)	(286)

7 INTANGIBLE ASSETS

	The Company		The Group	
	2018	2017	2018	2017
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cost				
Balance at 1 January	-	-	2,459	759
Additions	-	-	884	611
Transfer from property and equipment	-	-	-	1,090
Write-off	-	-	-	-
Translation difference	-	-	3	(1)
Balance at 31 December	-	-	3,346	2,459
Accumulated amortisation and impairment				
losses				
Balance at 1 January			348	92
Amortisation			949	257
Translation difference			5	(1)
Balance at 31 December			1,302	348
Carrying amounts				
At 1 January			2,111	667
At 31 December			2,044	2,111

8 INVESTMENT PROPERTIES

	The Company		The Group	
	2018	2017	2018	2017
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1 January	-	-	217,239	176,237
Subsequent expenditure	-	-	9,944	13,721
Transfer (to)/from property and equipment	-	-		140
Change in fair value	-	-	(2,238)	22,433
Exchange difference on valuation	-	-	21,580	4,708
Balance at 31 December	-	-	246,525	217,239

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 2013. 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 for 2017 are capitalized borrowing costs related to the construction of GH¢2.85 million.

Investment property comprises a number of commercial properties that are leased to third parties. Each of the lease contains an initial non-cancellable period of 1 year, with annual rents indexed to the exchange rates. Subsequent renewals are negotiated with the lessee and historically the average renewal period is one year. No contingent rents are charged.

The Advantage Place' was used as security for a loan facility from Standard Chartered Bank Limited and there are restrictions on the title of the Group's investment property at the reporting date and at end of the previous year

9 INVESTMENT IN SUBSIDIARIES

	The Company		The Group	
	2018	**2017**	**2018**	**2017**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Enterprise Insurance Company Limited	**59,546**	17,715	**-**	-
Enterprise Life Assurance Company Limited	**82,711**	82,711	**-**	-
Enterprise Trustees Limited	**16,437**	4,312	**-**	-
Enterprise Properties Limited	**5,706**	8,152	**-**	-
	164,400	**112,890**	**-**	-

Name of subsidiary	Nature of activity	Country of incorporation / and principal place of	Percentage interest held by the Company	
			2018	**2017**
Enterprise Insurance Company Limited	Non life insurance underwriting	Ghana	75%	60%
Enterprise Life Assurance Company Limited	Life assurance underwriting	Ghana	60%	60%
Enterprise Trustees Limited	Pension fund management	Ghana	80%	60%
Enterprise Properties Limited	Real estates	Ghana	70%	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 2018 (2017: Nil).

Total comprehensive income attributable to non-controlling interest	**2018**	**2017**
	GH¢'000	**GH¢'000**
Profit for the year	**36,093**	33,908
Foreign currency translation reserve	**22**	(86)
	36,115	**33,822**

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

9 IINVESTMENT IN SUBSIDIARIES *(continued)*

The total non controlling interest for the year ended 31 December 2018 is GH¢ 111.5million (2017: GH¢88.5 million). This comprise; GH¢ 71.3million (2017: GH¢59.3 million) for Enterprise Life Assurance Company Limited, GH¢ 12.7million (2017: GH¢25.1 million) for Enterprise Insurance Company Limited, GH¢ 3.2million (2017: GH¢4.1 million) for Enterprise Trustees Limited and GH¢ 24.3million (2017: Nil) for Enterprise Properties Limited

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

10 NON-CONTROLLING INTEREST

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. Enterprise properties was 100% owned by Enterprise Group Limited in 2017 hence no NCI as at 31 December 2017.

Transactions with non controlling interests are set out in Note 29

	Enterprise Insurance Company Limited		Enterprise Life Assurance Company Limited		Enterprise Properties Limited
	2018	**2017**	**2018**	**2017**	**2018**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Summarised statement of financial position					
Current					
Assets	180,031	142,716	640,185	549,879	24,393
Liabilities	(109,778)	(89,060)	(50,701)	(39,483)	(170,556)
Total current net assets	70,253	53,656	589,484	510,396	(146,163)
Non-Current					
Assets	14,070	9,162	81,324	67,137	234,087
Liabilities	-	-	(492,556)	(432,404)	(6,914)
Total non-current net assets	14,070	9,162	(411,232)	(365,267)	227,173
Net assets	**84,323**	**62,818**	**178,252**	**145,129**	**81,010**
Summarised income statement					
Net insurance premium revenue	105,668	94,254	347,762	286,452	-
Rental Income	-	-	1,577	1,734	6,753
Profit before income tax and national fiscal stabilisation levy	14,776	14,228	67,365	63,253	4,983
Profit after income tax and national fiscal stabilisation levy	13,913	11,609	68,935	61,185	4,958
Other comprehensive income	-	-	2,189	391	-
Total comprehensive income	13,913	11,609	71,124	61,576	4,958
Total comprehensive income allocated to non-controlling interests	5,565	4,644	28,450	27,520	-
Dividend to non-controlling interests	-	-	15,200	15,040	-
Summarised cash flows					
Cash flows from operating activities:					
Cash flows from operations	23,675	25,482	69,866	70,096	20,688
Investment income received	15,632	12,927	74,367	69,280	167
Income tax paid	(6,020)	(5,897)	(93)	(270)	-
National fiscal stabilisation levy paid	(894)	(1,058)	(2,936)	(3,326)	-

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

10 NON-CONTROLLING INTEREST *(continued)*

	Enterprise Insurance Company Limited		Enterprise Life Assurance Company Limited		Enterprise Properties Limited
	2018	**2017**	**2018**	**2017**	**2018**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Summarised cash flows					
Net cash generated from operating activities	32,393	31,454	141,204	135,780	20,855
Net cash used generated from investing activities	(33,878)	(36,572)	(82,320)	(60,688)	(9,657)
Net cash (used in) financing activities	7,589	-	(38,609)	(26,800)	(6,443)
Net (decrease)/increase in cash and cash	6,104	(5,118)	20,275	48,292	4,755
Cash and cash equivalents at 1 January	27,090	32,208	102,993	54,701	3,866
Cash and cash equivalents at 31 December	**33,194**	**27,090**	**123,268**	**102,993**	**8,621**

The information above is the amount before inter company eliminations.

11 INVESTMENT SECURITIES

	The Company		The Group	
	2018	**2017**	**2018**	**2017**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Equity securities:				
- Listed equity securities	**2,034**	2,256	**105,641**	91,526
- Unlisted equity securities	**3**	3	**3**	3
Total equity securities	**2,037**	2,259	**105,644**	91,529
Unlisted debt securities	**135,854**	7,483	**685,966**	477,346
	137,891	**9,742**	**791,610**	**568,875**

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

	The Company		The Group	
	2018	**2017**	**2018**	**2017**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Equity securities:				
Balance at 1 January	2,259	1,602	91,529	42,434
Purchases of equity securities	-	-	21,778	19,329
Sale of equity securities	-	-	(324)	(31)
Net loss on equity securities	(222)	657	(7,339)	29,797
Balance at 31 December	**2,037**	**2,259**	**105,644**	**91,529**
Unlisted debt securities				
Fixed deposits	-	-	14,594	177,402
Bonds	-	-	403,911	147,445
Treasury bills	135,854	7,483	267,461	152,499
	135,854	**7,483**	**685,966**	**477,346**

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.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

12 LOANS AND RECEIVABLES

	The Company		The Group	
	2018	**2017**	**2018**	**2017**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Staff loans	-	-	**7**	3
Deferred reinsurance cost	-	-	**737**	854
Other receivables	-	334	**23,897**	18,847
	-	**334**	**24,641**	**19,704**

The maximum amount of staff loans during the year did not exceed GH¢7,000 (2017: GH¢3,000). All loans and receivables are current and their carrying values approximate their fair value.

13 DEFERRED COMMISSION EXPENSE

	The Group	
	2018	**2017**
	GH¢'000	**GH¢'000**
Balance at 1 January	**7,544**	6,012
Commission expense deferred	**1,013**	1,532
Balance at 31 December	**8,557**	**7,544**

14 REINSURANCE ASSETS AND LIABILITIES

	The Group	
	2018	**2017**
	GH¢'000	**GH¢'000**
Due from re-insurers	**21,460**	20,339
Impairment	**(5,900)**	(1,500)
	15,560	**18,839**

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

	The Group	
	2018	**2017**
	GH¢'000	**GH¢'000**
Due to re-insurers	**21,235**	**15,519**

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

15 CASH AND CASH EQUIVALENTS

	The Company		The Group	
	2018	**2017**	**2018**	**2017**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Cash	19	19	94	100
Bank balances	36,434	35,459	189,753	147,503
Cash and cash equivalents in the statement of financial position	36,453	35,478	189,847	147,603
Treasury bills with original maturities less than 3 months	86,448	-	102,074	26,040
Cash and cash equivalents in the statement of cash flows	**122,901**	**35,478**	**291,921**	**173,643**

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.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

16 STATED CAPITAL

The authorised shares of the Company are 200,000,000 (2017: 200,000,000) ordinary shares of no par value. The issued ordinary shares at 31 December 2018 and 31 December 2017 is as follows:

	No of shares		Proceeds	
	2018	**2017**	**2018**	**2017**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Balance at 1 January	**133,821**	133,821	**37,268**	37,268
Issue during the year:	-	-	-	-
- Cash (right issue)	36,620	-	219,720	-
- Cash (vested shares)	452	-	1,463	-
- Transfer from reserves (share option)	-	-	435	-
Balance at 31 December	**170,893**	**133,821**	**258,886**	**37,268**

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

16(b) DEPOSIT FOR SHARES

Deposit for shares represents shares paid by Black Star Holding yet to be registered as at year end.

17 CONTINGENCY RESERVES

	The Group	
	2018	**2017**
	GH¢'000	**GH¢'000**
Balance at 1 January	**32,945**	25,146
Transfer from retained earnings	**9,108**	7,799
Balance at 31 December	**42,053**	**32,945**

18 CURRENCY TRANSLATION RESERVES

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

19 RETAINED EARNINGS

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).

20 SHARE OPTION RESERVE

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

21 LIFE FUND - INSURANCE CONTRACT LIABILITY

	The Group	
	2018	**2017**
	GH¢'000	**GH¢'000**
Balance at 1 January	**432,404**	338,167
Charge to income statement	**59,923**	94,389
Translation difference	**229**	(152)
Balance at 31 December	**492,556**	**432,404**

An independent actuary carried out the valuation of the Life Fund as at 31 December 2018 and 31 December 2017

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

22 UNEARNED PREMIUM

	The Group	
	2018	**2017**
	GH¢'000	**GH¢'000**
Balance at 1 January	**33,212**	31,300
Charge to income statement	**2,043**	1,912
Balance at 31 December	**35,255**	**33,212**

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.

23 OUTSTANDING CLAIMS

(a) Outstanding claims

	The Group	
	2018	**2017**
	GH¢'000	**GH¢'000**
Balance at 1 January	**24,615**	7,235
Claims incurred	**122,879**	68,028
Claims paid	**(117,291)**	65,284)
Change in incurred but not reported provision	**3,410**	14,636
	33,613	**24,615**
This is analysed as follows		
Gross outstanding claims	**70,901**	70,801
Reinsurance recoveries	**(59,234)**	(64,722)
Incurred but not reported provision Note 23 (b)	**21,946**	18,536
Balance at 31 December	**33,613**	**24,615**

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

(b) Incurred but not reported provision

	The Group	
	2018	**2017**
	GH¢'000	**GH¢'000**
Balance at 1 January	**18,536**	3,900
Change in incurred but not reported provision	**3,410**	14,636
Balance at 31 December	**21,946**	**18,536**

An independent actuary carried out the valuation of the incurred but not reported provision as at 31 December 2018 and 31 December 2017

24 TRADE AND OTHER PAYABLES

	The Company		The Group	
	2018	**2017**	**2018**	**2017**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Trade payables	-	-	1,862	1,848
Accrued expenses and other payables	5,614	5,188	58,865	39,058
Dividend payable Note 36	-	-	7,331	15,440
	5,614	**5,188**	**68,058**	**56,346**

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

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

25 DEFERRED COMMISSION INCOME

	The Group	
	2018	2017
	GH¢'000	GH¢'000
Balance at 1 January	**4,222**	3,263
Commission income deferred	**2,002**	959
Balance at 31 December	**6,224**	**4,222**

26 DEFERRED TAX

	The Company		The Group	
	2018	2017	2018	2017
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Deferred tax assets	**578**	2,674	**(15,457)**	(10,192)
Deferred tax liabilities	-	-	2,557	2,097
	578	**2,674**	**(12,900)**	**(8,095)**

Deferred tax assets of Seventh Avenue Properties Limited amounting GH¢ 24.14 million for 2017 was not recognised because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

The Company	At 1 January	Charged (credit) to profit or	At 1 December
Year ended 31 December 2018	**GH¢'000**	**GH¢'000**	**GH¢'000**
Deferred tax (assets)/liabilities arising from:			
Accelerated depreciation	(10)	178	168
Other deductible temporary difference	(2,664)	1,918	(746)
	(2,674)	**2,096**	**(578)**
Year ended 31 December 2017			
Deferred tax (assets)/liabilities arising from:			
Accelerated depreciation	15	(25)	(10)
Other deductible temporary difference	(216)	(2,448)	(2,664)
	(201)	**(2,473)**	**(2,674)**

The Group	At 1 January	Charged (credit) to profit or	At 1 December
Year ended 31 December 2018	**GH¢'000**	**GH¢'000**	**GH¢'000**
Deferred tax (assets)/liabilities arising from:			
Accelerated depreciation	(6,291)	28,860	22,569
Other deductible temporary difference	(1,804)	(33,665)	(35,469)
	(8,095)	**(4,805)**	**(12,900)**
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)**

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

27 LOANS AND BORROWINGS

	The Company		The Group	
	2018	2017	**2018**	2017
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Current portion	-	-	**454**	422
Non-current portion	-	-	**74,700**	67,950
	-	**-**	**75,154**	**68,372**

Movement in loans and borrowings is as follows

	The Company		The Group	
	2018	2017	**2018**	2017
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Opening balance	**-**	-	**68,372**	40,425
Draw downs	**-**	-	**-**	23,776
Interest expense	**-**	-	**7,472**	3,467
Interest capitalized as part of investment property	**-**	-	**-**	2,846
Repayments	**-**	-	**(7,439)**	(6,108)
Exchange loss	**-**	-	**6,749**	3,966
	-	**-**	**75,154**	**68,372**

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.

28 INVENTORIES

	The Company		The Group	
	2018	2017	**2018**	2017
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Trading stocks	-	-	**179**	130
Consumables	-	-	**59**	38
	-	**-**	**238**	**168**

Trading stocks relate to caskets and other funeral ornaments. Consumables relate to materials used to prepare units. During 2018, inventories of GH¢1,020,693 (2017: GH¢459,143) were recognised as an expense during the period and included in 'operating expenses'.

29 RELATED PARTIES

The ultimate parent of Enterprise Group Limited (EGL) is Structured Capital Limited a company incorporated in Ghana. 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, Enterprise Trustees Limited and Enterprise Properties Limited.

Databank Financial Services Limited is related to the Group through common ultimate shareholder.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

29 RELATED PARTIES *(continued)*

During the year was EGL bought back 15% and 20% shares in Enterprise Insurance Company Limited and Enterprise Trustees Limited respectively from Black Star Holdings Limited (BSHL). The consideration for these transactions were of US$8,625,000 and US$2,500,000 respectively. In addition EGL sold 30% shares of Enterprise Properties Limited to BSHL for a consideration of US$10,879,861.

The following transactions were carried out with related parties:

	2018	2017
The Company	**GH¢'000**	**GH¢'000**
Payments made paid to:		
- Enterprise Properties Limited	**1,444**	664
- Enterprise Insurance Company Limited	**122**	142

	2018	2017
The Company	**GH¢'000**	**GH¢'000**
Expenses settled by:		
- Enterprise Group Limited on behalf of Enterprise Insurance Company Limited	**2,604**	1,479
- Enterprise Group Limited on behalf of Enterprise Life Assurance Company Limited	**4,737**	-
- Enterprise Group Limited on behalf of Enterprise Properties Limited	**14,100**	7,273
- Enterprise Group Limited on behalf of Enterprise Trustees Limited	**57**	77

	2018	2017
The Company	**GH¢'000**	**GH¢'000**
Shares transaction		
- Sale of the Enterprise Group Limited's 30% shares held in Enterprise Properties Limited to Black Star Holdings Limited	**30,834**	-
- Purchase of 15% shares in Enterprise Insurance Company Limited from Black Star Holdings Limited	**41,831**	-
- Purchase of 20% shares in Enterprise Properties Limited from Black Star Holdings Limited	**12,125**	-
Dividend		
- Enterprise Life Assurance Company Limited to Enterprise Group Limited	**22,800**	18,960
- Enterprise Trustees Limited to Enterprise Group Limited	**1,200**	600

	2018	2017
The Group	**GH¢'000**	**GH¢'000**
Management fees		
- Enterprise Life Assurance Company Limited to Databank Financial Services Limited	**3,752,628**	6,002,008

	2018	2017
The Group	**GH¢'000**	**GH¢'000**
Shares transaction		
- Sale of the Group's 30% shares held in Enterprise Properties Limited to Black Star Holdings Limited	**30,834**	-
- Purchase of 15% shares in Enterprise Insurance Company Limited from Black Star Holdings Limited	**41,831**	-
- Purchase of 20% shares in Enterprise Trustees Limited from Black Star Holdings Limited	**12,125**	7,273

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

29 RELATED PARTIES *(continued)*

Shares transaction (continued)	2018	2017
The Group	**GH¢'000**	**GH¢'000**
Dividend		
- Enterprise Life Assurance Company Limited to Black Star Holdings Limited	**15,200**	15,040
- Enterprise Trustees Limited to Black Star Holdings Limited	**800**	400

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

Amounts due to related parties

	The Company		The Group	
	2018	**2017**	**2018**	**2017**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Black Star Holdings Limited	**21,933**	82,328	**27,076**	82,328
	21,933	**82,328**	**27,076**	**82,328**

Amounts due from related parties

	The Company		The Group	
	2018	**2017**	**2018**	**2017**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Enterprise Insurance Company Limited	**80**	847	**-**	-
Enterprise Properties Limited	**84,805**	71,030	**-**	-
Enterprise Trustees Limited	**910**	175	**-**	-
Enterprise Life Assurance Company Limited	**7,300**	-	**-**	-
	93,095	**72,052**	**-**	**-**

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 2018 and 31 December 2017.

Directors' emoluments are disclosed in Note 33.

Dividend payable to the non-controlling interest is disclosed in Note 36.

Key management personnel

	The Company		The Group	
	2018	**2017**	**2018**	**2017**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Salaries and other short-term benefits	**9,466**	7,554	**26,392**	19,461
Share based payment	**(138)**	490	**(1,259)**	1,484
Employer's pension fund contribution	**539**	925	**3,866**	2,888
Other long term employment benefits	**1,247**	956	**3,318**	2,087
	11,114	**9,925**	**32,317**	**25,920**

30 INVESTMENT INCOME

	The Company		The Group	
	2018	**2017**	**2018**	**2017**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Fair value through profit or loss:				
- Dividend income	**28**	38	**1,091**	2,153
- Net fair value (loss)/gain in equity securities	**(222)**	657	**(7,339)**	29,797
Dividend from subsidiaries	**24,000**	19,560	**-**	-
Interest on unlisted debt securities	**11,414**	893	**100,362**	77,489
Bank interest	**371**	598	**1,022**	3,164
	35,591	**21,746**	**95,136**	**112,603**

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

31 OTHER INCOME

	The Company		The Group	
	2018	2017	2018	2017
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Exchange gains	2,082	3,275	4,249	2,860
Profit on disposal of property and equipment (Note 6)	62	57	540	286
Fee income	-	-	24,901	14,644
Rental income on investment property	-	-	2,935	1,936
Sundry income	-	-	103	2,475
	2,144	3,332	32,728	22,201

32 INSURANCE BENEFITS AND CLAIMS

	2018	2017
	GH¢'000	GH¢'000
Non-life insurance		
Gross claims incurred	122,879	68,028
Reinsurance recoveries	(70,618)	(25,595)
Incurred but not reported provision	3,410	14,636
	55,671	57,069
Life insurance		
Death claims	1,287	1,697
Funeral	25,332	19,102
Policy surrenders, terminations and withdrawals	127,307	94,995
Individual life	153,926	115,794
Group benefits	14,053	8,447
	167,979	124,241
Total insurance benefits and claims	223,650	181,310

33 OEPRATING EXPENSES

	The Company		The Group	
	2018	2017	2018	2017
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Directors' emoluments	7,060	6,331	9,295	9,196
Auditor's remuneration	99	67	778	573
Depreciation and amortisation	954	533	6,911	5,738
Staff cost	8,557	6,761	63,864	54,275
	16,670	13,692	80,848	69,782
Staff cost include:				
Salaries and other short-term employment benefit	6,331	5,568	54,413	48,233
Employer's pension fund contribution	1,088	519	6,134	4,183
Other long term employment benefits	1,138	674	3,318	1,859
	8,557	6,761	63,865	54,275

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

	The Company		The Group	
	2018	2017	2018	2017
Staff numbers	24	20	423	411

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

34 NATIONAL FISCAL STABILIZATION LEVY

	2018	2017
	GH¢'000	GH¢'000
Balance at 1 January	**(183)**	324
Charged to profit or loss	**4,442**	4,101
Prior year adjustments	**-**	(224)
Payments during the year	**(3,830)**	(4,384)
Tax Refund	**222**	-
Balance at 31 December	**651**	(183)
Analysed into		
National fiscal stabilization levy receivable	**(123)**	(283)
National fiscal stabilization levy payable	**774**	100
	651	**(183)**

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 for 2017 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.

35 INCOME TAX

	The Company		The Group	
	2018	2017	2018	2017
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Current tax expense				
Current year	**4,379**	-	**12,724**	8,985
Changes in estimates related to prior years	**-**	-	**(3,671)**	(1,470)
	4,379	-	**9,053**	7,515
Deferred tax expense				
Origination and reversal of temporary difference	**2,096**	(2,473)	**(4,805)**	(8,033)
	6,475	**(2,473)**	**4,248**	**(518)**

Current tax assets and liabilities

The Company	As at January 1	Payments	Charged to profit or loss	At 31 December
Year ended 31 December 2018	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Year of assessment				
up to 2015	1,005	-	-	1,005
2016	1,820	-	-	1,820
2017	(7)	-	-	(7)
2018	-	(33)	4,379	4,346
	2,818	**(33)**	**4,379**	**7,164**
Year ended 31 December 2017				
Year of assessment				
up to 2015	1,005	-	-	1,005
2016	1,820	-	-	1,820
2017	-	(7)	-	(7)
	2,825	**(7)**	**-**	**2,818**

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

35 INCOME TAX *(continued)*

Year ended 31 December 2018	As at January 1 GH¢'000	Payments GH¢'000	Charged to profit or loss GH¢'000	Prior year adjustmen GH¢'000	Tax Refund GH¢'000	At 31 December GH¢'000
Year of assessment						
up to 2015	(535)	-	-	-	1,563	1,028
2016	3,495	-	-	-	-	3,495
2017	2,361	(749)	-	(3,671)	-	(2,059)
2018	-	(7,892)	12,724	-	-	4,832
Translation difference	26	-	-	-	-	27
	5,347	**(8,641)**	**12,724**	**(3,671)**	**1,563**	**7,323**

Year ended 31 December 2017	As at January 1 GH¢'000	Payments GH¢'000	Charged to profit or loss GH¢'000	Prior year adjustment GH¢'000	At 31 December GH¢'000
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**

	2018 GH¢'000	2017 GH¢'000
Current tax assets	**(742)**	(767)
Current tax liabilities	**8,065**	6,114
	7,323	**5,347**

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

Effective tax reconciliation

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

	The Company		The Group	
	2018	2017	2018	2017
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Profit before income tax	**49,127**	**9,517**	**96,639**	**90,404**
Tax rate of 25% (2017: 25%)	12,282	2,379	24,160	22,601
Adjusted for:				
Tax-exempt income	(6,050)	(4,914)	(82,161)	(77,961)
Tax charged at different rate	-	-	370	345
Current year losses for which no deferred tax asset is recognised	-	-	-	5,509
Non-deductible expenses	243	62	58,914	50,500
Derecognition/recognition of previously recognised deductible temporary differences	-	-	2,880	(42)
Changes in estimates related to prior years	-	-	-	(1,470)
Tax on dividend	-	-	85	-
	6,475	**(2,473)**	**4,248**	**(518)**
Effective tax rate	13.18%	(25.99%)	4.40%	(0.57%)

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

36 DIVIDEND PAYABLE

	The Company		The Group	
	2018	2017	2018	2017
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 1 January	-	-	**15,440**	7,840
Amount declared during the year	-	-	**15,500**	15,440
Amount paid	-	-	**(23,609)**	(7,840)
At 31 December	-	-	**7,331**	**15,440**

37 NET INSURANCE PREMIUM

The Group

	2018			2017		
	Gross premium	Reinsurance ceded	Net premium	Gross premium	Reinsurance ceded	Net premiumr
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Non-life insurance:						
Motor	85,544	(3,736)	**81,808**	75,951	(3,221)	72,730
Fire	47,114	(37,760)	**9,354**	44,762	(36,255)	8,507
Marine	10,647	(9,132)	**1,515**	6,603	(5,082)	1,521
General Accident	23,341	(8,730)	**14,611**	20,614	(7,918)	12,696
Engineering	16,172	(15,754)	**418**	13,494	(12,782)	712
Aviation	1,464	(1,459)	**5**	-	-	-
	184,282	(76,571)	**107,711**	161,424	(65,258)	96,166
Life insurance:						
Individual life	318,211	(49)	**318,162**	262,297	(233)	262,064
Group life	42,211	(10,465)	**31,746**	40,727	(14,876)	25,851
	360,422	(10,514)	**349,908**	303,024	(15,109)	287,915
Customer Retention Scheme	(2,146)	-	**(2,146)**	(1,463)	-	(1,463)
	358,276	(10,514)	**347,762**	301,561	(15,109)	286,452
	542,558	**(87,085)**	**455,473**	462,985	(80,367)	382,618

38 COMMISSION EXPENSE

	The Group	
	2018	2017
	GH¢'000	GH¢'000
Commission expense	**85,507**	72,497
Commission expense deferred	**(1,013)**	(1,532)
	84,494	**70,965**

39 COMMISSION INCOME

	The Group	
	2018	2017
	GH¢'000	GH¢'000
Commission income	**18,958**	16,107
Commission expense deferred	**(2,002)**	(959)
	16,956	**15,148**

40 SHARES BUY BACK AND SALE TRANSACTION

As part of strategic the partnership between Enterprise Group Limited (EGL) and Black Star Holdings Limited (BSHL), both parties agreed to the following transactions in 2017 when BSHL took over Sanlam Limited stake in EGL subsidiaries. The agreement was as follows;

- EGL was to buy back 9% shares of Enterprise Life Assurance Company Limited (ELAC) from BSHL for a total consideration of US$18,734,694. This was completed in 2017 and has been reflected in the 2017 financial statements

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

40 SHARES BUY BACK AND SALE TRANSACTION *(continued)*

- EGL was to buy back 15% shares of Enterprise Insurance Company Limited (EIC) from BSHL for a total consideration of US$8,625,000. This transaction was completed on 25 October 2018.
- EGL was to buy back 20% shares of Enterprise Trustees Limited (ETL) from BSHL for a total consideration of US$2,500,000.This transaction was completed on 25 October 2018.
- EGL was to sell 30% of its shareholding in Enterprise Properties Limited (EPL) to BSHL for a total cash consideration of US$10,880,000 and transfer to BSHL of 30% of the loan due from EPL amounting to GH¢21.9million. This transaction was completed on 15 December 2018.

31 December 2018 has been assumed as the effective transaction dates for EIC,ETL and EPL transactions. Below are the effects of the above transactions on the financial statements;

(a) Buy back of EIC and ETL shares from BSHL

The Company

The buy back of the 20% and 15% shares of ETL and EIC from BSHL respectively increases the company cost of investments. These investments are accounted for at cost and disclosed in Note 9.

The Group

On 25 October 2018, the Group acquired 20% and 15% shares in ETL and EIC respectively for an amount of US$2,500,000 and US$8,625,000 respectively. This increased the Group's ownership in ETL from 60% to 80% and for EIC from 60% to 75%.

The carrying amount of ETL and EIC in the Group's financial statements on the date of acquisition was GH¢16.2million and GH¢84.7 million respectively.

(b) Sale of 30% of EPL shares to BSHL

The effect of the sale of 30% of the Group's shareholding in EPL to BSHL is as follows;

	The Company		The Group	
The Group	**2018**	**2017**	**2018**	**2017**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Consideration received;				
Cash consideration	52,767	-	52,767	-
Transfer of 30% loan due from EPL	(21,933)	-	(21,933)	-
	30,834	-	30,834	-
Less;				
Cost of investment/Net asset as at disposal (30%)	(2,445)	-	(24,303)	-
Gain on disposal	**28,389**	**-**	**6,531**	**-**

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

41 RECONCILIATION OF PROFIT AFTER TAX TO CASH GENERATED FROM OPERATIONS

	The Company		The Group	
	2018	**2017**	**2018**	**2017**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Profit for the year	42,652	11,990	87,949	87,045
Depreciation and amortisation	954	533	7,652	5,738
Write-off of property and equipment and intangible assets	-	-	3	724
Impairment of reinsurance receivables	-	-	4,400	-
Share-based payment	(138)	490	(138)	1,484
Fair value loss/(gains) on investment	-		2,238	(22,433)
Exchange differences on valuation of investment properties	-	-	(21,580)	(4,708)
Exchange difference on loans and borrowings	-	-	6,750	3,966
Net finance cost	-	-	7,305	3,467
Investment income	(35,591)	(21,746)	(118,969)	(112,603)
Profit on sale of property and equipment	(62)	(57)	(575)	(286)
Change in life fund	-	-	59,923	94,389
Gain on disposal of 30% shares of EPL	(28,389)	-	(6,531)	-
National fiscal stabilisation levy	-	-	4,442	3,877
Income tax expense	6,475	(2,473)	3,886	(518)
Effect of exchange difference on cash held	(2,186)	(1,730)	(4,061)	(3,501)
	(16,285)	(12,993)	32,694	56,641
Changes in working capital:				
Unearned premium	-	-	2,043	1,912
Outstanding claims	-	-	8,998	17,380
Deferred commission income	-	-	2,002	959
Amount due to re-insurers	-	-	3,279	1,618
Amount due to related parties	-	(50)	5,143	(820)
Inventories	-	-	(70)	92
Loans and receivables	334	1	(4,937)	(1,263)
Prepayments	808	(994)	(2,283)	620
Deferred commission expense	-	-	(1,013)	(1,532)
Amount due from related parties	(10,486)	(5,006)	-	-
Policy holder retention scheme	-	-	1,365	859
Trade and other payables	426	1,815	11,712	(2,026)
Amounts due from re-insurers	-	-	5,716	2,427
Cash (used in)/generated from operations	**(25,203)**	**(17,227)**	**64,649**	**76,867**

42 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.

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

42 SEGMENT INFORMATION *(continued)*

Year ended 31 December 2018

	Non-life insurance	Life assurance	Pension administration	Real estate	Funeral services	Investments	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Net premium earned	105,668	347,762	-	-	-	-	453,430
Net investment and other income	18,657	72,359	21,467	16,536	4,452	13,735	147,206
Net income	124,325	420,121	21,467	16,536	4,452	13,735	600,636
Increase in Life fund	-	(59,923)	-	-	-	-	(59,923)
Net claim incurred	(55,672)	(167,978)	-	-		-	(223,650)
Net commission	(9,492)	(57,714)	-	-	(332)	-	(67,538)
Net finance cost	-	-	-	(7,472)	-	-	(7,472)
Gain on disposal of 30% share in EPL	-	-	-	-	-	6,531	6,531
Operating expenses	(44,385)	(65,084)	(11,753)	(12,945)	(6,176)	(11,602)	(151,945)
Profit/(loss) before tax	14,776	69,422	9,714	(3,881)	(2,056)	8,664	96,639
National Fiscal Stabilisation Levy	(832)	(3,610)	-	-	-	-	(4,442)
Income tax (expense)/credit	(31)	5,180	(2,331)	(591)	-	(6,475)	(4,248)
Profit after tax	**13,913**	**70,992**	**7,383**	**(4,472)**	**(2,056)**	**2,189**	**87,949**
Total assets	**194,101**	**716,925**	**21,047**	**231,511**	**4,369**	**181,400**	**1,349,353**
Total liabilities	**109,698**	**535,134**	**3,855**	**88,248**	**1,145**	**34,711**	**772,791**

Year ended 31 December 2017

	Non-life insurance	Life assurance	Pension administration	Real estate	Funeral services	Investments	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
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**	**772,224**

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

43 EARNING 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	
	2018	**2017**	**2018**	**2017**
Profit attributable to equity holders of the company (GH¢ 000	42,652	11,990	51,856	53,137
Weighted average number of ordinary shares in issue (‘000)	**170,893**	133,821	**170,893**	133,821
Basic earnings per share	**0.250**	0.090	**0.303**	0.397

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 2018 and 31 December 2017 is set out in Note 44.

	The Company		The Group	
	2018	**2017**	**2018**	**2017**
Dilutive earnings per share	**0.249**	0.089	**0.302**	0.394

44 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 weighted average exercise prices are as follows:

	2018		2017	
	Average exercise price per share	**Option (thousands)**	**Average exercise price per share**	**Option (thousands)**
At 1 January	2.23	1,203	0.28	1,203
Exercised	2.23	(452)	-	-
At 31 December		**751**		**1,203**

Options exercised in 2018 resulted in 452,000 shares being issued at a weighted average price of GH¢ 2.23 each. The related weighted average share price at the time of exercise in 2018 was GH¢ 4.1996 per share.

The value of the Group’s outstanding share options at 31 December 2018 is GH¢ 0.14 million (2017: GH¢1.836 million).

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

	The Company		The Group	
	2018	**2017**	**2018**	**2017**
	GH¢’000	**GH¢’000**	**GH¢’000**	**GH¢’000**
Value of employee services	**(138)**	490	**(1,259)**	1,484

Share option outstanding at 31 December 2018 will expire in September 2019 (2017; September 2022).

Notes to the Financial Statements *(continued)*

(All amounts are in thousands of Ghana cedis)

44 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 2018 and 31 December 2017.

45 CAPITAL COMMITMENTS

The Group has capital commitments of Nil (2017: GH¢1.14 million) in respect of capital expenditures contracted for at the reporting date. The commitments relates to the construction of the Advantage Place. There were no capital commitment for the Company at 31 December 2018 (2017: Nil).

46 OFF BALANCE SHEET TRANSACTIONS

Seventh Avenue Properties Limited, a subsidiary of Enterprise Group Limited obtained a long-term facility of 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 office complex has been used as collateral for the facility and Enterprise Group Limited has provided a financial guarantee to the Bank in event of default by the Seventh Avenue Properties Limited.

47 DIVIDEND PER SHARE

The Directors wish to propose a dividend of GH¢ 0.045 per share for 2018 final amounting to GH¢ 7.7million (2017:Nil) at the forthcoming annual general meeting.

48 SUBSEQUENT EVENTS

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

SHAREHOLDERS' INFORMATION

ii Directors shareholding at 31 December 2018

Name of director	Number of Shares Held
GEORGE BANASCO OTOO	400,000
C. C. BRUCE JNR	116,185
KELI GADZEKPO	67,500
MARTIN ESON BENJAMIN	4,110

iii Analysis of Shareholding at 31 December 2018

	Number of Shareholders	Number of Shares	Percentage Holdings
1–1,000	1,691	618,076	0.36%
1,001–5,000	1,040	2,452,690	1.44%
5,001–10,000	362	2,538,488	1.49%
10,001 and over	515	165,283,571	96.72%
10,001 and over	3,608	170,892,825	100%

iv List of twenty largest shareholders as at 31 December 2018

	Name of Share holder	Number of Shares	Percentage Holdings(%)
1	GRACE STRATEGIC VENTURES LIMITED	75,395,586	44.12%
2	STD NOMS/CS SEC (US) LLC/AFRICA OPPT FUND L.P	16,978,891	9.94%
3	CLEARTIDE ASSET HOLDINGS LTD	12,967,878	7.59%
4	SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	8,292,318	4.85%
5	VENTURES AND ACQUISITIONS LIMITED	7,820,700	4.58%
6	SCGN/'EPACK INVESTMENT	4,541,055	2.66%
7	SCGN/SSB& TRUST AS CUST FOR KIMBERLITE FRONTIER	4,167,724	2.44%
8	MAXWELL, JANET SNOWDEN	2,967,500	1.74%
9	SCGN/CITIBANK NEW YORK RE NORGES BANK	2,155,300	1.26%
10	SCGN/NORTHERN TRUST CO. AVFC 6314B	1,134,990	0.66%
11	EGH/ECG PENSION SCHEME TIER 3 PORT 1	1,106,945	0.65%
12	DAMSEL/OTENG - GYASI, ANTHONY	1,000,500	0.59%
13	STB NOMS/CS SEC (US) LLC/AFR OPPT CAYMAN LTD	895,645	0.52%
14	SCGN/GHANA MEDICAL ASS. PENSION FUND	801,000	0.47%
15	SCGN/DATABANK BALANCED FUND LIMITED	668,100	0.39%
16	METLIFE CLASSIC A/C, STD NOMS TVL PTY	657,115	0.38%
17	ESTATE OF DR. P.K ANIM ADDO	625,000	0.37%
18	GHANA INTERNATIONAL SCHOOL STAFF PF	600,000	0.35%
19	DODOO, FRANCIS F.D	593,845	0.35%
20	UNIVERSAL INSURANCE CONSULTANTS STAFF PROVIDENT FUND	500,000	0.29%
	TOTAL	143,870,092	84.19%
	OTHERS	27,022,733	5.81%
	GRAND TOTAL	**170,892,825**	**100%**

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

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 2018 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:

	2018 **GH¢'000**	**2017** GH¢'000
Net Asset Value	**179,455**	151,773
Value of in-force business	**335,268**	303,518
Cost of Capital	**(6,936)**	(6,713)
Embedded Value	**507,787**	**448,578**

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

Embedded value analysis *(continued)*

The embedded value earnings are shown in the table below:

	2017	2016
	GH¢'000	GH¢'000
Change in EV (excluding dividends)	59,209	116,652
Dividends paid	38,000	34,000
Restatement of prior year NAV	(8,741)	7,992
Embedded Value Earnings	88,468	158,644

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	COC	NAV	EV
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Roll forward to year end	61,670	(1,493)	6,530	66,707
Transfers to net worth	(67,198)	-	67,198	-
VNB	62,585	(1,191)	(8,540)	52,854
Experience profits	(13,585)	(792)	3,116	(11,260)
Actuarial basis changes	(20,467)	3,253	(2,620)	(19,834)
Embedded Value earnings	**23,005**	**(223)**	**65,684**	**88,467**

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. (2017: 15.0% p.a.) and inflation at 10.5% p.a. (2017: 10.5% p.a.). The risk discount rate is 20.5% p.a. (2017: 20.5% p.a.).

G T Waugh MA FASSA
Statutory Actuary 14 March 2018

Enterprise Group Limited

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 25th June, 2019 and at any adjournment thereof.

*(Block Capitals Please)

The Annual General Meeting hereby resolves the following:

	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, 2018		
2. To declare a final dividend		
3. To re-elect the following retiring Directors of the Company: a. Daniel Larbi-Tieku b. Martin Eson-Benjamin		
4. To authorise the Directors to fix the remuneration of the Auditors		

Dated this..................day of ....… 2019

Shareholder's Signature: ....…

Cut Here *Cut Here*

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 25, 2019
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: ....

Advantage Place
Mayor Road, Ridge West, Accra
PMB 150, GPO
Accra, Ghana