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# Financial Statements

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# Report of the Independent Auditor to the Members of Enterprise Group Limited

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Enterprise Group Limited (the “Company”) and its subsidiaries (together, the “Group”), as set out on pages 39 to 91. These financial statements comprise the statement of financial position of the Group as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and the statement of cash flows of the Group for the year then ended, together with the statement of financial position of the company standing alone as at 31 December 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the company standing alone for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Directors’ responsibility for the financial statements

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

### Auditor’s responsibility

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

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

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

### Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2013 and of the financial performance and cash flows of the Company and the Group for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

## REPORT ON OTHER LEGAL REQUIREMENTS

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

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



Signed by: Oseini Amui (ICAG/P/1139)

For and on behalf of:

PricewaterhouseCoopers (ICAG/F/028)

Chartered Accountants

Accra, Ghana

21 April, 2014



## Statement of Financial Position

(All amounts are expressed in thousands of Ghana cedis)

|  | Note | At 31 December |               |                |                |
|--|------|----------------|---------------|----------------|----------------|
|  |      | The Company    |               | The Group      |                |
|  |      | 2013           | 2012          | 2013           | 2012           |
| <b>Assets</b>                                  |      |                |               |                |                |
| Property and equipment                         | 5    | 546            | 142           | 17,546         | 19,758         |
| Intangible assets                              | 6    | -              | -             | 23             | 27             |
| Investment properties                          | 7    | -              | -             | 25,743         | 13,006         |
| Investments in subsidiaries                    | 8    | 34,010         | 34,005        | -              | -              |
| Investment securities                          | 9    | 23,367         | 15,584        | 221,111        | 148,610        |
| Loans and receivables                          | 10   | 1,614          | 205           | 22,782         | 8,899          |
| Due from related parties                       | 22   | 2,164          | 2,536         | -              | -              |
| Due from re-insurers                           | 11   | -              | -             | 3,014          | 3,971          |
| Deferred income tax asset                      | 20   | 2,790          | 2,664         | 3,308          | 2,836          |
| Cash and cash equivalents                      | 12   | 11,477         | 934           | 52,470         | 26,519         |
| <b>Total assets</b>                            |      | <b>75,968</b>  | <b>56,070</b> | <b>345,997</b> | <b>223,626</b> |
| <b>EQUITY AND LIABILITIES</b>                  |      |                |               |                |                |
| <b>Capital and reserve</b>                     |      |                |               |                |                |
| Stated capital                                 | 13   | 31,599         | 31,599        | 31,599         | 31,599         |
| Contingency reserve                            | 14   | -              | -             | 13,687         | 11,169         |
| Other reserves                                 | 15   | 545            | 545           | 9,869          | 8,362          |
| Income surplus account                         | 16   | 41,645         | 21,993        | 59,257         | 35,270         |
| Non-controlling interest                       |      | -              | -             | 20,740         | 20,135         |
| <b>Total equity</b>                            |      | <b>73,789</b>  | <b>54,137</b> | <b>135,152</b> | <b>106,535</b> |
| <b>Liabilities</b>                             |      |                |               |                |                |
| Life fund – insurance contract liabilities     | 17   | -              | -             | 148,644        | 82,734         |
| Unearned premiums and unexpired risk provision | 18   | -              | -             | 17,497         | 12,079         |
| Outstanding claims                             | 19   | -              | -             | 2,294          | 862            |
| Deferred income tax liability                  | 20   | -              | -             | 9,696          | 5,370          |
| Trade and other payables                       | 21   | 2,174          | 1,932         | 21,204         | 9,849          |
| Due to re-insurers                             | 11   | -              | -             | 5,852          | 4,528          |
| Due to related parties                         | 22   | 5              | 1             | 4,344          | 1,490          |
| Current income tax liability                   | 27   | -              | -             | 1,314          | 179            |
| <b>Total liabilities</b>                       |      | <b>2,179</b>   | <b>1,933</b>  | <b>210,845</b> | <b>117,091</b> |
| <b>Total equity and liabilities</b>            |      | <b>75,968</b>  | <b>56,070</b> | <b>345,997</b> | <b>223,626</b> |

The notes on pages 46 to 91 are an integral part of these financial statements.

The financial statements on pages 39 to 91 were approved for issue by the board of directors on 21 April 2014 and signed on its behalf by:



GROUP CHIEF EXECUTIVE OFFICER



DIRECTOR

## Income Statement

(All amounts are expressed in thousands of Ghana cedis)

|  | Note | Year ended 31 December |                |                  |                  |
|--|------|------------------------|----------------|------------------|------------------|
|  |      | The Company            | The Group      |                  |                  |
|  |      | 2013                   | 2012           | 2013             | 2012             |
| Investment income  | 23   | 29,403                 | 18,708         | 64,841           | 27,467           |
| Fair value gains on investment property  | 7    | -                      | -              | 3,160            | 4,038            |
| <b>Net investment income</b>   |      | <b>29,403</b>          | <b>18,708</b>  | <b>68,001</b>    | <b>31,505</b>    |
| Gross insurance premium revenue  |      | -                      | -              | 186,166          | 132,288          |
| Insurance premium ceded to reinsurers  |      | -                      | -              | (22,965)         | (17,290)         |
| Net premium written  |      | -                      | -              | 163,201          | 114,998          |
| Unearned premium   | 18   | -                      | -              | (5,418)          | (3,070)          |
| <b>Net insurance premium revenue</b>   |      | <b>-</b>               | <b>-</b>       | <b>157,783</b>   | <b>111,928</b>   |
| Other income   | 24   | 3                      | 3              | 5,184            | 2,261            |
| <b>Net income</b>  |      | <b>29,406</b>          | <b>18,711</b>  | <b>230,968</b>   | <b>145,694</b>   |
| Insurance claims incurred  |      | -                      | -              | (52,034)         | (31,996)         |
| Insurance claims recoveries from reinsurers  |      | -                      | -              | 3,218            | 3,740            |
| Change in insurance contract liabilities – life fund   | 17   | -                      | -              | (65,910)         | (32,742)         |
| <b>Net benefits and claims</b>   |      | <b>-</b>               | <b>-</b>       | <b>(114,726)</b> | <b>(60,998)</b>  |
| Operating expenses   | 25   | (5,156)                | (4,048)        | (41,393)         | (31,349)         |
| Commission expense   |      | -                      | -              | (27,085)         | (20,685)         |
| <b>Net expenses</b>  |      | <b>(5,156)</b>         | <b>(4,048)</b> | <b>(183,204)</b> | <b>(113,032)</b> |
| <b>Profit before national fiscal stabilisation levy and income tax</b>                                 |      | <b>24,250</b>          | <b>14,663</b>  | <b>47,764</b>    | <b>32,662</b>    |
| National fiscal stabilisation levy   | 26   | -                      | -              | (1,481)          | -                |
| Income tax credit/(expense)  | 27   | 126                    | (774)          | (6,610)          | (2,767)          |
| <b>Profit for the year</b>   |      | <b>24,376</b>          | <b>13,889</b>  | <b>39,673</b>    | <b>29,895</b>    |
| <b>Attributable to:</b>  |      |                        |                |                  |                  |
| Owners of the parent   |      | 24,376                 | 13,889         | 31,229           | 19,377           |
| Non-controlling interest   |      | -                      | -              | 8,444            | 10,518           |
| <b>Earnings per share for profit attributable to the equity holders of the Company during the year</b> |      |                        |                |                  |                  |
| Basic and diluted (GH¢ per share)  | 31   | 0.186                  | 0.106          | 0.238            | 0.148            |

The notes on pages 46 to 91 are an integral part of these financial statements

## Statement of Comprehensive Income

(All amounts are expressed in thousands of Ghana cedis)

|  | Year ended 31 December |               |               |               |
|--|------------------------|---------------|---------------|---------------|
|  | The Company            | The Group     |               |               |
|  | 2013                   | 2012          | 2013          | 2012          |
| Profit for the year  | 24,376                 | 13,889        | 39,673        | 29,895        |
| <b>Other comprehensive income:</b>                             |                        |               |               |               |
| Items that may be subsequently reclassified to profit or loss: |                        |               |               |               |
| Currency translation differences                               | -                      | -             | 3             | 158           |
| Items that will not be reclassified to profit or loss:         |                        |               |               |               |
| Gains on revaluation of land and building (Note 5)             | -                      | -             | 2,007         | 7,371         |
| Deferred tax charge  | -                      | -             | (502)         | (971)         |
| <b>Total comprehensive income for the year</b>                 | <b>24,376</b>          | <b>13,889</b> | <b>41,181</b> | <b>36,453</b> |
| <b>Attributable to:</b>  |                        |               |               |               |
| Owners of the parent   | 24,376                 | 13,889        | 32,737        | 25,935        |
| Non – controlling interest                                     | -                      | -             | 8,444         | 10,518        |
| <b>Total comprehensive income for the year</b>                 | <b>24,376</b>          | <b>13,889</b> | <b>41,181</b> | <b>36,453</b> |

## Statement of Changes in Equity

(All amounts are expressed in thousands of Ghana cedis)

| The Company   | Stated capital | Income surplus account | Share option scheme | Total         |
|---|----------------|------------------------|---------------------|---------------|
| <b>Year ended 31 December 2013</b>                                  |                |                        |                     |               |
| At start of year  | 31,599         | 21,993                 | 545                 | 54,137        |
| Profit and total comprehensive income for the year                  | -              | 24,376                 | -                   | 24,376        |
| <b>Transactions with owners recognised directly in equity</b>       |                |                        |                     |               |
| Final dividends paid for 2012                                       | -              | (2,099)                | -                   | (2,099)       |
| Interim dividends paid for 2013                                     | -              | (2,625)                | -                   | (2,625)       |
| <b>Total transactions with owners recognised directly in equity</b> | -              | (4,724)                | -                   | (4,724)       |
| <b>At end of year</b>   | <b>31,599</b>  | <b>41,645</b>          | <b>545</b>          | <b>73,789</b> |
| <b>Year ended 31 December 2012</b>                                  |                |                        |                     |               |
| At start of year  | 31,599         | 10,204                 | -                   | 41,803        |
| Profit and total comprehensive income for the year                  | -              | 13,889                 | -                   | 13,889        |
| <b>Transactions with owners recognised directly in equity</b>       |                |                        |                     |               |
| Interim dividends paid for 2012                                     | -              | (2,100)                | -                   | (2,100)       |
| Employee share option scheme<br>- Value of employee services        | -              | -                      | 545                 | 545           |
| <b>Total transactions with owners recognised directly in equity</b> | -              | (2,100)                | 545                 | (1,555)       |
| <b>At end of year</b>   | <b>31,599</b>  | <b>21,993</b>          | <b>545</b>          | <b>54,137</b> |

The notes on pages 46 to 91 are an integral part of these financial statements.

## Statement of Changes in Equity

(All amounts are expressed in thousands of Ghana cedis)

### Attributable to owners of the Company

| The Group   | Stated capital | Income surplus account | Other reserve       |                              |                     | Contingency reserve | Non controlling interest | Total equity   |
|---|----------------|------------------------|---------------------|------------------------------|---------------------|---------------------|--------------------------|----------------|
|   |                |                        | Revaluation reserve | Currency translation reserve | Share option scheme |                     |                          |                |
| <b>Year ended 31 December 2013</b>                                  |                |                        |                     |                              |                     |                     |                          |                |
| At 1 January 2013   | 31,599         | 35,270                 | 7,736               | 81                           | 545                 | 11,169              | 20,135                   | 106,535        |
| Profit for the year   | -              | 31,229                 | -                   | -                            | -                   | -                   | 8,444                    | 39,673         |
| <b>Other comprehensive income:</b>                                  |                |                        |                     |                              |                     |                     |                          |                |
| Foreign currency translation difference                             | -              | -                      | -                   | 2                            | -                   | -                   | 1                        | 3              |
| Gains on revaluation of properties (Note 5)                         | -              | -                      | 2,007               | -                            | -                   | -                   | -                        | 2,007          |
| Deferred tax charge (Note 20)                                       | -              | -                      | (502)               | -                            | -                   | -                   | -                        | (502)          |
| <b>Total comprehensive income</b>                                   | -              | 31,229                 | 1,505               | 2                            | -                   | -                   | 8,445                    | 41,181         |
| <b>Transactions with owners</b>                                     |                |                        |                     |                              |                     |                     |                          |                |
| Final dividend for 2012   | -              | (2,099)                | -                   | -                            | -                   | -                   | (3,920)                  | (6,019)        |
| Interim dividend for 2013   | -              | (2,625)                | -                   | -                            | -                   | -                   | (3,920)                  | (6,545)        |
| Transfer to contingency reserve                                     | -              | (2,518)                | -                   | -                            | -                   | 2,518               | -                        | -              |
| <b>Total transactions with owners recognised directly in equity</b> | -              | (7,242)                | -                   | -                            | -                   | 2,518               | (7,840)                  | (12,564)       |
| <b>At 31 December 2013</b>  | <b>31,599</b>  | <b>59,257</b>          | <b>9,241</b>        | <b>83</b>                    | <b>545</b>          | <b>13,687</b>       | <b>20,740</b>            | <b>135,152</b> |

## Statement of Changes in Equity – The Group

(All amounts are expressed in thousands of Ghana cedis)

### Attributable to owners of the Company

| The Group  | Stated capital | Income surplus account | Other reserve       |                              |                     | Contingency reserve | Non controlling interest | Total equity |
|--|----------------|------------------------|---------------------|------------------------------|---------------------|---------------------|--------------------------|--------------|
|  |                |                        | Revaluation reserve | Currency translation reserve | Share option scheme |                     |                          |              |
| Year ended 31 December 2012                                  |                |                        |                     |                              |                     |                     |                          |              |
| At 1 January 2012  | 31,599         | 19,285                 | 1,336               | -                            | -                   | 9,877               | 13,205                   | 75,302       |
| Profit for the year  | -              | 19,377                 | -                   | -                            | -                   | -                   | 10,518                   | 29,895       |
| Other comprehensive income:                                  |                |                        |                     |                              |                     |                     |                          |              |
| Foreign currency translation difference                      | -              | -                      | -                   | 81                           | -                   | -                   | 77                       | 158          |
| Gains on revaluation of properties (Note 5)                  | -              | -                      | 7,371               | -                            | -                   | -                   | -                        | 7,371        |
| Deferred tax charge (Note 20)                                | -              | -                      | (971)               | -                            | -                   | -                   | -                        | (971)        |
| Total comprehensive income                                   | -              | 19,377                 | 6,400               | 81                           | -                   | -                   | 10,595                   | 36,453       |
| Transactions with owners                                     |                |                        |                     |                              |                     |                     |                          |              |
| Dividends relating to 2012                                   | -              | (2,100)                | -                   | -                            | -                   | -                   | (4,410)                  | (6,510)      |
| Employee share option scheme - Value of employee services    | -              | -                      | -                   | -                            | 545                 | -                   | -                        | 545          |
| Additions to non controlling interest in subsidiary          | -              | -                      | -                   | -                            | -                   | -                   | 745                      | 745          |
| Transfer to contingency reserve                              | -              | (1,292)                | -                   | -                            | -                   | 1,292               | -                        | -            |
| Total transactions with owners recognised directly in equity | -              | (3,392)                | -                   | -                            | 545                 | 1,292               | (3,665)                  | (5,220)      |
| At 31 December 2012  | 31,599         | 35,270                 | 7,736               | 81                           | 545                 | 11,169              | 20,135                   | 106,535      |

The notes on pages 46 to 91 are an integral part of these financial statements.



## Statement of Cash Flows

(All amounts are expressed in thousands of Ghana cedis)

|  | The Company |                | The Group      |                 |                |
|--|-------------|----------------|----------------|-----------------|----------------|
|  | Note        | 2013           | 2012           | 2013            | 2012           |
| <b>Cash flows from operating activities</b>          |             |                |                |                 |                |
| Cash (used in)/generated from operations             | 29          | (11,863)       | (5,388)        | 10,321          | (1,724)        |
| Investment income received                           |             | 27,721         | 14,869         | 34,212          | 16,297         |
| National Fiscal Stabilisation Levy paid              | 26          | -              | -              | (834)           | -              |
| Income tax paid                                      | 27          | -              | -              | (2,123)         | (406)          |
| Net cash generated from operating activities         |             | <u>15,858</u>  | <u>9,481</u>   | <u>41,576</u>   | <u>14,167</u>  |
| <b>Cash flows from investing activities</b>          |             |                |                |                 |                |
| Capital contribution in subsidiaries                 |             | -              | (9,354)        | -               | -              |
| Purchases of property and equipment                  | 5           | (591)          | (112)          | (3,085)         | (2,114)        |
| Proceeds from sale of property and equipment         | 5           | -              | -              | 24              | 118            |
| Net cash used in investing activities                |             | <u>(591)</u>   | <u>(9,466)</u> | <u>(3,061)</u>  | <u>(1,996)</u> |
| <b>Cash flow from financing activities</b>           |             |                |                |                 |                |
| Dividends paid                                       | 28          | (4,724)        | (2,100)        | (12,564)        | (6,510)        |
| Proceeds from issue of ordinary shares               |             | -              | -              | -               | 745            |
| Net cash used in financing activities                |             | <u>(4,724)</u> | <u>(2,100)</u> | <u>(12,564)</u> | <u>(5,765)</u> |
| Net increase/(decrease) in cash and cash equivalents |             | 10,543         | (2,085)        | 25,951          | 6,406          |
| Cash and cash equivalents at beginning of year       | 12          | <u>934</u>     | <u>3,019</u>   | <u>26,519</u>   | <u>20,113</u>  |
| Cash and cash equivalents at end of year             | 12          | <u>11,477</u>  | <u>934</u>     | <u>52,470</u>   | <u>26,519</u>  |

The notes on pages 46 to 91 are an integral part of these financial statements.