

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 42 to 96. These financial statements comprise the statement of financial position of the Group as at 31 December 2014, 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 2014 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 2014 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 group’s profit and loss account (group’s income statement) are in agreement with the books of account.



PricewaterhouseCoopers (ICAG/F/028)
Chartered Accountants
Signed by: Oseini Amui (ICAG/P/1139)
Accra, Ghana
10 April, 2015



Statement of Financial Position

(All amounts are expressed in thousands of Ghana cedis)

	Note	As at 31 December			
		The Company		The Group	
		2014	2013	2014	2013
ASSETS					
Property and equipment	5	473	546	17,160	17,546
Intangible assets	6	-	-	311	23
Investment properties	7	-	-	82,339	25,743
Investments in subsidiaries	8	30,562	34,005	-	-
Deferred income tax asset	20	2,566	2,790	3,376	3,308
Investment securities	9	19,929	23,367	281,762	221,111
Loans and receivables	10	28	1,614	6,216	22,782
Due from re-insurers	11	-	-	5,378	3,014
Due from related parties	22	17,695	2,164	-	-
Current income tax assets	27	-	-	596	-
Cash and cash equivalents	12	39,515	11,477	88,813	52,470
Total assets		110,768	75,963	485,951	345,997
EQUITY AND LIABILITIES					
Capital and reserve					
Stated capital	13	33,169	31,599	33,169	31,599
Contingency reserve	14	-	-	15,800	13,687
Other reserves	15	407	545	9,855	9,868
Income surplus account	16	74,730	41,645	120,351	59,257
Non-controlling interest	8	-	-	44,118	20,741
Total equity		108,306	73,789	223,293	135,152
Liabilities					
Deferred income tax liability	20	-	-	11,631	9,696
Life fund – insurance contract liabilities	17	-	-	195,238	148,644
Unearned premiums and unexpired risk provision	18	-	-	15,518	17,497
Outstanding claims	19	-	-	5,822	2,294
Trade and other payables	21	2,462	2,174	22,045	21,204
Due to re-insurers	11	-	-	5,609	5,852
Due to related parties	22	-	-	5,118	4,344
Current income tax liabilities	27	-	-	1,677	1,314
Total liabilities		2,462	2,174	262,658	210,845
Total equity and liabilities		110,768	75,963	485,951	345,997

The notes on pages 49 to 96 are an integral part of these financial statements.

The financial statements on pages 42 to 96 were approved for issue by the board of directors on 10 April 2015 and signed on its behalf by:

Keli Gadzekpo
Group Chief Executive Officer

Martin Eson-Benjamin
Director

Income Statement

(All amounts are expressed in thousands of Ghana cedis)

	Note	Year ended 31 December			
		The Company		The Group	
		2014	2013	2014	2013
Investment income	23	76,777	29,403	50,876	64,841
Fair value gains on investment property	7	-	-	23,641	3,160
Net investment income		76,777	29,403	74,517	68,001
Gross insurance premium revenue		-	-	228,745	186,166
Insurance premium ceded to reinsurers		-	-	(26,792)	(22,965)
Net premium written		-	-	201,953	163,201
Change in unearned premium	18	-	-	1,979	(5,418)
Net insurance premium revenue		-	-	203,932	157,783
Other income	24	2,373	3	9,925	5,184
Net income		79,150	29,406	288,374	230,968
Insurance claims incurred	19	-	-	(84,769)	(52,034)
Insurance claims recoveries from reinsurers	19	-	-	1,442	3,218
Change in insurance contract liabilities – life fund	17	-	-	(46,594)	(65,910)
Net benefits and claims		-	-	(129,921)	(114,726)
Operating expenses	25	(9,436)	(5,156)	(53,896)	(41,393)
Commission expense		-	-	(34,976)	(27,085)
Net expenses		(9,436)	(5,156)	(218,793)	(183,204)
Profit before national fiscal stabilisation levy and income tax		69,714	24,250	69,581	47,764
National fiscal stabilisation levy	26	-	-	(2,750)	(1,481)
Income tax (expense)/credit	27	(8,273)	126	(5,533)	(6,610)
Profit for the year		61,441	24,376	61,298	39,673
Attributable to:					
Owners of the parent		61,441	24,376	37,994	31,229
Non-controlling interest		-	-	23,304	8,444
Earnings per share for profit attributable to the equity holders of the Company during the year					
Basic and diluted (GH¢ per share)	31	0.466	0.186	0.288	0.238

The notes on pages 49 to 96 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	
	2014	2013	2014	2013
Profit for the year	61,441	24,376	61,298	39,673
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Currency translation difference	-	-	245	3
Gains on revaluation of properties (Note 5)	-	-	-	2,007
Deferred tax charge	-	-	-	(502)
Total comprehensive income for the year	<u>61,441</u>	<u>24,376</u>	<u>61,543</u>	<u>41,181</u>
Attributable to:				
Owners of the parent	61,441	24,376	38,119	32,805
Non – controlling interest	-	-	23,424	8,376
Total comprehensive income for the year	<u>61,441</u>	<u>24,376</u>	<u>61,543</u>	<u>41,181</u>

Statement of Changes In Equity

(All amounts are expressed in thousands of Ghana cedis)

THE COMPANY

Year ended 31 December 2014

	Stated capital	Income surplus account	Share option scheme	Total
At start of year	31,599	41,645	545	73,789
Profit and total comprehensive income for the year	-	61,441	-	61,441
Transactions with owners recognised directly in equity				
Dividend:				
- Final dividends paid for 2013	-	(3,295)	-	(3,295)
- Interim dividends paid for 2014	-	(25,061)	-	(25,061)
Value of employee services			1,239	1,239
Issue of ordinary shares	1,570	-	(1,377)	193
Total transactions with owners recognised directly in equity	1,570	(28,356)	(138)	(26,924)
At end of year	33,169	74,730	407	108,306
Year ended 31 December 2013				
At start of year	31,599	21,993	545	54,137
Profit and total comprehensive income for the year	-	24,376	-	24,376
Transactions with owners recognised directly in equity				
Dividend:				
- Final dividends paid for 2012	-	(2,099)	-	(2,099)
- Interim dividend paid for 2013	-	(2,625)	-	(2,625)
Total transactions with owners recognised directly in equity	-	(4,724)	-	(4,724)
At end of year	31,599	41,645	545	73,789

Statement of Changes in Equity – The Group

(All amounts are expressed in thousands of Ghana cedis)

	Attributable to owners of the Company							Total equity
	Stated capital	Income surplus account	Revaluation reserve	Other reserve	Contingency reserve	Non controlling interest		
The Group								
Year ended 31 December 2014								
At 1 January 2014	31,599	59,257	9,241	82	13,687	20,741	135,152	
Profit for the year	-	37,994	-	-	-	23,304	61,298	
Other comprehensive income:								
Foreign currency translation difference	-	-	-	125	-	120	245	
Total comprehensive income	-	37,994	-	125	-	23,424	61,543	
Transfer to contingency reserve	-	(1,268)	-	-	2,113	(845)	-	
Value of employee services	-	-	-	-	-	-	1,239	
Issue of ordinary shares (Note 13)	1,570	-	-	-	-	-	193	
Final dividend for 2013	-	(3,295)	-	-	-	(3,920)	(7,215)	
Interim dividend for 2014	-	(25,061)	-	-	-	(4,900)	(29,961)	
Total contributions by and distributions to owners of the parent, recognised directly in equity	1,570	(28,356)	-	-	-	(8,820)	(35,744)	
Sale of interest to non-controlling interest (Note 33)	-	60,773	-	-	-	4,695	65,468	
Tax on gain on partial disposal of subsidiary (Note 27)	-	(8,049)	-	-	-	-	(8,049)	
Non-controlling interest capital contribution in subsidiary	-	-	-	-	-	4,923	4,923	
Total changes in ownership interests in subsidiary that do not result in a loss of control	-	52,724	-	-	-	9,618	62,342	
Total transactions with owners recognised directly in equity	1,570	24,368	-	-	-	798	26,598	
At 31 December 2014	33,169	120,351	9,241	207	15,800	44,118	223,293	

Total changes in ownership interests in subsidiary that do not result in a loss of control

Total transactions with owners recognised directly in equity

At 31 December 2014

The notes on pages 49 to 96 are an integral part of these financial statements

Statement of Changes in Equity – The Group

(All amounts are expressed in thousands of Ghana cedis)

	Attributable to owners of the Company						Non controlling interest	Total equity
	Stated capital	Income surplus account	Revaluation reserve	Other reserve	Contingency reserve	Share option scheme		
Year ended 31 December 2013	31,599	35,270	7,736	80	11,169	545	20,136	106,535
At 1 January 2013	-	31,229	-	-	-	-	8,444	39,673
Profit for the year	-	-	-	-	-	-	-	-
Other comprehensive income:	-	-	-	2	-	-	1	3
Foreign currency translation difference	-	-	-	-	-	-	-	-
Gains on revaluation of properties (Note 5)	-	-	2,007	-	-	-	-	2,007
Deferred tax charge (Note 20)	-	-	(502)	-	-	-	-	(502)
Total comprehensive income	-	31,229	1,505	2	-	-	8,445	41,181
Transfer to contingency reserve	-	(2,518)	-	-	2,518	-	-	-
Transactions with owners	-	(2,099)	-	-	-	-	(3,920)	(6,019)
Final dividend for 2012	-	(2,625)	-	-	-	-	(3,920)	(6,545)
Interim dividend for 2013	-	(4,724)	-	-	-	-	(7,840)	(12,564)
Total transactions with owners recognised directly in equity	-	59,257	9,241	82	13,687	545	20,741	135,152
At 31 December 2013	31,599	59,257	9,241	82	13,687	545	20,741	135,152

Total transactions with owners recognised directly in equity

At 31 December 2013

Statement of Cash Flows

(All amounts are expressed in thousands of Ghana cedis)

	Note	Year ended 31 December			
		The Company		The Group	
		2014	2013	2014	2013
Cash flows from operating activities					
Cash (used in)/generated from operations	29	(14,962)	(11,863)	(23,618)	10,321
Investment income received		22,433	27,721	52,384	34,212
Current income tax paid	27	(8,049)	-	(11,948)	(2,123)
National fiscal stabilisation levy paid	26	-	-	(1,587)	(834)
Net cash (used in)/generated from operating activities		(578)	15,858	15,231	41,576
Cash flows from operating activities					
Proceeds from partial disposal of subsidiaries	33	65,468	-	65,468	-
Purchases of property and equipment	5	(321)	(591)	(12,080)	(3,085)
Proceeds from sale of property and equipment	5	-	-	95	24
Purchase of intangible assets	6	-	-	(311)	-
Capital contribution in subsidiaries		(8,368)	-	-	-
Proceeds from issue of shares in subsidiary to non-controlling interest		-	-	4,923	-
Net cash generated from/(used in) investing activities		56,779	(591)	58,095	(3,061)
Cash flow from financing activities					
Dividends paid	28	(28,356)	(4,724)	(37,176)	(12,564)
Proceeds from issue of ordinary shares		193	-	193	-
Net cash used in financing activities		(28,163)	(4,724)	(36,983)	(12,564)
Net increase in cash and cash equivalents		28,038	10,543	36,343	25,951
Cash and cash equivalents at beginning of year	12	11,477	934	52,470	26,519
Cash and cash equivalents at end of year	12	39,515	11,477	88,813	52,470