ANNUAL REPORT 2020

www.zhl.co.zw

ZIMRE HOLDINGS LIMITED

Security Growth and Profitability

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CORPORATE INFORMATION

DIRECTORS

Benjamin N Kumalo (Chairperson)
Mark Haken
Jean Maguranyanga
Desmond Matete (appointed 12 April 2021)
Ignatius Mvere
Hamish BW Rudland
Cron von Seidel
Edwin Zvandasara
Stanley Kudenga (Group Chief Executive)

SECRETARY

Ruvimbo Chidora

REGISTERED OFFICE

2nd Floor, Block D
Smatsatsa Office Park
Borrowdale
Harare.
Tel: +263 (242) 870 762-8
Email: zhl@zimre.co.zw
Website: www. zhl.co.zw

TRANSFER SECRETARIES

ZB Transfer Secretaries (Private) Limited
21 Natal Road,
Avondale, Harare.

LEGAL ADVISORS

Wintertons Legal Practitioners
Beverly Court,
11 Selous Avenue,
Harare.

Mhishi Nkomo Legal Practice
86 McChlery Avenue,
Eastlea, Harare.

INDEPENDENT AUDITORS

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Building 4, Arundel Office Park, Norfolk Road,
Mount Pleasant,
Harare.

PRINCIPAL BANKERS

NMB Bank Limited
Angwa City Branch
Harare.

National Building Society
Social Security Centre,
77 Park Lane,
Harare.

WELCOME TO ZHL

A diversified investment holding company with a focus on identifying quality investments and unlocking potential, to achieve sustainable shareholder profits.

Everyday your life home and assets are protected

Calven Mutyavaviri
Managing Director
MBL (UNISA), BBS (UZ), AIISA, FIISA

Reuben Java
Chief Executive Officer
BSc Mathematics (Hons) UZ, MBA (UCT), IFoA

Edson Muvingi
Managing Director
MBL (UNISA), BBS (UZ), AIISA, FIISA

Chakanyuka C. Nziradzemhuka
Managing Director
HBS (Finance & Banking) (UZ), MSc Finance and Investment (NUST), Exec MBA (NUST), MIFM (SA Institute of Financial Markets)

Zimbabwe
Leo T Huvaya
Managing Director
Bsc – Eco (Hons) (UZ), ACII

Botswana
Patience Mashaire Marwiro
Managing Director
MBA, BA – Admin, Bsc (Hons), ACII, FIISA

Malawi
Christopher Mukwindidza
Managing Director
BBS (Hons) –UZ, MBA (UZ), ACII (SA)

Mozambique
Mufaro Chauruka
Managing Director
BBS (Hons) –UZ, MBA (UZ), FIISA

Zambia
Webster Chigwende
Managing Director
Msc Strategic Planning, MBA, BCom – Insurance and Risk Management (Hons), ACII (UK)

Also included in the ZHL Group are the following key investments and associates:-

Zimbabwe

Regional

"Despite the onset of the COVID-19 pandemic which brought about severe interruptions to economic activity, the Group achieved modest growth and profitability..."

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

I am pleased to present the financial results of Zimre Holdings Limited ("ZHL") and its subsidiaries and associates (together the "Group") for the year ended 31 December 2020. The year 2020 experienced the unprecedented shock of the Coronavirus ("COVID-19") global pandemic outbreak that led to the massive disruption of economic activity which in turn led to the contraction of the global economy by a record 3.3% according to the International Monetary Fund ("IMF").

Directors responsibility

The Directors of ZHL are responsible for the preparation and presentation of the Group's consolidated financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), except for non-compliance with International Accounting Standard ("IAS")21, 'The Effects of changes in foreign exchange rates' and consequently IAS 29, 'Financial reporting in hyper-inflationary economies'. Notwithstanding, the financial statements comply with the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange ("ZSE") Listing Requirements. There were no changes to the principal accounting policies of the Group compared to those applied in the previous year.

Independent auditor's statement

The Group annual financial statements have been audited by PricewaterhouseCoopers Chartered Accountants (Zimbabwe) who have issued an adverse opinion on the basis of non-compliance with IAS 21, 'The Effects of changes in foreign exchange rates', IAS 29 'Financial reporting in hyper-inflationary economies' and property valuations. The generic adverse opinion has been issued on all market players.

Compliance with International Accounting Standard 29, 'Financial reporting in hyper-inflationary economies'

In line with the pronouncement of the Public Auditors and Accountants Board ("PAAB") that Zimbabwe is a hyper-inflationary economy, the Groups financial statements have been restated using the consumer price index ("CPI"). Non-monetary assets and liabilities carried at historical cost have been restated to reflect the change in the general price index. Monetary assets and liabilities and non-monetary assets and liabilities carried at revalued amounts have not been restated as they are presented at the measuring unit current at the end of the period. Items recognised in the statement of comprehensive income have been restated by applying the changes in the general price index on the dates the transactions were initially earned or incurred. A net monetary adjustment was recognised in the statement of comprehensive income.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. Comparative amounts in the Groups financial results have been adjusted to reflect the change in the general price index. Financial results prepared under the historical cost convention have been presented as supplementary information.

Business environment

Zimbabwe

The economy contracted by 8.0% ("IMF") in 2020 which was attributed to the onset of the coronavirus pandemic and the resultant lockdowns and disruption to economic activity, as well as the successive years of drought. However, there was growing optimism in business circles towards year end following signs of economic stability emanating from the return of the multi-currency regime, the introduction of the currency auction system on 23 June 2020 which brought about general exchange rate stability, declining trend in inflation and stability in prices as well as the onset of the above normal rainy season. Headwinds to full economic recovery and stability still remain, emanating from the hyper-inflationary environment, the power shortages putting a strain on capacity utilisation in industry, foreign currency supply constraints, subdued aggregate demand and consumer spending as well as the debt overhang and strained international relations.

Botswana

The outbreak of the COVID-19 pandemic, the severe droughts and the volatility of the international diamond markets exposed the limitations of an undiversified economy leading to a contraction of 8.3% in 2020. However, growth is anticipated in 2021 on account of revival in the diamond, agricultural and tourism industries.

Malawi

With an undiversified economy which is largely dependent on agriculture, Malawi experienced significant challenges in 2020 exacerbated by the outbreak of the COVID-19 pandemic. The existence of a large informal sector, weakening domestic demand and lack of adequate fiscal space to respond to the challenges, coupled with weak global conditions resulted in the country's economy growing by a marginal 0.6% in 2020. The economy is expected to rebound in 2021 on account of an anticipated good agricultural season.

Zambia

The outbreak of the COVID-19 pandemic, depressed commodity markets for copper, increasing external debt servicing costs, a depreciating currency (44% in 2020), falling exports, domestic inflationary pressures and declining capital inflows, all worsened the country's macroeconomic conditions. As a result, the economy contracted by 3.5% in 2020.

Mozambique

The economy contracted by 0.5% in 2020 on account of the outbreak of the COVID-19 pandemic, the occurrence of natural disasters and the disruptions associated with the deteriorating security situation in the north of the country. Coronavirus linked travel restrictions impacted negatively on the tourism sector. Real GDP is expected to grow modestly in 2021 as coal output increases and major liquefied natural gas projects come on stream. Growth in exports and inward investment is also expected to drive economic growth in 2021.

Market overview

The outbreak of the COVID-19 pandemic forced the Group to invest in and accelerate the digitalisation strategy, improve customer supply chains, augment existing internal and external communication as physical interactions were restricted. Effective customer and other stakeholder engagements were implemented through optimisation of technology. Business continuity plans implemented during the lockdowns ensured the continuous flow of business in all operating units. Demand for insurance and rental space remained buoyant notwithstanding trends in the rationalisation of space by tenants as most business was conducted from home during the lockdowns. There was a slowdown in property sales and increased pressure on occupancies on leased premises. The onset of hyperinflation in Zimbabwe resulted in the need to constantly review sums insured by policyholders and a spike in the cost of insurance claims and operating costs. The tight liquidity situation in Zimbabwe slowed down premium and rental collection thereby impacting investment portfolio growth.

Overall Group performance

Despite the onset of the COVID-19 pandemic which brought about severe interruptions to economic activity, the Group achieved modest growth and profitability in business underpinned by strong performance in the Botswana and Mozambique operations. The regional diversification strategy became handy as the impact of the outbreak of the COVID-19 pandemic on Group performance was less severe as different fiscal and monetary interventions in each country where the Group operates were implemented to mitigate the effects of the pandemic.

Statement of comprehensive income

Total income

In inflation-adjusted terms, total income at ZWL2.8 billion grew by 11% over the ZWL2.5 billion achieved in the same period in 2019. On a historical cost basis, total income increased by 584% from ZWL0.6 billion in 2019 to ZWL4.4 billion in 2020. The increase was mainly driven by the strong top-line growth in premium income in Botswana and Mozambique as the units consolidated their respective market positions, the growth in rental income with the coming on stream of property space with high rental yield and the upward reviews of rentals as well as property revaluation gains following the change of functional currency. The regional operations contributed 57% in GPW in 2020 compared to 64% in 2019. The contribution mix is underpinned by the clawback in the Zimbabwean operations and the continued beneficial hedging effects of the regional operations.

Total claims and expenses

On an inflation-adjusted basis, total claims and expenses declined by 27% from ZWL1.9 billion in 2019 when compared to the ZWL1.4 billion registered in 2020. The decrease was driven by an overall decline in operating expenses, acquisition costs and claims. In historical cost terms, there was an overall increase in claims and expenses due to exchange rate driven inflationary pressures experienced in the domestic economy. Management remains committed to keeping operating costs and technical expenses under control and in line with revenue growth.

Profit for the year

The Group sustained growth in profitability in inflation-adjusted terms, registering an increase of 107% in profit for the year from the ZWL0.5 billion registered in 2019 to ZWL0.9 billion in 2020. In historical cost terms profit for the year increased by 578% from ZWL0.4 billion in 2019 to ZWL2.9 billion in 2020 on account of the strong top-line business growth in some business units and the investment portfolio fair valuations following the change of the functional currency in Zimbabwe.

Total comprehensive income

In inflation-adjusted terms total comprehensive income was ZWL1.4 billion against ZWL1.3 billion in 2019. On a historical cost basis it was ZWL3.9 billion against ZWL0.6 billion in 2019 and was attributed to exchange rate differences on translation of foreign operations, fair value gains on financial assets and gains on property and equipment revaluations.

Statement of financial position

Total assets

Total assets grew by 154% in inflation-adjusted terms from ZWL4.9 billion (ZWL1.1 billion in historical cost basis) in 2019 to ZWL12.5 billion (ZWL12 billion in historical cost terms) in 2020. The Group's financial position remained sound mainly due to the revaluation of investment properties and other non-monetary assets.

Shareholders' equity

At ZWL5.1 billion as at 31 December 2020 in inflation-adjusted terms, shareholders' equity grew by 98% from ZWL2.6 billion in 2019. In historical cost terms, shareholders' equity was at ZWL4.6 billion compared to ZWL0.5 billion as at 31 December 2019. The 768% increase was attributed to the profitability recorded by the Group.

Cash flow

Positive cash flows were generated from most operations mainly due to the strong business growth momentum achieved, leasing of space to quality tenants, implementation of premium warranty policies in certain markets and strengthening of the effects of moderate improvements in credit control functions in most business units. Overall, the Group generated cash of ZWL 4.8 billion from operations which was 336% up from the comparative period in 2019.

Key developments and milestones

The delisting of Zimre Property Investments Limited ("ZPI") with effect from 10 November 2020, was completed when ZHL had achieved a 100% shareholding in the company as the Group sought to consolidate its operations, strengthen the balance sheet and streamline operational costs in the face of mounting economic challenges. Fidelity Life Assurance of Zimbabwe Limited ("FLA") became a subsidiary of ZHL with effect from 4 December 2020 following the successful acquisition of a 67% equity stake in the business.

Impact of COVID-19 outbreak

Strict lockdown measures introduced towards the end of March 2020 were gradually relaxed in the course of the year. However, the infection rate rose sharply across the region in December 2020 resulting in the imposition of stricter lockdown measures in January 2021 which resulted in further disruption and reduction in business activity. However, the Group's business units continued operating with minimum interruption due to the business continuity plans put in place following the first lockdown. The Group continues to observe the Ministry of Health and Child Welfare and World Health Organization ("WHO") guidelines to ensure the safety of employees and stakeholders. The Group's businesses remain resilient in the face of the risks posed by the pandemic and the impact of the virus on the financial health of the Group is expected to be minimum.

Directorate

During the year under review, there were no changes to the ZHL Board of Directors. However, on 12th April 2021, Mr. Desmond Matete was appointed to the Board of Directors.

Dividend

In line with the Company's dividend policy and after careful consideration of the Company's level of profitability and reserves, the national lockdowns as a result of the Coronavirus outbreak and associated risks to business growth, the Directors have found it prudent to declare a dividend of ZWL30 million, which despite being below the Company's expected dividend policy of two and half times cover, is a result of the Directors' recognition of the need for frequent dividend distributions particularly in the prevailing domestic economic environment. The Dividend Notice was published on the 28th of June 2021 in accordance with the Company's Articles of Association and the Zimbabwe Stock Exchange Listing Requirements.

Outlook and strategy

2021 is expected to be another challenging year given the worldwide resurgence of COVID-19 cases and the emergence of new variants. The roll out of vaccines is expected to assist in containing the spread and to mitigate the negative effects of the virus on economic activity. The above normal rainfall season in the region is expected to boost the recovery of the agricultural sector, downstream industries, and food security in support of overall economic growth. Different fiscal and monetary interventions being implemented by governments in each country to stimulate recovery will also assist economic expansion in the Southern African Development Community ("SADC"). The IMF is projecting a 3.1% GDP growth in Zimbabwe in 2021 driven by a rebound in agriculture and mining activities. Key business growth strategies will be underpinned by strong cash generation in the business units, customer focus and effective change management. The restoration of heartland investments in property and long-term insurance sectors, extracting value from synergies and ensuring sustainable re-rating of ZHL and creating value for shareholders, are on course to be achieved. Diversifying revenue streams and pursuing opportunities for mergers and acquisitions in order to grow the business portfolio leveraging on the enhanced balance sheet are being implemented.

Appreciation

I would like to thank our directors throughout the Group, staff, business partners and other stakeholders who contributed to the achievement of these results.

B. N. Kumalo
CHAIRMAN
30 June, 2021

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2020

The Zimre Holdings Limited ("ZHL") Group had a successful trading year registering all round positive performance and preserved value for stakeholders despite the unprecedented challenges arising from the COVID-19 pandemic outbreak. During the year under review, the Group completed the acquisition of a 100% equity stake in Zimre Property Investments Limited ("ZPI") and a controlling interest in Fidelity Life Assurance of Zimbabwe Limited ("FLA"). The completion of the transactions marked the consummation of the Group strategy of rebuilding heartland investments, pursuing portfolio diversification and upscaling resource mobilisation initiatives. The Group is now taking steps to restructure and remodel the business portfolio. The Group business portfolio composition now consists of the following: -

CORE INVESTMENTS		KEY ASSOCIATES		KEY INVESTMENTS
Reinsurance	Emeritus Reinsurance	Short term Insurance	UGI United General Insurance Company Limited	Short term Insurance
Short Term Insurance	CredSure Innovative Insurance Solutions	Agro-Industrial	CFI Holdings Limited	Lidwala Insurance Company
Life and Pensions	Fidelity Life Assurance of Zimbabwe			Diamond Seguros
Property	Zimre Property Investments Limited			Cell Insurance
Investment Banking	Zimre Capital (Private) Limited			

BUSINESS ENVIRONMENT

The business environment in Zimbabwe and the SADC region in which the Group operates was severely impacted by the COVID-19 pandemic which caused disruption to economic activity, supply chains, international trade and curtailed aggregate demand resulting in an average contraction in GDP of about 4%. However, the easing of restrictions and reopening of economies in the second half of 2020, fiscal and monetary policies implemented by Governments to revive economic activity, as well as the roll out of vaccinations, resulted in early signs of economic recovery in these countries. In Zimbabwe, the pandemic exacerbated an already precarious and difficult operating environment characterised by hyperinflation, a largely informal economy, poor health delivery system, currency volatility, power shortages, increasing international isolation, and debt arrears resulting in an economic contraction of -8.0% (IMF) in 2020. The Zimbabwe Government launched the National Development Strategy 1 ("NDS1"), the successor economic blueprint to the Transitional Stabilisation Plan ("TSP") which expressed the Government's commitment for broad based macro-economic transformation and laying out the building blocks for the country to attain Middle Income Status by 2030.

KEY MARKET INDICATORS AND IMPACT ON GROUP BUSINESSES

The Group remained resilient and implemented business continuity plans which enabled it to maintain its operations, deliver services and products to customers whilst safeguarding the safety and health of both employees and other stakeholders. In most jurisdictions where the Group operates, the Insurance Sector was designated as an essential service and exempted from some of the lockdown measures and hence operations continued amidst strict adherence to health and safety protocols. The COVID-19 pandemic outbreak accelerated the digitalization and automation strategy requiring ongoing retraining, reskilling, reallocations, working from home and employee rationalisations. It is impractical at this stage to quantify the potential financial impact of COVID-19 on the Group's current and future operations and cashflows. Nevertheless, the Group continues to monitor the situation as the pandemic evolves and take appropriate action to minimize the effects on performance and financial position.

In Zimbabwe, low disposable incomes and COVID-19 induced lockdowns meant reduced demand for services such as insurance and letting space while inflation continued to push up premiums and rentals. Interest rates remained high as government tried to curtail speculative borrowing for arbitrage opportunities in the economy. This coupled with limited availability of long term and concessionary funding, impacted negatively on property development initiatives. The reintroduction of the multi-currency system during the year increased pressure on businesses to pay creditors, suppliers, shareholder dividends and staff in United States Dollars(US$). However, a welcome development for the insurance and property sectors in Zimbabwe was the flexibility provided to reintroduce US$ denominated insurance policies and lease contracts. The Auction System introduced in June 2020 brought about stability in the foreign exchange market although convergence with the unofficial rate remained elusive. This had a negative impact on claims costs and operating expenses which tracked the unofficial rate. Constraints in the supply of foreign exchange on the official foreign exchange market still meant limitations in discharging foreign obligations including retrocession costs, legacy debts, and claims. The Group reinsurance operations intensified the thrust to build the external claims fund in order to enhance customer confidence. The external claims fund had grown to US$1.5 million by year end.

OVERALL GROUP PERFORMANCE

Although economic headwinds in most jurisdictions where the Group operates exacerbated the decline in aggregate demand, the Group recorded commendable business growth, positive cashflows generated from operations and operating profitability. This was attributed to the overall business growth momentum started in the first quarter of the year before the outbreak of the COVID-19 pandemic and business continuity plans implemented during the lockdowns. The positive performance was driven by strong business growth in Botswana and Mozambique and signs of recovery of performance in Zambia resulting in a 56% growth in insurance revenue in historical cost terms. The property portfolio reconfiguration strategy to create high value rental space and revenue from sale of inventory property, also contributed to the commendable performance of the Group. The existence of a hyper-inflationary environment in Zimbabwe pushed up claims and operating expenses. The sustained cost control and containment strategy throughout the Group also assisted the Group to achieve profitability.

OUTLOOK

Despite the challenges posed by the COVID-19 pandemic and the emergence of new variants of the virus, economies in the region are expected to recover at diferent paces on the back of the anticipated increase in the roll out of vaccines, government economic policy interventions and the good agricultural season. Predictions for the 2021 GDP growth are pointing to a strong recovery and an average 3.1% growth for the five countries in which the Group has operations. However, the volatile and escalating military conflict in northern Mozambique and suspension of the implementation of the multi-billion gas projects is expected to delay production timelines thereby dampening economic growth prospects in that country.

Key business strategies being implemented include:-

- the implementation of the Group's growth triangle comprising of cash generation, customer focus and change management leading to stakeholder value creation.
- the reorganisation of the fragmented operating and support staff functions to create operational efficiency and optimise costs.
- the restoration of heartland investments in property and long-term insurance are being consolidated through the ZPI delink and provision of strategic direction to Fidelity Life Assurance to enhance performance.
- the capacitation of reinsurance operations through structured internal resources, strategic partnerships, and consolidations to eliminate duplicated business structures thereby enhancing capital adequacy.
- restructuring of the property business.
- cost control.
- technology optimisation.
- brand visibility
- effective leveraging on synergies.
- increasing regional footprint.
- leveraging on the consolidated balance sheet to create new revenue streams.
- implementing mergers and acquisition.

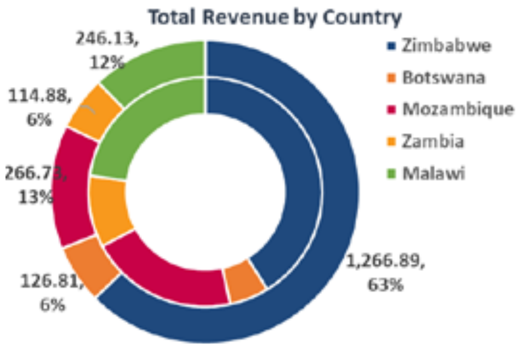
I wish to extend my and the Board's gratitude to the ZHL Group employees who despite the challenges of 2020, have enabled the Group to report positive results and continue to build shareholder value.

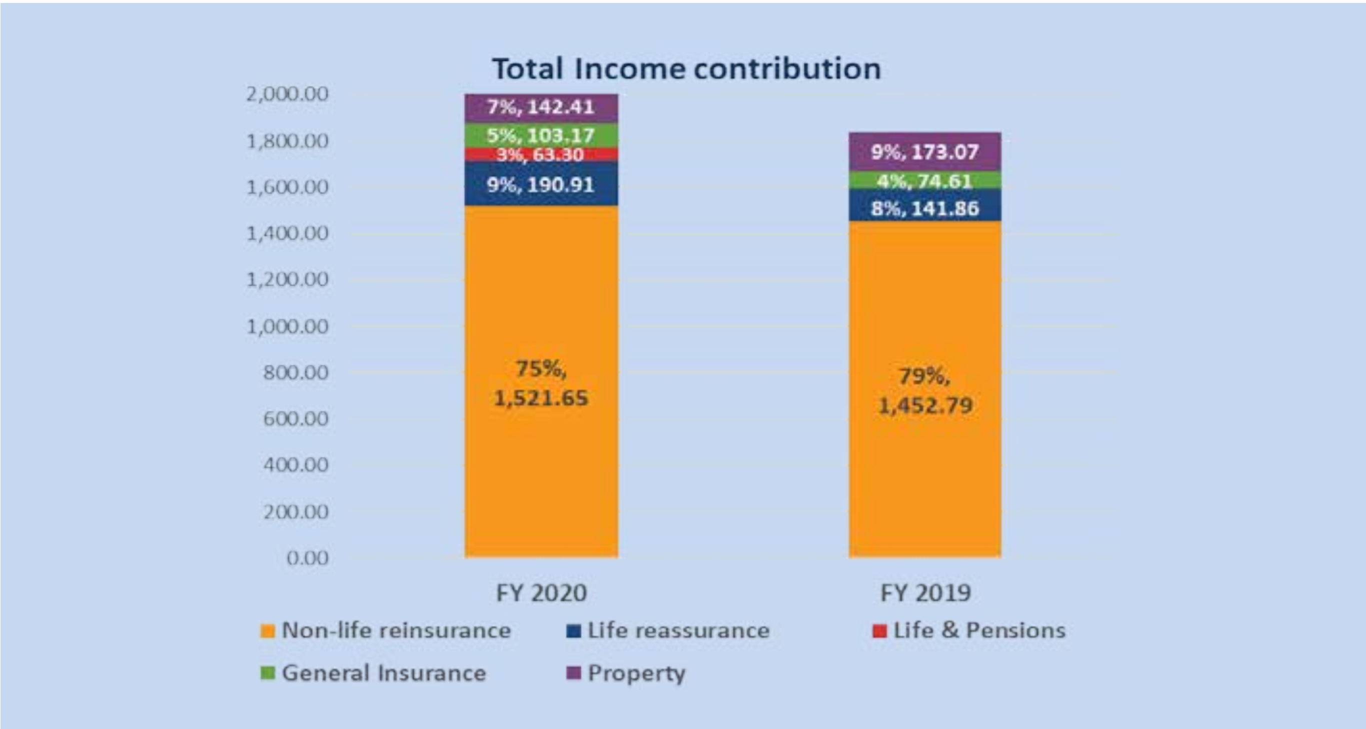
S. Kudenga
GROUP CHIEF EXECUTIVE OFFICER
30 June, 2021

FINANCIAL HIGHLIGHTS BY THE GROUP CHIEF EXECUTIVE

	Inflation-Adjusted		Historical	
	31 December 2020 ZWL million	% Change	31 December 2020 ZWL million	% Change
GPW	2 129	(4)	1 767	627
Domestic Contribution (GPW)	1 294	56	868	46
Total Income	2 773	11	4 366	584
Profit for the period	**983**	**107**	**2 872**	**585**
Shareholders' Funds	5 077	98	4 574	768
Total Assets	12 475	154	12 000	1042
EPS (Cents)	36	193	129	636
Dividend per share	**0.01649**	**868**		

Share Performance for the year ended 31 December 2020





Lovemore Madzinga, Ruvimbo Chidora, Chakanyuka C. Nziradzemhuka, Stanley Kudenga

Stanley Kudenga
Group Chief Executive Officer
CA(Z), MBL (UNISA)

Lovemore Madzinga
Finance Executive
BAcc (Hons) (UZ), FCCA, ACIS, MA Leadership and Management (UZ)

Ruvimbo Chidora
Group Legal Executive/Company Secretary
LLB Law and Business Studies

Chakanyuka Crawford Nziradzemhuka
Group Corporate Finance and Strategy Executive
HBS (Finance & Banking) (UZ), MSc Finance and Investment (NUST), Exec MBA (NUST), MIFM (SA Institute of Financial Markets)

CORPORATE GOVERNANCE AND MANAGEMENT APPROACH

Introduction

The ZHL Group recognises that the expectations of shareholders and stakeholders extends beyond the financial bottom line. Balancing the interests of both shareholders and all other stakeholders continues to be a priority for the ZHL Group to sustain the credibility of the Group's long-term strategy. As such, ZHL continues to monitor and evaluate its corporate culture in accordance with the principles of good corporate governance and global best practices. Our corporate governance values of transparency, integrity and accountability ensure we observe ethical practices to our people, the environment and shareholders.

ZHL's Commitment to Environmental Social and Governance Regulations (ESG)

Environment

Since 2018, ZHL has been on a drive to adopt environmentally friendly practices. This began with an energy audit of its Borrowdale Offices to optimise its usage of electricity relative to solar energy. Accordingly, the Company has been steadily building up its solar capacity with the intention to move off the already strained national grid. In a further effort to reduce the Group's environmental footprint, the Group has moved away from physical to electronic Board packs. The move has brought efficiency to the distribution of Board packs and in turn the Board's ability to exercises its fiduciary duties.

Social

The Coronavirus pandemic ("COVID-19") hit the shores of Africa in 2020 resulting in multiple national lockdowns within the countries in which the Group operates. An introspective look at the Group's social practices was undertaken for the well-being and safety of the Group's most valuable resource, its people. In addition to introducing remote working systems and provision of Personal Protective Equipment ("PPE"), the Group took this opportunity to look into its employees' welfare and worked towards developing a work/life balance as the boundaries of people's homes and the workplace had become blurred. Also key during this period, was maintaining the Group's budget and performance targets. The Group was able to maintain its staff complement without any retrenchments. In addition to the above, the units within the Group donated PPE and water to the various vulnerable groups within the communities they operate.

Governance

The ZHL Group aligns itself with the Companies and Other Business Entities Act [Chapter 23:31] as read with the National Code on Corporate Governance of Zimbabwe, the Zimbabwe Stock Exchange Listing Requirements and the King Code as amended from time to time. Such alignment provides shareholders and stakeholders with the assurance that the Group is not only sustaining business prosperity but preserving the future.

Communication with Shareholders and Stakeholders

In 2020, the ZHL Group introduced a new communication plan which sought to align capital market investor perceptions to the Group's intrinsic value. This has been achieved through the traditional Annual General Meetings, ("AGM"s), notices and announcements in the press, interim and annual reports, bi-annual analyst briefings and quarterly trading updates. The introduction of road-shows hosted by the Board and/or Executive Management via virtual media has informalised the Group's engagement with its diverse shareholder and stakeholder community and fostered direct and continuous dialogue geared towards the success of the Group in a mutually beneficial manner. In addition to the above, shareholders and the general public are welcome to direct any communication through its Company Secretary or the Transfer Secretaries.

Declaration of Directors' and Employee Interests

The ZHL Board and management subscribes to the motto of "say it, do it, coach it, live it!". Accordingly, the Closed Period being the forty-five (45) days post a Company's financial quarter during which Directors as well as employees may not deal in the shares of the Company, is closely observed and monitored. The Company Secretary circulates a memo at the beginning and end of the closed period to inform both Directors and employees of the prohibition to trade in the shares of the Company. During the year under review no Directors or employees acquired any material interests which could cause significant conflict of interest with the Group's objectives. The beneficial interests of the Directors and their families in the shares of ZHL are presented on page 19 In addition to the prohibition to trade during a Closed Period, the Directors and employees of the ZHL Group may not deal directly or indirectly in the shares of ZHL or its listed subsidiaries during a period when they are aware of any information, negotiations or details which may affect the share price.

The ZHL Board

The ZHL Board is responsible for discharging the fiduciary duties to the Company and its stakeholders. This includes: -

- setting the Group's strategy and corporate culture;
- aligning its subsidiaries to the Group vision, business objectives and strategic direction;
- coordinating and supervising the operating entities;
- implementing an efficient risk management system;
- overseeing that appropriate internal controls are in place and being observed;
- Managing shareholder and stakeholder relations, and
- Overseeing the preparation of interim and annual financial statements of the Group and ZHL as an entity.

The Board meets quarterly to provide input and oversight to the strategic planning process of the ZHL Group while also monitoring operational performance. The ZHL Group has adopted several practices to define, regulate and ensure division of responsibilities between the Board and Management namely: -

- majority non-executive directors on the Board;
- an independent Chairperson;
- the Chairperson and the Chief Executive Officer must be separate;
- strive for majority independence among directors and committee chairpersons;
- endeavour to build a diversified Board and Management in terms of skill, experience, race, gender, age etc.; and
- delegate according to skill and qualification sub Board sub-committees.

Professional Advice

The Board has unrestricted access to the advice and services of the Company Secretary and when justifiable, any independent professional.

Board of Directors

Following, the appointment of Mr. Desmond Matete on 12 April 2021, the ZHL Board comprises eight (8) non-executive Directors, among whom is an elected independent chairperson and one executive Director. The Group maintains a majority of non-executive Directors to draw critical independent insight to its strategic decision-making process and corporate governance practices. The Board is also made up of individuals with proven track records and a wide range of skills and experience which they employ to the benefit of the Group. The Directors are assigned to committees according their respective strengths and capacities.

Board Committees

Audit and Risk Management Committee

Edwin Zvandasara (Chairperson), Mark Haken, Jean Maguranyanga, Ignatius Mvere, Stanley Kudenga (by invitation)

Key Responsibilities

- Initial review of the annual consolidated financial statements, management and risk reports, dividend proposal, review of half-yearly reports or, where applicable, quarterly financial reports or statements.
- Monitoring of the financial reporting process, the effectiveness of the internal controls and audit systems, legal and compliance issues.
- Monitoring of the audit procedures, including the independence of the independent auditor and the services additionally rendered, awarding of the audit contract and determining the focal points of the audit.
- The Committee has unrestricted access to the internal and independent auditors.
- Monitoring of the general risk situations and special risk developments within the ZHL Group as well as monitoring the effectiveness of the risk management system.

Finance and Investments Committee

Hamish BW Rudland (Chairperson), Ignatius Mvere, Cron von Seidel, Stanley Kudenga (ex officio)

Key Responsibilities

- Formulation, implementation and review of the capital and liquidity planning for the Group and ZHL.
- Providing guidelines for currency management, Group financing and internal Group capital management, as well as establishing and overseeing a Group-wide risk management and monitoring system including dynamic stress tests.
- Implementing the Group investment strategy, including monitoring Group-wide investment activities as well as approving investment related frameworks and guidelines and individual investments within certain thresholds.

Human Resources and Nominations Committee
Benjamin N Kumalo (Chairperson), Jean Maguranyanga, Ignatius Mvere, Hamish BW Rudland, Stanley Kudenga (by invitation)

Key Responsibilities
- Undertakes the selection of executive management, concludes, amends, and when necessary terminates executive management contracts.
- Prepares the compensation system for the Group and the overall compensation of the ZHL Board and executive management.
- Prepares the staff development plan as well as the long-term succession planning for executive management and Board.
- Sets concrete objectives for the composition of the Board including the establishment of selection criteria for shareholder representatives in compliance with prevailing codes and legislation.
- Selection of suitable candidates for election to the Board.

Remuneration of Directors
The Human Resources and Nominations Committee determines the remuneration packages for the non-executive and executive Directors of ZHL. The remuneration packages for non-executive Directors are available for inspection on request at the Company's Registered Office. The executive packages include a guaranteed salary as well as a performance bonus, linked to the achievement of pre-set targets which takes into account the needs of the Company from time to time. Effective 2021, the ZHL Group seeks to introduce a Share Appreciation Scheme. The scheme is designed to focus employee attention and merge their goals to the Group strategic goals, ensure sustained growth of the Group and retaining employees.

Board Attendance

During the year under review, the Company Secretary reviewed the attendance of the Board of Directors. It is confirmed that the Directors devoted adequate time to the business of the Company as shown in the table below:

	Special Board	Human Resources and Nominations	Finance and Investments	Main Board
B Kumalo	1/1	4/4		4/4
M Haken	1/1			3/4
J Maguranyanga	1/1	4/4		4/4
I Mvere	0/1	4/4	4/4	4/4
H Rudland	1/1	4/4	4/4	4/4
C von Seidel	1/1		4/4	3/4
E Zvandasara	1/1			4/4
S Kudenga	1/1	4/4	4/4	4/4

Our Directors


Benjamin N Kumalo
Non-executive Chairman

Year of appointment: 1999
Committee: Chairman of Human Resources and Nominations
Expertise: Finance and Administration


Mark Haken
Independent Non-executive

Year of appointment: 2018
Committee: Audit and Risk Management
Expertise: Insurance and Business Administration


Jean Maguranyanga
Independent Non-executive

Year of appointment: 2012
Committee: Audit and Risk Management, Human Resources and Nominations
Expertise: Commercial Law and Banking

Year of appointment: 2013
Committee: Audit and Risk Management, Finance and Investments and Human Resources and Nominations
Expertise: Finance and Administration

Year of appointment: 2015
Committee: Chairman of Finance and Investments and member of Human Resources and Nominations
Expertise: Business Management and Transport

Year of appointment: 2015
Committee: Finance and Investments
Expertise: Corporate Finance and Banking

Year of appointment: 2012
Committee: Chairman Audit and Risk Management
Expertise: Accounting and Financial Management

Year of appointment: 2016
Committee: All as invitee or ex officio
Expertise: Investment Banking and Strategy

B. N. Kumalo
Chairman
30 June, 2021

Ruvimbo Chidora
Group Legal Executive/Company Secretary
30 June, 2021

Jean Maguranyanga - Stanley Kudenga - Benjamin N Kumalo - Hamish B W Rudland - Edwin Zvandasara - Ignatius Mvere
Absent: Mark Haken and Robert C von Seidel

The Directors present their 23rd Directors' Report together with the Audited Financial Statements of the Group for the year ended 31 December 2020.

Share Capital
Following the 30 September 2020 extraordinary general meeting through which the Shareholders of ZHL approved the acquisition of 35.09% of Fidelity Life Assurance of Zimbabwe Limited and 100% of Zimre Property Investments Limited, the Company issued, as consideration thereto, 284 879 849 ordinary shares from the authorized but unissued shares. The new share structure of the Company is tabled below.

	31 December 2020	31 December 2019
Authorised shares	2 000 000 000	2 000 000 000
Issued shares	1 818 218 786	1 533 338 937
Unissued shares	181 781 214	466 661 063

Placing of authorised unissued shares under the control of the Directors
The Company has 181 781 214 (2019:466 661 063) unissued shares and has sought in the Annual General Meeting ("AGM") Notice, authority to place those unissued shares under the control of the Directors until the next AGM. The proposal will enable the Directors to undertake key transactions in the ordinary course of business without compromising members' interests. The Directors shall notify the Zimbabwe Stock Exchange ("ZSE") before any such transactions are executed and shall be in compliance with any instruction given by the ZSE.

Share Appreciation Rights Scheme

The Company is in the process of a transformation that will deliver a sustainable shareholder value proposition. In an effort to sustain, attract and retain the energy to deliver on the strategic thrust across the entire Group, the Board put together a Share Appreciation Rights Scheme. The Scheme will be supported by 90 932 745 ZHL shares equivalent to 5% of current issued shares over a 5-year period. The proposal has been placed in the AGM Notice for members' consideration. The rules of the Scheme are available for inspection at the Company's Registered Office.

Dividends
The Directors, at the Board Meeting held on 8 June 2021, declared a ZWL30 000 000 dividend (2020:ZWL 3 100 000). A formal dividend announcement was made to shareholders on 28 June 2021.

Purchase of Own Shares
At the last AGM, authority was granted for the Company to purchase its own shares up to a maximum of 5% of the number of shares in issue as at 15 August 2020. The authority is due to expire at the conclusion of the next AGM in 2021. The Notice of the AGM proposes that shareholders approve a resolution renewing the authority for the share buyback. During the year ended 31 December 2020, the Company purchased 526 100 ordinary shares amounting to ZWL997 149.

Going Concern
The Directors consider that the Group has adequate resources to continue operating for the foreseeable future and therefore, have continued to adopt the going concern basis in preparing the annual financial statements. The Directors are satisfied that the Group is in a sound financial position and has access to facilities and resources which enable it to meet its foreseeable cash requirements.

Directorate
In accordance with Article 75 of the Company's Articles of Association, Messrs Haken, Mvere and von Seidel retire as Directors of the Company and all being eligible, they offer themselves for re-election. Shareholders will be requested to consider their re-election at the AGM.

Effective 12 April 2021, Mr. Desmond Matete was appointed to the Board of Directors. Mr. Matete brings with him 26 years' worth of development finance and commercial law experience. The Board and management look forward to a long and fruitful partnership with Mr. Matete.

Directors' Remuneration
A resolution will be proposed at the AGM to approve the Directors' Remuneration amounting to ZWL7 054 986 (2019: ZWL 9 516 597) for the year ended 31 December 2020.

Directors' Shareholding

The directors' shareholding as at 31 December 2020 is detailed below:-

	2020	2019
B Kumalo	1 031 315	1 031 315
H Rudland	614 769 314	614 769 314
C von Seidel	166 033 426	166 033 426
S Kudenga	100 000	100 000

Mr. Rudland indirectly holds the 614 769 314 (33.81%) shares through Day River Corporation (Private) Limited and Mr. von Seidel indirectly holds 157 498 202 (8.66%) shares through Lalibela Limited and 8 535 224 (0.47%) shares through Richard John von Seidel.

Independent Auditor
Shareholders will be requested to approve the remuneration paid to the independent auditor amounting to ZWL3 247 501 (2019: 1 081 395) for the financial year ended 31 December 2020 at the AGM. PricewaterhouseCoopers Chartered Accountants (Zimbabwe) have been the independent auditor for the Group since 2016. Section 191 of the Companies and Other Business Entities Act [Chapter 24:31] requires that no person shall serve as an auditor of a company for more than five consecutive financial years. Accordingly, Messrs PricewaterhouseCoopers Chartered Accountants (Zimbabwe) retire and Messrs Grant Thornton Chartered Accountants, being willing, seek appointment as the auditor for the Company for the ensuing year.

Annual General Meeting

The 23rd Annual General Meeting of members of the Company will be held virtually to comply with public health and safety measures on the 11th of August 2021, using the following Zoom Meeting I.D.: 94244468268 at 10:00 hours.

By order of the Board

Ruvimbo Chidora
Group Legal Executive/Company Secretary
30 June, 2021

DIRECTORS’ RESPONSIBILITY STATEMENT

The following statement, which should be read in conjunction with the Auditor’s Report set out on pages 22 to 28 of this 2020 ZHL Annual Report, is made with the view of distinguishing for members, the respective responsibilities of the Company’s Board of Directors (the“Board” or the “Directors”) and of the external auditor in relation to the financial statements for the year ended 31 December 2020. In conformity with International Financial Reporting Standards (ÏFRS”), Pronouncements of the Public Accountants and Auditors Board (“PAAB”) and the Companies Act (Chapter 24:03) (as amended by the Companies and Other Business Entities Act Chapter 24:31), the Directors are required to prepare financial statements for the Company, which give a true and fair view of the Company’s assets, liabilities, financial position and profit or loss. The Group Chief Executive Officer’s Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

The Group’s accounting and internal controls are designed to provide reasonable assurance as to the integrity and reliability of these financial statements and to safeguard, verify and maintain accountability of the Group’s assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring the Group’s business and business practices are conducted in a manner that in all reasonable circumstances, is above reproach. The Directors are of the opinion, based on the information and explanations given by management that the system of internal control is operating in a satisfactory manner and therefore able to provide reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only a reasonable and not absolute assurance against material misstatement or loss.

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of the financial statements on a going concern basis is appropriate. Notwithstanding the foregoing, the Directors believe that under the prevailing economic and legislative environment, a continuous assessment of the Group’s going concern assumption will need to be performed.

The financial statements and the related notes set out on pages 30 to 157, which have been prepared on a going concern basis, in accordance with prevailing accounting principles and law, are hereby approved on this 6th day of July 2021.

DECLARATION BY GROUP FINANCE EXECUTIVE

These financial statements have been prepared under the supervision of the Group Finance Executive, Lovemore Madzinga. Lovemore is a Registered Public Accountant (PAAB No. 04417) and holds a Bachelors’ Degree in Accounting from the University of Zimbabwe. He is a Fellow of the Association of Chartered Certified Chartered Accountants (“FCCA”) and an Associate of the Chartered Institute of Secretaries and Administrators (“ACIS”).

L Madzinga
Group Finance Executive
6 July, 2021

pwc

Independent auditor's report

To the shareholders of Zimre Holdings Limited

Our adverse opinion

In our opinion, because of the significance of the matter discussed in the *Basis for adverse opinion* section of our report, the consolidated financial statements do not present fairly the consolidated financial position of Zimre Holdings Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31).

What we have audited

Zimre Holdings Limited's consolidated financial statements, set out on pages 30 to 157, comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statements of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for adverse opinion

An adverse opinion was issued on the consolidated financial statements as at 31 December 2019, and for the year then ended, due to the use of foreign currency exchange rates that were not considered appropriate spot rates for translation as required by International Accounting Standard 21, 'The Effects of Changes in Foreign Exchange Rates' ("IAS 21"), and their consequent effects on the hyperinflationary adjustments made in terms of International Accounting Standard 29, 'Financial Reporting in Hyperinflationary Economies' ("IAS 29").

Our opinion on the consolidated financial statements as at 31 December 2020, and for the year then ended, is modified because of the possible effects of this matter on the comparability of the current period's figures to that of the comparative period.

As described in note 2.1 to the consolidated financial statements, during the period from 1 January 2020 to 26 March 2020, the Group applied the interbank foreign exchange rate to translate foreign denominated transactions and balances and the financial information of foreign subsidiaries, which is not considered an appropriate spot rate for translation as required by IAS 21. For the period from 27 March 2020 to 22 June 2020, the Group translated foreign denominated transactions and balances and the financial information of foreign subsidiaries, using a fixed interbank foreign currency exchange rate as a result of a change in monetary policy measures in Zimbabwe, which was also not considered an appropriate spot rate for translation of foreign denominated transactions and balances as required by IAS 21. The misstatements described consequently affect the hyperinflationary adjustments made in accordance with IAS 29.

Had the consolidated financial statements been prepared in accordance with the requirements of IAS 21, many elements in the accompanying consolidated financial statements would have been materially restated. It was not practicable to quantify the financial effects on the consolidated financial statements.

The misstatements described in the paragraph above affect the historical cost amounts which enter into the calculation of the inflation adjusted amounts. Had the underlying historical cost financial statements been prepared in accordance with the requirements of IAS 21, and then inflation adjusted in accordance with IAS 29, many elements in the accompanying consolidated financial statements would have been materially restated. It was not practicable to quantify the financial effects on the consolidated financial statements.

PricewaterhouseCoopers, Building No. 4, Arundel Office Park, Norfolk Road, Mount Pleasant
P O Box 453, Harare, Zimbabwe
T: +263 (242) 338362-8, F: +263 (242) 338395, www.pwc.com

T I Rwodzi – Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.

Furthermore, as disclosed in note 2.6, note 3.6 and note 10, the Group performed a valuation of investment property as at 31 December 2020. Valuations rely on historical market evidence for calculation inputs. Market evidence for inputs including transaction prices for comparable properties, rents, costs of construction and capitalisation rates were mainly available in United States of America Dollars ("US$") as at 31 December 2020. In order to determine the ZWL values of these properties as at 31 December 2020, US$ inputs were used and then translated into ZWL using the interbank foreign exchange rate as per the Foreign Exchange Auction Trading System of the Reserve Bank of Zimbabwe. The application of a conversion rate from US$ valuation inputs to calculate ZWL property values is not an accurate reflection of market dynamics as the risks associated with currency trading do not reflect the risks associated with property trading.

There were no further audit procedures that we could have performed to obtain sufficient and appropriate audit evidence regarding the valuation of the investment properties. As a result, we were unable to determine whether any adjustments would be required in respect of the recorded fair value of investment properties.

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 financial statements* section of our report.

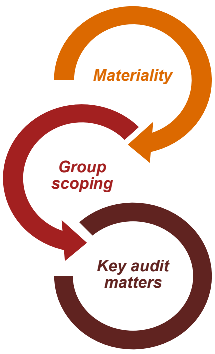
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Zimbabwe.

Our audit approach

Overview



Overall group materiality

ZWL 21 296 000 which represents 1% of consolidated gross written premium. The inflation adjusted amounts were used in determining materiality.

Group audit scope

We performed a group scoping assessment and determined that four of the Group's eleven components were financially significant and therefore required full scope audits. None of the components were determined to be significant based on significant risks identified at the Group. In order to comply with the Group's statutory reporting requirements, full scope audits were performed on all eleven components.

Key audit matters

- Applicable to the consolidated financial statements
- Adequacy of allowance for credit losses on trade and other receivables.
- Valuation of insurance contract liabilities.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	ZWL 21 296 000
How we determined it	1% of consolidated gross written premium. The inflation adjusted amounts were used.
Rationale for the materiality benchmark applied	A benchmark of consolidated gross written premium was selected. In our view, it is a benchmark against which the performance of the Group can be consistently measured in circumstances where the earnings are volatile year on year. This benchmark has remained a stable and key driver of the Group's business. We chose 1% based on our professional judgment and after consideration of the range of quantitative materiality thresholds that we typically apply when using total revenue (represented by consolidated gross written premium) to compute materiality.

How we tailored our group audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

The Group has eleven reporting components, operating in Zambia, Zimbabwe, Malawi, Mozambique and Botswana. We performed a group scoping assessment and determined that four of the Group's eleven components were financially significant and required full scope audits, whilst none of the components were determined to be significant based on significant risks identified at the Group. Due to statutory audit requirements, the Company and all eleven of its subsidiaries were subjected to full scope audits.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors from other firms operating under our instructions.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those operations to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis of our opinion on the consolidated financial statements as a whole. The group engagement team inspected certain component auditors' working papers.

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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for adverse opinion* section, we determined the matters described below to be key audit matters to be communicated in our report.

Except for the matters described in the *Basis for adverse opinion* section, we have determined that there are no other key audit matters to communicate in our report in respect of the separate financial statements.

Key audit matters	How our audit addressed the key audit matter
Adequacy of allowance for credit losses on trade and other receivables IFRS 9 requires the recognition of expected credit losses ("ECL") on all financial assets within the scope of its impairment model. Management assessed the ECL on trade and other receivables using a simplified approach which requires expected lifetime losses to be recognised from initial recognition of the trade and other receivables. The application of the standard required management to exercise significant judgment and apply estimates in the determination of the ECL. Significant judgment was required in the determination of loss rates and the use of forward looking economic expectations affecting the ability of the customers to settle the trade and other receivables. As at 31 December 2020, insurance receivables amounted to ZWL 1 118 908 188 for the Group and non- insurance receivables amounted to ZWL 36 569 818. Management provided an ECL of ZWL 178 751 312.	Our procedures to audit the expected credit losses on trade and other receivables included the following: • We obtained an understanding of management's process for determining the ECL on trade and other receivables; • We considered the appropriateness of the accounting policies implemented and evaluated the impairment methodologies applied by management against the requirements of IFRS 9; • We assessed whether the financial statement disclosures appropriately reflected the Group's exposure to credit risk in accordance with the requirements of IFRS 7: Financial instruments: disclosures; • We assessed the design of management's models, including assessing the appropriateness of the forward looking economic expectations applied by management by comparing them to independent sources; • On a sample basis, we assessed the accuracy of historical data used by management in determining the loss rates, through recomputation of historical credit loss rates and agreeing the inputs used to calculate historical data to prior year working papers and financial statements; • We evaluated the appropriateness of adjustments for forward looking information by assessing the applied economic scenarios against the publicly available economic forecasts on Zimbabwe; • On a sample basis, we tested the ageing of the trade and other receivables balances by recalculating the days past due; and • We tested the mathematical accuracy of the ECL calculation through recomputations.

Key audit matter	How our audit addressed the key audit matter
We considered the ECL on trade and other receivables to be a matter of most significance to our current year audit due to the following: ● the judgement and estimates applied by management in determining the loss rates and the use of forward looking economic expectations affecting the ability of the customers to settle the trade and other receivables; and ● the significance of the trade and other receivables to the consolidated financial statements. Refer to the following notes to the financial statements for disclosure relating to this matter: ● note 2.10, accounting policy: trade and other receivables; ● note 6.2.4, significant accounting judgments and estimates: allowances for credit losses on financial assets measured at amortised cost; ● note 3.3, credit risk; and, ● note 16, trade and other receivables. **Valuation of insurance contract liabilities** As at 31 December 2020 insurance contract liabilities amounted to ZWL 4 867 052 636, comprising short term insurance contract liabilities amounting to ZWL 711 334 699 (note 21), insurance contract liabilities and investment contract liabilities amounting to ZWL 4 119 738 937 (note 21.3) and life reassurance contract liabilities amounting to ZWL 35 979 000 (note 22.2). We considered the valuation of insurance contract liabilities to be a matter of most significance to our current year audit due to the following: ● the valuation of the Group insurance contract liabilities involves complex calculations, significant judgements, and long and short term estimates and assumptions. The methodology involves judgements about future events, both internal and external to the Group; and the value of the Group insurance contract liabilities is significant to the consolidated financial statements. ● The main valuation assumptions include mortality, expenses, expense inflation, discount rates and lapses, previous experience in claim patterns, claim settlement patterns, trends in claims frequency . Disclosure is provided in the following notes; ● note 2.17, accounting policy: reinsurance contract liabilities; ● note 6.2.1, significant accounting estimates and judgements: insurance contract liabilities; ● note 5, insurance risk management; ● note 21, short term insurance contract liabilities; and; ● note 22, life reinsurance contract assets and liabilities.	We assessed the independence, experience and competence of the statutory actuaries used by management for all the entities. We inspected the actuaries' *curricula vitae* and held discussions with them and management. We utilised our actuarial expertise to evaluate the reasonableness of significant assumptions and estimates and the actuarial computations, and to evaluate the actuarial valuation report obtained from management for adequacy and reasonableness. In doing so, the following procedures were performed: ● We compared the Group's mortality tables against the standard actuarial mortality tables to assess the reasonableness of the assumption. ● We assessed whether the expenses and lapse rate assumptions were based on the Group's internal experience. ● We assessed the reasonableness of the expense inflation by comparing it to external sources such as external industry research reports. ● We assessed whether discount rates used reflected the nature of the assets backing the insurance contract liabilities and also whether they reflected the conditions of the market in which these assets are held. ● We compared the actual emerging claims for prior years against the provision for the same period to assess the reasonableness of management's previous provisions. ● We tested data used in the valuation by agreeing a sample of that data to supporting evidences; ● We assessed the valuation basis (including chain ladder methodology, run off analysis on historical loss experience,1/365 method and ⅛ method) through discussion with the statutory actuaries and assessing its appropriateness, given the nature of the business as well as actuarial best practice. ● We assessed the valuation results by rerunning the models, on a sample basis, to consider accurate application of the selected methodology and assumptions. We inspected the actuarial report for 2020 prepared by the statutory actuary and compared it to the prior year signed actuarial report in order to identify any significant changes in assumptions and methodology. We compared the mortality, expenses, expense inflation, discount rates and lapses, previous experience in claim patterns, claim settlement patterns and trends in claims frequency to the prior year valuation in order to test whether they were consistently applied by management.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "*Zimre Holdings Limited 2020 Annual Report*". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for adverse opinion* section above, the consolidated and separate financial statements contain material misstatements with respect to the application of IAS 21 and its consequent effects on the hyperinflationary adjustments made in terms of IAS 29, as well as the valuation of investment properties. We have concluded that the other information is materially misstated for the same reasons, with respect to the amounts or other items in the other information affected by these matters.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31), 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.

In preparing the financial statements, the directors are responsible for assessing the 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

events or conditions that may cast significant doubt on the Group's and the 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied. From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pricewaterhouse

Evangelista Ravasingadi
Registered Public Auditor

Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Public Accountants and Auditors Board, Public Auditor Registration Number 0391
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 253514

05 July 2021

Harare Zimbabwe


Innovative risk solutions to
protect growth and prosperity

GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
		Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
ASSETS	**Notes**				
Property and equipment	**8**	741 422 643	367 147 765	664 736 728	71 588 364
Right of use of assets	**9**	46 273 573	44 804 143	40 192 019	4 420 507
Investment properties	**10**	6 197 588 803	2 276 886 366	6 197 588 803	507 570 140
Intangible assets	**11**	135 026 314	13 061 744	200 907 041	665 695
Investment in associates	**13**	977 820 796	155 538 660	693 976 146	26 042 624
Deferred tax assets	**14**	86 264 671	71 405 123	79 871 904	14 382 180
Inventories	**15**	151 797 977	84 545 939	6 707 535	2 914 960
Trade and other assets	**16**	1 249 691 572	801 384 003	1 245 214 247	178 646 855
Life reassurance contract asset	**22.1**	13 033 000	6 431 820	13 033 000	1 433 800
Current income tax assets		47 171 446	33 485 636	47 171 446	7 464 716
Deferred acquisition costs	**17**	104 098 786	56 004 436	85 927 557	11 479 221
Financial assets :					
- at amortised cost	**18.1**	443 035 188	138 485 545	443 035 188	30 871 601
- at fair value through profit or loss	**18.2**	736 794 728	108 901 367	736 794 728	24 276 611
- at fair value through other comprehensive income	**18.3**	361 667 728	350 103 492	361 667 728	78 046 090
Cash and cash equivalents	**19**	1 183 681 256	410 188 652	1 183 681 256	91 440 449
Total assets		**12 475 368 481**	**4 918 374 691**	**12 000 505 326**	**1 051 243 813**
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to equity holders of the parent					
Share capital	**20**	511 388 554	508 539 756	18 175 447	15 326 649
Share premium	**20**	1 155 337 538	379 042 460	787 722 112	11 427 034
Treasury shares	**20**	(1 558 126)	(519 126)	(1 023 081)	(25 932)
Revaluation reserve		471 335 043	478 236 144	465 230 460	46 318 339
Financial assets at fair value through other comprehensive income reserve		116 274 028	176 870 908	88 304 391	57 258 115
Foreign currency translation reserve		866 950 223	454 084 315	528 713 948	105 574 318
Change in ownership reserve		448 173 594	22 682 123	334 501 014	814 869
Retained earnings		1 508 800 541	548 404 922	2 351 969 692	290 497 468
Total equity attributable to equity holders of the parent		**5 076 701 395**	**2 567 341 502**	**4 573 593 983**	**527 190 860**
Non-controlling interest		674 948 559	727 765 518	803 620 028	179 612 441
Total equity		**5 751 649 954**	**3 295 107 020**	**5 377 214 011**	**706 803 301**
LIABILITIES					
Deferred tax liabilities	**14**	239 594 597	57 410 765	192 647 632	5 393 357
Short term insurance contract liabilities	**21**	711 334 699	554 301 304	657 854 452	113 548 234
Insurance contract liabilities and investment contract liabilities with discretionary participation features	**21.2**	3 722 269 955		3 722 269 955	-
Investment contracts without discretionary participation features	**21.3**	397 468 982	-	397 468 982	-
Life reassurance contract liabilities	**22.2**	35 979 000	29 097 502	35 979 000	6 486 500
Borrowings	**23**	74 464 690	64 842 518	74 464 690	14 454 883
Lease liabilities	**9**	43 357 960	23 692 087	43 357 960	5 281 509
Other provisions	**24**	51 716 608	54 722 666	51 716 608	12 198 936
Trade and other payables	**25**	1 415 818 773	839 200 829	1 415 818 773	187 077 093
Current income tax payable		31 421 330	-	31 421 330	-
Bank overdraft	**19**	291 933	-	291 933	-
Total liabilities		**6 723 718 527**	**1 623 267 671**	**6 623 291 315**	**344 440 512**
TOTAL EQUITY AND LIABILITIES		**12 475 368 481**	**4 918 374 691**	**12 000 505 326**	**1 051 243 813**

B. N. Kumalo
Chairman

S.Kudenga
Group Chief Executive

CHAMPIONING THE INVESTMENT SHIP

VISION
To be a highly prized diversified investment Group.

MISSION
Using our financial services capabilities, we prudently manage risks and optimise resources.

VALUES
- Team Work - We value the contribution of each member and consistently make sound and collective decisions.
- Integrity – We observe transparency and conduct our business in a professional and ethical manner.
- Respect - We empower our employees, develop and harness the best talents in the market.
- Excellence - Using technological innovations and other tools, we provide services that meet stakeholder expectations.
- Commitment - We consistently meet set targets, standards and maximize returns on shareholder funds.

VALUE PROPOSITION
- Maximum leveraging and utilisation.
- Insurance float for cash generation.
- Regionally diversified investment portfolio.
- Grow shareholder value.

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
		Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
INCOME	**Notes**				
Gross written premium	**26**	2 129 633 220	2 227 263 437	1 767 071 823	242 963 845
Retrocession premium	**27**	(603 373 323)	(732 317 572)	(578 231 795)	(81 216 095)
Net premium written		1 526 259 897	1 494 945 865	1 188 840 028	161 747 750
Change in unearned premium reserve	**28**	(120 377 282)	(61 576 151)	(74 718 917)	(7 377 291)
Net premium earned		**1 405 882 615**	**1 433 369 714**	**1 114 121 111**	**154 370 459**
Brokerage commission and fees	**29**	127 738 563	184 731 481	129 505 241	23 756 214
Total insurance income		**1 533 621 178**	**1 618 101 195**	**1 243 626 352**	**178 126 673**
Rental income from investment property		89 636 738	78 100 124	73 977 410	8 166 093
Fair value adjustments on investment property	**10**	813 137 671	774 509 637	2 671 608 387	433 304 102
Net property income	**30**	29 308 485	46 381 872	36 088 998	5 139 035
Investments income	**32**	28 835 190	48 735 641	26 660 775	4 775 049
Other income	**33**	279 125 035	(69 119 598)	313 865 556	8 707 867
Total income		**2 773 664 297**	**2 496 708 871**	**4 365 827 478**	**638 218 819**
EXPENDITURE					
Insurance benefits and claims					
Non-life insurance claims		(810 078 987)	(771 883 460)	(602 672 890)	(80 365 923)
Life reassurance benefits and claims		(75 494 441)	(21 462 662)	(65 767 717)	(2 018 551)
Movement in life reassurance contract liabilities	**22.2**	(28 039 632)	(32 738 384)	(17 893 300)	(3 179 200)
Claims ceded to reinsurers		368 181 950	232 633 630	301 004 582	23 259 812
		(545 431 110)	(593 450 876)	(385 329 325)	(62 303 862)
Gross change in insurance and investment contract liabilities		(48 888 100)	-	(163 125 389)	-
Net property operating costs	**31**	(10 168 457)	(21 634 447)	(18 226 772)	(1 858 566)
Commission and acquisition expenses		(456 402 262)	(551 935 966)	(391 603 684)	(61 603 862)
Operating and administrative expenses	**34**	(201 038 847)	(438 052 161)	(403 859 485)	(49 252 396)
Allowance for expected credit losses on receivables	**16**	(126 053 819)	(287 732 604)	(146 541 931)	(27 908 132)
Finance costs		(11 989 458)	(22 542 393)	(9 509 571)	(1 355 760)
Total expenses		**(1 399 972 053)**	**(1 915 348 447)**	**(1 518 196 157)**	**(204 282 578)**
Net monetary loss		(423 411 345)	(71 432)	-	-
Profit before share of profit of associates accounted for using the equity method		950 280 899	581 288 992	2 847 631 321	433 936 241
Share of profit of associates	**13**	98 051 834	20 384 899	121 600 187	3 648 161
Profit before income tax		**1 048 332 733**	**601 673 891**	**2 969 231 508**	**437 584 402**
Income tax expense	**14.2**	(65 177 783)	(125 715 153)	(97 592 579)	(18 576 505)
Profit for the year		**983 154 950**	**475 958 738**	**2 871 638 929**	**419 007 897**

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

	Notes	INFLATION ADJUSTED Group 2020 ZWL	Group 2019 ZWL	HISTORICAL COST Group 2020 ZWL	Group 2019 ZWL
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss:					
Property revaluation surplus	**8**	(6 298 528)	104 867 740	115 915 441	33 785 861
Share of other comprehensive income of associates accounted for using the equity method	**13**	3 693 418	72 026 809	482 915 734	17 041 699
Gross change in insurance liabilities through other comprehensive income		(3 339 231)	-	(20 785 361)	-
Income tax relating to components of other comprehensive income	**14.1**	(1 560 090)	(13 310 866)	(1 560 090)	(3 487 719)
		(7 504 431)	163 583 683	576 485 724	47 339 841
Items that may be reclassified to profit or loss:					
Exchange gains on translation of foreign operations		445 491 992	521 903 876	455 178 868	111 135 514
Changes in fair value of financial assets at FVOCI	**18**	(63 303 279)	153 404 635	36 659 604	57 658 115
Income tax relating to components of other comprehensive income	**14.1**	2 706 398	(7 093 439)	(5 613 328)	(2 390 558)
		384 895 111	668 215 072	486 225 144	166 403 071
Other comprehensive income for the year net of tax		**377 390 680**	**831 798 755**	**1 062 710 868**	**213 742 912**
Total comprehensive income for the year		**1 360 545 630**	**1 307 757 493**	**3 934 349 797**	**632 750 809**
Profit attributable to:					
Equity holders of Zimre Holdings Limited		558 250 504	187 395 112	2 015 543 197	269 729 090
Non-controlling interests		424 904 446	288 563 626	856 095 733	149 278 807
		983 154 950	475 958 738	2 871 638 930	419 007 897
Total comprehensive income attributable to:					
Equity holders of Zimre Holdings Limited		903 618 430	968 733 415	2 888 641 224	471 037 973
Non-controlling interests		456 927 200	339 024 078	1 045 708 573	161 712 836
		1 360 545 630	1 307 757 493	3 934 349 797	632 750 809
Earnings per share attributable to owners of Zimre Holdings Limited					
Basic and diluted earnings per share (ZWL cents):	**35**	35.85	12.22	129.44	17.59

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

INFLATION ADJUSTED	Notes	Share capital ZWL	Share premium ZWL	Treasury shares ZWL	Revaluation reserve ZWL	Financial assets at fair value through other comprehensive income reserve ZWL	Foreign currency translation reserve ZWL	Change in ownership reserve ZWL	Retained earnings ZWL	Attributable equity holders of parent ZWL	Non-controlling interest ZWL	Total equity ZWL
Year ended 31 December 2019												
Balance as at 1 January 2019, as previously reported		**508 539 756**	**379 042 460**	**(439 188)**	**390 317 016**	**30 559 712**	**(93 023 664)**	**-**	**362 850 895**	**1 577 846 987**	**411 423 563**	**1 989 270 550**
Changes on initial application of IFRS 16		-	-	-	-	-	-	-	(1 841 085)	(1 841 085)	-	(1 841 085)
Balance as at 1 January 2019, as restated		**508 539 756**	**379 042 460**	**(439 188)**	**390 317 016**	**30 559 712**	**(93 023 664)**	**-**	**361 009 810**	**1 576 005 902**	**411 423 563**	**1 987 429 465**
Total comprehensive income for the year		**-**	**-**	**-**	**87 919 128**	**146 311 196**	**547 107 979**	**-**	**187 395 112**	**968 733 415**	**339 024 078**	**1 307 757 493**
Profit for the year		-	-	-	-	-	-	-	187 395 112	187 395 112	288 563 626	475 958 738
Other comprehensive income for the year, net of tax		-	-	-	87 919 128	146 311 196	547 107 979	-	-	781 338 303	50 460 452	831 798 755
Transactions with owners in their capacity as owners		**-**	**-**	**(79 938)**	**-**	**-**	**-**	**22 682 123**	**-**	**22 602 185**	**(22 682 123)**	**(79 938)**
Share buy-back		-	-	(79 938)	-	-	-	-	-	(79 938)	-	(79 938)
Change in ownership percentage		-	-	-	-	-	-	22 682 123	-	22 682 123	(22 682 123)	-
Balance as at 31 December 2019		**508 539 756**	**379 042 460**	**(519 126)**	**478 236 144**	**176 870 908**	**454 084 315**	**22 682 123**	**548 404 922**	**2 567 341 502**	**727 765 518**	**3 295 107 020**
Year ended 31 December 2020												
Balance as at 1 January 2020		508 539 756	379 042 460	(519 126)	478 236 144	176 870 908	454 084 315	22,682,123.36	548 404 922	2 567 341 502	727 765 518	3 295 107 020
Total comprehensive income for the year		**-**	**-**	**-**	**(6 901 101)**	**(60 596 880)**	**412 865 908**	**-**	**558 250 504**	**903 618 431**	**456 927 199**	**1360 545 630**
Profit for the year		-	-	-	-	-	-	-	558 250 504	558 250 504	424 904 446	983 154 950
Other comprehensive income for the year, net of tax		-	-	-	(6 901 101)	(60 596 880)	412 865 908	-	-	345 367 927	32 022 753	377 390 680
Write back of impairement associate		-	-	-	-	-	-	-	407 452 977	407 452 977	-	407 452 977
No-controlling interests on acquisition of subsidiary		-	-	-	-	-	-	-	-	-	537 962 261	537 962 261
Transactions with owners in their capacity as owners		**2 848 798**	**776 295 078**	**(1 039 000)**	**-**	**-**	**-**	**425 491 471**	**(5 307 862)**	**1 198 288 485**	**(1 047 706 419)**	**150 582 066**
Dividend declared and paid					-	-	-	-	(5 307 862)	(5 307 862)	(1 462 564)	(6 770 427)
Issue of shares		2 848 798	801 936 775	-	-	-	-	-	-	804 785 573	-	804 785 573
Issue of shares transaction costs		-	(25 641 697)	-	-	-	-	-	-	(25 641 697)	-	(25 641 697)
Share buy-back		-	-	(1 039 000)	-	-	-	-	-	(1 039 000)	-	(1 039 000)
Change in ownership percentage		-	-	-	-	-	-	425 491 471	-	425 491 471	(1 046 243 855)	(620 752 384)
Balance as at 31 December 2020		**511 388 554**	**1 155 337 538**	**(1 558 126)**	**471 335 043**	**116 274 028**	**866 950 223**	**448 173 594**	**1 508 800 541**	**5 076 701 395**	**674 948 559**	**5 751 649 954**

HISTORICAL COST	Notes	Share capital ZWL	Share premium ZWL	Treasury shares ZWL	Revaluation reserve ZWL	Financial assets at fair value through other comprehensive income reserve ZWL	Foreign currency translation reserve ZWL	Change in ownership reserve ZWL	Retained earnings ZWL	Attributable equity holders of parent ZWL	Non-controlling interest ZWL	Total equity ZWL
Year ended 31 December 2019												
Balance as at 1 January 2019, as previously reported		**15 326 649**	**11 427 034**	**(8 886)**	**14 017 038**	**1 990 559**	**(8 165 707)**	**-**	**20 803 807**	**55 390 494**	**18 714 474**	**74 104 968**
Change in accounting policy due to adoption of IFRS 16		-	-	-	-	-	-	-	(35 430)	(35 430)	-	(35 430)
Balance as at 1 January 2019 as restated		**15 326 649**	**11 427 034**	**(8 886)**	**14 017 038**	**1 990 559**	**(8 165 707)**	**-**	**20 768 377**	**55 355 064**	**18 714 474**	**74 069 538**
Total comprehensive income for the year		**-**	**-**	**-**	**32 301 301**	**55 267 556**	**113 740 025**	**-**	**269 729 091**	**471 037 973**	**161 712 836**	**632 750 809**
Profit for the year		-	-	-	-	-	-	-	269 729 091	269 729 091	149 278 807	419 007 898
Other comprehensive income for the year, net of tax		-	-	-	32 301 301	55 267 556	113 740 025	-	-	201 308 882	12 434 029	213 742 911
Transactions with owners in their capacity as owners		**-**	**-**	**(17 046)**	**-**	**-**	**-**	**814 869**	**-**	**797 823**	**(814 869)**	**(17 046)**
Share buy-back	20	-	-	(17 046)	-	-	-	-	-	(17 046)	-	(17 046)
Change in ownership percentage	36.5	-	-	-	-	-	-	814 869	-	814 869	(814 869)	-
Balance as at 31 December 2019		**15 326 649**	**11 427 034**	**(25 932)**	**46 318 339**	**57 258 115**	**105 574 318**	**814 869**	**290 497 468**	**527 190 859**	**179 612 441**	**706 803 300**
Year ended 31 December 2020												
Balance as at 1 January 2020		**15 326 649**	**11 427 034**	**(25 932)**	**46 318 339**	**57 258 115**	**105 574 318**	**814 869**	**290 497 468**	**527 190 859**	**179 612 441**	**706 803 300**
Total comprehensive income for the year		**-**	**-**	**-**	**418 912 121**	**31 046 276**	**423 139 630**	**-**	**2 015 543 197**	**2 888 641 224**	**1 045 708 573**	**3 934 349 797**
Profit for the year		-	-	-	-	-	-	-	2 015 543 197	2 015 543 197	856 095 733	2 871 638 930
Other comprehensive income for the year, net of tax		-	-	-	418 912 121	31 046 276	423 139 630	-	-	873 098 027	189 612 840	1 062 710 867
Write back of impairement associate		-	-	-	-	-	-	-	49 029 027	49 029 027	-	49 029 027
Non-controlling interests on acquisition of subsidiary		-	-	-	-	-	-	-	-	-	533 591 839	533 591 839
Transactions with owners in their capacity as owners		**2 848 798**	**776 295 078**	**(997 149)**	**-**	**-**	**-**	**333 686 145**	**(3 100 000)**	**1 108 732 873**	**(955 292 825)**	**153 440 047**
Dividend declared and paid		-	-	-	-	-	-	-	(3 100 000)	(3 100 000)	(854 296)	(3 954 296)
Issue of shares		2 848 798	801 936 775	-	-	-	-	-	-	804 785 573	-	804 785 573
Issue of shares transaction costs		-	(25 641 697)	-	-	-	-	-	-	(25 641 697)	-	(25 641 697)
Share buy-back	20	-	-	(997 149)	-	-	-	-	-	(997 149)	-	(997 149)
Change in ownership percentage	36.5	-	-	-	-	-	-	333 686 145	-	333 686 145	(954 438 529)	(620 752 384)
Balance as at 31 December 2020		**18 175 447**	**787 722 112**	**(1 023 081)**	**465 230 460**	**88 304 391**	**528 713 948**	**334 501 014**	**2 351 969 692**	**4 573 593 983**	**803 620 028**	**5 377 214 011**

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
Profit before income tax		1 048 332 733	601 673 894	2 969 231 508	437 584 402
Adjustments for non-cash items:					
Net monetary loss		423 411 345	71 428	-	-
Depreciation	8	28 750 768	36 447 674	13 587 987	2 374 852
Lease depreciation charge	9	26 069 849	9 612 583	6 123 309	772 721
Fair value adjustments on investment property	10	(813 137 671)	(774 509 637)	(2 671 608 387)	(433 304 102)
Amortisation of intangible assets	11	1 978 409	2 078 677	819 336	105 617
Share of profit of associate	13	(98 051 834)	(20 384 899)	(121 600 187)	(3 648 161)
Movement in life reassurance contract liabilities	22	28 039 632	32 738 384	17 893 300	3 179 200
Movement in life assurance contract liabilities		4 119 738 937	-	4 119 738 937	-
Movement in allowance for credit losses	16	126 053 819	287 732 604	146 541 931	27 908 132
Movement in deferred acquisition costs	17	(48 094 350)	5 420 461	(74 448 336)	(9 476 412)
Movement in short term insurance contract liabilities	21	314 545 245	220 123 748	215 302 423	23 822 140
Movement in other provisions	24	61 928 144	116 758 755	39 517 672	11 324 349
Profit from disposal of property and equipment	33	(950 659)	(1 231 141)	(1 099 159)	(117 279)
Loss from disposal of investment property	33	1 047 759	-	160 379	-
Fair value gains on financial assets at fair value through profit or loss	33	28 751 411	159 315 275	(57 171 162)	(3 434 226)
Unrealised exchange (gains)/losses	33	(98 435 657)	39 731 318	(98 435 657)	8 879 980
Fair value on remeasurement of associate		(51 113 672)	-	(19 177 952)	-
Impairment reversal of investment in CFI		(359 096 204)	-	(10 824 334)	-
Adjustments for separately disclosed items:					
Finance costs		11 989 458	22 542 393	9 509 571	1 355 760
Dividend received	32	(5 793 159)	(13 623 626)	(3 844 106)	(1 150 412)
Interest received	32	(23 042 031)	(35 112 015)	(22 816 669)	(3 624 637)
Working capital changes:					
Increase in trade and other receivables		(448 307 569)	(11 227 998)	(1 066 567 392)	(134 135 699)
Decrease/(increase) in inventory		(67 252 038)	8 333 356	(3 792 575)	(109 515)
Increase/(decrease) in trade and other payables		576 617 944	412 865 775	1 228 741 680	171 895 659
Cash flows from operations		**4 783 980 609**	**1 099 357 009**	**4 615 782 117**	**100 202 369**
Finance costs		(11 989 458)	(22 542 393)	(9 509 571)	(1 355 760)
Income tax paid		(13 876 390)	(8 976 951)	(13 129 865)	(1 016 213)
Net cash flows from operating activities		**4 758 114 761**	**1 067 837 665**	**4 593 142 682**	**97 830 396**

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
Cash flows from investing activities					
Purchase of property and equipment	8	(57 587 362)	(40 248 585)	(45 106 737)	(4 271 076)
Purchase of intangible assets - software	11.1	(25 991 585)	(491 452)	(25 308 651)	(109 556)
Acquisition and development of investment property	10	(3 180 123 613)	(169 737 792)	(2 829 204 655)	(11 203 014)
Acquisition of an associate	12	(13 426 719)	(23 240 850)	(7 727 058)	(2 715 932)
Purchase of financial assets at amortised cost	18.1	(154 562 437)	(78 231 685)	(31 164 429)	(8 742 077)
Purchase of financial assets at fair value through profit or loss	18.2	(519 045 674)	(71 330 851)	(592 487 627)	(2 785 652)
Purchase of financial assets at FVOCI	18.3	-	(25 944 452)	-	(2 518 957)
Proceeds from disposal of financial assets at amortised cost	18.1	102 082 402	13 155 924	10 134 513	2 070 625
Proceeds from disposal of financial assets through profit or loss	18.2	367 035 255	34 817 138	176 700 496	231 728
Proceeds from disposal of financial assets at FVOCI	18.3	336 351	-	336 351	-
Dividends received	32	5 793 159	13 623 626	3 844 106	1 150 412
Interest received	32	23 042 031	35 112 015	22 816 669	3 624 637
Proceeds from sale of property and equipment		8 824 130	9 104 615	3 233 234	2 251 354
Cash (used in) investing activities		**(3 443 624 062)**	**(303 412 349)**	**(3 313 933 788)**	**(23 017 508)**
Financing activities					
Dividends paid to Company shareholders	37	(5 307 862)	-	(3 100 000)	-
Dividends paid to non-controlling interests in subsidiaries		(1 462 564)	-	(854 296)	-
Share issue transaction costs		(25 641 697)	-	(25 641 697)	-
Loan drawdown	23	9 150 288	42 653 902	9 150 288	3 940 000
Loan repayment	23	(10 022 140)	(25 339 898)	(7 112 332)	(2 248 072)
Lease payments	9	(19 665 873)	(7 285 622)	(38 076 451)	(707 364)
Share buy-back	20	(1 039 000)	(79 938)	(997 149)	(17 046)
Cash (used in)/generated from financing activities		**(53 988 849)**	**9 948 444**	**(66 631 637)**	**967 518**
			-		
Inflation effect		(347 068 090)	(827 222 244)	-	-
Net increase in cash and cash equivalents		**1 273 437 457**	**774 373 760**	**1 228 924 054**	**75 780 405**
Cash and cash equivalents at the beginning of the year		410 188 652	272 858 292	91 440 449	9 792 554
Effects of exchange rate changes on cash and cash equivalents		(153 168 696)	190 178 844	(153 168 696)	5 867 490
			-		
Cash and cash equivalents at the end of the year	19	**1 183 389 323**	**410 188 652**	**1 183 389 323**	**91 440 449**

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
ASSETS	**Notes**	**Company 2020 ZWL**	**Company 2019 ZWL**	**Company 2020 ZWL**	**Company 2019 ZWL**
Property and equipment	**8**	2 309 420	5 388 710	69 623	162 454
Right of use of assets	**9**	8 218 290	29 766 693	2 136 735	1 068 315
Investment in subsidiaries	**12**	2 209 658 282	1 391 445 988	856 475 991	43 963 360
Investment in associates	**13**	23 657 957	28 651 137	713 218	863 749
Deferred tax assets		-	-	448 851	-
Other receivables and prepayments	**16**	3 334 559	2 998 035	3 334 559	668 331
Financial assets :					
- at amortised cost	**18.1**	46 864	210 225	46 864	46 864
- at fair value through profit or loss	**18.2**	6 390 221	20 950 580	6 390 221	4 670 364
- at fair value through other comprehensive income	**18.3**	25 667 737	56 927 150	25 667 737	12 690 366
Cash and cash equivalents	**19**	12 104 747	2 547 650	12 104 747	567 929
Total assets		**2 291 388 077**	**1 538 886 168**	**907 388 546**	**64 701 732**
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to equity holders of the parent					
Share capital	**20**	511 388 554	508 539 754	18 175 447	15 326 649
Share premium		1 155 337 539	379 042 460	787 722 113	11 427 034
Treasury shares		(1 558 126)	(519 126)	(1 023 081)	(25 932)
Financial assets at fair value through other comprehensive income reserve		(14 545 720)	16 367 640	19 597 157	6 763 449
Retained earnings		573 068 920	561 067 961	17 854 896	16 712 356
Total equity		**2 223 691 167**	**1 464 498 689**	**842 326 532**	**50 203 556**
LIABILITIES					
Deferred tax liabilities	**14**	2 634 896	9 809 835	-	102 341
Lease liabilities	**9**	2 105 260	4 973 013	2 105 260	1 108 599
Other provisions	**24**	3 144 058	964 581	3 144 058	215 027
Trade and other payables	**25**	59 520 763	58 640 050	59 520 763	13 072 209
Bank overdraft		291 933		291 933	
Total liabilities		**67 696 910**	**74 387 479**	**65 062 014**	**14 498 177**
TOTAL EQUITY AND LIABILITIES		**2 291 388 077**	**1 538 886 168**	**907 388 546**	**64 701 732**

COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

		INFLATION ADJUSTED		HISTORICAL COST	
		Company 2020 ZWL	Company 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
INCOME	**Notes**				
Investments income	**32**	1 331 824	2 281 040	1 037 100	144 108
Other gains/(losses)	**33**	16 416 984	(79 441 681)	25 598 628	1 071 720
Total income		**17 748 808**	**(77 160 641)**	**26 635 728**	**1 215 828**
EXPENDITURE					
Operating and administrative expenses	**34**	(61 419 896)	(56 799 791)	(22 877 863)	(4 505 047)
Net impairment losses on financial assets		-	-	-	-
Finance costs		(361 294)	(1 080 400)	(210 180)	(106 472)
Total expenses		**(61 781 190)**	**(57 880 191)**	**(23 088 043)**	**(4 611 519)**
Gains/(losses) on net monetary position		69 176 454	184 612 813	-	-
Profit/(loss) before tax		25 144 072	49 571 981	3 547 685	(3 395 691)
Income tax (expense)/credit	**14.3**	(7 835 252)	(5 577 462)	694 856	10 672
Profit/(loss) for the year		**17 308 820**	**43 994 519**	**4 242 541**	**(3 385 019)**
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss					
Items that may be reclassified to profit or loss:					
Fair value gains for financial assets at FVOCI	**18.3**	(31 259 413)	13 020 985	12 977 371	11 114 591
Income tax relating to components of other comprehensive income		346 053	(74 254)	(143 664)	(63 382)
Other comprehensive (loss)/income for the year net of tax		(30 913 360)	12 946 731	12 833 707	11 051 209
Total comprehensive income for the year		**(13 604 540)**	**56 941 250**	**17 076 248**	**7 666 190**
Profit/(loss) attributable to:					
Equity holders of Zimre Holdings Limited		17 308 819	43 994 519	4 242 541	(3 385 019)
Non-controlling interests		-	-	-	-
		17 308 819	**43 994 519**	**4 242 541**	**(3 385 019)**
Total comprehensive (loss)/income attributable to:					
Equity holders of Zimre Holdings Limited		(13 604 540)	56 941 250	17 076 248	7 666 190
Non-controlling interests		-	-	-	-
		(13 604 540)	56 941 250	17 076 248	7 666 190
Earnings per share from profit of continuing operations attributable to owners of Zimre Holdings Limited					
Basic and diluted earnings per share (ZWL cents):	**35**	1.13	2.87	0.28	(0.22)

INFLATION ADJUSTED	Notes	Share capital ZWL	Share premium ZWL	Treasury shares ZWL	Financial assets at fair value through other comprehensive income reserve ZWL	Retained earnings ZWL	Total ZWL
Balance as at 31 December 2019							
Balance as at 1 January 2019		**508 539 754**	**379 042 460**	**(439 188)**	**3 420 909**	**517 176 889**	**1 407 740 824**
Change in accounting policy due to adoption of IFRS 16		-	-	-	-	(103 444)	(103 444)
Balance as at 1 January 2019, as restated		**508 539 754**	**379 042 460**	**(439 188)**	**3 420 909**	**517 073 445**	**1 407 637 380**
Total comprehensive income for the year		**-**	**-**	**-**	**12 946 731**	**43 994 519**	**56 941 250**
Profit for the year		-	-	-	-	43 994 519	43 994 519
Other comprehensive income for the year, net of tax		-	-	-	12 946 731	-	12 946 731
Transactions with owners in their capacity as owners		**-**	**-**	**(79 938)**	**-**	**-**	**(79 941)**
Dividend declared and paid	37	-	-	-	-	-	-
Share buyback	20	-	-	(79 938)	-	-	(79 941)
Balance as at 31 December 2019		**508 539 754**	**379 042 460**	**(519 126)**	**16 367 640**	**561 067 964**	**1 464 498 689**
Year ended 31 December 2020							
Balance as at 1 January 2020, as restated		**508 539 754**	**379 042 460**	**(519 126)**	**16 367 640**	**561 067 964**	**1 464 498 692**
Total comprehensive income for the year		**-**	**-**	**-**	**(30 913 360)**	**17 308 819**	**(13 604 541)**
Profit for the year		-	-	-	-	17 308 819	17 308 819
Other comprehensive income for the year, net of tax		-	-	-	(30 913 360)	-	(30 913 360)
Transactions with owners in their capacity as owners		**2 848 800**	**776 295 079**	**(1 039 000)**	**-**	**(5 307 862)**	**772 797 016**
Dividend declared and paid	37	-	-	-	-	(5 307 862)	(5 307 862)
Issue of shares		2 848 800	801 936 775				804 785 575
Issue of shares transaction costs			(25 641 696)				(25 641 696)
Share buyback	20	-	-	(1 039 000)	-	-	(1 039 000)
Balance as at 31 December 2020		**511 388 554**	**1 155 337 539**	**(1 558 126)**	**(14 545 720)**	**573 068 921**	**2 223 691 167**

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

HISTORICAL COST

	Notes	Share capital ZWL	Share premium ZWL	Treasury shares ZWL	Financial assets at fair value through other comprehensive income reserve ZWL	Retained earnings ZWL	Total ZWL
Year ended 31 December 2019							
Balance as at 1 January 2019		**15 326 649**	**11 427 034**	**(8 886)**	**(4 287 759)**	**20 101 086**	**42 558 124**
Change in accounting policy due to adoption of IFRS 16		-	-	-	-	(3 713)	(3 713)
Balance as at 1 January 2019, as restated		**15 326 649**	**11 427 034**	**(8 886)**	**(4 287 759)**	**20 097 373**	**42 554 411**
Comprehensive income for the year		**-**	**-**	**-**	**11 051 209**	**(3 385 018)**	**7 666 191**
Profit for the year		-	-	-	-	(3 385 018)	(3 385 018)
Other comprehensive income for the year, net of tax		-	-	-	11 051 209	-	11 051 209
Transactions with owners in their capacity as owners		**-**	**-**	**(17 046)**	**-**	**-**	**(17 046)**
Dividend declared and paid	**37**	-	-	-	-	-	-
Share buyback	**20**	-	-	(17 046)	-	-	(17 046)
Balance as at 31 December 2019		**15 326 649**	**11 427 034**	**(25 932)**	**6 763 450**	**16 712 355**	**50 203 556**
Year ended 31 December 2020							
Balance as at 1 January 2020		15 326 649	11 427 034	(25 932)	6 763 450	16 712 355	50 203 556
Change in accounting policy due to adoption of IFRS 16	**2.30**	-	-	-	-	-	-
Balance as at 1 January 2020, as restated		**15 326 649**	**11 427 034**	**(25 932)**	**6 763 450**	**16 712 355**	**50 203 556**
Comprehensive income for the year		**-**	**-**	**-**	**12 833 707**	**4 242 541**	**17 076 248**
Profit for the year		-	-	-	-	4 242 541	4 242 541
Other comprehensive income for the year, net of tax		-	-	-	12 833 707	-	12 833 707
Transactions with owners in their capacity as owners		**2 848 799**	**776 295 079**	**(997 149)**	**-**	**(3 100 000)**	**775 046 729**
Dividend declared and paid	**37**	-	-	-	-	(3 100 000)	(3 100 000)
Issue of shares		2 848 799	801 936 775	-	-	-	804 785 574
Issue of shares transaction costs		-	(25 641 696)	-	-	-	(25 641 696)
Share buyback	**20**	-	-	(997 149)	-	-	(997 149)
Balance as at 31 December 2020		**18 175 448**	**787 722 113**	**(1 023 081)**	**19 597 157**	**17 854 896**	**842 326 533**

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	INFLATION ADJUSTED Company 2020 ZWL	INFLATION ADJUSTED Company 2019 ZWL	HISTORICAL COST Company 2020 ZWL	HISTORICAL COST Company 2019 ZWL
Profit /(loss) before income tax		**10 479 933**	**49 571 980**	**3 547 685**	**(3 395 690)**
Adjustments for non-cash items:					
Depreciation	8	3 079 290	3 079 267	92 831	92 831
Lease depreciation charge	9	21 548 406	7 325 658	1 601 867	262 915
Fair value gains on financial assets at fair value through profit or loss	33	(12 612 383)	72 540 211	(21 411 359)	(1 310 110)
Monetary gains		(54 512 316)	(184 612 813)	-	-
Movement in leave pay provision	24	2 179 477	1 510 966	2 929 031	143 944
Unrealised exchange gains	33	(1 503 622)	-	(1 503 622)	-
Adjustments for separately disclosed items:					
Finance costs		361 294	1 080 400	210 180	106 472
Dividend received	32	(686 675)	(2 232 601)	(415 579)	(139 765)
Interest received	32	(645 149)	(48 439)	(621 521)	(4 343)
Working capital changes:					
Decrease/(increase) in other receivables and pre-payments		(336 522)	33 678 209	(2 666 228)	647 965
Increase/(decrease) in trade and other payables		880 709	(160 513 730)	46 448 552	5 206 868
Cash flows from operations		(31 767 557)	(178 620 892)	29 375 529	1 611 086
Finance costs		(361 294)	(1 080 400)	(210 180)	(106 472)
Net cash flows generated from operating activities		**32 128 851**	**179 701 292**	**28 001 657**	**1 504 614**
Cash flows from investing activities					
Acquisition of an associate	12	(8 433 539)	(23 240 850)	(7 576 528)	(2 715 932)
Purchase of financial assets at fair value through profit or loss	18.2	(7 812 025)	(21 454 106)	(3 061 429)	(641 506)
Proceeds from disposal of financial assets through profit or loss	18.2	9 760 000	23 148 379	22 752 931	128 244
Proceeds from disposal of financial assets at amortised cost	18.1	-	11 055 260	-	1 800 000
Dividends received	32	686 675	2 232 601	415 579	139 765
Interest received	32	645 149	48 439	621 521	4 343
Cash flows used in investing activities		**(5 153 740)**	**(8 210 277)**	**13 152 074**	**(1 285 086)**
Financing activities					
Dividends paid	37	(5 307 862)	-	(3 100 000)	-
Share issue transaction costs		(25 641 696)	-	(25 641 696)	-
Lease payments	9	(2 867 753)	(2 079 254)	(1 673 624)	(226 346)
Share buy-back	20	(1 039 000)	(79 938)	(997 149)	(17 046)
Cash used in financing activities		**(34 856 311)**	**(2 159 192)**	**(31 412 469)**	**(243 392)**
Inflation effect on cash		79 900 445	176 129 182	-	-
Net decrease in cash and cash equivalents		**7 761 542**	**(13 941 579)**	**9 741 263**	**(23 863)**
Cash and cash equivalents at the beginning of the year		**2 547 650**	**16 489 229**	**567 929**	**591 792**
Effects of exchange rate changes on cash and cash equivalents		1 503 622	-	1 503 622	-
Cash and cash equivalents at the end of the year	19	**11 812 813**	**2 547 650**	**11 812 813**	**567 929**

1 **GENERAL INFORMATION**

The principal activities of Zimre Holdings Limited (the "Company" or "ZHL") and its subsidiaries and associates (together "the Group") is the provision of life assurance, non life insurance (general insurance and reinsurance) healthcare, funeral assurances, property management and development services, asset management and micro-lending. The Group also has an associate in the agro-industrial sector.

Zimre Holdings Limited is a public company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange ("ZSE"). The registered office is located at Block D, 2nd Floor, Smatsatsa Office Park, Stand Number 10667, Borrowdale, Harare, Zimbabwe.

The financial statements of the Group for the year ended 31 December 2020 were authorised for issue by a resolution of the Board of Directors on 29 June 2021.

1.1 **Acquisition of Fidelity life Assurance of Zimbabwe Limited**

On 30 September 2020, the shareholders of Zimre Holdings Limited ("ZHL") approved the acquisition by ZHL of 38 224 928 issued shares of Fidelity Life Assurance of Zimbabwe Limited ("FLA") from NSSA. The shares constituted 35.09% of the entire shareholding in FLA, held by NSSA and was settled through the issuance of new ZHL ordinary shares on the basis of 1 ZHL ordinary share for every 0.59 FLA shares held by NSSA. The acquisition of FLA shares by ZHL, the company now has 66.95% shareholding in FLA. Prior to this, FLA was accounted for as an associate.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

2.1 **Basis of preparation**

These financial statements for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), except for non-compliance with International Accounting Standard 21, ("IAS 21"), 'The effects of foreign exchange rates' and IAS 29, 'Financial reporting in hyper-inflationary economies'.

2.1.2 **Compliance statement**

These financial statements for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards and in a manner required by the Zimbabwe Companies and Other Business Entities Act [Chapter 24:31], except for non-compliance with International Accounting Standard ("IAS") 21, 'The effects of foreign exchange rates' which also led to non-compliance with IAS 29, 'Financial reporting in hyper-inflationary economies'.

2.1.3 **a) Hyperinflation accounting**

On 9 July 2019, the Public Accountants and Auditors Board ("PAAB") issued Pronouncement 01/2019, which advised that Zimbabwe had met all the conditions for the application of IAS 29 effective for financial reporting periods ending on or after 1 July 2019. These hyper-inflationary conditions persisted into the current reporting period, making the application of IAS 29 imperative. For purposes of fair presentation in accordance with IAS 29, the historical cost financial information has been restated for changes in the general purchasing power of the Zimbabwe dollar. Accordingly, the inflation adjusted financial statements represent the primary financial statements of the Group. In line with the provisions of IAS 29, the historical cost financial information has been provided by way of supplementary information only.

IAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyper-inflationary economy be stated in terms of the measuring unit current at the reporting date and that the corresponding figures for the comparative periods be stated in the same terms .These financial statements and the corresponding figures for the previous years have been restated to take account of the changes in the general purchasing power of the ZWL. The restatement is based on conversion factors derived from the Zimbabwe Consumer Price Index ("CPI") compiled by the Zimbabwe National Statistics Agency from the figures published by the Reserve Bank of Zimbabwe. The indices and conversion factors used are as follows:

Dates	**Index**	**Conversion Factor**
31 December 2020	2474.51	1.000
31 December 2019	551.63	4.49
31 December 2018	88.81	27.86
31 October 2018	74.6	33.17
31 December 2017	61.13	40.48
Averages		
31 December 2020	1579.09	1.57
31 December 2019	240.27	10.30
31 December 2018	61.13	40.48
31 December 2017	67.63	36.59

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
Basis of preparation (continued)

b) Functional and presentation currency
The financial statements are presented in Zimbabwe dollar ("ZWL") which is both the functional and presentation currency of the Group. Zimbabwe witnessed significant monetary and exchange control policy changes from 2016 through to 2020. These changes resulted in the promulgation of S.I. 33 of 2019 on 22 February 2019 which introduced the Real Time Gross Settlement ("RTGS") dollar and the use of the interbank market. In the current financial year up to 22 June 2020, the Group translated foreign currency denominated balances using the interbank rate in line with S.I. 33 of 2019. The rate was fixed at 1:25 for the greater part of that period of the year. However, following the introduction of the Foreign Currency Auction Trading System on 23 June 2020, foreign currency denominated balances were translated to ZWL using the auction rate.

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

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(d) Group companies
The results and financial positions of all the Group's subsidiaries and associates that have a functional currency different from the ZWL (none of which is a currency of a hyper-inflationary economy) are translated into ZWL as follows:

i. income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average foreign currency exchange rate;
ii. assets and liabilities for each statement of financial position are translated at the closing foreign currency exchange rate at the date of the statement of financial position; and
iii. all resulting foreign currency exchange rate differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment is repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation and presentation (continued)

2.1.4 New standards, amendments and interpretations, effective for the first time for 31 December 2020 year ends that are relevant to the Group

Number	Effective date	Executive summary
Amendment to IFRS 3, 'Business combinations'	1 January 2020	This amendment revises the definition of a business. According to feedback received by the International Accounting Standards Board ("IASB"), application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions.
Definition of a business	1 January 2020	To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	1 January 2020	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: • use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; • clarify the explanation of the definition of material; and • incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is: "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."
Amendments to IFRS 9, 'Financial instruments', IAS 39, 'Financial instruments: recognition and measurement' and IFRS 7, 'Financial instruments: disclosure' – interest rate benchmark reform (Phase 1)	1 January 2020 (early adoption is permitted)	These amendments provide certain reliefs in connection with interest rate benchmark reform ("IBOR"). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

New standards, amendments and interpretations issued but not effective for 31 December 2020 year ends that are relevant to the Company and have not been early adopted.

Number	Effective date	Executive summary
IFRS 16, 'Leases' COVID-19-Related rent concessions amendment	1 June 2020	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2.1 Basis of preparation and presentation (continued)

2.1.4 New standards, amendments and interpretations, effective for the first time for 31 December 2020 year ends that are relevant to the Group (continued)

Number	Effective date	Executive summary
Amendments to IFRS 9 'Financial instruments', IAS 39 'Financial instruments: recognition and measurement', IFRS 7 'Financial instruments: disclosures', IFRS 4 'Insurance contracts' and IFRS 16 'Leases' – interest rate benchmark ("IBOR") reform (Phase 2)	1 January 2021	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.
Amendment to IAS 1 'Presentation of financial statements' on classification of liabilities as current or non-current	1 January 2022	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).
Amendment to IFRS 3, 'Business combinations'	1 January 2022	The IASB has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'provisions, contingent liabilities and contingent cssets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The IASB has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
Amendments to IAS 16 'Property, plant and equipment' on proceeds before intended use	1 January 2022	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.
Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' on onerous contracts—cost of fulfilling a contract	1 January 2022	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
Annual improvements cycle 2018 -2020	1 January 2022	These amendments include minor changes to: • IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. • IFRS 9, 'Financial instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. • IFRS 16, 'Leases', amendment to the illustrative example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. • IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation and presentation (continued)

2.1.4 New standards, amendments and interpretations, effective for the first time for 31 December 2020 year ends that are relevant to the Group (continued)

Number	Effective date	Executive summary
IFRS 17, 'Insurance contracts'	1 January 2023 Early application is permitted for entities that apply IFRS 9, 'Financial instruments', and IFRS 15, 'Revenue from contracts with customers', at or before the date of initial application of IFRS 17.	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. Consequently, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.
IFRS 17, 'Insurance contracts' Amendments	1 January 2023	In response to some of the concerns and challenges raised, the IASB developed targeted amendments and several proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.

There are no other standards, amendments and interpretations that are not yet effective that are likely to have a material impact on the financial statements of the Group and Company.

2.2 Principles of consolidation and equity accounting

Group
The consolidated financial statements comprise the financial statements of Zimre Holdings Limited (the "Company") and its subsidiaries and associates.

(a) 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. They are deconsolidated from the date that control ceases.
Specifically, the Group controls an investee if and only if the Group has:
- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; or
- the Group's voting rights and potential voting rights.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2.2 **Principles of consolidation and equity accounting (continued)**

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired during the year are included in the statement of comprehensive income and statement of financial position from the date the Group gains control until the date the Group ceases to control the subsidiary.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred 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 and fair value of any pre-existing equity interest in the subsidiary.

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. 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, 'Financial instruments' either in statement of profit or loss or as a change to the comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity. Acquisition related costs are expensed as incurred. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition- date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest is less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the profit or loss as a bargain purchase.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group entities are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All subsidiaries of the Company have 31 December year ends and are consolidated in the financial statements.

Loss of control
If the Group loses control over a subsidiary, it;
- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative transaction differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in the statement of comprehensive income; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or
- retained earnings, as appropriate.

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 of the Group in their capacity as owners. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity. Gains or losses from disposal to non-controlling interests are also recorded in equity.

Separate financial statements
In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated allowance for impairment.

Associate

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. If the shareholding is less than 20%, the Group will be presumed not to have significant influence unless such influence can be clearly demonstrated. The existence of significant influence by the Group is usually evidenced in one or more of the following ways:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting (continued)

- representation on the board of directors or equivalent governing body of the investee;
- participation in the policy-making process;
- material transactions between the investor and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost and thereafter the carrying amount is increased or decreased to recognise the investor's share of post-acquisition profits or losses of the investee and the Group's share of movements in other comprehensive income after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

When the investment, or portion of an investment, meets the criteria to be classified as held for sale, the portion so classified is accounted for in accordance with IFRS 5, 'Non-current assets held for sale and discontinued operations'. Any remaining portion is accounted for using, the equity method until the time of disposal, at which time the retained investment is accounted under IFRS 9, 'Financial instruments', unless the retained interest continues to be an equity accounted entity in accordance with the provisions of the standard.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. When the Group's share of losses in an equity - accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the entity. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the statement of profit or loss. Unrealised gains resulting from upstream and downstream transactions between the Group and its associate are eliminated in the Group's financial statements to the extent of the investor's interests in the entity. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting polices of equity accounted investees have been changed where necessary to ensure consistency with the polices adopted by the Group.

The associates, except for CFI Holdings Limited which has a 30 September year end, have 31 December year-ends, and are included in the financial statements based on audited year end financial statements.

2.3 Earnings per share

(i) Basic earnings per share
Basic earnings per share are calculated by dividing:
- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the "Group Executive Committee" which comprises the Group Chief Executive Officer, Group Finance Executive and the Managing Directors of the subsidiaries.

2.5 Property and equipment

Property and equipment is measured at historical cost less depreciation and impairment in the statutory records. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 items can be measured reliably. The carrying amount is any component accounted for as a separate asset is derecognised when replaced. Repairs and maintenance costs are recognised in profit or loss as incurred. Land and buildings are measured at fair value less accumulated depreciation and impairment loss recognised after the date of the revaluation. Valuations are performed annually to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus net of tax is credited in other comprehensive income to revaluation reserve included in shareholders' equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property and equipment (continued)

To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation reserve to retained earnings.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

• Freehold buildings	40 years
• Vehicles	5 years
• Computers and office equipment	5 years
• Furniture and fittings	10 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition is included in profit or loss in the year the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year-end, and adjusted prospectively if appropriate. Changes in the asset's depreciation method, residual value or useful life are treated as a change in accounting estimate in accordance with IAS 8, 'Accounting policies, changes in accounting estimates and errors.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.6 Investment property

Investment property comprises completed property and property under construction or development that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property is included in the statement of profit or loss in the period in which they arise. Fair values are evaluated annually by an accredited external independent valuer, applying valuation models recommended by the International Valuation Standards Committee.

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 cost of the replacement is included in the carrying amount of the property and the fair value is re-assessed.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. The difference between the cost-based measurement and fair value is treated as a revaluation adjustment.

2.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at historical cost in the statutory records. The historical cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Intangible assets (continued)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in statement of comprehensive income when the asset is derecognised. The software licences have a finite life of up to 5 years and are amortised over that period. The amortisation costs for the year are included in operating and administrative expenses in the statement of profit or loss.

2.8 Inventory

Inventory comprises property acquired or being constructed for sale in the ordinary course of business, consumables and other stocks.

Property classified as inventory is residential property that the Group is developing and intends to sell before or on completion of construction. Cost includes:
• amounts paid to contractors for construction; and
• borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property
• transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and less costs to completion and the estimated costs of sale. Net realisable value for completed inventory property is assessed with reference to market conditions and prices existing at the reporting date, and is determined by the Group in light of recent market transactions.

Consumables and other stocks are valued on the basis of weighted average cost and at the lower of cost or estimated net realisable value, inventory is valued at the lower of cost or estimated net realisable value, but is based on the specific identification of the property.

2.9 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of the asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, it is reduced to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified; an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in statement of comprehensive income.

2.10 Trade and other receivables

Premiums receivables relate to insurance premiums outstanding from insurance companies, reinsurance brokers and insurance agents and are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, premiums receivable are measured at amortised cost, using the effective interest rate method. See note 2.12 for further information about the Group's accounting for financial assets.

Insurance contracts are issued at market rates even when credit terms are offered. Furthermore, short term insurance contracts are for periods not exceeding one year. Therefore there is no significant financing component in insurance premiums thus their carrying amount is considered to be the same as their fair value.

Other receivables are amounts that generally arise from transactions outside the usual operating activities of the Group. If collection of the amount is due in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Other receivables comprise loans to employees and prepayments.

Other receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method less allowance for impairment. See note 2.12 for description of the Group's impairment policy.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Deferred acquisition costs

Deferred acquisition costs relate to commission incurred to acquire insurance business, deferred over a period in which the related premiums are earned. The deferred portion is calculated by applying the actual commission rate on the unearned premium reserve balance.

2.12 Financial Instruments

i) Classification
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument on another entity.

The Group's financial assets are classified as measured at:

- fair value (either through other comprehensive income or through profit or loss), and
- amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when the business model for managing those assets changes.

ii) Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

iii) Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as a separate line item in the statement of profit or loss.

- **FVPL:** Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The Group has classified investments in quoted equities as financial assets at FVPL because they are held for trading with expected disposal in the short-term. Unquoted equity investments are long-term strategic investments and not expected to be disposed in the short-term, as such have been classified as financial assets at FVOCI.

iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Financial Instruments (continued)

For trade receivables, the Group applies both the simplified approach and the general approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.3 for further details.

De-recognition of financial assets

A financial asset is de-recognised when the right to receive cash flows from the asset has expired or the Group has transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and have transferred substantially all the risks and rewards of the asset to another party, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset. When the Group has transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if and to what extent they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and Company have retained.

2.13 Financial liabilities

The Group's financial liabilities include trade and other payables, bank borrowings, policyholder liabilities, and investment contracts.

Measurement

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, less directly attributable transaction costs. Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at amortised cost. The Group determines the classification of its financial liabilities at initial recognition.

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such a modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.14 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported, on the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter-party.

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown within borrowings in the statement of financial position.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of income tax from the proceeds.

Treasury shares (repurchase and reissue of ordinary shares)

Where the Company purchases its own shares or a group company purchases the Company's ordinary share capital ("treasury shares"), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.17 Reinsurance contract liabilities

Reinsurance contract liabilities relate to life reassurance and non-life reinsurance. At the end of the year, a liability adequacy test is carried out by a registered actuary to determine the sufficiency of the insurance contract liabilities.

2.17.1 Life reassurance policy holder liabilities

Life reassurance policy holder liabilities are policyholders' liabilities computed by an independent actuary in accordance with the guidelines issued by the Actuarial Society of Zimbabwe and Actuarial Society of South Africa. Under this method, the policyholders' liabilities are valued using realistic expectations of future experience with prescribed margins for prudence and deferral profit emergence.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17.2 Non-life reinsurance contract liabilities

These include the outstanding claims and the incurred but not reported reserve ("IBNR") (disclosed as insurance payable) and the provision for unearned premium.

Outstanding claims

The outstanding claims reserve is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, together with related claims handling costs and reduction for the expected salvage and other recoveries.

Incurred but not reported - ("IBNR")

The provision for incurred but not reported claims ("IBNR") represents all claims incurred before the reporting date but only reported subsequent to year-end.

IBNR is estimated using a rate of 10% (2019 -10%) of net premium written and actuarially tested for adequacy as at reporting date.

Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim project techniques, based on empirical data and current assumptions that include a margin for adverse variation. The liability is not discounted for the time value of money. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

Unearned premium reserves - ("UPR")

The unearned premium reserve represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised on contracts entered into with maturities beyond the financial year end of the Group and earned premiums is brought to account over the term of the contract in accordance with the pattern of insurance service provided under the contract.

The subsidiaries within the Group use various methods to account for unearned premium reserve which include the 1/8 method, the 1/365 method and the 24th method.

2.18 Retrocession

The Group cedes reinsurance risk in the normal course of business for its reinsurance businesses to retrocessionaires.

Retrocession receivables and payables are disclosed as part of insurance trade receivables and payables respectively. Retrocession income and expenses are disclosed in profit or loss.

2.19 Provisions

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

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

Restructuring provisions are recognised only when the recognition criteria for provisions are fulfilled. The Group has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, an appropriate timeline, and furthermore, the employees affected have been notified of the plan's main features.

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, current market assessments of the time value of money, and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

The Group and Company recognise obligations for retrenchments as a liability and expense when there is a demonstrable commitment to either terminate the employment of an employee or group of employees before normal retirement date as a result of an offer made in order to encourage voluntary redundancy.

2.20 Revenue recognition

The Group recognises revenue when the following conditions have been met:
- when contracts have been approved by all parties to the contract;
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;
- the contract has commercial substance; and
- it is probable that the consideration to which the Group is entitled to in exchange for the goods or services will be collected

The Group derives revenue from the transfer of goods and provision of services over time and at a point in time in the following major product lines:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20.1 Premium income

Gross premiums comprise the premiums on contracts entered into during the year. Premiums written include adjustments to premiums written in prior periods. Premium income arising from pensions is recognized when due while that from individual life is recognized when paid. Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are net of any taxes or duties levied on premiums.

Premium income is accounted for gross of reinsurance and accounted for as follows:
Pensions - when due
Life - when paid
Property and casualty insurance (short-term insurance) - when due
Health insurance - when paid
In the short-term business, premium income is accounted for as and when the premiums are agreed and risks accepted.

2.20.2 Fund management and investment contracts fee income

Fees charged for investment management services are recognised as revenue as the services are provided. Initial fees which exceed the level of recurring fees and relate to the future provision of services are deferred and amortised over the anticipated period in which the services will be provided.

2.20.3 Rental income

The Group is the lessor on operating lease transactions. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Services and management charges are recognised in the accounting period in which they are incurred.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the statement of profit or loss when the right to receive them arises.

2.20.4 Property services income

Property services income comprises income received from property-related services to other parties. The income is recognised when the related services have been provided. Property services income will be generated, and revenue recognised as indicated, from the following services:
- Project management - over time ;
- Property management - over time;
- Property purchases - at a point in time;
- Property sales - at a point in time; and
- Property valuations - at a point in time.

2.20.5 Sale of inventory property and stands

The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. The consideration is due upon signing the sale contract. Deferred payment terms may be agreed in some cases for periods up to 36 months. In such cases, the transaction price is adjusted for the effects of a significant financing component.

The Group has contracts with customers where the period between signing of the sale contract and payment by the customer exceeds one year. As a consequence, the Group adjusts the transaction prices for the time value of money at the effective interest rate.

2.21 Deferred income

Where conditions precedent to the sale of completed stands have not been met, any related revenue is recognised as deferred income. Amounts recognised in deferred income will only be recognised as revenue after all conditions precedent have been met and significant risks and rewards have been transferred to the buyer, and the buyer has accepted the property.

2.22 Other income

2.22.1 Dividend income

Dividend income is recognised when the Group and Company's rights to receive the payment is established, when the investee`s board of directors has declared the dividend.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2.22.2 **Interest income**

Interest earned on cash invested with financial institutions is recognised on an accrual basis using the effective interest method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in the statement of comprehensive income.

2.22.3 **Fee income**

Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees and charges are recognised as income over the period in which the related services are performed. Actuarial and consultancy fee income is recognised on an accrual basis, based on the values of the services provided and disclosed under other income.

2.22.4 **Commission income**

Commission income received or receivable under reinsurance contracts for non life insurance contracts is recognised as revenue proportionally over the period of the insurance contract.

2.22.5 **Realised gains and losses**

Realised gains and losses recorded in the statement of comprehensive income on investments include gains and losses on financial assets at FVPL and investment properties. Gains and losses on financial assets are from financial assets at FVPL. Gains from financial assets at FVOCI are recognised through other comprehensive income and are not recycled to profit or loss on disposal. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

2.23 **Insurance claims and benefits**

2.23.1 **Life and health reassurance**

Insurance benefits and claims relating to life assurance contracts are recognised in profit or loss based on the estimated liability for compensation owed to the contract holder. Death, disability and severe illness and surrender claims are accounted for when notified. These claims include outstanding claims and claims incurred but not reported ("IBNR"). The IBNR estimate is determined taking into account the likelihood of the claim being valid and the expected severity of the claim. The proportion to be included is estimated separately for each benefit type. An estimate of the expected claim amount is charged to profit or loss and included in liabilities under insurance contracts. Maturity and income disability are recorded as incurred. Liabilities are held to reflect IBNR claims. The IBNR is modified to reflect actual current operating conditions. The liabilities are calculated gross of reinsurance. An asset is then raised to allow for the expected recoveries from reinsurers.

Claims are accounted for as incurred and consist of claims paid, movement in the provision for outstanding claims and relates claims handling expenses. The provision for outstanding claims is based on estimates of the cost of settling all claims incurred but unpaid at the reporting date, whether reported or not.

2.23.2 **Non-life insurance**

Benefits payable under non-life insurance contracts are accounted for as incurred. Liabilities are held to reflect IBNR claims. The IBNR calculation is performed using the chain ladder approach. This allows for the historical patterns of claims payment in determining the likely future emergence of claims. The IBNR is further modified to reflect current operational conditions or known events.

2.23.3 **Retrocession recoveries**

Related retrocession recoveries are disclosed separately as assets in the statement of financial position and are included in recoveries from retrocessions in profit or loss.

2.24 **Acquisition costs on reinsurance contracts**

Acquisition costs on reinsurance and insurance contracts comprises commission and other acquisition costs over the life of the reinsurance and insurance contracts.

Commission

Commission is recognised as an expense in statement of comprehensive income when the premium is received through an intermediary or agent. The period of the commission and the commission rate differ per product depending on the product design structure. Commission is deferred in deferred acquisition costs over the duration of the contract.

Other acquisition costs

Other acquisition costs are expenses incurred to acquire reinsurance and insurance business including staff costs directly associated with obtaining business.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Employee benefits

Post-employment benefits

The Group operates one defined contribution pension plan, which requires contributions to be made to the fund which is separately administered. The pension plan is funded by payments from employees and the Group. The Group's contribution to the defined contribution pension plan is charged to the statement of profit or loss in the period to which the contributions relate. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Retirement benefits are also provided for the Company's employees through the National Social Security Authority ("NSSA") Scheme. The cost of retirement benefits applicable to the scheme is determined by the systematic recognition of legislated contributions.

Termination benefits

The Group recognises termination benefits when there is a demonstrable commitment to either terminate employment of an employee or group of employees before normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. The Group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of IAS 37, 'Provisions, contingent liabilities and contingent assets', and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Short term employee benefits

Short term employee benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as medical aid contributions.

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Group 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.

Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.26 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged or cancelled or has expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Where the terms of a financial liability are renegotiated and the Company or a subsidiary issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.27 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2.28 Current income and deferred taxes

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

Current income 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.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2.28.1 **Current income tax**

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to the tax authorities. The tax rates and laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

The current income 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 Group and its 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 provision, where appropriate on the basis of amounts expected to be paid to the tax authorities.

Taxable income for the life reassurance subsidiary is calculated in accordance with the insurance formula as laid down in the Eighth Schedule to the Zimbabwe Income Tax Act (Chapter 23:06).

2.28.2 **Deferred tax**

Deferred tax is provided in full using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint arrangements, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and carry forward of unused tax credits and unused tax losses can be utilised except, when the deferred tax asset relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised in other comprehensive income or equity is also recognised in other comprehensive income or equity and not in statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.28.3 **Value added tax ("VAT")**

Expenses and assets are recognised net of the amount of VAT, except, when the value added tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Leases

IFRS 16 introduced new or amended requirements with respect to lease accounting. It introduced significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The Group and Company assess whether a contract is or contains a lease, at inception of contract. The Group and Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this this rate cannot be readily determined, the Group and Company use its incremental borrowing rate.

The lease liability is presented as a separate line in the statement of financial position. The liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and reducing the carrying amount to reflect the lease payments made. The Group and Company remeasure the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever the lease term has changed or the lease contract has been modified.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

The Group and Company apply IAS 36 Impairment of assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment losses.

The deferred tax implications of IFRS 16 are that lease payments are tax-deductible on a cash basis. However, the tax bases of the right-of-use asset and lease liability are zero. The result is a taxable temporary difference in relation to the right-of-use asset and a deductible temporary difference in relation to the lease liability.

2.30 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

3 GROUP FINANCIAL RISK MANAGEMENT

Risk Governance Framework

The Group has an Audit and Risk Committee that is part of the Board. Below the Audit and Risk Committee is a Financial Risk Management Committee that comprises senior management of the Group from the departments of Finance, Investments, Audit and Operations. The Financial Risk Management Committee reports to the Audit and Risk Committee on a quarterly basis on the risks identified, how they are being managed and the quantification and sensitivities around the risks. Both committees have clear terms of reference that feed into the overall group risk management strategy policy framework. The terms of reference are set, approved and regularly reviewed by the Board. The primary objective of the Group's risk management framework is to protect the shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

3.1 Financial risk factors

The Group is exposed to financial risk through its financial assets and liabilities, insurance and reinsurance assets and liabilities. The significant components of financial risk are investment risk, market risk, foreign currency risk, interest rate risk and equity price risk, credit risk and liquidity risk.

3.2 Market risk

Market risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in the market prices. The Group's market risk arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements. Market risk comprises three types of risks: foreign exchange risk, interest rate risk and equity price risk.

3.2.1 Foreign currency risk

Foreign currency risk is the risk arising from fluctuations in foreign exchange rates and their effect on future commercial transactions or recognised assets and liabilities.

The Group is exposed to foreign currency risk arising from the holding of monetary assets and liabilities denominated in currencies other than functional currencies of the individual entities.

The Group's primary method of managing foreign currency risk is to match principal cash outflows to the currency in which the principal cash inflows are denominated. Generally, Group companies are required to maintain bank accounts in USD to reduce losses from fluctuations in foreign exchange rates. There were no hedging instruments during the year ended 31 December 2020 (2019 ZWLnil). The functional currency is ZWL, maintaining USD increase foreign currency risk.

The table below shows the balances of monetary assets and liabilities denominated in foreign currency :

	INFLATION ADJUSTED			
As at 31 December 2020	**Botswana Pula ZWL**	**Malawian Kwacha ZWL**	**Mozambican Metical ZWL**	**Zambian Kwacha ZWL**
Assets				
Trade and other receivables	74 542 686	447 456 548	186 379 049	64 510 009
Financial assets at amortised cost	-	1 794 574	9 279 864	49 268 434
Cash and cash equivalents	183 337 642	211 120 737	19 915 242	22 026 635
	257 880 328	660 371 859	215 574 155	135 805 078
Liabilities				
Borrowings	-	-	36 025 620	2 862 851
Trade and other payables	62 217 325	368 002 993	153 973 312	44 040 501
	62 217 325	368 002 993	189 998 932	46 903 352
Net foreign currency exposure	**195 663 003**	**292 368 866**	**25 575 223**	**88 901 726**

	INFLATION ADJUSTED			
As at 31 December 2019	**Botswana Pula ZWL**	**Malawian Kwacha ZWL**	**Mozambican Metical ZWL**	**Zambian Kwacha ZWL**
Assets				
Trade and other receivables	103 661 219	323 734 648	163 609 696	91 836 841
Financial assets at amortised cost	-	1 751 521	17 946 830	-
Cash and cash equivalents	126 890 476	151 551 326	19 056 937	9 636 353
	230 551 695	477 037 495	200 613 463	101 473 194
Liabilities				
Borrowings	-	-	38 410 999	-
Trade and other payables	167 962 669	239 015 451	204 402 194	63 592 179
	167 962 669	239 015 451	242 813 193	63 592 179
Net foreign currency exposure	**62 589 026**	**238 022 044**	**(42 199 730)**	**37 881 015**

	HISTORICAL COST			
As at 31 December 2020	**Botswana Pula ZWL**	**Malawian Kwacha ZWL**	**Mozambican Metical ZWL**	**Zambian Kwacha ZWL**
Assets				
Trade and other receivables	74 542 686	447 456 548	186 379 049	64 510 009
Financial assets at amortised cost	-	1 794 574	9 279 864	49 268 434
Cash and cash equivalents	183 337 642	211 120 738	19 915 242	22 026 635
	257 880 328	660 371 860	215 574 155	135 805 078
Liabilities				
Borrowings	-	-	36 025 620	2 862 851
Trade and other payables	62 217 325	368 002 993	153 973 312	44 040 501
	62 217 325	368 002 993	189 998 932	46 903 353
Net foreign currency exposure	**195 663 003**	**292 368 866**	**25 575 223**	**88 901 726**
As at 31 December 2019				
Assets				
Trade and other receivables	23 108 461	72 167 871	36 472 350	20 472 536
Financial assets at amortised cost	-	390 454	4 000 760	-
Cash and cash equivalents	28 286 794	33 784 263	4 248 228	2 148 164
	51 395 255	106 342 588	44 721 338	22 620 700

	HISTORICAL COST			
	Botswana Pula ZWL	Malawian Kwacha ZWL	Mozambican Metical ZWL	Zambian Kwacha ZWL
Liabilities				
Borrowings	-	-	8 562 692	-
Trade and other payables	37 442 727	53 282 020	45 565 932	14 176 154
	37 442 727	53 282 020	54 128 624	14 176 154
Net foreign currency exposure	13 952 528	53 060 568	(9 407 286)	8 444 546

Foreign exchange risk sensitivity analysis

The following analysis is performed for reasonably possible movements in the foreign exchange rates to ZWL (assumption:+/- 10%) with all other variables held constant, showing the impact on profit/(loss) before income tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract claim liabilities. There are no changes from prior year on this assumption.

The sensitivity of 10% represents the directors' assessment of a possible change:

		Botswana Pula ZWL	Malawian Kwacha ZWL	Mozambican Metical ZWL	Zambian Kwacha ZWL
Effect on profit before income tax	**Change**				
31 December 2020	10%	19 566 300	29 236 887	2 557 522	8 890 173
31 December 2020	-10%	(19 566 300)	(29 236 887)	(2 557 522)	(8 890 173)
31 December 2019	10%	6 258 903	23 802 204	(4 219 973)	3 788 102
31 December 2019	-10%	(6 258 903)	(23 802 204)	4 219 973	(3 788 102)
Effect on equity					
31 December 2020	10%	14 729 511	22 009 528	1 925 303	6 692 522
31 December 2020	-10%	14 729 511	22 009 528	1 925 303	6 692 522
31 December 2019	10%	4 647 235	17 673 137	(3 133 330)	2 812 665
31 December 2019	-10%	(4 647 235)	(17 673 137)	3 133 330	(2 812 665)

As shown in the table above, the Group is exposed to changes in exchange rates against other functional currencies used by the group companies in their respective jurisdictions. The functional currencies in which monetary assets and liabilities are denominated are shown in the sensitivity table above.

Exchange rates

The exchange rates used by the Group to convert foreign denominated amounts to the functional and presentation currency are depicted below:

	30 June 2020	31 December 2020		31 December 2019	
	Average	Average	As at	Average	As at
Botswana Pula	0.418	0.139	0.132	1.216	0.6356
Malawi Kwacha	30.679	9.273	9.447	36.175	43.9245
Mozambican Metical	2.698	0.892	0.912	3.071	3.6699
South African Rand	0.694	0.200	0.179	1.630	0.8334
Zambian Kwacha	0.700	0.248	0.248	0.641	0.8396

Due to flactuation of the exchange rates during the year the Group used 30 June and 31 December 2020 average rates to convert the statement of comprehensive income figures.

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

	2020 ZWL	2019 ZWL
Amounts recognised in profit or loss		
Net foreign exchange gain included in other income	137 312 464	26 143 253
Net gains/(losses) recognised in other comprehensive income		
Translation of foreign operations	445 491 992	521 915 936

3.2.2 Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate and currency risk, whether those changes are caused by factors specific to the individual financial instruments to its issuer or factors affecting all financial instruments traded in the market.

The Group is exposed to equity securities price risk.

Equity price risk is the potential loss arising from changes in the market price of equity instruments as a result of fluctuations in the market price. A substantial part of the equity portfolio comprises listed counters. Unquoted counters are subjected to periodic financial analysis and review. The Group's equity price risk policy is to manage such risks by setting and monitoring objectives on investments, diversification of portfolios and setting limits on investment in each sector.

At the reporting date, the total exposure to listed equity securities at fair value through profit or loss was ZWL737 256 769 (2019: ZWL108 901 367).

The following table demonstrates the sensitivity to a reasonably possible change in the market price of shares with all other variables held constant.

	INFLATION ADJUSTED			
	Change in market price %	Effect on profit before income tax ZWL	Effect on profit after income tax ZWL	Effect on equity ZWL
As at December 2020				
Increase in market price	10%	73 725 677	55 500 690	55 500 690
Decrease in market price	-10%	(73 725 677)	(55 500 690)	(55 500 690)
As at December 2019				
Increase in market price	10%	10 890 038	8 140 303	8 140 303
Decrease in market price	-10%	(10 890 038)	(8 140 303)	(8 140 303)

	HISTORICAL COST			
	Change in market price %	Effect on profit before income tax ZWL	Effect on profit after income tax ZWL	Effect on equity ZWL
As at December 2020	10%	73 725 677	55 500 690	55 500 690
Increase in market price	-10%	(73 725 677)	(55 500 690)	(55 500 690)
Decrease in market price				
As at December 2019				
Increase in market price	10%	2 427 661	1 814 677	1 814 677
Decrease in market price	-10%	(2 427 661)	(1 814 677)	(1 814 677)

3.2.3 Interest rate risk

Cash flow interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long- term debt obligations.

The Group manages its cash flow interest rate risk by re-negotiating fixed interest rates whenever there are changes in the market.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run for all interest-bearing positions.

Currently, the Group does not undertake any hedging of its short-term loans due to the nature and terms of the loan facilities. On long-term loans, the Group assesses risks and considers hedging where necessary. As at 31 December 2020, there were no hedges in place (2019:ZWLnil).

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. The key assumption to this sensitivity is that the interest rates will increase or decrease by 25%, holding all other variables constant.

	INFLATION ADJUSTED			
	Change in assumption %	Change in reported value ZWL	profit after income tax ZWL	Change in equity ZWL
December 2020				
Increase in interest rate	25%	110 758 797	83 379 222	83 379 222
Decrease in interest rate	-25%	(110 758 797)	(83 379 222)	(83 379 222)
December 2019				
Increase in interest rate	1%	1 384 855	1 035 179	1 035 179
Decrease in interest rate	-1%	(1 384 855)	(1 035 179)	(1 035 179)

	HISTORICAL COST			
December 2020				
Increase in interest rate	25%	110 758 797	83 379 222	83 379 222
Decrease in interest rate	-25%	(110 758 797)	(83 379 222)	(83 379 222)
December 2019				
Increase in interest rate	25%	7 717 900	5 769 130	5 769 130
Decrease in interest rate	-25%	(7 717 900)	(5 769 130)	(5 769 130)

3.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, trade and other receivables and financial assets at amortised cost.

Risk management

The key areas where the Group is exposed to credit risk are:
- amounts due from debt securities;
- reinsurers' share of insurance liabilities;
- amounts due from cedants;
- amounts due from agents, brokers and intermediaries;
- amounts due from tenants; and
- amounts due from cash and balances with banks.

The Group manages and analyses credit risk for each of their new clients before standard payment, terms and conditions are offered. Exposure limits are set for each counterparty or group of counterparties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis. With respect to credit risk arising from other financial assets of the Group, which comprise cash and balances with banks, and financial assets at amortised cost, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

3.3 **Credit risk (continued)**

Credit risk analysis

The maximum exposure to credit risk by class of financial asset is set out below:

	INFLATION ADJUSTED				
Group	**30 days**	**60 days**	**90 days**	**120 days**	**Total**
	ZWL	**ZWL**	**ZWL**	**ZWL**	**ZWL**
As at 31 December 2020					
Trade and other receivables:					
- reinsurance receivables	371 259 123	271 502 214	118 221 673	357 925 178	1 118 908 188
- rental receivables	8 304 480	3 718 168	1 842 351	7 332 266	21 197 263
- debtors for inventory sales	15 372 554	-	-	-	15 372 554
Financial assets at amortised cost	443 035 188	-	-	-	443 035 188
Cash and cash equivalents	1 183 425 295	-	-	-	1 183 425 295
Total	**2 021 396 640**	**275 220 382**	**120 064 024**	**365 257 442**	**2 781 938 489**
As at 31 December 2019					
Trade and other receivables:					
- reinsurance receivables	317 966 417	203 761 225	88 719 631	185 736 331	796 183 604
- rental receivables	10 248 727	1 517 883	401 366	265 672	12 433 648
- debtors for inventory sales	20 119 219	-	-	-	20 119 219
Financial assets at amortised cost	138 485 545	-	-	-	138 485 545
Cash and cash equivalents	410 188 652	-	-	-	410 188 652
Total	**897 008 560**	**205 279 108**	**89 120 997**	**186 002 003**	**1 377 410 668**

	HISTORICAL COST				
	30 days	**60 days**	**90 days**	**120 days**	**Total**
Group	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
As at 31 December 2020					
Trade and other receivables:					
- reinsurance receivables	371 259 123	271 502 214	118 221 673	357 925 178	1 118 908 188
- rental receivables	8 304 480	3 718 168	1 842 351	7 332 265	21 197 264
- debtors for inventory sales	15 372 554	-	-	-	15 372 554
Financial assets at amortised cost	443 035 188	-	-	-	443 035 188
Cash and cash equivalents	1 183 425 295	-	-	-	1 183 425 295
Total	**2 021 396 639**	**275 220 382**	**120 064 024**	**365 257 443**	**2 781 938 489**
As at 31 December 2019					
Trade and other receivables:					
- reinsurance receivables	70 886 396	45 421 173	19 776 823	41 403 176	177 487 568
- rental receivables	2 284 696	338 357	89 470	59 222	2 771 745
- debtors for inventory sales	4 485 036	-	-	-	4 485 036
Financial assets at amortised cost	30 871 601	-	-	-	30 871 601
Cash and cash equivalents	91 361 193	-	-	-	91 361 193
Total	**199 888 922**	**45 759 530**	**19 866 293**	**41 462 398**	**306 977 143**

3.3 **Credit risk (continued)**

Credit risk analysis (continued)

	INFLATION ADJUSTED				
Company	**30 days ZWL**	**60 days ZWL**	**90 days ZWL**	**120 days ZWL**	**Total ZWL**
As at 31 December 2020					
Other receivables	3 334 557	-	-	-	3 334 557
Financial assets at amortised cost	-	-	-	46 864	46 864
Cash and cash equivalents	11 581 106	-	-	-	11 581 106
Total	**14 915 663**	**-**	**-**	**46 864**	**14 962 527**
As at 31 December 2019					
Other receivables	2 998 157	-	-	-	2 998 157
Financial assets at amortised cost	-	-	-	210 234	210 234
Cash and cash equivalents	1 951 132	-	-	-	1 951 132
Total	**4 949 289**	**-**	**-**	**210 234**	**5 159 523**

	HISTORICAL COST				
Company	**30 days ZWL**	**60 days ZWL**	**90 days ZWL**	**120 days ZWL**	**Total ZWL**
As at 31 December 2020					
Other receivables	3 334 557	-	-	-	3 334 557
Financial assets at amortised cost	-	-	-	46 864	46 864
Cash and cash equivalents	11 581 106	-	-	-	11 581 106
Total	**14 915 663**	**-**	**-**	**46 864**	**14 962 527**
As at 31 December 2019					
Other receivables	668 331	-	-	-	668 331
Financial assets at amortised cost	-	-	-	46 864	46 864
Cash and cash equivalents	434 934	-	-	-	434 934
Total	**1 103 265**	**-**	**-**	**46 864**	**1 150 129**

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

Cash and cash equivalents

The Group has a credit policy that establishes counterparty trading limits for each banking institution that the Group trades with. These counter party limits are reviewed at least quarterly and submitted to the Group Finance and Investments Committee for approval. In this process the financial results of the banking institutions which are published semi annually, are reviewed together with other qualitative factors that may be noted. The limits determined are proposed to the Group Finance and Investments Committee for approval.

The Group only trades with and receives service from banking institutions that meet regulatory requirements. Key considerations in the review of limits and security requirements include:

- compliance with minimum capital requirements set by the central banks in the various jurisdiction in which the Group operates;
- conformance with the minimum rating as set out in the periodic capital adequacy, asset quality, management, earnings liquidity and sensitivity ratings;
- total shareholders' equity;
- total assets;
- ratios such as loan to deposit ratios and non-performing loans ("NPLs");
- overall profitability and cash generation;
- historical performance and outlook; and
- ability of the bank to provide collateral security.

3 GROUP FINANCIAL RISK MANAGEMENT (continued)

3.3 Credit risk (continued)

Cash and cash equivalents (continued)

The Group further considers the following information in determining the trading limits:
- other qualitative factors covered under the rating system;
- qualitative factors include additional opinion formed through market intelligence on the financial institution, shareholder profile, management and segment of market being served.

Approved collateral security instruments are as follows:
- treasury bills; or
- bankers acceptances.

The financial institutions holding the cash and cash equivalents of the Group have the following external credit ratings as published by the Global Credit Rating Company:

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Group				
Credit rating:				
AA+	135 862 551	209 637 887	135 862 551	46 733 088
AA-	5 790 292	2 717 984	5 790 292	605 901
AA	32 751 190	-	32 751 190	-
A+	4 647 403	1 719 769	4 647 403	383 376
A	11 217 775	125 490 825	11 217 775	27 974 780
BBB+	1 950 695	38 173 144	1 950 695	8 509 669
BBB-	31 651 573	3 480 629	31 651 573	775 912
BBB	1 174 194	-	1 174 194	-
BB+	1 371 043	12 166 537	1 371 043	2 712 200
BB	6 440 221	-	6 440 221	-
BB-	4 271 734	-	4 271 734	-
B+	5 157 209	-	5 157 209	-
Unrated	940 273 613	16 446 345	940 273 613	3 666 267
	1 182 559 493	**409 833 120**	**1 182 559 493**	**91 361 193**
Company				
Credit rating:				
BBB-	255 962	-	255 962	-
BB+	-	2 547 650	-	214 002
Unrated*	11 556 852	-	11 556 852	353 927
	11 812 814	2 547 650	11 812 814	567 929

*Cash held under insitutions which failed to provide important information pertaining to their credit portfolios and therefore Global Credit Ratings could not perform additional analysis.

Definition of ratings	Description
AA+ AA-	Has very strong financial security characteristics.
A+ A-	Has strong financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than banks with higher ratings.
BBB+ BBB-	Has good financial security characteristics, but is much more likely to be affected by adverse business conditions than banks with higher ratings.
BB+ BB- B+	Has good financial security characteristics, but is much more likely to be affected by adverse business conditions than banks with higher ratings. Possessing substantial risk that obligations will not be paid when due.

3 GROUP FINANCIAL RISK MANAGEMENT (continued)

3.3 Credit risk (continued)

Insurance receivables

The following policies and procedures are in place to mitigate credit risk:
- exposure limits are set for each counterparty or Group of counterparties;
- the creditworthiness of cedants is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract;
- the exposure to individual counterparties is also managed by other mechanisms, such as the right to offset where counterparties are both debtors and creditors of the Group; and
- management information reported to the board of directors includes details of allowance for credit losses on amounts due from cedants and subsequent write-offs.

Credit limits are monitored based on the financial position and history of the insured or cedant's ability to pay. In the view of management, the credit quality of insurance receivables is considered sound. Management does not expect material losses from non-performance by counter parties. The credit risk in respect of customer balances incurred on non-payment of premium will only persist during the period specified in the policy document.

Tenant receivables

Tenants are assessed according to set criteria prior to entering into lease arrangements. Credit risk is managed by requiring tenants to pay rentals in advance in addition to an upfront good tenancy deposit. The credit quality of the tenant is assessed based on an extensive credit rating criteria at the time of entering into a lease agreement. At inception of the lease tenants are classified into good, acceptable and watch list categories.
Outstanding tenants' receivables are regularly monitored and all tenants that accrue arrears are classified in the watch list category as rental obligations are payable in advance. An impairment analysis is performed at each reporting date on an individual basis for major tenants. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:
- trade receivables for insurance premiums, sales of inventory and from rentals;
- other receivables; and
- debt investments carried at amortised cost

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables for insurance premiums and sales of inventory

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables.

To measure the expected credit losses, trade receivable and contract assets have been grouped based on shared credit risk characteristics.

The expected loss rates are based on the payment profiles of income over a period of 5 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. The Group identifies the inflation rate, interest rates, expected changes in legislation in countries in which it operates and expected changes in the Group policy and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows for trade receivables.

Group			INFLATION ADJUSTED			
Receivables for insurance premiums:						
As at 31 December 2020	**Current ZWL**	**31 - 60 days ZWL**	**61 - 120 days ZWL**	**121 - 180 days ZWL**	**More than 180 days ZWL**	**Total ZWL**
Default rate (%)	5%	7%	12%	11%	39%	
Gross carrying amount	371 259 123	271 502 214	118 221 673	73 982 535	283 942 643	1 118 908 188
Credit loss allowance	18 299 859	19 153 100	14 715 565	8 138 078	110 354 566	170 399 901

3 GROUP FINANCIAL RISK MANAGEMENT (continued)

3.3 Credit risk (continued)

Receivables for insurance premiums: (continued)

	INFLATION ADJUSTED					
Group As at 31 December 2019	**Current ZWL**	**31 - 60 days ZWL**	**61 - 120 days ZWL**	**121 - 180 days ZWL**	**More than 180 days ZWL**	**Total ZWL**
Default rate (%)	3%	5%	24%	37%	67%	
Gross carrying amount	317 986 137	203 752 823	88 715 973	80 529 961	105 198 711	796 183 605
Credit loss allowance	9 904 845	9 421 825	20 887 612	30 110 150	69 976 095	140 300 527

	HISTORICAL COST					
As at 31 December 2020	**Current ZWL**	**31 - 60 days ZWL**	**61 - 120 days ZWL**	**121 - 180 days ZWL**	**More than 180 days ZWL**	**Total ZWL**
Default rate (%)	5%	7%	12%	11%	39%	
Gross carrying amount	371 259 123	271 502 214	118 221 673	73 982 535	283 942 643	1 118 908 188
Credit loss allowance	18 299 859	19 153 100	14 715 565	7 876 811	110 354 566	170 399 901
As at 31 December 2019						
Default rate (%)	3%	5%	24%	37%	67%	
Gross carrying amount	70 886 396	45 421 173	19 776 823	17 951 973	23 451 203	177 487 568
Credit loss allowance	2 208 017	2 100 341	4 656 327	6 712 242	15 599 275	31 276 202
	68 678 379	43 320 832	15 120 496	11 239 731	7 851 928	146 211 366
	70 886 396	45 421 173	19 776 823	41 403 176	177 487 568	

	INFLATION ADJUSTED					
Receivables from rentals: As at 31 December 2020	**Current ZWL**	**31 - 60 days ZWL**	**61 - 120 days ZWL**	**121 - 180 days ZWL**	**More than 180 days ZWL**	**Total ZWL**
Default rate (%)	7%	14%	14%	35%	42%	
Gross carrying amount	8 304 479	3 718 168	1 842 351	644 151	6 688 115	21 197 264
Credit loss allowance	555 072	507 925	249 978	223 088	2 811 953	4 348 016
As at 31 December 2019						
Default rate (%)	7%	14%	14%	35%	96%	
Gross carrying amount	4 871 146	2 180 960	1 080 665	377 839	3 923 038	12 433 648
Credit loss allowance	325 588	297 933	146 629	130 857	3 759 555	4 660 562

3 GROUP FINANCIAL RISK MANAGEMENT (continued)

3.3 Credit risk (continued)

Receivables for insurance premiums: (continued)

HISTORICAL COST

As at 31 December 2020	Current ZWL	31 - 60 days ZWL	61 - 120 days ZWL	121 - 180 days ZWL	More than 180 days ZWL	Total ZWL
Default rate (%)	7%	14%	14%	35%	42%	
Gross carrying amount (ZWL)	8 304 479	3 718 168	1 842 351	644 151	6 688 115	21 197 264
Credit loss allowance (ZWL)	555 072	507 925	249 978	223 088	2 811 953	4 348 016

As at 31 December 2019

	Current ZWL	31 - 60 days ZWL	61 - 120 days ZWL	121 - 180 days ZWL	180 days ZWL	Total ZWL
Default rate (%)	8%	19%	36%	62%	95%	
Gross carrying amount (ZWL)	1 085 890	486 186	240 905	84 229	874 535	2 771 745
Credit loss allowance (ZWL)	72 581	66 416	32 687	29 171	838 091	1 038 946

Trade receivables for sales of inventory

No impairment allowance has been recognised on property sales receivables because the debtors pay a significant deposit upfront, therefore monthly repayments are affordable and title does not pass until the full amount has been settled. There has been no history of default.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. All of the Group's trade receivables and contract assets at amortised cost have not shown signs of deterioration of credit quality, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The credit risk of the investments is considered to have increased significantly if there have been missed contractual payments for a period of greater than 30 days.

Other receivables

Other receivables comprise receivables from disposal of investments in equity instruments, staff loans and sundry receivables. No impairment allowance has been recognised on equity instruments and sundry receivables as the identified credit loss allowance was immaterial.

The Group uses the simplified approach to determine expected credit loss allowance for staff loans that are short term and the general approach for staff loans exceeding twelve months. For further details on allowance for credit loss on other receivables refer to note 16.

3 GROUP FINANCIAL RISK MANAGEMENT (continued)

3.3 Credit risk (continued)

Debt investments at amortised cost

All of the Group's debt investments at amortised cost are considered to have low credit risk, and the loss allowance was therefore limited to 12 months' expected losses.

These are investments in prescribed assets with a long tenure, issued by both government and private entities. The assets pay fixed interest coupons at half yearly or quarterly intervals. The principal amount is settled on maturity of the investment. There has been no indication of a lack of capacity by the counterparties to settle the coupons and principal amounts as they fall due, particularly because of their prescribed asset status. As such, probability of default is estimated to approximate zero. No impairment allowance has been recognised on these instruments.

The financial assets as at 31 December 2020 were held as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
Group	**2020 ZWL**	**2019 ZWL**	**2020 ZWL**	**2019 ZWL**
Issued by the Government:				
-Bonds	330 687 363	27 727 648	330 687 363	6 181 128
-Treasury bills	4 587 457	15 726 477	4 587 457	3 505 792
-Debentures	46 864	210 225	46 864	46 864
Issued by other financial institutions:				
Deposits with financial institutions	96 880 240	81 531 776	96 880 240	18 175 301
Mortgage loan	10 833 264	13 289 419	10 833 264	2 962 516
	443 035 188	138 485 545	443 035 188	30 871 601
Company				
Issued by other financial institutions, rated:				
Unrated	46 864	210 225	46 864	46 864

3.4 Liquidity risk

Liquidity risk is the risk that the Group may fail to meet its payment obligations when they fall due, the consequences of which may be the failure to meet the obligations to creditors.

It is the Group's policy to ensure that cash resources are available at all times to meet commitments as they arise. Cash outflows arise from the payment of intimated claims falling due, purchase of investments and other operating commitments. Such outflows are adequately matched by inflows from premium income, maturing investments and investment income. Management monitors daily the Group's cumulative liquidity gap and cash and cash equivalents on the basis of actual and expected cash flows. Where gaps appear, action is taken in advance to close or minimise the gaps.

The table below summarises the maturity profile of the Group's financial assets and financial liabilities based on contractual and undiscounted payments on a worst case scenario. The assets and liabilities disclosed are on a contractual undiscounted basis. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

3 GROUP FINANCIAL RISK MANAGEMENT (continued)

3.4 Liquidity risk (continued)

Liquidity gap analysis

Group

As at 31 December 2020	INFLATION ADJUSTED			
Assets	**On demand to 3 months ZWL**	**3 months to 1 year ZWL**	**Greater than 1 year ZWL**	**Total contractual cash flows ZWL**
Financial assets:				
- at fair value through profit or loss	-	736 794 728	-	736 794 728
- at amortised cost	-	443 035 188	-	443 035 188
- at fair value through other comprehensive income	-	-	361 667 728	361 667 728
Trade and other receivables (excluding prepayments and statutory receivables)	523 417 992	721 796 255	-	1 245 214 247
Cash and cash equivalents	1 183 425 295	-	-	1 183 425 295
Total assets	**1 706 843 287**	**1 901 626 171**	**361 667 728**	**3 970 137 186**
Liabilities				
Outstanding claims	26 183 337	51 055 532	98 662 139	175 901 008
Lease liabilities	183 597	1 580 987	3 516 925	5 281 509
Borrowings	19 219 482	18 465 777	36 779 431	74 464 690
Trade and other payables (excluding statutory liabilities)	1 415 818 773	-	-	1 415 818 773
Total liabilities	**1 461 405 189**	**71 102 296**	**138 958 495**	**1 671 465 980**
Liquidity gap	**245 438 098**	**1 830 523 875**	**222 709 233**	**2 298 671 206**
Cumulative liquidity gap	**245 438 098**	**2 075 961 973**	**2 298 671 206**	**-**

3 **GROUP FINANCIAL RISK MANAGEMENT (continued)**

3.4 **Liquidity risk (continued)**

Liquidity gap analysis (continued)

	INFLATION ADJUSTED			
As at 31 December 2019	**On demand to 3 months ZWL**	**3 months to 1 year ZWL**	**Greater than 1 year ZWL**	**Total contractual cash flows ZWL**
Assets				
Financial assets:				
- at fair value through profit or loss	-	108 901 367	-	108 901 367
- at amortised cost	-	138 485 545	-	138 485 545
Trade and other receivables (excluding prepayments and statutory receivables)	348 354 174	453 029 830	-	801 384 004
Cash and cash equivalents	410 188 652	-	-	410 188 652
Total assets	**758 542 826**	**700 416 742**	**-**	**1 458 959 568**
Liabilities				
Outstanding claims	23 948 430	46 697 632	90 240 725	160 886 787
Lease liabilities	823 590	7 092 079	15 776 418	23 692 087
Borrowings	7 005 565	6 623 505	51 213 448	64 842 518
Trade and other payables (excluding statutory liabilities)	832 900 791	-	-	832 900 791
Total liabilities	**864 678 376**	**60 413 216**	**157 230 591**	**1 082 322 183**
Liquidity gap	**(106 135 550)**	**640 003 526**	**(157 230 591)**	**376 637 384**
Cumulative liquidity gap	**(106 135 550)**	**533 867 976**	**376 637 384**	**-**

Company

	INFLATION ADJUSTED			
As at 31 December 2020	**On demand to 3 months ZWL**	**3 months to 1 year ZWL**	**Greater than 1 year ZWL**	**Total contractual cash flows ZWL**
Assets				
Financial assets:				
- at fair value through profit or loss	-	6 390 221	-	6 390 221
- at amortised cost	-	46 864	-	46 864
- at fair value through other comprehensive income	-	-	25 667 737	25 667 737
Trade and other receivables (excluding prepayments and statutory receivables)	3 334 557	-	-	3 334 557
Cash and cash equivalents	11 848 786	-	-	11 848 786
Total assets	**15 183 343**	**6 437 085**	**25 667 737**	**47 288 165**
Liabilities				
Lease liabilities	701 753	1 403 507	-	2 105 260
Trade and other payables (excluding statutory liabilities)	59 520 762	-	-	59 520 762
Total liabilities	**60 222 515**	**1 403 507**	**-**	**61 626 022**
Liquidity gap	**(45 039 172)**	**5 033 578**	**25 667 737**	**(14 337 857)**
Cumulative liquidity gap	**(45 039 172)**	**(40 005 594)**	**(14 337 857)**	**-**

3 **GROUP FINANCIAL RISK MANAGEMENT (continued)**

3.4 **Liquidity risk (continued)**

Liquidity gap analysis (continued)

	INFLATION ADJUSTED			
As at 31 December 2019	**On demand to 3 months ZWL**	**3 months to 1 year ZWL**	**Greater than 1 year ZWL**	**Total contractual cash flows ZWL**
Assets				
Financial assets:				
- at fair value through profit or loss	-	20 950 580	-	20 950 580
- at amortised cost	-	210 225	-	210 225
- at fair value through other comprehensive income	-	-	56 927 150	56 927 150
Trade and other receivables (excluding prepayments and statutory receivables)	2 998 035	-	-	2 998 035
Cash and cash equivalents	2 547 650	-	-	2 547 650
Total assets	5 545 685	21 160 805	56 927 150	83 633 640
Liabilities				
Lease liabilities	232 347	2 091 124	2 649 541	4 973 012
Trade and other payables (excluding statutory liabilities)	9 809 835	-	-	9 809 835
Total liabilities	**10 042 182**	**2 091 124**	**2 649 541**	**14 782 847**
Liquidity gap	**(4 496 497)**	**19 069 681**	**54 277 609**	**68 850 793**
Cumulative liquidity gap	**(4 496 497)**	**14 573 184**	**68 850 793**	**-**

Group

	HISTORICAL COST			
As at 31 December 2020	**On demand to 3 months ZWL**	**3 months to 1 year ZWL**	**Greater than 1 year ZWL**	**Total contractual cash flows ZWL**
Assets				
Financial assets:				
- at fair value through profit or loss	-	736 794 728	-	736 794 728
- at amortised cost	-	443 035 188	-	443 035 188
- at fair value through other comprehensive income	-	-	361 667 728	361 667 728
Trade and other receivables (excluding prepayments and statutory receivables)	523 417 992	721 796 255	-	1 245 214 247
Cash and cash equivalents	1 183 425 295	-	-	1 183 425 295
Total assets	1 706 843 287	1 901 626 171	361 667 728	3 970 137 186
Liabilities				
Outstanding claims	26 183 337	51 055 532	98 662 139	175 901 008
Lease liabilities	183 597	1 580 987	3 516 925	5 281 509
Borrowings	19 219 482	18 465 777	36 779 431	74 464 690
Trade and other payables (excluding statutory liabilities)	1 415 818 773	-	-	1 415 818 773
Total liabilities	**1 461 405 189**	**71 102 296**	**138 958 495**	**1 671 465 980**
Liquidity gap	**245 438 098**	**1 830 523 875**	**222 709 233**	**2 298 671 206**
Cumulative liquidity gap	**245 438 098**	**2 075 961 973**	**2 298 671 206**	**-**

3 **GROUP FINANCIAL RISK MANAGEMENT (continued)**

3.4 **Liquidity risk (continued)**

Liquidity gap analysis (continued)

	INFLATION ADJUSTED			
As at 31 December 2019	**On demand to 3 months ZWL**	**3 months to 1 year ZWL**	**Greater than 1 year ZWL**	**Total contractual cash flows ZWL**
Assets				
Financial assets:				
- at fair value through profit or loss	-	24 276 610	-	24 276 610
- at amortised cost	-	30 871 601	-	30 871 601
- at fair value through other comprehensive income	-	-	78 046 090	78 046 090
Trade and other receivables (excluding prepayments and statutory receivables)	77 656 127	107 088 221	-	184 744 348
Cash and cash equivalents	91 440 449	-	-	91 440 449
Total assets	**169 096 576**	**162 236 432**	**78 046 090**	**409 379 098**
Liabilities				
Outstanding claims	5 338 654	10 409 972	20 116 725	35 865 351
Lease liabilities	183 597	1 580 987	3 516 925	5 281 509
Borrowings	1 561 701	1 476 531	11 416 651	14 454 883
Trade and other payables (excluding statutory liabilities)	186 175 756	-	-	186 175 756
Total liabilities	**193 259 708**	**13 467 490**	**35 050 301**	**241 777 499**
Liquidity gap	**(24 163 132)**	**148 768 942**	**42 995 789**	**167 601 599**
Cumulative liquidity gap	**(24 163 132)**	**124 605 810**	**167 601 598**	**-**

Company	HISTORICAL COST			
As at 31 December 2020	**On demand to 3 months ZWL**	**3 months to 1 year ZWL**	**Greater than 1 year ZWL**	**Total contractual cash flows ZWL**
Assets				
Financial assets:				
- at fair value through profit or loss	-	6 390 221	-	6 390 221
- at amortised cost	-	46 864	-	46 864
- at fair value through other comprehensive income	-	-	25 667 737	25 667 737
Other receivables (excluding prepayments and statutory receivables)	3 334 559	-	-	3 334 557
Cash and cash equivalents	11 848 786	-	-	11 848 786
Total assets	**15 183 345**	**6 437 085**	**25 667 737**	**47 288 167**
Liabilities				
Lease liability	701 753	1 403 507	-	2 105 260
Trade and other payables (excluding statutory liabilities)	59 520 762	-	-	59 520 762
Total liabilities	**60 222 515**	**1 403 507**	**-**	**61 626 022**
Liquidity gap	**(45 039 172)**	**5 033 578**	**25 667 737**	**(14 337 855)**
Cumulative liquidity gap	**(45 039 172)**	**(40 005 592)**	**(14 337 855)**	**-**

3 GROUP FINANCIAL RISK MANAGEMENT (continued)

3.4 Liquidity risk (continued)

Liquidity gap analysis (continued)

Company As at 31 December 2019	HISTORICAL COST On demand to 3 months ZWL	3 months to 1 year ZWL	Greater than 1 year ZWL	Total contractual cash flows ZWL
Assets				
Financial assets:				
- at fair value through profit or loss	-	4 670 364	-	4 670 364
- at amortised cost	-	46 864	-	46 864
- at fair value through other comprehensive income	-	-	25 667 737	25 667 737
Other receivables (excluding prepayments and statutory receivables)	668 331	-	-	668 331
Cash and cash equivalents	567 929	-	-	567 929
Total assets	**1 236 260**	**4 717 228**	**25 667 737**	**31 621 225**
Liabilities				
Lease liability	51 796	466 160	485 997	1 003 953
Trade and other payables (excluding statutory liabilities)	12 170 872	-	-	12 170 872
Total liabilities	**12 222 668**	**466 160**	**485 997**	**13 174 825**
Liquidity gap	**(10 986 408)**	**4 251 068**	**25 181 740**	**18 446 401**
Cumulative liquidity gap	**(10 986 408)**	**(6 735 340)**	**18 446 400**	**-**

3.5 Investment risk

The Group's investment risk management system operates through a hierarchy of investment limit approvals. Investments in excess of the specified limits require the approval of the Group Finance and Investment Committee. In addition, the Group Finance and Investment Committee makes all decisions regarding property investments and unquoted company share transactions.

3.6 Fair value

The Group measures financial assets such as quoted and unquoted investments and non-financial assets such as investment property at fair value at reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Determination of fair value and fair value hierarchy

Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:
- **Level 1:** quoted (unadjusted) prices in active markets for identical assets and liabilities. The level includes listed equity securities traded on active markets.
- **Level 2**: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, directly (that is, as prices) or indirectly (that is derived from prices).
- **Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

3 GROUP FINANCIAL RISK MANAGEMENT (continued)

3.6 Fair value (continued)

Liquidity gap analysis (continued)

The following table shows an analysis of financial instruments recorded at fair value of the fair value hierarchy:

	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total ZWL
As at 31 December 2020				
Financial assets at fair value through profit or loss	736 794 728	-	-	736 794 728
Financial assets at fair value through other comprehensive income	-	-	361 667 728	361 667 728
Total	736 794 728	-	361 667 728	1 098 462 456
As at 31 December 2019				
Financial assets at fair value through profit or loss	108 901 367	-		108 901 367
Financial assets at fair value through other comprehensive income	-	-	350 103 492	350 103 492
Total	**108 901 367**	**-**	**350 103 492**	**459 004 859**

Listed equity investments valuation

Level 1 is made up of the Group's investments in equity securities listed on the Zimbabwe Stock Exchange and other regional bourses.

Unlisted equity investments valuation

Valuation technique

Level 3 comprises the Group's investments in unlisted equities. The Group used the relative valuation technique to value unlisted equities. Under this model, various value indicators of publicly traded stocks are used as comparatives for companies in the same industry. The relative valuation approach considers discounted cash flow valuation too intricate to establish, arguing that medium and long-range earnings projections are too intricate to make accurately and that the discount rates used are subjective. Instead, various valuation parameters of publicly traded stocks such as price to book ratios ("PBV"), relative market capitalisation can be used as comparatives for companies in the same industry.The PBV so obtained is then applied to the book value of equity to arrive at an implied value.

Valuation process

The Group engaged an independent consultant to assist management to determine the fair values of the unlisted equities at each reporting date. Management provides the independent consultant with prior periods' audited financials statements, approved future projected cash flows and other non financial strategic information and they perform the following:

- determine return on equity using the earnings and equity;
- normalise return on equity for forecast periods;
- calculate the predicted price/book value based on a regression model, by considering other publicly tradable reinsurance 'businesses within the region's PBV ratios.; and
- apply the regressed price to book ratio to the firm's equity to determine the price.

As part of the engagement, the independent consultant provides the determined valuations for discussions.

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value

The fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following table summarises the fair value of assets and liabilities not measured at fair value on the Group's statement of financial position.

4 CAPITAL MANAGEMENT POLICIES

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits to other stakeholders.

The Group's capital comprises ordinary share capital, share premium, reserves and retained earnings. It is the Group's objective to retain a capital position that supports the development of the business. The Group manages its capital structure and makes adjustments to it, in light of changes in the economic conditions. Where necessary, capital is redeployed to subsidiaries from the holding company.

The subsidiaries with minimum capital requirements imposed by their regulators were capitalised as follows:

	INFLATION ADJUSTED			
	2020		2019	
	Shareholders' equity	Minimum regulatory capital	Shareholders' equity	Minimum regulatory capital
Emeritus Reinsurance Zimbabwe (Private) Limited	1 136 206 659	112 500 000	1 079 189 687	504 658 758
Emeritus Reinsurance Zambia Limited **	66 409 780	77 279 753	64 323 145	106 861 877
Emeritus Reinsurance Company Limited Malawi	272 220 142	158 773 843	248 768 552	153 189 820
Emeritus Resegguros SA Mozambique	165 100 516	106 318 847	123 358 575	118 565 948
Emeritus Reinsurance Company Limited Botswana	116 370 469	75 737 500	229 843 651	70 577 193
Credit Insurance Zimbabwe Limited	122 764 486	37 500 000	144 902 085	168 219 586
Fidelity Life Assurance of Zimbabwe Limited	257 766 272	75 000 000	157 050 590	75 000 000
	HISTORICAL COST			
Emeritus Reinsurance Zimbabwe (Private) Limited	212 974 465	112 500 000	104 103 984	112 500 000
Emeritus Reinsurance Zambia Limited **	66 409 780	77 279 753	14 339 103	23 821 961
Emeritus Reinsurance Company Limited Malawi	272 220 142	158 773 843	55 456 210	34 149 521
Emeritus Resegguros SA Mozambique	165 100 516	106 318 847	27 499 453	26 431 066
Emeritus Reinsurance Company Limited Botswana	116 370 469	75 737 500	20 942 856	15 733 273
Credit Insurance Zimbabwe Limited	125 665 681	37 500 000	31 656 867	37 500 000
Fidelity Life Assurance of Zimbabwe Limited	174 228 270	75 000 000	139 620 883	75 000 000

The subsidiary meets the minimum solvency requirements
** The Group will inject more capital to ensure the company is adequately capitalised through a capital reorganisation at holding company level.

5 INSURANCE RISK MANAGEMENT

5.1 Definition of insurance risk

Insurance risk is the risk that actual future underwriting policyholder behaviour and expense experience will differ from that assumed in measuring policyholder liabilities and assets and pricing products. Insurance risk arises due to uncertainty regarding the timing and amount of future cash flows from insurance contracts. This could be due to variations in mortality, morbidity, policyholder behaviour or expense experience in the case of life products, claims incidence, claim severity or expense experience in the case of short-term insurance products. These could have adverse impacts on the Group's earnings and capital if different from those assumed.

The insurance risks that the Group is exposed to that have the greatest impact on the financial position and comprehensive income are covered in more detail in section 5.8.

5.2 General management of insurance risk

The management and staff of all subsidiaries accepting insurance risk are responsible for the day-to-day identification monitoring and treatment of insurance risk. It is also management's responsibility to report any material insurance risks, risk events and issues identified to senior management through certain pre-defined escalation procedures. In addition to the management of risk by the subsidiary companies, the Group has the following insurance risk management controls:

The Group Internal Audit and Risk Department

This provides independent oversight on compliance with the Group's risk management policies and procedures and the effectiveness of the Group's insurance risk management processes.

5.2 **General Management of Insurance risk (continued)**

The Risk Committee

The Risk Committee is responsible for managing all aspects of insurance risk in the Group.

This Committee reports directly or indirectly to board committees (Audit, Risk and Compliance Committee)

The functions of the Committee include:

- recommending insurance risk related policies to the Audit, Risk and Compliance Committee for approval and ensure compliance therewith.
- ensuring that insurance risk is appropriately controlled by monitoring insurance risk triggers against agreed limits and/or procedures.
- gaining assurance that material insurance risks are being monitored and that the level of risk taken is in line with the risk appetitestatement at all times.
- considering any new insurance risks introduced through new product development or strategic development and how these risksshould be managed.
- monitoring, ratifying and/or escalating to Audit, Risk and Compliance Committee and Reinsurance Board all material insurance risk-related breaches. Excesses highlighting the corrective action undertaken to resolve the issue.
- monitoring insurance risk capital requirements as they apply to the management of the Group and its subsidiaries' statements offinancial position; and
- approving the reinsurance, underwriting and claim management strategies and oversee the implementation of those strategies.

Statutory actuary

The statutory actuaries provide oversight on the long-term insurance risks undertaken by the Group in that they are required to:

- report at least annually on the financial soundness of the reassurance division within the Group.
- oversee the setting of assumptions used to provide best estimate liabilities plus compulsory and discretionary margins (as described in the accounting policies) in accordance with the assumption setting policy; and
- report on the actuarial soundness of premium rates in use for new business and on the profitability of the business taking into consideration the reasonable benefit expectations of policyholders and the associated insurance and market risks.

5 INSURANCE RISK MANAGEMENT (continued)

5.2 General Management of Insurance risk (continued)

Capital adequacy requirements

A minimum level of solvency is required to be held within each insurance subsidiary to meet the minimum regulatory capital requirements ("CAR") For the long term insurance subsidiaries the CAR is calculated to determine whether the excess of assets over liabilities is sufficient to provide for the possibility of actual future experience departing from assumptions made in calculating the policy holder liabilities and against fluctuations in the value of assets. The CAR is actuarially determined taking into account forward looking information.

Pricing

Pricing risk is managed by carefully establishing criteria by which each potential customer is allocated to the appropriate risk category, applying the underwriting rules, and by establishishing prices appropriate to each category. Underwriting performance is measured by monitoring the claims loss ratio which is the ratio of claims to premiums.

Reserving

For claims that have been reported by the financial position date, expert assessors estimate the expected cost of final settlement. For expected claims that have not been reported by the financial position date an incurred but not reported ("IBNR") provision is calculated using appropriate techniques. Consideration is also given to any stipulated minimum IBNR prescribed by regulations. These provisions for claims are not discounted for the time value of money due to the expected short duration of settlement. Using the experience of a range of specialist claims assessors, provisions are reviewed regularly to ensure they are sufficient.

Catastrophic

Catastrophic risk has the potential to cause significant loss or impact on current year earnings and capital through a single event or a number of correlated events. Reinsurance and the diversification of types of short-term insurance offered are used to reduce risks from single catasrophic events or accumulations of risk.

Various reinsurance arrangements are in place, with retention levels and catastrophe cover levels varying by line of business.

5.3 Risk identification, assessment, measurement and management

Risk management takes place prior to the acceptance of risks through the product development, underwriting, pricing and claims assessment process and at the point of sale. Risks continue to be managed through the measurement, monitoring and treatment of risks once the risks are contracted.

5.3.1 Risk management through product development, pricing and at the point of sale

The product development and pricing process defines the terms and conditions on which the Group is willing to accept risks. Once a policy has been sold, the Group takes on risk for the duration of the contract and the Group cannot unilaterally change the terms and conditions of the policy except where the policy allows for rate reviews. It is for these reasons that risks need to be carefully assessed and appropriately mitigated before a product is launched and before new policies are accepted onto the Group's statement of financial position. In order to manage these risks, new products need to comply with the Group's minimum risk acceptance criteria.

The product development and approval process ensures that:
- risks inherent in new products are identified and quantified;
- sensitivity tests are performed to enhance understanding of the risks and appropriateness of mitigating actions;
- pricing is adequate for the risk undertaken;
- product design takes account of various factors including size and timing of fees and charges, appropriate levels of minimum premiums, commission structures and policy terms and conditions;
- the Group makes use of reinsurance or retrocession to reduce its exposures to some insurance risks;
- customer needs and expectations will be met by the product; and
- post implementation reviews are performed to ensure that intended outcomes are realised and to determine if any further action is required.

5.3.2 Risk management post-implementation of products and of in-force policies

The ongoing management of insurance risk, once the risk has been contracted, includes the management of costs, premium adjustments where permitted and appropriate, management strategies and training of cedants to encourage customers to retain their policies, and careful follow up on disability claims, default claim and early death claims.

Further, experience investigations are conducted at least annually on all significant insurance risks to ascertain the extent of deviations from assumptions and their financial impacts. If the investigations indicate that these deviations are likely to persist in future, the assumptions will be adjusted accordingly for the subsequent measurement of policyholder liabilities and assets. Furthermore, any deviations that are likely to persist are also used to inform the product development and pricing of new existing products.

Insurance risks are assessed and reviewed against the Group's risk appetite and risk target. Mitigating action are developed for any risks that fall outside of management's assessment of risk appetite in order to reduce the level of risk to within the approved tolerance limits.

Embedded value sensitivities for insurance risks are also prepared for internal use and reporting to analysts.

5 INSURANCE RISK MANAGEMENT (continued)

5.4 Reporting

Each relevant customer facing unit prepares monthly and quarterly reports that include information on insurance risk. The reports are presented to the relevant customer facing unit executive committees and relevant risk committees for review and discussion. Major insurance risks are incorporated into a report of the internal audit on the Group's overall risk which is submitted to the Group Audit, Risk and Compliance Committee. Where it is deemed necessary, material insurance risk exposures are escalated to the board.

In respect of insurance risks, the reports contain the results of experience investigations conducted along with other indicators of actual experience. These reports also raise any issues identified and track the effectiveness of any mitigation plans put in place.

5.5 Policyholder behaviour risk

This is the risk of adverse financial impact caused by actual policyholders' behaviour deviating from expected policyholders' behaviour, mainly due to:
- regulatory and legislative changes (including taxation);
- changes in economic conditions;
- sales practices;
- competitor behaviour;
- policy conditions and practices; and
- policyholders' perceptions.

The primary policyholder behaviour risk is persistency risk. This generally arises when policyholders discontinue or reduce contributions, or terminate their policies at a rate that is not in line with expectations. This behaviour results in a loss of future premiums that are designed to recoup expenses and commission incurred early in the life of the contract and to provide a profit margin or return on capital. A decrease in persistency generally gives rise to a loss, as the loss of these future charges generally exceeds the charges that the Group applies to the policyholder benefits in these events. However with certain products the general principle does not always apply.

In the measurement of policyholder liabilities and assets, margins as described in the accounting policies are added to the best estimate withdrawal rates. In addition, an allowance is made for the withdrawal risk in the Technical Capital Adequacy Requirement ("TCAR") and Ordinary Capital Adequacy Requirement ("OCAR") calculations, with the TCAR providing a capital requirement underpin of meeting the surrender benefits on all policies where this is onerous.

In the calculation of economic capital requirements, allowance is made for the following risks in respect of policyholder behaviour:
- The risk that the actual level of withdrawals is different from expected; and
- The risk of withdrawal catastrophe to capture a run-on-a-bank type of scenario.

5.6 Underwriting risks

The primary purpose of underwriting is to ensure that an appropriate premium is charged for each risk and that cover is not offered to uninsurable risks. Underwriting risks are the risks that future demographic or claims incidence experience will exceed the allowance for expected demographic or claims incidence experience, as determined through provisions, pricing, risk measures and value measures.

Underwriting risks include, amongst others, mortality and morbidity risks, longevity risks and non-life (short-term insurance) risks.

The main risks that the Group is exposed to are as follows:

- mortality risk – risk of loss arising due to policyholder death experience being different than expected
- longevity risk – risk of loss arising due to the annuitant living longer than expected
- investment return risk – risk of loss arising from actual returns being different than expected
- expense risk – risk of loss arising from expense experience being different than expected
- policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured or by industry.

5 INSURANCE RISK MANAGEMENT (continued)

5.6 Underwriting risks (continued)

5.6.1 Mortality and morbidity risk

Mortality risk is the risk of adverse financial impact due to actual mortality (death) claims being higher than anticipated.

Morbidity risk is the risk of adverse financial impact due to policyholder health related (disablement and dread disease) claims being higher than expected. The Group has the following processes and procedures in place to manage mortality and morbidity risk.

(a) Underwriting strategy

The underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and as such, it is believed that this reduces the variability of the outcome. The Group manages its assurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralized management of reassurance and monitoring of emerging issues. The Group uses several methods to assess and monitor assurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity and scenario analyses.

Underwriting guidelines concerning authority limits and procedures to be followed are in place.

All individual business applications for risk cover are underwritten except for some policies with smaller sums assured where specific allowance for no underwriting has been made in the product design and pricing. For other smaller sums assured, the underwriting process is largely automated. For individual and institutional business, larger sums assured in excess of specified limits are reviewed by experienced underwriters and evaluated against established processes. For institutional risk business, these specified limits are scheme specific based on the size of the scheme , membership, average age, gender distribution , industry and distribution of sums assured. Since applications on institutional business below the specified limits are not medically underwritten, very few lives are medically tested . However, the annually reviewable terms on institutional business enable premiums to keep pace with emerging claims experience.

Specific testing for HIV and other medicals is carried out based on the assessment of the risk.

Part of the underwriting process involves assessing the current health conditions and family medical history of applicants. Terms and conditions are varied accordingly.

Non-standard risk, such as hazardous pursuits and medical conditions, are assessed at underwriting stage.

Financial underwriting is used where necessary to determine insurable interest.

The non-life insurance risks are sensitive to certain assumptions. The table below shows the qualitative sensitivity of certain triggers related to insurance business:

Risk triggers	General effect on insurance market	Effect on the Group
1. Many cedants and competition in the domiciled market	Undercutting premium rates Underwriting bad business	Lower premiums, increase in claims ration, lower profits Increase in claims, increase in bad debts, lower profits
2. Weakening local currency	Underinsurance of cedants	Increase in claim ratios on partial claims, lower profit
3. Lack of foreign currency and strict exchange controls in local markets.	Inability to discharge external claims and retrocessions Substandard construction and risk management practices	Lower premiums and risk spread, increase in claims ratios, lower profits Increased fire and engineering risk, increase in claims, lower profits
4. Weak risk practices of cedants and underlying clients	Having insurance as the only effective risk management item	Increase in claims, lower profit

(b) Pricing strategy

The theory of probability is applied to the pricing and provisioning for a portfolio of assurance contracts. The principal risk is that the frequency and severity of claims is greater than expected. Assurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

5 **INSURANCE RISK MANAGEMENT (continued)**

5.6.1 **Mortality and morbidity risk (continued)**

Premium rates are differentiated by factors which historical experience has shown are significant determinants of mortality and morbidity claims experience.

Prior to taking on individual risk policies, appropriate underwriting processes are conducted, such as medical tests, which influence pricing on the policy prior to acceptance.

The actual claims experience is monitored on a monthly basis so that deteriorating experience can be timeously identified. Product pricing and the measurement of the liabilities are changed if the deteriorating experience is expected to continue and cannot be mitigated. Detailed mortality and morbidity investigations are conducted on a bi-annual basis for key products.

Allowance for HIV related deaths is made in product pricing and in the measurement of policyholder liabilities and assets.

Key assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation is particularly sensitive are as follows:

Mortality rates

Assumptions are based on standard tables, according to the type of contract written. An investigation into the actual mortality experience of the Group is used to compare the experience to the standard table. Adjustment to the standard table may be made where justified by the experience. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated) which will increase the expenditure and reduce profits for the shareholders.

Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in longevity rates will lead to an increase in the number on annuity payments to be made, which will increase the expenditure and reduce profits for the shareholders.

Investment return and inflation

Economic assumptions are based on the existing investment portfolio, and take account of the expected future medium to long-term economic environment. These estimates are based on current market returns as well as expectations about future economic and financial developments.

An increase in investment return would lead to an increase in profits for the shareholders.

Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the shareholders.

Lapse and surrender rates

Lapse relates rates to the termination of policies on premiums not paid up. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and sales trends. For lapses, the Group's actual lapse experience is investigated. The lapse assumption is set based on this assumption but at a level that is expected to be consistent from year to year.

An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

Discount rate

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly linked to the contract, less the discounted value of the theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

5 INSURANCE RISK MANAGEMENT (continued)

5.6.1 Mortality and morbidity risk (continued)

(c) Terms and conditions

The terms and conditions contain exclusions for non-standard and unpredictable risks that may result in severe financial loss (e.g. on life policies, a suicide exclusion applies to the sum assured for death within two years from the date of issue).

terms are built into the policy contracts that permit risk premiums to be reviewed on expiry of a guarantee period. In particular:
- for institutional risk business, the risk premiums are reviewable annually; and
- for non-Zimbabwean business, similar terms exist.

(d) Claims management

For mortality, claims are validated against policy terms and conditions. Early claims within a period of 1 year for non-accidental claims are assessed for non-disclosure of material facts and investigations carried out to deter fraud.

For morbidity, experienced claims assessors determine the merits of the claim in relation to the policy terms and conditions.

(e) Reinsurance

Reinsurance is used by the Group to reduce exposure to a particular line of business, a particular individual, a single event, and to benefit from the management support services and technical expertise offered to reinsurers.

The Group has a centralised reinsurance function that works closely with subsidiaries to optimise and monitor reinsurance at Group level to ensure consistent governance and execution of the Group's reinsurance strategy.

Regular reviews, which consider risk appetite, are conducted on reinsurance arrangements for new business. The levels of reinsurance purchased for new business written in 2020 were broadly similar to those in the previous years. Given that large proportions of the Group's business is long term individual risk business, where the proportion of the risk that is reinsured is fixed for life at the inception of the policy, the Group's overall reinsurance result is heavily influenced by historical reinsurance arrangements. In some instances where underlying policyholder benefits are annually renewable, for example institutional business, reinsurance is annually renewable.

5 INSURANCE RISK MANAGEMENT (continued)

5.6 Underwriting risks (continued)

5.6.1 Mortality and morbidity risk (continued)

(e) Reinsurance (continued)

Existing reinsurance arrangements include proportional reinsurance (quota share and surplus type arrangements) on both a treaty and facultative basis and catastrophe reinsurance which is renewed annually.

Catastrophe reinsurance is consolidated across subsidiaries and is in place to reduce the risk of many claims arising from the same event. Various events are excluded from the catastrophe reinsurance (e.g. epidemics and radioactive contamination).

5.7 Non-life reinsurance risk

The principal risk the Group faces under insurance contracts is that the actual claims and payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims and actual payments made. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting guidelines, as well as the use of reinsurance arrangements. The Group purchases reinsurance as part of its risks transfer programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Risk management is very vital starting from pre-risk acceptance where some large risks or business perceived risky is surveyed and improvement recommendations passed before cover commences. Selected running risks are also surveyed for risk improvement and mitigating chances and severity of losses. Risk management is thus filtered into the whole underwriting process to manage the portfolio. Furthermore, firm claim management policies to assess all new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events. The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as decided by management.

Underwriting strategy

Concentration of insurance risk and policies mitigating the concentrations within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Group's resources. The Group monitors the concentration risk by class of business and geographical spread.

Types of contracts	
Fire:	provide indemnity for loss or damage to property caused by perils such as fire, lightning, explosion, earthquakes, floods and malicious damage.
Accident:	provide indemnity for third party bodily injury, property damage, professional indemnity, group personal accident and legal expenses.
Motor:	provide indemnity for loss or damage to the insured motor vehicle.
Engineering:	provide indemnity for losses sustained through use of machinery and equipment or erection of buildings or structures.
Marine:	provide indemnity for cargo, hull and third party bodily injury or property damage classes of business.
Agriculture:	provide indemnity for loss of income or crop damage due to damage due hail, floods, pests and fire.
Aviation:	provide indemnity for cargo, hull and third party bodily injury or property damage classes of business.

The concentration of insurance risk before and after reinsurance by territory arising from non-life insurance contracts accepted is summarised overleaf:


SEEING
IS BELIEVING
We believe in you and the future you see in your mind's eye.That is why we have designed our unique products and services to make sure you realise your dreams and achieve your goals.
Take the first step towards your future today and let us get you there.
SEE YOUR FUTURE TODAY!

5 INSURANCE RISK MANAGEMENT (continued)

5.7 Non-life reinsurance risk (continued)

31 December 2020

					Type of contract				
		Fire ZWL	Engineering ZWL	Motor ZWL	Accident ZWL	Marine ZWL	Agriculture ZWL	Aviation ZWL	Total ZWL
Zimbabwe	Gross	352 592 753	100 155 618	146 754 124	196 827 515	15 417 998	135 494 050	2 295 911	949 537 969
	Net	203 207 305	104 007 998	149 324 002	189 912 008	14 338 500	140 665 812	537 246	801 992 871
	Earned	176 354 320	74 968 584	137 338 285	170 073 603	14 591 688	103 168 395	524 784	677 019 659
Zambia	Gross	49 567 041	15 938 109	31 725 030	24 092 083	2 331 427	10 344 609	654 990	134 653 289
	Net	28 959 846	13 267 716	31 434 204	19 828 732	2 150 035	21 745	618 000	96 280 278
	Earned	27 069 315	11 406 971	29 095 930	17 443 929	1 967 554	3 236 524	635 149	90 855 372
Malawi	Gross	124 640 192	19 950 006	60 067 619	197 100 518	6 717 884	23 316 519	7 840 882	439 633 620
	Net	83 671 295	13 814 981	59 769 784	37 574 402	2 501 015	8 717 694	583 374	206 632 545
	Earned	82 477 195	24 604 204	53 727 421	43 493 676	3 827 769	4 957 503	271 486	213 359 254
Mozambique	Gross	120 630 008	63 048 932	26 636 593	53 489 174	12 836 454	195 322	(403 334)	276 433 149
	Net	59 371 602	21 613 259	24 259 573	33 281 549	9 895 692	13 126	69 833	148 504 634
	Earned	64 925 618	19 741 470	22 831 804	27 687 041	11 406 131	94 488	93 878	146 780 430
Botswana	Gross	102 550 560	25 196 807	9 216 996	21 862 863	806 689	-	-	159 633 915
	Net	56 076 935	15 356 375	2 768 079	13 438 224	478 890	-	-	88 118 503
	Earned	66 127 991	16 160 460	3 170 124	15 180 404	880 933	-	-	101 519 912
Total	Gross	749 980 554	224 289 472	274 400 362	493 372 153	38 110 452	169 350 500	10 388 449	1 959 891 942
	Net	431 286 983	168 060 329	267 555 642	294 034 915	29 364 132	149 418 377	1 808 453	1 341 528 831
	Earned	416 954 439	146 881 689	246 163 564	273 878 653	32 674 075	111 456 910	1 525 297	1 229 534 627

5 INSURANCE RISK MANAGEMENT (continued)

5.7 Non-life reinsurance risk (continued)

31 December 2019

					Type of contract				
		Fire ZWL	Engineering ZWL	Motor ZWL	Accident ZWL	Marine ZWL	Agriculture ZWL	Aviation ZWL	Total ZWL
Zimbabwe	Gross	257 581 943	41 547 677	186 501 928	159 243 109	9 943 568	29 676 031	1 090 310	685 584 566
	Net	207 831 225	35 534 067	178 429 969	128 177 036	8 840 267	29 676 031	1 090 310	589 578 905
	Earned	192 885 652	24 794 303	166 040 636	111 330 203	10 823 053	25 842 386	993 145	532 709 378
Zambia	Gross	75 665 372	21 859 670	23 811 138	67 110 886	2 371 172	18 419 200	1 277 162	210 514 600
	Net	32 314 613	20 610 738	22 509 837	44 200 501	2 051 958	4 204 518	1 180 059	127 072 224
	Earned	30 651 563	21 002 280	26 222 292	43 482 937	1 961 830	6 706 937	1 136 078	131 163 917
Malawi	Gross	224 791 537	42 929 696	78 409 876	220 157 244	9 608 170	29 140 413	794 532	605 831 468
	Net	107 689 562	29 622 772	77 909 023	106 640 594	4 746 031	16 700 902	350 184	343 659 068
	Earned	105 873 890	24 558 359	75 180 661	111 715 525	5 719 210	16 002 608	289 358	339 339 611
Mozambique	Gross	214 765 146	85 902 388	41 120 385	80 697 438	44 841 822	4 462 120	7 482 728	479 272 027
	Net	101 079 150	34 890 815	28 722 999	39 496 517	16 033 397	4 462 120	1 138 121	225 823 119
	Earned	97 768 217	34 856 100	33 409 425	41 681 071	16 384 907	4 202 194	1 273 009	229 574 923
Botswana	Gross	65 292 292	46 198 796	2 713 148	20 912 604	898 781	-	-	136 015 621
	Net	44 673 931	11 311 683	1 248 852	18 573 264	604 402	-	-	76 412 132
	Earned	40 638 607	10 881 250	1 087 437	17 873 808	550 594	-	-	71 031 696
Total	Gross	838 096 290	238 438 226	332 556 475	548 121 281	67 663 513	81 697 764	10 644 733	2 117 218 282
	Net	493 588 481	131 970 075	308 820 680	337 087 912	32 276 055	55 043 571	3 758 674	1 362 545 448
	Earned	467 817 929	116 092 292	301 940 451	326 083 544	35 439 594	52 754 125	3 691 590	1 303 819 525

5 INSURANCE RISK MANAGEMENT (continued)

5.7 Non-life reinsurance risk (continued)

Key assumptions

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: once–off occurrence; changes in market factors such as public attitude to claiming: economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

5.8 Sensitivities

The analysis below is performed for reasonably possible movements in the principal assumption (10% of net premium written) with all other variables held constant, showing the impact on the reported value, profit before income tax and equity of the movement in incurred but not reported ("IBNR") claims. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in the assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The IBNR development has been modelled from past experience. The impact on the profit and equity assumed a change in the actual development holding other variables constant.

	INFLATION ADJUSTED			
Assumption	**Change in assumption %**	**Effect on profit before income tax ZWL**	**Effect on profit for the year ZWL**	**Change in equity ZWL**
December 2020				
Increase in IBNR	10%	14 150 653	(10 652 611)	(10 652 611)
Decrease in IBNR	-10%	(14 150 653)	10 652 611	10 652 611
December 2019				
Increase in IBNR	10%	8 254 003	(6 169 867)	(6 169 867)
Decrease in IBNR	-10%	(8 254 003)	6 169 867	6 169 867

	HISTORICAL COST			
	Change in assumption %	**Effect on profit before income tax ZWL**	**Effect on profit for the year ZWL**	**Change in equity ZWL**
December 2020				
Increase in IBNR	10%	14 150 653	(10 652 611)	(8 019 286)
Decrease in IBNR	-10%	(14 150 653)	10 652 611	8 019 286
December 2019				
Increase in IBNR	10%	1 839 492	(1 375 020)	(1 375 020)
Decrease in IBNR	-10%	(1 839 492)	1 375 020	1 375 020

Exposure relating to catastrophe events

The Group sets out the total aggregate exposure that it is prepared to accept in Zimbabwe and the region to a range of events such as natural catastrophes. The aggregate position is reviewed annually. The Group's policies for mitigating catastrophe risk exposure include the use of excess of loss treaty. In the event of major catastrophe the net retained loss is US$100 000 (2019: US$100 000); which is made up of a gross loss of US$14 900 000 (2019: US$14 900 000). This is based on the Group's risk appetite as determined by the level of capital. The Group has a retrocession programme in place with various reinsurers to cushion it in the event of a catastrophe.

5 INSURANCE RISK MANAGEMENT (continued)

5.8 Sensitivities (continued)

5.8.1 Life insurance contract liability sensitivity analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions constant, showing the impact on gross and net liabilities, profit before income tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

Below is the impact on profit of changes in the life insurance contract liability as a result of changes in key inputs used to calculate the liability

	INFLATION ADJUSTED			
Base	Change in assumptions (+, increase) (-, decrease)	Impact on liabilities	Impact on profit before income tax	Impact on profit or the year
2020				
Mortality	+10%	2 168 935	(2 168 935)	(140 682)
Mortality	-10%	839 229	(839 229)	(54 434)
Lapse	-10%	(1 101 938)	1 101 938	71 474
Expense	+10%	9 817 708	(9 817 708)	(636 799)
Discount rate	+1%	(6 037 729)	6 037 729	391 621
Investment return	+1%	416 944	(416 944)	(27 044)
2019				
Mortality	+10%	9 729 443	(9 729 443)	(202 974)
Mortality	-10%	3 764 627	(3 764 627)	(78 538)
Lapse	-10%	(4 943 091)	4 943 091	103 120
Expense	+10%	44 040 431	(44 040 431)	(918 762)
Discount rate	+1%	(27 084 141)	27 084 141	565 024
Investment return	+1%	439 812	(439 812)	(9 173)

	HISTORICAL COST			
Base	Change in assumptions (+, increase) (-, decrease)	Impact on liabilities	Impact on profit before income tax	Impact on profit or the year
2020				
Mortality	+10%	2 168 935	(2 168 935)	(311 689)
Mortality	-10%	839 229	(839 229)	(120 602)
Lapse	-10%	(1 101 938)	1 101 938	158 355
Expense	+10%	9 817 708	(9 817 708)	(1 410 863)
Discount rate	+1%	(6 037 729)	6 037 729	867 658
Investment return	+1%	98 045	(98 045)	(14 090)

5 INSURANCE RISK MANAGEMENT (continued)

5.9 Claims development

The Group is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term, subject to predetermined time scales depending on the nature of the insurance contract. The Group is therefore exposed to the risk that claims reserves will not be adequate to fund the historical claims ("run off risk"). To manage run off risk the Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures and adopts sound reserving practices. The reserves created over time proved to be sufficient to fund the actual claims paid. Further, the Group does not participate in any policies with unlimited liability. The Group is liable for all insured events in terms of the contract. All underlying policies have reporting conditions that restrict the timeline within which a claim should reasonably be made. Delays however sometimes occur between the time insurers process claims and recover from reinsurers.
Reserves are maintained for this contingency and this forms part of the annual actuarial reviews to assess the adequacy of claim reserves.

In terms of IFRS 4, 'Insurance contracts', an insurer need only disclose claims run off information where uncertainty exists about the amount and timing of claim payments not resolved within one year.

The tables overleaf indicate the claims development of the Group for the period of 5 years.

5 INSURANCE RISK MANAGEMENT (continued)

5.9 **Claims development**

Claims development table

Paid claims

Accident year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
At end of									
accident year	2 448 004	1 416 243	1 186 378	1 420 589	6 197 027	1 904 114	40 572 274	12 645 258	
One year later	2 764 217	1 998 791	1 343 493	1 803 094	6 531 770	3 246 654	43 881 430	-	
Two years later	3 009 774	2 037 554	1 366 027	1 817 158	8 657 471	3 670 129	-	-	
Three years later	3 017 266	2 044 209	1 370 957	1 959 219	9 451 361	-	-	-	
Four years later	3 020 978	2 048 418	1 373 908	3 244 535	-	-	-	-	
Five years later	3 026 204	2 123 143	3 341 952	-	-	-	-	-	
Six years later	3 058 794	2 123 143	-	-	-	-	-	-	
Seven years later	3 058 794	-	-	-	-	-	-	-	
Cumulative claims paid to date	**3 058 794**	**2 123 143**	**3 341 952**	**3 244 535**	**9 451 361**	**3 670 129**	**43 881 430**	**12 645 258**	**81 416 602**

Incurred claims

Accident year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
At end of									
accident year	2 570 916	1 416 263	1 186 994	1 502 786	2 200 460	2 381 481	31 869 293	18 485 521	
One year later	2 887 123	1 998 810	1 344 108	1 885 290	2 634 486	4 040 486	36 597 959	-	-
Two years later	3 132 681	2 038 511	1 366 643	1 899 354	3 885 529	4 463 961	-	-	-
Three years later	3 140 175	2 045 166	1 371 573	2 041 415	4 679 419	-	-	-	-
Four years later	3 143 887	2 049 374	1 374 524	3 326 731	-	-	-	-	-
Five years later	3 151 292	2 124 098	3 342 568	-	-	-	-	-	-
Six years later	3 208 340	2 124 098	-	-	-	-	-	-	-
Seven years later	3 208 340	-	-	-	-	-	-	-	-
Estimate of cumulative claims incurred to date	**3 208 340**	**2 124 098**	**3 342 568**	**3 326 731**	**4 679 419**	**4 463 961**	**36 597 959**	**18 485 521**	**76 228 597**

Case estimates

Accident year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
One year later	122 912	20	616	82 197	(3 996 567)	477 367	(8 702 981)		
Two years later	122 906	19	615	82 196	(3 897 284)	793 832	-	-	-
Three years later	122 907	957	616	82 196	(4 771 942)	-	-	-	-
Four years later	122 909	957	616	82 196	-	-	-	-	-
Five years later	122 909	956	616	-	-	-	-	-	-
Six years later	125 088	955	-	-	-	-	-	-	-
Seven years later	149 546	-	-	-	-	-	-	-	-

5 INSURANCE RISK MANAGEMENT (continued)

5.9 Claims development (continued)

IBNR reserves

Accident year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
One year later	810 803	650 111	351 365	443 920	687 554	455 647	5 457 400	-	-
Two years later	993 051	1 901 232	637 462	552 718	318 463	313 524	-	-	-
Three years later	1 205 047	1 321 469	688 248	49 750	45 504	-	-	-	-
Four years later	1 242 304	1 326 814	18 754	4 837	-	-	-	-	-
Five years later	1 242 304	45 855	-	-	-	-	-	-	-
Six years later	23 601	-	-	-	-	-	-	-	-
Seven years later	-	-	-	-	-	-	-	-	-
Cumulative payments to date	**23 601**	**45 855**	**18 754**	**4 837**	**45 504**	**313 524**	**5 457 400**		**5 909 475**
Cumulative incurred claims less payments to date	**3 184 739**	**2 078 243**	**3 323 814**	**3 321 894**	**4 633 915**	**4 150 437**	**31 140 559**	**18 485 521**	**70 319 122**

The analysis is part of the periodic independent actuarial assessments. Therefore no additional work was done because of this and the insignificant contribution of individual life business to overall gross premium written.

6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the use of accounting estimates and judgements which, by definition will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. The uncertainty about the judgements and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6.1 Judgements other than estimates

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

6.1.1 Inflation indices and adjustments

On 11 October 2019, the Public Accountants and Auditors Board ("PAAB") issued pronouncement 01/2019, which advised that Zimbabwe has met conditions for application of IAS 29 for financial periods ending on or after 1 July 2019. IAS 29 requires that the financial statements of the Group whose functional currency is the currency of a hyper-inflationary economy be stated in terms of the measuring unit current at the reporting date and that the corresponding figures for the comparative periods be stated in the same terms. The financial statements and the corresponding figures for the previous years have been restated to take account of the changes in the general purchasing power of the Zimbabwe dollar. The restatement is based on conversion factors derived from the Zimbabwe Consumer Price Index ("CPI") compiled by the Zimbabwe National Statistics Agency from the figures provided by the Reserve Bank of Zimbabwe.

6.1.2 Taxes

The Group is subject to taxes in Botswana, Malawi, Mozambique, Zambia and Zimbabwe. Significant judgement is required in determining the liabilities for taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain. In particular, when calculating deferred tax, the effective tax rate applicable on the temporary differences on investment property depends on the method by which the carrying amount of investment property will be realised. Management has rebutted the presumption that the investment property measured at fair value will be recovered through sale. Management has rebutted the presumption as the objective of its business model is to consume substantially all of the economic benefits embodied in the investment property over time rather than through sale. As a result the Group continues to apply the income tax rate of 24.72% (2019: 25.75%) for the purpose of recognising deferred tax for its investment property with the exception of land. The Group will recover the carrying amount of land recognised as investment property through sale and in that respect, the capital gains tax rate is used to determine deferred tax.

The Group recognises liabilities for anticipated tax 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 income tax and deferred tax assets and liabilities in the period in which such determination is made.

6.1.3 Going concern

The Directors have assessed the ability of the Group and Company to continue operating as going concerns and believe that the preparation of these financial statements on a going concern basis is appropriate.

6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

6.1 Judgements other than estimates (continued)

Coronavirus disease (COVID-19)

Introduction

Following the outbreak of the Coronavirus (COVID-19) in China in December 2019 and its rapid spread across the world, the World Health Organisation ("WHO") declared it a global pandemic on 11 March 2020. The outbreak presented unprecedented health challenges and disruptions to economic activity which resulted in a global economic down turn in 2020. In response to the challenges, and in line with the WHO guidelines, the Government of Zimbabwe through Statutory Instrument ("SI") 76 of 2020, declared COVID-19 a national disaster. The Government has introduced a number of directives to mitigate the widespread transmission of the virus including a series of lockdowns spanning over 2020 into 2021. The impact of the COVID-19 pandemic on the Group's businesses to date has been insignificant mainly due to the exclusion of COVD-19 related covers in most insurance policies accepted by the Group. While the lockdown restrictions have been introduced, relaxed then reintroduced, the COVID-19 situation is still evolving, thus making it difficult to estimate the full economic costs of the pandemic and attendant lockdowns.

Response measures

In response to the outbreak of the pandemic and in compliance with various regional and domestic government directives on the control of the spread of COVID-19, the Group has introduced a raft of measures to protect its staff, clients and ultimately the general public. These measures recommended standards of hygiene, social distancing and working from home to ensure business continuity. In addition, insurance measures include the like business interruption emanating from circumsances triggered by COVID-19.

Impact assessment

Since COVID-19 is still evolving as evidenced by the increasing number of its variants, its impact on the economies where the Group operates can not be fully assessed. Consequently, its implications on Group operations cannot be estimated with any degree of accuracy.

6.2 Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based their assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

6.2.1 Insurance contract liabilities

The estimation of the ultimate liability arising from claims made under insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that are considered in the estimate of the liability that the Group will ultimately pay for such claims.

(i) Unearned premiums

Unearned premiums represent the proportion of premiums written in the current year, which relate to risks that have not expired by the end of the financial year. The Group raises provisions for unearned premiums on a basis that reflects the underlying risk profile of its insurance contracts. An unearned premium provision is created at the commencement of each insurance contract and is released as the risk covered by the contract expires. Most of the Group's insurance contracts have an even risk profile. Therefore, the unearned premiums are released evenly over the period of insurance using a time proportion basis. The unearned premiums are first determined on a gross level and thereafter the reinsurance impact is separately recognised based on the relevant reinsurance contract. Deferred acquisition costs and commission revenue is recognised on a basis that is consistent with the related provision for unearned premiums. At each reporting date an assessment is made of whether the unearned premiums are adequate. A separate provision can be made, based on information available at the reporting date, for any estimated future underwriting losses relating to unexpired risks.

(ii) Outstanding claims

Outstanding claims represent the Group's estimate of the cost of settlement of claims that have occurred and were reported by the reporting date (net of salvage recoveries), but that have not yet been fully settled.

Claims provisions are determined based on previous claims experience, knowledge of events, the terms and conditions of the relevant policies and on the interpretation of circumstances. Each notified claim is assessed on a separate case-by-case basis with due regard for the specific circumstances, information available from the insured and/or loss adjuster, past experience with similar cases and historical claims payment trends. The approach also includes the consideration of the development of loss payment trends, the levels of unpaid claims, legislative changes, judicial decisions and economic conditions. The Group employs personnel experienced in claims handling and rigorously applies standardised policies and procedures to claims assessment.

The ultimate cost of reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Therefore, case estimates are reviewed regularly and updated when new information becomes available. The provision for outstanding claims is initially estimated at a gross level. A separate calculation is performed to estimate reinsurance recoveries. The calculation of reinsurance recoveries considers the type of risk underwritten, the year in which the loss claim occurred, under which reinsurance programme the recovery will be made, the size of the claim and whether the claim was an isolated incident or formed part of a catastrophe reinsurance claim.

6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

6.2 Estimates (continued)

6.2.1 Insurance contract liabilities (continued)

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

There is also considerable uncertainty concerning the eventual outcome of claims that have occurred but had not yet been reported to the insurer by the reporting date. The 'IBNR' liability relates to these events. In calculating the estimated cost of unpaid claims (both reported and not reported), the Group's estimation techniques are based on statistical methods including the basic chain-ladder. The basic chain-ladder method assumes that payments for an accident year will develop in the same way as claims have for prior years and an estimate based upon actual accident years claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

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.

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available 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.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Note 5 presents the development of the estimate of ultimate claim cost for claims notified in a given year. This gives an indication of the accuracy of the Group estimation technique for claims payments.

iv) Insurance contract liabilities (policyholders' funds) and actuarial assumptions

The life policyholder funds, under un-matured policies, are computed at the reporting date by the Group's independent actuary, in accordance with prevailing legislation, guidelines issued by the Actuarial Society of South Africa ("SAP") 104. Under this method, the insurance contract liabilities are valued using realistic expectations of future experience with prescribed margins for prudence. The insurance contract liabilities reflected in the statement of financial position represent the increase or decrease in actuarial liabilities.

The main assumptions used relate to mortality, longevity, investment returns, expenses, lapses, surrender rates and discount rates. Estimates are also made as to future investment income arising from the assets backing the life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments. Assumptions on future expenses are based on current expense levels adjusted for expected expense inflation if necessary. Lapse and surrender rates depend on product features, policy duration and external circumstances such as sales trends. Discount rates are based on current expense levels adjusted for expected inflation adjustments if appropriate.

6.2.2 Fair value of investment property

The Group carries its investment property at fair value, with changes in fair value being recognised in the profit or loss The approach mostly used on commercial and industrial properties is the comparative approach. This method seeks to ascribe the subject property a value similar to that achieved for comparable properties. Another method is the yield method which converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires careful estimation of future benefits and the application of investor yield or return requirements.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term void rate.

Valuation approach

The valuations have been undertaken in an environment of poor liquidity conditions and limited transaction evidence. Limited transaction evidence affects all properties whose fair values are arrived at based on comparable transactions obtained from the market. With regards to commercial and industrial properties, yields obtained from USD transaction evidence were utilised.

In undertaking the valuations for commercial, industrial and retail properties, reliance has been placed on rental market evidence, void rates and arrears currently applying to the individual properties in the portfolio. The achieved rentals for the property portfolio are generally in line, and in some instances, higher than the rental rates being achieved in the market.

With regards to the residential properties, various properties were identified that were sold or which are on sale and situated in comparable low density residential suburbs. In analysing the comparable properties, the Main Space Equivalent ("MSE") principle was applied. The total MSE of the comparable was then used to determine the value per square meter of MSE. The objective is to arrive at a common basis of comparison. After adjustments for quality, location and size, the rates per MSE reflected by the comparable were then applied to the subject residential properties.

The yields have been obtained from the limited concluded transactions and have also been assessed taking into account asking prices and offers that may have been received for properties currently on the market, formally or otherwise, although the transactions may not have been concluded. Refer to note 10 for the carrying amount of investment property and the estimates and assumptions used to value investment property.

6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

6.2 Estimates (continued)

6.2.3 Useful lives and residual values of property and equipment

The Group assesses the useful lives and residual values of property and equipment each year taking into consideration past experience, technology changes and the local operating environment. No changes to the useful lives and residual values have been considered necessary during the year. Refer to note 8 for the carrying amount of property, vehicles and computer equipment and accounting policy note 2.5 for the useful lives of property, vehicles and equipment.

6.2.4 Allowances for credit losses on financial assets measured at amortised cost

The Group assesses its financial assets at amortised cost for impairment on a monthly basis and recognises credit loss allowances using the expected credit loss model. Key assumptions applied in this calculation are the estimated debt recovery rates within the Group's debtors' book, as well as an estimation or view on current and future market conditions that could affect the debt recovery rates. Refer to note 16 for further details on the allowance and the carrying amount of trade and other receivables.

7 SEGMENT INFORMATION

Description of segments and principal activities

The Group's Executive Committee, consisting of the Group Chief Executive Officer, Group Finance Executive and Managing Directors of subsidiaries, examines the Group's performance both from a product and geographical perspective and has identified reportable segments of its business as detailed below.

Management evaluates segment performance based on operating profit/(loss) consistent with the consolidated financial statements.

Reinsurance

The segment offers short-term reinsurance products and services to general insurance companies locally, regionally and internationally. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of the policyholder's accident. Revenue in this segment is derived primarily from insurance premiums, investment income and fair value gains and losses on financial assets.

Life reassurance

The life reassurance segment offers its services to life assurance companies and medical aid societies locally and regionally. The products are savings, protection products and other long-term contracts (both with and without insurance risk and with and without discretionary participating features. It comprises a wide range of whole life, term assurance, unitised pensions, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from reassurance premium, fees and commission income, investment income and fair value gains and losses on investments.

General insurance

The segment offers short-term insurance products and services directly to policy holders locally. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of the policyholder's accident e.g. motor accident, domestic credit insurance, export credit. Revenue in this segment is derived primarily from insurance premiums, investment income and fair value gains and losses on financial assets.

Life and pensions

The segment offers life assurance, funeral assurance, asset management, actuarial consultancy and micro-financng services. The products offered are life assurance and pensions and also is involved in consumer loans, business loans and loans to farmers.

Property

This segment is engaged in leasing, developing, managing, selling and buying properties. It also offers consultancy services related to property development. It derives its revenue primarily from rentals, sales of properties, investment income and estate agency.

Other and eliminations

This segment comprises the holding company and consolidation eliminations.

7 SEGMENT INFORMATION (continued)

7.1 Information about products and services

	INFLATION ADJUSTED						
Year ended 31 December 2020	**Non-life reinsurance ZWL**	**Life reassurance ZWL**	**Life and Pensions ZWL**	**General insurance ZWL**	**Property ZWL**	**Other and eliminations ZWL**	**Total ZWL**
Gross written premium	1 959 891 942	135 587 564	33 856 616	175 276 222	-	(174 979 124)	2 129 633 220
Retrocession premium	(618 363 111)	(33 191 528)	(2 139 421)	(124 658 387)	-	174 979 124	(603 373 323)
Net premium written	1 341 528 831	102 396 036	31 717 195	50 617 835	-	-	1 526 259 897
Change in unearned premium reserve	(111 994 204)	-	-	(8 383 078)	-	-	(120 377 282)
Net premium earned	**1 229 534 627**	**102 396 036**	**31 717 195**	**42 234 757**	-	-	**1 405 882 615**
Brokerage commission and fees	136 881 074	14 222 489	3 656 074	26 253 602		(53 274 676)	127 738 563
Total insurance income	**1 366 415 701**	**116 618 525**	**35 373 269**	**68 488 359**	-	**(53 274 676)**	**1 533 621 178**
Rental income from investment property and income from sale of inventory property	3 001 414	-	353 805	959 421	114 630 583	-	118 945 223
Investment income	20 378 220	2 827 379	3 474 532	1 715 574	633 840	(194 355)	28 835 190
Other losses	131 853 742	71 464 733	24 094 848	32 011 346	27 146 353	(7 445 987)	279 125 035
Total income	**1 521 649 077**	**190 910 637**	**63 296 454**	**103 174 700**	**142 410 776**	**(60 915 018)**	**1 960 526 626**
Claims and expenses	**(1 345 972 861)**	**(122 956 807)**	**(37 666 488)**	**(92 474 131)**	**(81 851 379)**	**341 827 171**	**(1 339 094 495)**
Insurance benefits and claims	(472 041 743)	(53 522 386)	(8 442 682)	(11 424 299)	-	-	(545 431 110)
Commission and acquisition expenses	(440 800 830)	(34 136 308)	(1 427 729)	(33 312 071)	-	53 274 676	(456 402 262)
Net property operating costs	8 418 410	-	(6 645 616)		(11 941 251)		(10 168 457)
Operating and administrative expenses	(441 548 698)	(35 298 113)	(21 150 461)	(47 737 761)	(69 910 128)	288 552 495	(327 092 666)
Gross change in insurance and investment contract liabilities	-	-	(48 888 100)	-	-	-	(48 888 100)
Operating profit/(loss)	**175 676 216**	**67 953 830**	**(23 258 134)**	**10 700 569**	**60 559 397**	**280 912 153**	**572 544 031**

7 **SEGMENT INFORMATION (continued)**

7.1 **Information about products and services (continued)**

	INFLATION ADJUSTED						
Year ended 31 December 2020	**Non-life reinsurance ZWL**	**Life reassurance ZWL**	**Life and Pensions ZWL**	**General insurance ZWL**	**Property ZWL**	**Other and eliminations ZWL**	**Total ZWL**
Finance costs	(5 526 500)	-	(1 523 094)	-	(3 177 905)	(1 761 959)	(11 989 458)
Fair value adjustment on investment properties	6 446 761	-	33 405 468	-	773 285 442	-	813 137 671
Gain/(loss) on net monetary position	20 983 677	(7 695 551)	(2 854 936)	(13 185 757)	20 257 957	(440 916 735)	(423 411 345)
Share of profit of associates	-	-	-	-	-	98 051 834	98 051 834
Profit/(loss) before income tax	**197 580 154**	**60 258 279**	**5 769 305**	**(2 485 188)**	**850 924 891**	**(63 714 707)**	**1 048 332 733**
Income tax (expense)/credit	(8 851 546)	81 758	(1 253 888)	(5 470 540)	(41 848 314)	(7 835 253)	(65 177 783)
Total assets	**3 557 855 460**	**396 751 551**	**5 473 603 767**	**207 091 039**	**3 177 713 047**	**(337 938 316)**	**12 475 076 548**
Total liabilities	**1 801 547 782**	**46 140 184**	**4 746 525 610**	**84 326 553**	**185 251 986**	**(140 365 520)**	**6 723 426 595**

	HISTORICAL COST						
	Non-life reinsurance ZWL	**Life reassurance ZWL**	**Life and Pensions ZWL**	**General insurance ZWL**	**Property ZWL**	**Other and eliminations ZWL**	**Total ZWL**
Gross written premium	1 654 843 389	94 544 597	29 924 490	99 422 121	-	(111 662 774)	1 767 071 823
Retrocession premium	(590 976 316)	(26 827 125)	(1 720 536)	(70 370 592)	-	111 662 774	(578 231 795)
Net premium written	1 063 867 073	67 717 472	28 203 954	29 051 529	-	-	1 188 840 028
Change in unearned premium reserve	(68 726 636)	-	-	(5 992 281)	-	-	(74 718 917)
Net premium earned	**995 140 437**	**67 717 472**	**28 203 954**	**23 059 248**	-	-	**1 114 121 111**
Brokerage commission and fees	132 890 913	12 667 968	2 380 968	15 562 579	-	(33 997 187)	129 505 241
Total insurance income	**1 128 031 350**	**80 385 440**	**30 584 922**	**38 621 827**	-	**(33 997 187)**	**1 243 626 352**
Rental income from investment property and income from sale of inventory property	3 001 413	-	360 448	653 818	106 050 729	-	110 066 408
Investment and other income	18 869 913	1 862 266	3 409 707	600 478	465 944	1 452 467	26 660 775
Other gains	141 756 474	86 309 121	30 081 442	29 411 994	18 642 320	7 664 205	313 865 556
Total income	**1 291 659 150**	**168 556 827**	**64 436 519**	**69 288 117**	**125 158 993**	**(24 880 515)**	**1 694 219 091**

7 **SEGMENT INFORMATION (continued)**

7.1 **Information about products and services (continued)**

Claims and expenses	**(1 116 457 745)**	**(85 096 660)**	**(53 087 373)**	**(59 629 313)**	**(62 798 856)**	**31 508 750**	**(1 345 561 197)**
Insurance benefits and claims	(334 691 750)	(34 396 446)	(7 851 666)	(8 389 463)	-	-	(385 329 325)
Commission and acquisition expenses	(381 488 239)	(24 336 782)	(1 270 863)	(18 504 987)	-	33 997 187	(391 603 684)
Net property operating costs	8 418 410	-	(25 057 525)	-	(1 587 657)		(18 226 772)
Operating and administrative expenses	(408 696 166)	(26 363 432)	(18 907 319)	(32 734 863)	(61 211 199)	(2 488 437)	(550 401 416)
Gross change in insurance and investment contract liabilities	-	-	(163 125 389)	-	-		(163 125 389)
Operating profit/(loss)	**175 201 405**	**83 460 167**	**(151 776 243)**	**9 658 804**	**62 360 137**	**6 628 235**	**185 532 505**
Finance costs	(5 526 500)	-	(978 347)	-	(1 513 395)	(1 491 329)	(9 509 571)
Fair value adjustment on investment property	6 446 760	-	183 775 580	-	2 481 386 047	-	2 671 608 387
Share of profit from associates	-	-	-		-	121 600 187	121 600 187
Profit before income tax	**176 121 665**	**83 460 167**	**31 020 990**	**9 658 804**	**2 542 232 789**	**126 737 093**	**2 969 231 508**
Income tax credit/(expense)	33 556 124	17 726	(1 807 997)	534 056	(130 587 343)	694 855	(97 592 579)
Total assets	**2 586 366 920**	**144 069 035**	**5 384 398 996**	**198 339 945**	**3 051 974 067**	**635 064 430**	**12 000 213 393**
Total liabilities	**1 753 291 438**	**46 140 184**	**4 745 229 261**	**72 674 263**	**176 153 027**	**(170 488 792)**	**6 622 999 381**

7 **SEGMENT INFORMATION (continued)**

7.1 **Information about products and services (continued)**

	INFLATION ADJUSTED					
	Non-life reinsurance	Life reassurance	General insurance	Property	Other and eliminations	Total
Year ended 31 December 2019	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Gross written premium	2 117 218 281	125 298 903	134 008 467	-	(149 262 214)	2 227 263 437
Retrocession premium	(754 672 835)	(29 400 349)	(97 506 602)	-	149 262 214	(732 317 572)
Net premium written	1 362 545 446	95 898 554	36 501 865	-	-	1 494 945 865
Change in unearned premium reserve	(58 725 924)	-	(2 850 227)	-	-	(61 576 151)
Net premium earned	**1 303 819 522**	**95 898 554**	**33 651 638**	-	-	**1 433 369 714**
Brokerage commission and fees	181 829 397	22 662 864	25 506 004	-	(45 266 784)	184 731 481
Total insurance income	**1 485 648 919**	**118 561 418**	**59 157 642**	-	**(45 266 784)**	**1 618 101 195**
Rental income from investment property and income from sale of inventory property	5 424 013	-	554 256	118 503 727	-	124 481 996
Investment income	39 144 639	2 815 271	978 339	2 857 149	2 940 243	48 735 641
Other (losses)/gains	(77 426 398)	20 486 243	13 918 288	51 704 951	(77 802 682)	(69 119 598)
Total income	**1 452 791 173**	**141 862 932**	**74 608 525**	**173 065 827**	**(120 129 223)**	**1 722 199 234**
Claims and expenses	**(1 583 307 590)**	**(119 564 730)**	**(68 963 002)**	**(93 520 970)**	**(27 449 762)**	**(1 892 806 054)**
Insurance benefits and claims	(525 168 262)	(59 657 924)	(8 624 690)	-	-	(593 450 876)
Commission and acquisition expenses	(539 467 134)	(28 022 797)	(29 712 818)	-	45 266 783	(551 935 966)
Net property operating costs	-	-	-	(21 634 447)	-	(21 634 447)
Operating and administrative expenses	(518 672 194)	(31 884 009)	(30 625 494)	(71 886 523)	(72 716 545)	(725 784 765)
Operating (loss)/profit	**(130 516 417)**	**22 298 202**	**5 645 523**	**79 544 857**	**(147 578 985)**	**(170 606 820)**

7 **SEGMENT INFORMATION (continued)**

7.1 **Information about products and services (continued)**

	INFLATION ADJUSTED					
Year ended 31 December 2019	**Non-life reinsurance ZWL**	**Life reassurance ZWL**	**General insurance ZWL**	**Property ZWL**	**Other and eliminations ZWL**	**Total ZWL**
Finance costs	(12 867 260)	-	-	(8 594 733)	(1 080 400)	(22 542 393)
Fair value adjustment on investment properties	2 752 086	-	-	771 757 551	-	774 509 637
Loss on net monetary position	-	-	-	-	(71 436)	(71 436)
Share of profit of associates	-	-	-	-	20 384 899	20 384 899
(Loss)/profit before income tax	**(140 631 591)**	**22 298 202**	**5 645 523**	**842 707 675**	**(128 274 486)**	**601 673 887**
Income tax expense	(10 712 748)	-	(17 443 837)	(91 931 977)	(5 626 591)	(125 715 153)
Total assets	**3 731 821 567**	**340 926 527**	**205 496 930**	**2 358 074 583**	**(1 717 944 916)**	**4 918 374 691**
Total liabilities	**1 475 576 393**	**50 708 951**	**60 371 834**	**164 348 965**	**(127 738 472)**	**1 623 267 671**

	HISTORICAL COST					
Year ended 31 December 2019	**Non-life reinsurance ZWL**	**Life reassurance ZWL**	**General insurance ZWL**	**Property ZWL**	**Other and eliminations ZWL**	**Total ZWL**
Gross written premium	229 810 473	13 381 669	15 892 634	-	(16 120 931)	242 963 845
Retrocession premium	(80 463 474)	(4 574 542)	(12 299 010)	-	16 120 931	(81 216 095)
Net premium written	149 346 999	8 807 127	3 593 624	-	-	161 747 750
Change in unearned premium reserve	(7 096 686)	-	(280 605)	-	-	(7 377 291)
Net premium earned	**142 250 313**	**8 807 127**	**3 313 018**	-	-	**154 370 459**
Brokerage commission and fees	20 159 286	4 524 301	2 926 870	-	(3 854 243)	23 756 214
Total insurance income	**162 409 599**	**13 331 428**	**6 239 889**	-	**(3 854 243)**	**178 126 673**
Rental income from investment property and Income from sale of inventory property	526 618	-	42 075	12 736 435	-	13 305 128
Investment and other income	3 899 627	250 182	128 124	206 093	291 023	4 775 049
Other (losses)/gains	(4 789 760)	2 273 996	2 318 733	8 128 110	776 788	8 707 867
Total income	**162 046 085**	**15 855 606**	**8 728 820**	**21 070 638**	**(2 786 432)**	**204 914 717**

7 SEGMENT INFORMATION (continued)

7.1 Information about products and services (continued)

	INFLATION ADJUSTED					
2019	**Non-life reinsurance ZWL**	**Life reassurance ZWL**	**General insurance ZWL**	**Property ZWL**	**Other and eliminations ZWL**	**Total ZWL**
Claims and expenses	**(171 988 158)**	**(12 094 624)**	**(7 425 383)**	**(9 384 356)**	**(2 034 297)**	**(202 926 818)**
Insurance benefits and claims	(55 939 808)	(5 713 626)	(650 428)	-	-	(62 303 862)
Commission and acquisition expenses	(59 125 223)	(2 946 290)	(3 386 593)	-	3 854 244	(61 603 862)
Net property operating costs	-	-	-	(1 858 566)		(1 858 566)
Operating and administrative expenses	(56 923 127)	(3 434 708)	(3 388 362)	(7 525 790)	(5 888 541)	(77 160 528)
Operating (loss)/profit	**(9 942 074)**	**3 760 983**	**1 303 437**	**11 686 282**	**(4 820 728)**	**1 987 899**
Finance costs	(1 249 288)	-	-	-	(106 472)	(1 355 760)
Fair value adjustment on Investment property	267 201	-	-	433 036 901	-	433 304 102
Share of profit from associates	(635 700)	-	-	-	4 283 864	3 648 164
(Loss)/profit before tax	**(11 559 861)**	**3 760 983**	**1 303 437**	**444 723 183**	**(643 336)**	**437 584 405**
Income tax credit/(expense)	8 246 708	290	(78 176)	(26 756 000)	10 673	(18 576 505)
Total assets	**672 833 519**	**28 755 144**	**44 750 024**	**503 209 083**	**(198 303 957)**	**1 051 243 813**
Total liabilities	**349 285 095**	**11 304 185**	**13 093 157**	**36 637 150**	**(65 879 074)**	**344 440 512**

7.2 Geographical information

Information below shows operating results in the countries in which the Group operates

	INFLATION ADJUSTED						
Year ended 31 December 2020	**Botswana ZWL**	**Malawi ZWL**	**Mozambique ZWL**	**Zambia ZWL**	**Zimbabwe ZWL**	**Eliminations ZWL**	**Total ZWL**
Gross premium	159 633 915	439 633 620	276 433 149	134 653 289	1 294 258 371	(174 979 124)	2 129 633 220
Retrocession premium	(71 515 412)	(233 001 075)	(127 928 515)	(38 373 011)	(307 534 434)	174 979 124	(603 373 323)
Net premium written	88 118 503	206 632 545	148 504 634	96 280 278	986 723 937	-	1 526 259 897
Change in unearned premium provision	13 401 409	6 726 709	(1 724 204)	(5 424 906)	(133 356 290)	-	(120 377 282)
Net premium earned	**101 519 912**	**213 359 254**	**146 780 430**	**90 855 372**	**853 367 647**	-	**1 405 882 615**
Brokerage fees and commission	23 620 394	30 546 842	50 508 614	8 878 619	67 458 770	(53 274 676)	127 738 563
Total insurance revenue	**125 140 306**	**243 906 096**	**197 289 044**	**99 733 991**	**920 826 417**	**(53 274 676)**	**1 533 621 178**

7 **SEGMENT INFORMATION (continued)**

7.2 **Geographical information (continued)**

	INFLATION ADJUSTED						
2020	**Botswana ZWL**	**Malawi ZWL**	**Mozambique ZWL**	**Zambia ZWL**	**Zimbabwe ZWL**	**Eliminations ZWL**	**Total ZWL**
Rental revenue and income							
from sale of inventory property	-	2 161 749	839 665	-	115 943 809	-	118 945 223
Investment and other revenue	2 123 268	7 326 732	2 984 901	4 335 740	12 258 902	(194 353)	28 835 190
Other (loss)/income	(448 912)	(7 265 416)	65 615 791	10 811 819	217 857 740	(7 445 987)	279 125 036
Total income	**126 814 662**	**246 129 161**	**266 729 401**	**114 881 550**	**1 266 886 868**	**(60 915 018)**	**1 960 526 627**
Total claims and expenses	**(111 310 013)**	**(228 580 518)**	**(201 562 338)**	**(97 901 012)**	**(683 402 026)**	**(16 338 588)**	**(1 339 094 495)**
Net benefits and claims	(30 421 043)	(58 392 892)	(46 086 703)	(13 610 820)	(396 919 652)	-	(545 431 110)
Commission and acquisition expenses	(45 702 066)	(79 899 850)	(81 986 651)	(36 117 100)	(265 971 271)	53 274 676	(456 402 262)
Net property operating costs	-	8 418 410	-	-	(18 586 867)		(10 168 457)
Operating and administrative expenses	(35 186 904)	(98 706 186)	(73 488 984)	(48 173 092)	(1 924 236)	(69 613 264)	(327 092 666)
Gross change in insurance and investment contract liabilities	-	-	-	-	(48 888 100)		(48 888 100)
Operating profit/ (loss)	**15 504 649**	**17 548 643**	**65 167 063**	**16 980 538**	**534 596 742**	**(77 253 606)**	**572 544 032**
Finance costs	-	-	(4 191 802)	(1 334 698)	(4 700 999)	(1 761 959)	(11 989 458)
Fair value adjustment on							-
Investment property	-	6 470 305	(23 545)	-	806 690 911	-	813 137 671
Monetary gain/loss	-	-	-	-	18 678 252	(442 089 597)	(423 411 345)
Share of profit from associates	-	-			89 608 046	98 051 834	187 659 880
Profit before income tax	**15 504 649**	**24 018 948**	**60 951 716**	**15 645 840**	**1 444 872 952**	**(423 053 328)**	**1 137 940 780**
Income tax (expense)/credit	(4 161 280)	(10 790 134)	(2 119 733)	2 219 964	(42 491 347)	(7 835 253)	(65 177 783)
Total assets	**1 251 874 557**	**839 164 503**	**516 206 643**	**190 239 150**	**14 139 769 802**	**(4 462 178 107)**	**12 475 076 548**
Total liabilities	**270 318 162**	**566 944 250**	**351 106 135**	**123 829 370**	**5 737 225 128**	**(325 996 450)**	**6 723 426 595**

7 **SEGMENT INFORMATION (continued)**

7.2 **Geographical information (continued)**

	HISTORICAL COST						
	Botswana	Malawi	Mozambique	Zambia	Zimbabwe	Eliminations	Total
Year ended 31 December 2020	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Gross written premium	159 633 916	439 633 620	276 433 149	134 653 289	868 380 623	(111 662 774)	1 767 071 823
Retrocession premium	(71 515 413)	(233 001 075)	(127 928 515)	(38 373 011)	(219 076 555)	111 662 774	(578 231 795)
Net premium written	88 118 503	206 632 545	148 504 634	96 280 278	649 304 068	-	1 188 840 028
Change in unearned premium provision	13 401 409	6 726 709	(1 724 204)	(5 424 906)	(87 697 925)	-	(74 718 917)
Net premium earned	**101 519 912**	**213 359 254**	**146 780 430**	**90 855 372**	**561 606 143**	-	**1 114 121 111**
Brokerage fees and commission	23 620 394	30 546 842	50 508 614	8 878 619	49 947 960	(33 997 188)	129 505 241
Total insurance income	**125 140 306**	**243 906 096**	**197 289 044**	**99 733 991**	**611 554 103**	**(33 997 188)**	**1 243 626 352**
Rental revenue and income from sale of inventory property	-	2 161 749	839 665	-	107 064 994	-	110 066 408
Investment and other revenue	2 123 268	7 326 732	2 984 901	4 335 740	8 437 666	1 452 468	26 660 775
Other income	(448 912)	(7 265 416)	65 615 796	10 811 819	237 488 064	7 664 205	313 865 556
Total income	**126 814 662**	**246 129 161**	**266 729 406**	**114 881 550**	**964 544 827**	**(24 880 515)**	**1 694 219 091**
Total claims and expenses	**(111 310 013)**	**(228 580 518)**	**(201 562 338)**	**(97 901 012)**	**(727 731 485)**	**21 524 169**	**(1 345 561 197)**
Net benefits and claims	(30 421 043)	(58 392 892)	(46 086 703)	(13 610 820)	(236 817 867)	-	(385 329 325)
Commission and acquisition expenses	(45 702 066)	(79 899 850)	(81 986 651)	(36 117 100)	(181 895 205)	33 997 188	(391 603 684)
Net property operating costs	-	8 418 410	-	-	(26 645 182)		(18 226 772)
Operating and administrative expenses	(35 186 904)	(98 706 186)	(73 488 984)	(48 173 092)	(282 373 231)	(12 473 019)	(550 401 416)
Gross change in insurance and investment contract liabilities	-	-	-	-	(163 125 389)	-	(163 125 389)
Operating profit/ (loss)	**15 504 649**	**17 548 643**	**65 167 068**	**16 980 538**	**73 687 953**	**(3 356 346)**	**185 532 504**
Finance costs	-	-	(4 191 807)	(1 334 698)	(2 491 742)	(1 491 324)	(9 509 571)
Fair value adjustment on Investment property	-	6 470 305	(23 545)	-	2 665 161 627	-	2 671 608 387
Share of profit from associates	-	-	-	-	113 183 323	8 416 864	121 600 187
Profit before income tax	**15 504 649**	**24 018 948**	**60 951 716**	**15 645 840**	**2 849 541 161**	**3 569 194**	**2 969 231 507**
Income tax (expense)/credit	(4 161 280)	(10 790 134)	(2 119 733)	2 219 964	(83 436 251)	694 855	(97 592 579)
Total assets	**1 251 874 557**	**839 164 503**	**516 206 643**	**190 239 150**	**11 087 873 117**	**(1 884 852 644)**	**12 000 213 393**
Total liabilities	**270 318 162**	**566 944 250**	**351 106 135**	**123 829 370**	**5 664 286 216**	**(353 484 752)**	**6 622 999 381**

7 **SEGMENT INFORMATION (continued)**

7.2 **Geographical information (continued)**

Information below shows operating results in the countries in which the Group operates

INFLATION ADJUSTED

Year ended 31 Ddecember 2019	**Botswana ZWL**	**Malawi ZWL**	**Mozambique ZWL**	**Zambia ZWL**	**Zimbabwe ZWL**	**Eliminations ZWL**	**Total ZWL**
Gross premium	136 015 619	605 831 468	479 272 030	210 514 600	944 891 934	(149 262 214)	2 227 263 437
Retrocession premium	(59 603 487)	(262 172 401)	(253 448 913)	(83 442 376)	(222 912 609)	149 262 214	(732 317 572)
Net premium written	76 412 132	343 659 067	225 823 117	127 072 224	721 979 325	-	1 494 945 865
Change in unearned premium provision	(5 380 436)	(4 319 456)	3 751 805	4 091 693	(59 719 757)	-	(61 576 151)
Net premium earned	**71 031 696**	**339 339 611**	**229 574 922**	**131 163 917**	**662 259 568**	-	**1 433 369 714**
Brokerage fees and commission	20 476 991	46 329 602	69 882 148	24 922 316	68 387 207	(45 266 783)	184 731 481
Total insurance income	**91 508 687**	**385 669 213**	**299 457 070**	**156 086 233**	**730 646 775**	**(45 266 783)**	**1 618 101 195**
Rental revenue and income							
from sale of inventory property	-	3 043 234	2 380 779	-	119 057 983	-	124 481 996
Investment and other revenue	2 236 428	8 471 597	10 576 535	11 169 664	15 622 208	659 207	48 735 641
Other income/(loss)	2 985 041	3 651 675	51 633 692	10 960 627	(139 989 634)	1 639 001	(69 119 598)
Total income	**96 730 156**	**400 835 719**	**364 048 076**	**178 216 524**	**725 337 332**	**(42 968 575)**	**1 722 199 235**
Total claims and expenses	**(87 233 374)**	**(371 638 095)**	**(332 743 708)**	**(231 084 869)**	**(838 284 668)**	**(31 821 340)**	**(1 892 806 054)**
Net benefits and claims	(24 734 332)	(110 621 155)	(77 104 979)	(65 816 698)	(315 173 712)	-	(593 450 876)
Commission and acquisition expenses	(37 864 117)	(121 286 234)	(122 661 100)	(68 114 586)	(247 276 712)	45 266 783	(551 935 966)
Net property operating costs	-	-	-	-	(21 634 447)	-	(21 634 447)
Operating and administrative expenses	(24 634 925)	(139 730 706)	(132 977 629)	(97 153 585)	(254 199 797)	(77 088 123)	(725 784 765)
Operating profit/ (loss)	**9 496 782**	**29 197 624**	**31 304 368**	**(52 868 345)**	**(112 947 336)**	**(74 789 915)**	**(170 606 820)**

HISTORICAL COST

Year ended 31 Ddecember 2019	**Botswana ZWL**	**Malawi ZWL**	**Mozambique ZWL**	**Zambia ZWL**	**Zimbabwe ZWL**	**Eliminations ZWL**	**Total ZWL**
Gross written premium	30 313 465	58 820 423	46 532 715	20 438 948	102 979 225	(16 120 931)	242 963 845
Retrocession premium	(13 283 681)	(25 454 425)	(24 607 458)	(8 101 454)	(25 890 008)	16 120 931	(81 216 095)
Net premium written	17 029 784	33 365 998	21 925 257	12 337 494	77 089 217	-	161 747 750
Change in unearned premium provision	(1 199 123)	(419 378)	364 264	397 264	(6 520 318)	-	(7 377 291)
Net premium earned	**15 830 661**	**32 946 620**	**22 289 521**	**12 734 758**	**70 568 899**	-	**154 370 459**
Brokerage fees and commission	4 563 656	4 498 160	6 784 886	2 419 718	9 344 038	(3 854 244)	23 756 214
Total insurance income	**20 394 317**	**37 444 780**	**29 074 407**	**15 154 476**	**79 912 937**	**(3 854 244)**	**178 126 673**

7 SEGMENT INFORMATION (continued)

7.2 Geographical information (continued)

	INFLATION ADJUSTED						
Year ended 31 December 2019	**Botswana ZWL**	**Malawi ZWL**	**Mozambique ZWL**	**Zambia ZWL**	**Zimbabwe ZWL**	**Eliminations ZWL**	**Total ZWL**
Rental revenue and income from sale of inventory property	-	295 469	231 151	-	12 778 508	-	13 305 128
Investment and other revenue	498 428	822 511	1 026 880	1 084 467	1 195 848	146 915	4 775 049
Other (loss)/income	(118 020)	354 543	5 013 136	1 064 172	2 688 968	(294 932)	8 707 867
Total income	**20 774 725**	**38 917 303**	**35 345 574**	**17 303 115**	**96 576 261**	**(4 002 261)**	**204 914 717**
Total claims and expenses	**(19 441 486)**	**(36 082 494)**	**(32 306 222)**	**(22 436 124)**	**(89 603 364)**	**(3 057 128)**	**(202 926 818)**
Net benefits and claims	(5 512 480)	(10 740 253)	(7 486 154)	(6 390 170)	(32 174 805)	-	(62 303 862)
Commission and acquisition expenses	(8 438 682)	(11 775 730)	(11 909 216)	(6 613 273)	(26 721 205)	3 854 244	(61 603 862)
Net property operating costs	-	-	-	-	(1 858 566)	-	(1 858 566)
Operating and administrative expenses	(5 490 324)	(13 566 511)	(12 910 852)	(9 432 681)	(28 848 788)	(6 911 372)	(77 160 528)
Operating profit/ (loss)	**1 333 239**	**2 834 809**	**3 039 352**	**(5 133 009)**	**6 972 897**	**(7 059 389)**	**1 987 899**

INFLATION ADJUSTED

8 PROPERTY AND EQUIPMENT

GROUP	Freehold land and buildings ZWL	Motor vehicles ZWL	Equipment and computers ZWL	Furniture and fittings ZWL	Total ZWL
Year ended 31 December 2019					
Cost or valuation					
As at 1 January 2019	122 607 978	42 466 492	32 245 738	23 800 156	221 120 364
Additions	10 413 197	10 239 176	14 956 658	4 639 554	40 248 585
Revaluation surplus	104 867 740	-	-	-	104 867 740
Disposals	(8 616 807)	(983 001)	(1 283 690)	(320 613)	(11 204 111)
Foreign exchange movements	77 252 346	30 424 459	8 671 367	4 288 599	120 636 771
As at 31 December 2019	**306 524 454**	**82 147 126**	**54 590 073**	**32 407 696**	**475 669 349**
Accumulated depreciation and impairment					
As at 1 January 2019	(16 454 774)	(18 443 633)	(20 883 461)	(4 182 755)	(59 964 623)
Depreciation	(9 657 552)	(13 611 207)	(7 640 471)	(5 538 444)	(36 447 674)
Disposals	817 999	1 294 479	1 008 923	209 239	3 330 640
Foreign exchange movements	6 338 938	(13 833 460)	(5 915 134)	(2 030 271)	(15 439 927)
As at 31 December 2019	(18 955 389)	(44 593 821)	(33 430 143)	(11 542 231)	(108 521 584)
Net book amount	**287 569 065**	**37 553 305**	**21 159 930**	**20 865 465**	**367 147 765**
Carrying amount					
As at 31 December 2019					
Cost	306 524 454	82 147 126	54 590 073	32 407 696	475 669 349
Accumulated depreciation	(18 955 389)	(44 593 821)	(33 430 143)	(11 542 231)	(108 521 584)
	287 569 065	**37 553 305**	**21 159 930**	**20 865 465**	**367 147 765**
Year ended 31 December 2020					
Cost or valuation					
As at 1 January 2020	306 524 454	82 147 126	54 590 073	32 407 696	475 669 349
Additions	1 055 240	32 247 488	21 238 195	3 046 439	57 587 362
Acquisitions through business combinations	351 759 394	74 508 812	36 609 685	15 380 248	478 258 139
Revaluation surplus	(7 444 669)	1 146 141	-	-	(6 298 528)
Disposals	-	(7 414 106)	(2 213 459)	(171 326)	(9 798 891)
Reclassification to investment property	(20 111 353)	-	-	-	(20 111 353)
Foreign exchange movements	(23 278 582)	34 194 055	12 162 655	4 911 106	27 989 234
As at 31 December 2020	**608 504 484**	**216 829 516**	**122 387 149**	**55 574 163**	**1 003 295 312**

8 PROPERTY AND EQUIPMENT

	INFLATION ADJUSTED				
GROUP	**Freehold land and buildings ZWL**	**Motor vehicles ZWL**	**Equipment and computers ZWL**	**Furniture and fittings ZWL**	**Total ZWL**
Accumulated depreciation and impairment					
As at 1 January 2020	(18 955 389)	(44 593 821)	(33 430 143)	(11 542 231)	(108 521 584)
Depreciation	(5 921 897)	(7 794 260)	(10 292 904)	(4 741 707)	(28 750 768)
Disposals	(178 620)	7 265 908	1 395 645	158 471	8 641 404
Revaluation surplus	3 299 760	-	-	-	3 299 760
Acquisitions through business combinations	(3 739 694)	(63 047 831)	(29 261 385)	(7 825 024)	(103 873 934)
Accumulated depreciation on disposals	1 208 666	387 413	-	-	1 596 079
Foreign exchange movements	(2 031 065)	(23 189 224)	(8 879 973)	(163 364)	(34 263 626)
As at 31 December 2020	**(26 318 239)**	**(130 971 815)**	**(80 468 760)**	**(24 113 855)**	**(261 872 669)**
Net book amount	**582 186 244**	**85 857 701**	**41 918 389**	**31 460 308**	**741 422 643**
Carrying amount					
As at 31 December 2020					
Cost	608 504 483	216 829 516	122 387 149	55 574 163	1 003 295 312
Accumulated depreciation	(26 318 239)	(130 971 815)	(80 468 760)	(24 113 855)	(261 872 669)
	582 186 244	**85 857 701**	**41 918 389**	**31 460 308**	**741 422 643**

GROUP	HISTORICAL COST				
Year ended 31 December 2019	**Freehold land and buildings ZWL**	**Motor vehicles ZWL**	**Equipment and computers ZWL**	**Furniture and fittings ZWL**	**Total ZWL**
Cost or valuation					
As at 1 January 2019	4 156 194	1 402 915	766 539	743 277	7 068 925
Additions	946 792	848 384	1 633 639	842 261	4 271 076
Revaluation surplus	33 785 861	-	-	-	33 785 861
Disposals	(1 920 884)	(219 133)	(284 872)	(56 471)	(2 481 360)
Foreign exchange movements	26 567 217	10 315 415	2 909 394	1 424 691	41 216 716
As at 31 December 2019	**63 535 180**	**12 347 581**	**5 024 700**	**2 953 758**	**83 861 219**
Accumulated depreciation and impairment					
As at 1 January 2019	(364 432)	(627 904)	(526 441)	(270 161)	(1 788 938)
Depreciation	(616 383)	(1 132 254)	(383 293)	(242 922)	(2 374 852)
Disposals	116 916	185 019	24 675	20 675	347 285
Foreign exchange movements	120 638	(5 704 997)	(2 122 441)	(749 550)	(8 456 350)
As at 31 December 2019	(743 261)	(7 280 136)	(3 007 500)	(1 241 958)	(12 272 855)
Net book amount	**62 791 919**	**5 067 445**	**2 017 200**	**1 711 800**	**71 588 364**
Carrying amount					
As at 31 December 2019					
Cost	63 535 180	12 347 581	5 024 700	2 953 758	83 861 219
Accumulated depreciation	(743 261)	(7 280 136)	(3 007 500)	(1 241 958)	(12 272 855)
	62 791 919	**5 067 445**	**2 017 200**	**1 711 800**	**71 588 364**

8 **PROPERTY AND EQUIPMENT (continued)**

GROUP	**HISTORICAL COST**				
	Freehold land and buildings ZWL	**Motor vehicles ZWL**	**Equipment and computers ZWL**	**Furniture and fittings ZWL**	**Total ZWL**
Year ended 31 December 2020					
Cost or valuation					
As at 1 January 2020	63 535 180	12 347 581	5 024 700	2 953 758	83 861 219
Additions	515 716	26 011 023	16 110 592	2 469 406	45 106 737
Acquisitions through business combinations	311 722 662	2 906 314	3 482 420	1 105 130	319 216 526
Revaluation surplus	113 580 293	2 335 148			115 915 441
Disposals	(927 381)	(7 154 906)	(803 655)	(98 420)	(8 984 362)
Reclassification to investment property	(20 111 353)	-	-		(20 111 353)
Foreign exchange movements	122 216 078	36 641 594	18 982 906	6 658 839	184 499 417
As at 31 December 2020	590 531 195	73 086 754	42 796 963	13 088 713	719 503 625
Accumulated depreciation and impairment					
As at 1 January 2020	(743 261)	(7 280 136)	(3 007 500)	(1 241 958)	(12 272 855)
Depreciation	(3 659 879)	(6 141 146)	(3 023 441)	(763 521)	(13 587 987)
Acquisitions through business combinations	601 957	(2 571 659)	(3 360 444)	(843 031)	(6 173 177)
Revaluation surplus	(595 402)	-	-	-	(595 402)
Disposals	(178 620)	7 107 830	745 367	83 439	7 758 016
Accumulated depreciation on disposals	592 626	55 310			647 936
Foreign exchange movements	1 689 132	(23 189 224)	(8 879 972)	(163 364)	(30 543 428)
As at 31 December 2020	(2 293 447)	(32 019 025)	(17 525 990)	(2 928 435)	(54 766 897)
Net book amount	**588 237 748**	**41 067 729**	**25 270 973**	**10 160 278**	**664 736 728**
Carrying amount					
As at 31 December 2020					
Cost	590 531 195	73 086 755	42 796 963	13 088 713	719 503 625
Accumulated depreciation	(2 293 447)	(32 019 025)	(17 525 990)	(2 928 435)	(54 766 897)
	588 237 748	**41 067 729**	**25 270 973**	**10 160 278**	**664 736 728**

Land and buildings are carried at fair value determined on an open market value basis by independent professional valuers. The latest fair value was estimated as at 31 December 2020. Land and buildings with a carrying amount of ZWL278 052 000 (2019 : ZWL259 932 714) were pledged as collateral in respect of a borrowing facility with NMB Bank Zimbabwe Limited, which is disclosed in note 23.

8 **PROPERTY AND EQUIPMENT (continued)**

	INFLATION ADJUSTED		HISTORICAL COST	
COMPANY	**2020 ZWL Freehold land and buildings**	**2019 ZWL Freehold land and buildings**	**2020 ZWL Freehold land and buildings**	**2019 ZWL Freehold land and buildings**
Opening net book amount	5 388 710	8 467 977	162 454	255 285
Depreciation	(3 079 290)	(3 079 267)	(92 831)	(92 831)
Closing net book amount	**2 309 420**	**5 388 710**	**69 623**	**162 454**
Cost	9 237 803	9 237 803	278 493	278 493
Accumulated depreciation	(6 928 383)	(3 849 093)	(208 870)	(116 039)
Net book amount	**2 309 420**	**5 388 710**	**69 623**	**162 454**

All property and equipment are classified as non-current assets.

Fair value hierarchy

The following table shows an analysis of the fair values of land and buildings recognised in the statement of financial position by level of the fair value hierarchy:

	Level 1 ZWL	**Level 2 ZWL**	**Level 3 ZWL**	**Total ZWL**	**Total gain/ (loss) in the period in other comprehensive income ZWL**
31 December 2020					
Freehold land and buildings	-	-	608 504 483	608 504 483	(7 444 669)
31 December 2019					
Freehold land and buildings	-	-	306 524 454	306 524 454	104 867 740

Carrying amounts that would have been recognised if land and buildings were stated at cost are as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
Group	**2020 ZWL**	**2019 ZWL**	**2020 ZWL**	**2019 ZWL**
Cost	4 201 283	39 848 179	2 681 045	2 982 018
Accumulated depreciation	(623 746)	(5 180 263)	(398 043)	(387 662)
Carrying amount	**3 577 537**	**34 667 916**	**2 283 002**	**2 594 356**

8 **PROPERTY AND EQUIPMENT (continued)**

Valuation techniques used to derive level 3 fair values
The table below presents the following for land and buildings:
- The fair value measurements at the end of the reporting period;
- The level of the fair value hierarchy (in this case level 3) within which the fair value measurements are categorised in their entirety;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- Level 3 fair value measurements, quantitative information about the significant observable inputs used in the fair value measurement.

Class of property	Fair value ZWL	Valuation technique	Key unobservable inputs	Range (weighted average)
31 December 2020 CBD offices and land - owner occupied	590 531 195	Market comparable	Rate per square metre (ZWL)	108- 149
31 December 2019 CBD offices and land - owner occupied	63 535 180	Market comparable	Rate per square metre (ZWL)	31-75

The market value was determined by reference to observable prices in an open market. Under the market comparable method, a property's fairpervalue is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square metre ("sqm").

9 **LEASES**

	INFLATION ADJUSTED		HISTORICAL COST	
Group	**Group 2020 ZWL**	**Group 2019 ZWL**	**Group 2020 ZWL**	**Group 2019 ZWL**
This note provides information for leases where the Group is a lessee.				
(i) **Amounts recognised in the statement of financial position**				
The statement of financial position shows the following amounts relating to leases.				
Right-of-use assets				
Buildings - office space	46 273 573	44 804 143	40 192 019	4 420 507
	46 273 573	**44 804 143**	**40 192 019**	**4 420 507**
Lease liabilities				
Non-current	25 418 149	8 465 034	25 418 149	1 887 050
Current	17 739 781	15 227 053	17 739 781	3 394 459
	43 357 960	**23 692 087**	**43 357 960**	**5 281 509**

Additions to the right-of-use assets during the 2020 financial year were ZWL65 007 302.

(ii) **Amounts recognised in the statement of profit or loss**				
The statement of profit or loss shows the following amounts relating to leases.				
Depreciation charge of right-of-use assets				
Buildings - office space	(26 069 849)	(9 612 583)	(6 123 309)	(772 721)
Interest expense (included in finance cost)	(1 835 327)	(4 079 058)	(1 684 213)	(397 597)
Lease commitments - Group as lessee				
Future minimum rentals payable under the non-cancellable operating lease as at 31 December 2020 are as follows:				
Maturity analysis - contractual undiscounted cash flows				
Less than one year	21 081 797	7 915 669	21 081 797	1 764 584
One to five years	27 030 897	16 178 552	27 030 897	3 606 570

9 **LEASES (continued)**

(ii) **Amounts recognised in the statement of profit or loss (continued)**

The Group has tested its right of use assets for impairment and has concluded that there is no indication that the right of use assets are impaired.

No amounts were included in administrative expenses for low value or short term leases and variable lease payments not included in lease liabilities.

The total cash outflow for leases in 2020 was ZWL8 749 289 (2019: ZWL11 364 680) being principal payments of ZWL6 730 267 (2019: ZWL7 285 622) and interest payments of ZWL2 019 022 (2019: ZWL4 079 058.)

Company

This note provides information for leases where company is lessee.	Company 2020 ZWL	Company 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
(i) **Amounts recognised in the statement of financial position**				
The statement of financial position shows the following amounts relating to leases.				
Right-of-use assets				
Buildings - office space	8 218 290	29 766 693	2 136 735	1 068 315
Lease liabilities				
Non-current	-	1 449 548	-	323 138
Current	2 105 260	3 523 465	2 105 260	785 461
	2 105 260	**4 973 013**	**2 105 260**	**1 108 599**

(ii) Amounts recognised in the statement of profit or loss
The statement of profit or loss shows the following amounts relating to leases.

Depreciation charge of right-of-use assets				
Buildings - office space	(1 633 057)	(7 325 658)	(1 601 867)	(262 915)
Interest expense (Included in finance cost)	(361 294)	(1 080 445)	(210 180)	(106 473)
Lease commitments - Group as lessee				
Future minimum rentals payable under the non-cancellable operating lease as at 31 December 2020 are as follows:				
Maturity analysis - contractual undiscounted cash flows				
Less than one year	2 244 200	2 788 166	2 244 200	621 546
One to five years	-	2 180 112	-	485 997

The Company has tested its right of use assets for impairment and has concluded that there is no indication that the right of use assets are impaired.

No amounts were included in administrative expenses for low value or short term leases and variable lease payments not included in lease liabilities.

The total cash outflow for leases in 2020 was ZWL3 229 047 (2019: ZWL3 159 654 being principal payments of ZWL2 867 753 (2019: ZWL2 079 254) and interest payments of ZWL361 294 (2019: ZWL1 080 400.)

9 **LEASES (continued)**

The group's leasing activities and how these are accounted for
The Group leases office space. Rental contracts are typically made for varying fixed periods ranging from 5 to 10 years. For leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
• fixed payments (including in-substance fixed payments), less any lease incentives receivable;
• variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
• amounts expected to be payable by the Group under residual value guarantees;
• the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
• payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:
• where possible, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received and
• makes adjustments specific to the lease, e.g. term, country, currency and security.
Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
• the amount of the initial measurement of lease liability;
• any lease payments made at or before the commencement date less any lease incentives received; and
• any initial direct costs.

The Group carries right of use assets at cost. Refer to note 2.28.

The Group had no low value or short term leases as at reporting date.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

10 INVESTMENT PROPERTIES

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
As at 1 January	2 276 886 366	1 281 951 253	507 570 140	46 008 667
Improvements, acquisition, development and capitalised borrowing costs	3 180 123 613	169 737 793	2 829 204 655	11 203 014
Improvements to existing properties	5 783 439	7 514 652	5 008 206	634 483
Acquisition and development	15 189 157	162 223 141	13 153 147	9 823 877
Additions through business combinations	3 159 151 017	-	2 811 043 302	-
Capitalised borrowing costs	-	-	-	744 654
Disposals	(89 466 309)	-	(79 268 773)	-
Fair value gain recognised in profit or loss	813 137 671	774 509 637	2 671 608 387	433 304 102
Reclassified from property and equipment	20 111 353	-	20 111 353	-
Exchange rate movement on foreign operations	(3 203 891)	50 687 683	248 363 041	17 054 357
As at 31 December	**6 197 588 803**	**2 276 886 366**	**6 197 588 803**	**507 570 140**

Investment properties, principally freehold office buildings, are held for long term rental yields and are not occuoied by the Group. They are carried at fair value.

Investment property with a total carrying amount of ZWL484.18 million (2019: ZWL290.23 million) was encumbered as at 31 December 2020. The loan was advanced by ZB Bank Limited [see note 23] and the interest rate ranged from 11.1% to 31.1% per annum.

10.1 Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments are based on agreed rentals from periodic rent reviews that are carried out. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees and sureties for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Minimum lease payments receivable on leases of investment properties are as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Within 3 months	8 971 888	14 512 257	8 971 888	593 458
3 to 6 months	22 143 026	18 109 004	22 143 026	959 730
6 to 12 months	94 270 745	39 500 595	94 270 745	6 044 212
1 to 5 years	1 233 600 000	1 477 707 942	1 233 600 000	329 414 958
	1 358 985 659	**1 549 829 798**	**1 358 985 659**	**337 012 358**

10 INVESTMENT PROPERTIES (continued)

10.2 Valuation of investment properties

Investment properties are stated at fair value, which is determined based on valuations performed by accredited independent property valuers, as at 31 December 2020. In Zimbabwe, properties were valued by Knight Frank Zimbabwe and Bard Real Estate, industry specialists in valuing these types of investment properties. In Malawi and Mozambique the valuations were performed by SMN Property Professionals and Zambujo and Associados Consultores respectively. The fair values of the property have been determined using the income approach for developed commercial and industrial properties, and the market approach for residential properties and undeveloped land. Valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied.

The table below shows the geographical distribution of investment properties held by the Group:

Country in which property is situated	Class of property	Valuation technique	Carrying amount ZWL	
			2020	2019
Zimbabwe	CBD offices, retail, residential and land	Income capitalisation and market comparable	6 106 510 096	2 194 529 018
Malawi	Residential property	Market comparable	79 386 921	51 063 271
Mozambique	Residential property	Market comparable	11 691 786	31 294 077
			6 197 588 803	**2 276 886 366**

Valuation process

The market value was determined by reference to observable prices in an open market. Where there were no comparable prices, the market value was determined by capitalising achieved rentals using appropriate yield levels. The fair value of investment property is categorised as level 3 because of the significant unobservable inputs which were used.

i) Income approach

Under the income capitalisation method, a property's fair value is estimated based on the annualised net operating income generated by the property, which is divided by the capitalisation rate (discounted by the investor's rate of return). Under the income capitalisation method, over (above market rent) and under-rent situations are separately capitalised (discounted).

ii) Market approach

Under the market comparable method, a property's fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square metre.

iii) Rent per square metre

The rent at which space could be let in the market conditions prevailing at the date of valuation. The unit of comparison is the rental rate per square metre.

iv) Vacancy rate

The Group determines the vacancy rate which can be based on the percentage of estimated vacant space divided by the total lettable area.

v) Prime yield

The prime yield is defined as the internal rate of return of the cash flows from the property, assuming a rise to Estimated Rental Value ("ERV") at the next review, but with no further rental growth.

The rental rate yield represents the net income expected in year zero divided by the current property values (historical or trailing income yield). The risk arises when void levels in the portfolio increase. This increase will consequently result in a reduction in net incomes. Where net incomes remain constant, a reduction in the yield rates will result in increased property values.

10.3 Fair value hierarchy

Changes recorded in the statement of profit or loss for recurring fair value measurements categorised within level 3 of the fair value hierarchy amount to ZWL814 790 817 (2019:ZWL774 509 637) and are presented in the statement of profit or loss line item "fair value adjustments on investment property".

All gains and losses recorded in statement of profit or loss for recurring fair value measurements categorised within level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment properties held at the end of the reporting period.

Valuation techniques used to derive level 3 fair values

The table below presents the following for each class of the investment properties:
- The fair value measurements at the end of the reporting period;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- Level 3 fair value measurements, quantitative information about the significant observable inputs used in the fair value measurement.

10 INVESTMENT PROPERTIES (continued)

10.3 Fair value hierarchy (continued)

Class of property	Fair value 31 December 2020 ZWL	Valuation technique	Key unobservable inputs	Range (weighted average)
CBD retail	842 400 000	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	149.00 8.00% 3.00%
CBD offices	2 249 435 240	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	108.00 12.00% 24.00%
Industrial	68 700 000	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	40.81 15.00%
Land - Residential	1 957 541 339	Market comparable	Rate per square metre (ZWL)	142.00
Land - Commercial	208 219 800	Market comparable	Rate per square metre (ZWL)	500 - 1 000
Student accommodation	75 200 000	Income capitalisation	Rental per room (ZWL) Capitalisation rate Vacancy rate	800-1200 9.80% n/a
Residential	796 092 424	Market comparable	Comparable transacted properties prices (ZWL, MZN, ZMW)	5000-8000
Total	**6 197 588 803**			

Class of property	Fair value 31 December 2019 ZWL	Valuation technique	Key unobservable inputs	Range (weighted average)
CBD retail	801 681 498	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	149.00 5.00% 3.00%
CBD offices	1 002 676 465	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	108.00 11.00% 24.00%
Industrial	54 727 492	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	40.81 14.00% 25.00%
Land - Residential	90 370 341	Market comparable	Rate per square metre (ZWL)	142.00
Land - Commercial	211 693 116	Market comparable	Rate per square metre (ZWL)	500 - 1 000
Student accommodation	89 492 907	Income capitalisation	Rental per room (ZWL) Capitalisation rate Vacancy rate	800-1200 10.00% n/a
Residential	26 244 547	Market comparable	Comparable transacted properties prices (ZWL, MZN, ZMW)	5000-8000
Total	**2 276 886 367**			

10 INVESTMENT PROPERTIES (continued)

10.3 Fair value hierarchy (continued)

	Lettable space per square metre		% of portfolio	
	December 2020	December 2019	December 2020	December 2019
Sector				
CBD retail	19 500	19 500	27.70%	31.77%
CBD offices	41 529	32 498	58.99%	52.95%
Industrial	6 881	6 881	9.77%	11.21%
Student accommodation	2 499	2 499	3.54%	4.07%
Total	**70 409**	**61 378**	**100.00%**	**100.00%**

Lettable space per sqaure metre increased after the aquisition of Fidelity life Assurance of Zimbabwe Limited.

The valuation technique and key unobservable inputs used in determining the fair value measurement of investment property as well as the inter-relationship between key unobservable inputs and fair value, is detailed in the table below:

Property class	Valuation technique	Key unobservable inputs	Range	Relationship between key unobservable inputs and fair value
CBD offices	Income capitalisation Comparison approach	Market rental rates per square metre Capitalisation rate Occupancy rate Void period	ZWL 50-100 8% -10% 60% to 80% Average 6 months	The estimated fair value would increase (decrease) if market rental rates were higher/(lower), capitalisation rates were lower/(higher), occupancy rates were higher/(lower), voids periods were shorter/(longer)
Retail	Income capitalisation and Comparison approach	Market rental rates per square metre Capitalisation rate Occupancy rate Void period	ZWL 160 to 200 7% -10% 80% - 95% Average 2 months	The estimated fair value would increase/(decrease) if market rental rates were higher/(lower), capitalisation rates were lower/(higher), occupancy rates were higher/(lower), voids periods were shorter/(longer)
Industrial	Income capitalisation and Comparison approach	Market rental rates per square metre Capitalisation rate Occupancy rate Void period	ZWL 15 to 35 11% - 13% 50% to 80% Average 6 months	The estimated fair value would increase/(decrease) if market rental rates higher/(lower), capitalisation rates were lower/(higher),occupancy rates were higher/ (lower), voids periods were shorter/(longer)
Residential	Market Comparison approach	Comparable transacted sales evidence	ZWL 100,000 - ZWL 250,000	The estimated fair value would increase/(decrease) if achieved transacted sale evidence were higher/(lower)
Land -commercial	Market Comparison approach	Comparable	ZWL40 to ZWL100	The estimated fair value would increase/(decrease) if achieved transacted sale evidence were higher/(lower)
Land - residential	Market Comparison approach	Comparable	ZWL15 to ZWL40	The estimated fair value would increase/(decrease) achieved transacted sale evidence were higher/(lower)

10 INVESTMENT PROPERTIES (continued)

10.3 Fair value hierarchy (continued)

Sensitivity analysis to significant changes in unobservable inputs within level 3 of the hierarchy.
Significant increases/(decreases) in the comparable transacted properties and rental per square metre in isolation would result in a significant higher/(lower) fair value measurement. Significant increases/(decreases) in the long-term vacancy rate and prime yield in isolation would result in a significant lower/(higher) fair value measurement.

The annual rental income used in the valuation of the Zimbabwe properties, comprising 48% (2019:96%) of the entire portfolio was ZWL36 606 629 and the overall capitalisation rate was 7.6%. Increasing the capitalisation rate by 10% would decrease the fair value to ZWL437 880 942. Reducing the capitalisation rate by 10% would increase the fair value to ZWL535 184 573.

Market prime yields

Sector	Prime yield
Retail	7% - 8%
Office	8% - 10%
Industrial	10% - 12%

The impact of the factors listed below on fair value was as follows:

Void periods	2 - 5 years
Total occupancy rate	87%
Total vacancy rate	12.83%

	INFLATION ADJUSTED		HISTORICAL COST	
11 INTANGIBLE ASSETS	**Group 2020 ZWL**	**Group 2019 ZWL**	**Group 2020 ZWL**	**Group 2019 ZWL**
Software (note 11.1)	64 529 844	3 982 428	55 626 081	339 892
Goodwill (note 11.2)	70 496 470	9 079 316	145 280 960	325 803
	135 026 314	**13 061 744**	**200 907 041**	**665 695**

11.1 Software

Cost				
As at 1 January	16 134 174	15 642 721	674 525	564 969
Additions	25 991 585	491 453	25 308 651	109 556
Acquisitions through business combinations	45 074 398	-	6 157 589	-
Revaluation	-	-	24 598 826	-
Foreign exchange movements	11 073 775	-	11 016 557	-
As at 31 December	**98 273 932**	**16 134 174**	**67 756 148**	**674 525**

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
11 INTANGIBLE ASSETS (continued)				
11.1 Software (continued)				
Accumulated amortisation				
As at 1 January	(12 151 746)	(11 131 105)	(334 633)	(425 582)
Charge for the year	(1 978 409)	(2 078 677)	(819 336)	(105 617)
Acquisitions through business combinations	(15 552 743)	0	(704 589)	-
Foreign exchange movements	(4 061 190)	1 058 036	(10 271 509)	196 566
Balance as at 31 December	**(33 744 088)**	**(12 151 746)**	**(12 130 067)**	**(334 633)**
Carrying amount as at 31 December	**64 529 844**	**3 982 428**	**55 626 081**	**339 892**

All intangible assets are classified as non-current assets.

Sotware comprises computer software purchased from various vendors.

No impairment loss was recognised in respect of these assets (2019:ZWLnil)

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
11.2 Goodwill				
As at 1 January	9 079 316	9 079 316	325 803	325 803
Additions (note 36.5.2)	61 417 154	-	144 955 157	-
As at 31 December	**70 496 470**	**9 079 316**	**145 280 960**	**325 803**

Goodwill is classified as a non-current asset.

An analysis of goodwill by principal cash generating unit ("CGU") is as shown below:-

	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
Credit Insurance Company of Zimbabwe Limited	9 079 316	9 079 316	325 803	325 803
Fidelity life Assurance of Zimbabwe Limited	61 417 154	-	144 955 157	-
	70 496 470	**9 079 316**	**145 280 960**	**325 803**

The goodwill arose from the acquisition of control in Credit Insurance Zimbabwe Limited in 2017 and Fidelity life Assurance of Zimbabwe Limited ("FLA") on 1 Decemember 2020. Due to the proximity of the acquisition date of the subsidiary to the year end, the difference between the book value of the acquired net assets and consideration payable has been provisionally recognised as goodwill. During 2021 the Group will determine the fair values of the identifiable assets acquired and liabilities assumed and make the necessary adjustments to the goodwill that has been recognised in these financial statements. IFRS 3 requires fair values of assets and liabilities acquired in a business combination to be finalised within 12 months of the acquisition date.

The Group tests whether goodwill has suffered any impairment on an annual basis. No impairment charge was required for the year (2019:ZWLnil). The recoverable amount of a cash generating unit ("CGU") is determined based on value in use calculations. There were no value in use calculation for FLA due to the proximity of its acquisition date to the balance sheet date.

With regards to Credit Insurance of Zimbabwe Limited, the directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount to exceed its recoverable amount.

12 INVESTMENT IN SUBSIDIARIES

	INFLATION ADJUSTED		HISTORICAL COST	
	Company 2020 ZWL	Company 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
As at 1 January	1 391 445 988	1 368 205 138	43 963 360	41 247 428
Additions	818 212 294	23 240 850	812 512 631	2 715 932
	2 209 658 282	**1 391 445 988**	**856 475 991**	**43 963 360**

Investments are all classified as non-current assets.

The reporting date of all subsidiaries is 31 December.

Financial information of subsidiaries that have material non-controlling interests is provided below.

12.1 Summary of non-controlling interest portion

Name of company	Country of incorporation	Nature of business	2020	2019	2020	2019
Zimre Property Investments Limited	Zimbabwe	Property	0%	36%	0%	36%
Emeritus Resegguros, S.A.	Mozambique	Reinsurance	30%	30%	30%	30%
Credit Insurance Zimbabwe Limited	Zimbabwe	General Insurance	9%	9%	9%	9%
Fidelity Life Assurance of Zimbabwe	Zimbabwe	Life Assurance	33%	-	33%	-

	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Accumulated non-controlling interest balances				
Zimre Property Investments Limited	-	779 849 387	-	166 332 894
Emeritus Resegguros, S.A.	49 530 152	37 007 572	49 530 152	8 249 836
Credit Insurance of Zimbabwe Limited	14 105 660	13 569 196	11 749 741	2 959 917
Fidelity Life Assurance Zimbabwe	1 567 309 002	-	1 571 331 452	-
	1 630 944 814	**830 426 155**	**1 632 611 345**	**177 542 647**
Profit/ (loss) allocated to material non-controlling interests				
Zimre Property Investments Limited	-	289 991 453	-	149 005 300
Emeritus Resegguros, S.A.	17 649 595	1 212 404	17 649 597	117 713
Credit Insurance Zimbabwe Limited	(743 861)	(4 951 861)	953 032	114 562
Fidelity Life Assurance Zimbabwe	1 492 346	-	9 654 894	-
	18 398 080	**286 251 996**	**28 257 523**	**149 237 575**

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

12 INVESTMENT IN SUBSIDIARIES (continued)

12.2 Summarised statements of profit or loss

12.2.1 Summarised statement of profit or loss for 2020

	INFLATION ADJUSTED				HISTORICAL COST			
	Fidelity Life Assurance of Zimbabwe Limited ZWL	Emeritus Resegguros, S.A. ZWL	Credit Insurance of Zimbabwe Limited ZWL	Total ZWL	Fidelity Life Assurance of Zimbabwe Limited ZWL	Emeritus Resegguros, S.A. ZWL	Credit Insurance of Zimbabwe Limited ZWL	Total ZWL
Gross written premium	33 856 616	276 433 149	175 276 223	485 565 988	29 924 490	276 433 149	99 422 121	405 779 760
Total income	45 900 500	201 113 611	79 538 905	326 553 016	38 684 072	201 113 611	45 693 374	285 491 057
Net benefits and claims	(8 442 682)	(46 086 703)	(11 424 299)	(65 953 684)	(7 851 666)	(46 086 703)	(8 389 462)	(62 327 831)
Commission and acquisition expenses	(1 427 729)	(81 986 651)	(33 312 073)	(116 726 453)	(1 270 863)	(81 986 651)	(18 504 987)	(101 762 501)
Operating and administration expenses	(27 814 150)	(73 488 984)	(47 737 761)	(149 040 895)	(43 976 275)	(73 488 984)	(32 734 863)	(150 200 122)
Total claims and expenses	(37 684 561)	(201 562 338)	(92 474 133)	(331 721 032)	(53 098 805)	(201 562 338)	(59 629 313)	(314 290 456)
Gross change in insurance and investment contract liabilities	(48 888 100)	-	-	(48 888 100)	(163 125 389)	-	-	(163 125 389)
Operating loss	(40 672 161)	(448 727)	(12 935 228)	(54 056 116)	(177 540 121)	(448 727)	(13 935 939)	(191 924 787)
Other gains	46 441 467	61 400 444	10 450 039	118 291 950	208 561 110	61 400 448	23 594 742	293 556 300
Profit/(loss) before income tax	5 769 306	60 951 717	(2 485 189)	64 235 834	31 020 989	60 951 722	9 658 804	101 631 515
Income tax (expense)/credit	(1 253 888)	(2 119 733)	(5 470 540)	(8 844 161)	(1 807 997)	(2 119 733)	534 056	(3 393 674)
Profit/(Loss) for the year	**4 515 418**	**58 831 984**	**(7 955 729)**	**55 391 673**	**29 212 992**	**58 831 988**	**10 192 859**	**98 237 839**

12.2.2 Summarised statement of profit or loss for 2019

	INFLATION ADJUSTED				HISTORICAL COST			
	Zimre Property Investments Limited ZWL	Emeritus Resegguros, S.A. ZWL	Credit Insurance Zimbabwe Limited ZWL	Total ZWL	Zimre Property Investments Limited ZWL	Emeritus Resegguros, S.A. ZWL	Credit Insurance Zimbabwe Limited ZWL	Total ZWL
Gross written premium	-	479 272 030	134 008 467	613 280 497	-	46 532 715	15 892 634	62 425 349
Total income	187 759 600	312 414 384	69 045 584	569 219 568	16 565 777	30 332 439	7 488 713	54 386 929
Net benefits and claims	-	(77 104 979)	(8 624 690)	(85 729 669)	-	(7 486 154)	(650 428)	(8 136 582)
Commission and acquisition expenses	-	(122 661 100)	(29 712 818)	(152 373 918)	-	(11 909 216)	(3 386 593)	(15 295 809)
Operating and administration expenses	(155 099 692)	(132 977 629)	(30 625 493)	(318 702 814)	(12 220 393)	(12 910 852)	(3 388 362)	(28 519 607)
Total claims and expenses	(155 099 692)	(332 743 708)	(68 963 001)	(556 806 401)	(12 220 393)	(32 306 221)	(7 425 383)	(51 951 997)
Operating profit/(loss)	32 659 908	(20 329 324)	82 583	12 413 167	4 345 384	(1 973 782)	63 330	2 434 932
Other gains/(losses)	872 712 330	37 076 690	(35 599 823)	874 189 197	440 377 799	3 599 791	1 240 107	445 217 697
Profit/(loss) before income tax	905 372 238	16 747 366	(35 517 240)	886 602 364	444 723 183	1 626 009	1 303 437	447 652 627
Income tax expense	(91 931 978)	(12 706 019)	(17 443 837)	(122 081 834)	(26 756 000)	(1 233 633)	(78 176)	(28 067 808)
Profit/(Loss) for the year	**813 440 260**	**4 041 347**	**(52 961 077)**	**764 520 530**	**417 967 183**	**392 376**	**1 225 261**	**419 584 819**

12 INVESTMENT IN SUBSIDIARIES (continued)

12.3 Summarised statements of financial position

31 December 2020	INFLATION ADJUSTED Fidelity Life Assurance Zimbabwe ZWL	INFLATION ADJUSTED Emeritus Resegguros SA ZWL	INFLATION ADJUSTED Credit Insurance Zimbabwe Limited ZWL	INFLATION ADJUSTED Total ZWL	HISTORICAL COST Fidelity Life Assurance Zimbabwe ZWL	HISTORICAL COST Emeritus Resegguros SA ZWL	HISTORICAL COST Credit Insurance Zimbabwe Limited ZWL	HISTORICAL COST Total ZWL
Assets								
Property and equipment	382 062 711	96 978 508	128 492 348	607 533 567	358 855 767	96 978 508	120 739 272	576 573 547
Investment properties	3 117 751 896	11 691 785	-	3 129 443 680	3 117 751 896	11 691 785	-	3 129 443 681
Intangible assets	59 538 428	232 585	1 822 459	61 593 472	52 865 344	232 585	948 740	54 046 669
Financial assets:				-				
- at amortised cost	316 923 519	9 279 864	1 109 404	327 312 788	316 923 519	9 279 864	1 109 404	327 312 787
- at fair value through profit				-				
or loss	662 745 899	36 512 429	5 674 468	704 932 796	662 745 899	36 512 429	5 674 467	704 932 795
- at fair value through other				-				
comprehensive income	-	93 057 487	-	93 057 487	-	93 057 487	-	93 057 487
Trade and other receivables	294 119 268	186 379 049	48 066 688	528 565 004	293 017 745	186 379 049	48 017 490	527 414 284
Inventories	60 345 478	-	-	60 345 478	2 122 257	-	-	2 122 257
Current tax receivable	-	47 171 446	161 493	47 332 939	-	47 171 446	161 493	47 332 939
Deferred acquisition costs	-	14 988 248	1 756 785	16 745 033	-	14 988 248	1 681 685	16 669 933
Cash and cash equivalents	550 557 240	19 915 242	26 358 237	596 830 719	550 557 240	19 915 242	20 168 887	590 641 369
Total assets	**5 444 044 439**	**516 206 643**	**213 441 882**	**6 173 692 963**	**5 354 839 667**	**516 206 643**	**198 501 438**	**6 069 547 748**
Total equity	**4 742 236 012**	**165 100 508**	**150 862 675**	**5 058 199 195**	**4 754 406 815**	**165 100 508**	**125 665 682**	**5 045 173 005**
Liabilities								
Deferred tax liabilities	155 911 903	5 969 486	11 019 756	172 901 145	45 105 405	5 969 486	4 591 367	55 666 258
Trade and other payables	513 432 233	153 973 312	47 110 053	714 515 598	522 863 155	153 973 312	47 110 053	723 946 520
Borrowings	32 464 291	36 025 620	-	68 489 911	32 464 291	36 025 620	-	68 489 911
Insurance and other provisions	-	155 137 717	4 449 398	159 587 115	-	155 137 717	21 134 336	176 272 053
Total liabilities	**701 808 427**	**351 106 135**	**62 579 207**	**1 115 493 769**	**600 432 851**	**351 106 135**	**72 835 756**	**1 024 374 742**
Total equity and liabilities	**5 444 044 439**	**516 206 643**	**213 441 882**	**6 173 692 964**	**5 354 839 666**	**516 206 643**	**198 501 438**	**6 069 547 748**

12 INVESTMENT IN SUBSIDIARIES (continued)

12.3 Summarised statements of financial position

	INFLATION ADJUSTED				HISTORICAL COST			
	Fidelity Life Assurance Zimbabwe ZWL	Emeritus Resegguros SA ZWL	Credit Insurance Zimbabwe Limited ZWL	Total ZWL	Fidelity Life Assurance Zimbabwe ZWL	Emeritus Resegguros SA ZWL	Credit Insurance Zimbabwe Limited ZWL	Total ZWL
31 December 2019								
Assets								
Property and equipment	35 274 619	85 557 363	140 100 036	260 932 018	1 856 879	19 072 697	30 122 462	51 052 038
Investment properties	2 194 529 018	31 294 076	-	2 225 823 094	489 210 800	6 976 167	-	496 186 967
Intangible assets	-	423 196	89 929	513 125	-	94 340	3 139	97 479
Deferred tax assets	-	931 491	-	931 491	-	207 651	-	207 651
Financial assets:								
- at amortised cost	3 369 703	17 946 830	3 062 579	24 379 112	751 184	4 000 760	682 719	5 434 663
- at fair value through profit or loss	1 253 716	51 906 339	11 683 649	64 843 704	279 482	11 571 112	2 604 553	14 455 147
- at fair value through other comprehensive income	-	63 192 307	-	63 192 307	-	14 087 013	-	14 087 013
Current income tax	37 114 852	163 609 696	38 315 483	239 040 031	7 694 552	36 472 350	8 527 980	52 694 882
Trade and other receivables	82 349 418	-	-	82 349 418	2 483 642	-	-	2 483 642
Inventories	-	51 722 349	724 434	52 446 783	-	11 530 097	161 493	11 691 590
Deferred acquisition costs	-	7 758 544	896 996	8 655 540	-	1 729 557	117 892	1 847 449
Cash and cash equivalents	4 183 258	19 056 937	11 348 252	34 588 447	932 544	4 248 228	2 529 785	7 710 557
Total assets	**2 358 074 584**	**493 399 128**	**206 221 358**	**3 057 695 070**	**503 209 083**	**109 989 972**	**44 750 023**	**657 949 078**
Total equity	**2 187 515 813**	**123 358 533**	**145 125 090**	**2 455 999 436**	**466 571 933**	**27 499 445**	**31 656 866**	**525 728 244**
Liabilities								
Deferred tax liabilities	124 125 796	-	4 791 064	128 916 860	26 286 176	-	839 870	27 126 046
Trade and other payables	19 767 309	204 402 194	36 345 847	260 515 350	4 406 586	45 565 932	8 102 322	58 074 840
Borrowings	26 431 518	38 410 999	-	64 842 517	5 892 191	8 562 692	-	14 454 883
Insurance and other provisions	234 148	127 227 402	19 959 357	147 420 907	52 197	28 361 903	4 150 965	32 565 065
Total liabilities	**170 558 771**	**370 040 595**	**61 096 268**	**601 695 634**	**36 637 150**	**82 490 527**	**13 093 157**	**132 220 834**
Total equity and liabilities	**2 358 074 584**	**493 399 128**	**206 221 358**	**3 057 695 070**	**503 209 083**	**109 989 972**	**44 750 023**	**657 949 078**

12 INVESTMENT IN SUBSIDIARIES (continued)

		INFLATION ADJUSTED				HISTORICAL COST			
12.4	**Summarised statements of cash flows**								
12.4.1	**For the year ended 31 December 2020**	**Fidelity Life Assurance Zimbabwe ZWL**	**Emeritus Resegguros, S.A. ZWL**	**Credit Insurance Zimbabwe Limited ZWL**	**Total ZWL**	**Fidelity Life Assurance Zimbabwe ZWL**	**Emeritus Resegguros, S.A. ZWL**	**Credit Insurance Zimbabwe Limited ZWL**	**Total ZWL**
	Cash flows from operating activities	122 908 940	778 788	8 439 799	132 127 527	38 489 570	778 788	2 731 101	41 999 459
	Cash flows from investing activities	119 044 804	(1 650 450)	(8 696 362)	108 697 992	154 045 081	(1 650 450)	(2 414 913)	149 979 718
	Cash flows from financing activities	(23 929 519)	(610 643)	407 516	(24 132 646)	(16 294 860)	(610 643)	297 671	(16 607 832)
	Net increase/(decrease) in cash and cash equivalents	**218 024 225**	**(1 482 305)**	**150 953**	**216 692 873**	**176 239 791**	**(1 482 305)**	**613 859**	**175 371 345**
12.4.2	**For the year ended 31 December 2019**								
	Cash flows from operating activities	(112 925 908)	3 493 532	37 859 719	(71 572 657)	3 901 635	778 788	2 731 101	7 411 524
	Cash flows from investing activities	119 044 804	(7 403 679)	(39 010 627)	72 630 498	(26 085 841)	(1 650 450)	(2 414 913)	(30 151 204)
	Cash flows from financing activities	(23 929 519)	(2 739 257)	1 828 059	(24 840 717)	(6 923 476)	(610 643)	297 671	(7 236 448)
	Net increase/(decrease) in cash and cash equivalents	**(17 810 623)**	**(6 649 404)**	**677 151**	**(23 782 876)**	**(29 107 682)**	**(1 482 305)**	**613 859**	**(29 976 128)**

13 INVESTMENTS IN ASSOCIATES

Following an assessment carried out on 30 June 2020, the investment in CFI Holdings Limited, which was fully impaired in 2016, was re-recognised as an associate. Furthermore, following the purchase of a contolling stake in FLA by ZHL, the investment in FLA was reclassified to investment in subsidiary. As a result, the carrying amount of the investment in associates changed as follows :

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2 020 ZWL	Group 2 019 ZWL	Group 2 020 ZWL	Group 2 019 ZWL
As at 1 January	155 538 660	63 126 952	26 042 624	5 352 764
Write back of investment in CFI	766 549 180	-	59 853 361	-
Share of profit for the year	98 051 834	20 384 899	121 600 187	3 648 161
Share of other comprehensive income of associates	3 693 418	72 026 809	482 915 734	17 041 699
Additions	7 576 528	-	7 576 528	-
Fair value on remeasurement of associate	51 113 672	-	19 177 952	-
Other equity changes	42 186 972	-	42 988 306	-
Reclassification to investment subsidiaries	(146 889 468)	-	(66 178 546)	-
As at 31 December	**977 820 796**	**155 538 660**	**693 976 146**	**26 042 624**

	Company 2 020 ZWL	Company 2 019 ZWL	Company 2 020 ZWL	Company 2 019 ZWL
Investments in associates at cost:				
CFI Holdings Limited	19 558 694	19 558 694	589 639	589 639
Fidelity Life Assurance Limited	-	4 993 183	-	150 530
United General Insurance Limited	3 051 701	3 051 701	92 398	92 398
Special Automobile Underwriters Association of Zimbabwe ("SAUZ")	1 047 559	1 047 559	31 182	31 182
As at 31 December	**23 657 957**	**28 651 137**	**713 219**	**863 749**

Investments in associates are all classified as non-current assets.

13.1 Details of the Group's associates are as follows:

Set out below are the associates of the Group as at 31 December. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of owership interest is the same as the proportion of voting rights held.

Name of entity	Published activity	Country of incorporation principal place of business	Proportion of ownership interest held as at 31 December 2020	Proportion of ownership interest held as at 31 December 2019
CFI Holdings Limited* *	Agro-retail	Zimbabwe	41.08%	41.08%
Fidelity Life Assurance Limited*	Life insurance	Zimbabwe	0.00%	20.57%
United General Insurance Limited	General insurance	Malawi	20.00%	20.00%
Special Automobile Underwriters Association of Zimbabwe ("SAUZ")	General insurance	Zimbabwe	20.00%	20.00%

* Fidelity Life Assurance Limited changed to subsidiary following the acquisition of additional interest of 35.09%.
* *The associate is listed on the Zimbabwe Stock Exchange but is suspended from trading.

13 INVESTMENTS IN ASSOCIATES (continued)

13.1 Details of the Group's associates are as follows (continued)

The reporting dates of the associates is 31 December, except for CFI Holdings Limited whose reporting date is 30 September. The financial statements taken into account for that associate are for the year ended 30 September 2020.

The difference between the associate and the Holding Company's year end is within the maximum three months period allowed by IFR10, "consolidated financial statements".

Management has determined that there were no significant transactions to take into account for the period 1 October 2020 to 31 December 2020 in respect of the associate.

	INFLATION ADJUSTED		HISTORICAL COST	
The quoted values of the listed associates were as follows as at 31 December	**2020 ZWL**	**2019 ZWL**	**2020 ZWL**	**2019 ZWL**
Fidelity Life Assurance Limited	-	8 563 570	-	1 909 016

*CFI Holdings Limited was suspended from trading on the Zimbabwe Stock Exchange ("ZSE") in January 2018 due to non-compliance with the ZSE Listing Requirements.

13.2 Summarised financial information of associates

	INFLATION ADJUSTED			
As at 31 December 2020	**CFI Holdings Limited ZWL**	**United General Insurance Limited ZWL**	**Special Automobile Underwriters Association of Zimbabwe ZWL**	**Total ZWL**
Statements of financial position				
Current assets	1 819 083 226	974 814 965	32 173 889	2 826 072 080
Non-current assets	1 572 337 690	294 452 971	35 713 176	1 902 503 837
Current liabilities	(982 111 263)	(644 159 449)	(27 294 070)	(1 653 564 782)
Non-current liabilities	(339 397 634)	(39 693 461)	11 496 671	(367 594 424)
Net assets	**2 069 912 019**	**585 415 026**	**52 089 666**	**2 707 416 712**
Statements of comprehensive income				
Revenue	3 435 193 971	126 289 732	3 740 043	3 565 223 745
Profit for the year	218 130 588	(3 654 135)	39 566 155	254 042 608
Other comprehensive income for the year	4 547 457	337 739	-	4 885 196
Total comprehensive income for the year	**222 678 045**	**(3 316 396)**	**39 566 155**	**258 927 804**
Reconciliation of carrying amounts				
Net assets				
As at 1 January	1 102 217 069	151 849 829	6 925 074	1 965 498 248
Profit for the year	218 130 588	(3 654 135)	39 566 155	254 042 608
Other comprehensive income for the year	4 547 457	337 739	-	4 885 196
Other equity changes	745 016 905	436 881 594	5 598 437	482 990 660
As at 31 December	2 069 912 019	585 415 027	52 089 666	2 707 416 712
Group's share in %	41.08%	20.00%	20.00%	
Group's effective share in ZWL	**850 319 857**	**117 083 005**	**10 417 933**	**977 820 796**

13 INVESTMENTS IN ASSOCIATES (continued)

13.2 Summarised financial information of associates (continued)

	INFLATION ADJUSTED				
As at 31 December 2019	**CFI Holdings Limited ZWL**	**Fidelity Life Assurance Limited ZWL**	**United General Insurance Limited ZWL**	**Special Automobile Underwriters Association of Zimbabwe ZWL**	**Total ZWL**
Statements of financial position					
Current assets	1 094 890 935	1 024 208 694	320 289 280	43 292 394	2 482 681 303
Non-current assets	775 865 550	3 602 629 323	95 348 844	2 394 451	4 476 238 168
Current liabilities	(424 460 698)	(3 821 240 414)	(263 788 295)	(38 752 372)	(4 548 241 779)
Non-current liabilities	(344 078 718)	(101 091 327)	-	(9 399)	(445 179 444)
Net assets	**1 102 217 069**	**704 506 276**	**151 849 829**	**6 925 074**	**1 965 498 248**
Statements of comprehensive income					
Revenue	1 557 419 017	2 259 284 860	778 066 889	55 832 696	4 650 603 462
Profit for the year	139 329 106	332 428 776	19 306 360	5 555 377	496 619 619
Other comprehensive income for the year	8 382 965	123 324 273	1 693 600	-	133 400 838
Total comprehensive income/(loss) for the year	**147 712 071**	**455 753 049**	**20 999 960**	**5 555 377**	**630 020 457**
Reconciliation of carrying amounts					
Net assets					
As at 1 January	604 071 776	245 425 862	72 315 674	9 806 601	931 619 913
Profit for the year	139 329 106	332 428 776	19 306 360	5 555 377	496 619 619
Other comprehensive income for the year	8 382 965	123 324 273	1 693 600	-	133 400 838
As at 31 December	**751 783 847**	**701 178 911**	**93 315 634**	**15 361 978**	**1 561 640 370**
Group's share in %	41.08%	20.57%	20.00%	20.00%	
Group's effective share in ZWL	-	**133 803 139**	**18 663 127**	**3 072 395**	**155 538 660**

13 INVESTMENTS IN ASSOCIATES (continued)

13.2 Summarised financial information of associates (continued)

	HISTORICAL COST			
As at 31 December 2020	**CFI Holdings Limited ZWL**	**General Insurance Limited ZWL**	**Special Automobile Underwriters Association of Zimbabwe ZWL**	**Total ZWL**
Statements of financial position				
Current assets	1 216 896 378	675 060 546	20 531 739	1 912 488 663
Non-current assets	1 571 893 311	294 452 971	22 790 332	1 889 136 614
Current liabilities	(982 111 263)	(644 159 449)	(17 417 687)	(1 643 688 399)
Non-current liabilities	(269 036 435)	(39 693 461)	(911)	(308 730 807)
	1 537 641 991	**285 660 607**	**25 903 473**	**1 849 206 071**
Statements of comprehensive income				
Revenue	1 920 324 644	126 289 732	2 386 705	2 049 001 081
(Loss)/profit for the year	275 519 286	(3 654 135)	25 249 107	297 114 258
Other comprehensive income for the year	1 125 320 691	337 739	-	1 125 658 430
Total comprehensive (loss)/income for the year	**1 400 839 977**	**(3 316 396)**	**25 249 107**	**1 422 772 688**
Reconciliation of carrying amount				
Net Assets				
As at 1 January 2020	145 699 516	33 850 807	671 199	180 221 522
(Loss)/profit for the year	275 519 286	(3 654 135)	25 249 107	297 114 258
Other comprehensive income for the year	1 125 320 691	337 739	-	1 125 658 430
Other equity changes	(8 897 502)	255 126 196	(16 833)	246 211 861
As at 31 December 2020	**1 537 641 991**	**285 660 607**	**25 903 473**	**1 849 206 071**
Group's share in %	41.08%	20.00%	20.00%	
Group's effective share in ZWL	**631 663 330**	**57 132 121**	**5 180 695**	**693 976 146**

	HISTORICAL COST				
	CFI Holdings Limited ZWL	**Fidelity Life Assurance Limited ZWL**	**General Insurance Limited ZWL**	**Special Automobile Underwriters Association of Zimbabwe ZWL**	**Total ZWL**
As at 31 December 2019					
Statements of financial position					
Current assets	134 980 271	216 361 616	71 399 819	4 196 029	426 937 735
Non-current assets	173 414 362	797 129 972	21 255 442	232 077	992 031 853
Current liabilities	(94 624 041)	(851 831 857)	(58 804 454)	(3 755 996)	(1 009 016 348)
Non-current liabilities	(68 071 076)	(22 038 849)	-	(911)	(90 110 836)
Net assets	**145 699 516**	**139 620 882**	**33 850 807**	**671 199**	**319 842 404**

13 INVESTMENTS IN ASSOCIATES (continued)

13.2 Summarised financial information of associates (continued)

	HISTORICAL COST				
As at 31 December 2019	**CFI Holdings Limited ZWL**	**Fidelity Life Assurance Limited ZWL**	**General Insurance Limited ZWL**	**Special Automobile Underwriters Association of Zimbabwe ZWL**	**Total ZWL**
Statements of comprehensive income					
Revenue	176 822 323	675 314 644	75 538 721	5 482 727	933 158 415
Profit/(loss) for the year	(12 170 040)	94 249 127	1 459 900	420 084	83 959 071
Other comprehensive income for the year	-	36 444 172	128 067	-	36 572 239
Total comprehensive income/(loss) for the year	**(12 170 040)**	**130 693 299**	**1 587 967**	**420 084**	**120 531 310**
Reconciliation of carrying amounts					
Net Assets					
As at 1 January 2019	46 937 338	8 927 585	15 197 222	1 347 484	72 409 629
Profit/(loss) for the year	(12 170 040)	94 249 129	1 459 900	420 084	83 959 073
Other comprehensive income for the year	-	36 444 169	128 066	-	36 572 235
As at 31 December 2019	**34 767 298**	**139 620 883**	**16 785 188**	**1 767 568**	**192 940 937**
Group's share in %	28.13%	20.57%	20.00%	20.00%	
Group's share in ZWL	-	**21 828 517**	**3 860 593**	**353 514**	**26 042 624**

		INFLATION ADJUSTED		HISTORICAL COST	
		Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
14	**TAXES**				
14.1	**Deferred tax**				
	The analysis of deferred tax assets and deferred tax liabilities is as follows:				
	Deferred tax asset:				
	Deferred tax assets to be recovered after more than 12 months	-	-	-	-
	Deferred tax assets to be recovered within 12 months	86 264 671	71 405 123	79 871 904	14 382 180
		86 264 671	71 405 123	79 871 904	14 382 180
	Deferred tax liabilities:				
	Deferred tax liabilities to be settled after more than 12 months	(239 594 597)	(57 410 765)	(192 647 632)	(5 393 357)
	Deferred tax liabilities to be recovered within 12 months	-	-	-	-
		(239 594 597)	**(57 410 765)**	**(192 647 632)**	**(5 393 357)**
	Deferred tax (liabilities)/assets	**(153 329 926)**	**13 994 358**	**(112 775 728)**	**8 988 823**
	The movement on the deferred tax account is as shown below:				
	As at 1 January	13 994 358	20 806 412	8 988 824	1 066 338
	(Charged)/credited in profit or loss	(29 620 774)	(60 965 416)	(67 429 319)	13 014 776
	Credited/(charged) in other comprehensive income	1 146 308	(20 404 305)	(7 173 418)	(5 878 277)
	Foreign exchange movements	(138 849 818)	74 557 667	(47 161 815)	785 987
	As at 31 December	**(153 329 926)**	**13 994 358**	**(112 775 728)**	**8 988 824**
14.1.2	**Sources of deferred tax**				
	Property, plant and equipment	(75 028 247)	(37 211 154)	(80 974 292)	(7 435 736)
	Investment properties	(157 817 189)	(126 533 736)	(148 718 231)	(26 825 681)
	Intangible assets	(345 963)	(709 359)	(69 468)	(20 787)
	Financial assets at fair value through other comprehensive income	137 322	(21 022 345)	1 081 241	(3 054 928)
	Trade and other receivables	(44 621 825)	(26 483 697)	-	(5 667 670)
	Trade and other payables	66 926 907	55 073 278	66 926 907	11 786 012
	Short term investments in equity	(99 113)	(127 180)	(99 113)	(75 055)
	Other receivables and prepayments	(370 767)	(281 400)	(370 767)	(76 007)
	Provisions	61 528 986	45 795 728	49 600 018	4 586 478
	Assessed tax losses	(3 640 037)	125 494 217	(152 023)	35 772 198
	Deferred tax (liabilities)/assets	**(153 329 926)**	**13 994 358**	**(112 775 728)**	**8 988 824**
14.2	**Income tax expense**				
	Current income tax	(35 557 009)	(64 749 737)	(30 163 260)	(31 591 281)
	Deferred tax	(29 620 774)	(60 965 416)	(67 429 319)	13 014 776
	Income tax (expense)/credit	**(65 177 783)**	**(125 715 153)**	**(97 592 579)**	**(18 576 505)**

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
14 TAXES (continued)				
14.2.1 Tax rate reconciliation				
Gains/(loss) before income tax	1 048 332 733	601 673 891	2 969 231 508	437 584 403
Tax at Zimre Holdings Limited statutory income tax rate of 24.72% (2019: 25.75%)	259 147 852	154 931 027	733 994 029	112 677 984
Tax effect on amounts which are not deductible/(taxable) in calculating taxable income:				
Effects of lower tax rate on fair vale adjustment				
(Gains)/losses taxed at different rate	(201 007 632)	(199 436 233)	(660 421 593)	(111 575 806)
Effect of gains on fair value of financial assets through profit or loss taxed at different rate	7 107 349	39 430 527	(14 132 711)	(849 971)
Share of profits from associates	(24 238 413)	(5 249 111)	(30 059 566)	(939 401)
Effect of life reassurance entity taxed differently	(14 895 847)	12 738 592	(20 631 353)	(968 452)
Income exempt from tax - dividends	(1 432 069)	(2 720 120)	950 263	(296 231)
Income exempt from tax - interest	5 695 990	(9 041 345)	5 640 281	(933 344)
Non-taxable income	(700 232)	(73 958)	(390 172)	(12 042)
Movements in insurance provisions	77 755 585	(56 681 863)	53 222 759	(6 134 201)
Monetary adjustment	104 667 284	18 393	-	-
Permanent differences on adoption of IAS 29	-	(11 483 581)	-	-
Effect on change in tax rate	-	(832 256)	-	(42 654)
Effect of different tax rate on foreign operations	(277 277 649)	(47 315 225)	(165 764 516)	(9 502 387)
	(65 177 783)	**(125 715 153)**	**(97 592 579)**	**(18 576 505)**

		INFLATION ADJUSTED		HISTORICAL COST	
		Company 2020 ZWL	Company 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
14	**TAXES (continued)**				
14.3	**Deferred tax**				
	The analysis of deferred tax assets and deferred tax liabilities is as follows:				
	Deferred tax assets:				
	Deferred tax assets to be utilised within 12 months	-	293 555	-	65 440
	Deferred tax assets to be utilised after more than 12 months	1 297 633	1 174 218	448 851	261 760
		1 297 633	1 467 773	448 851	327 200
	Deferred tax liabilities:				
	Deferred tax liabilities to be settled within 12 months	-	(2 818 306)	-	(25 453)
	Deferred tax liabilities to be settled after more than 12 months	(3 932 528)	(8 459 302)	-	(404 088)
		(3 932 528)	(11 277 608)	-	(429 541)
	Deferred tax (liabilities)/assets	**(2 634 896)**	**(9 809 835)**	**448 851**	**(102 341)**
	Deferred tax				
	Reflected in the statement of financial position as follows:				
	Deferred tax asset	-	-	448 851	-
	Deferred tax liabilities	(2 634 896)	(9 809 835)	-	(102 341)
	Deferred tax liabilities, net	(2 634 896)	(9 809 835)	448 851	(102 341)
	The movement on the deferred tax account is as shown below:				
	As at 1 January	(9 809 835)	(4 158 119)	(102 341)	(49 631)
	Charged/(credited) in profit or loss	6 828 886	(5 577 462)	694 856	10 672
	Charged/(credited) in other comprehensive income	346 053	(74 254)	(143 664)	(63 382)
	As at 31 December	**(2 634 896)**	**(9 809 835)**	**448 851**	**(102 341)**
14.3.1	**Sources of deferred tax**				
	Property, plant and equipment	553 678	(1 177 678)	-	(5 737)
	Right of use of assets	(2 031 561)	(7 358 327)	(528 201)	(264 087)
	Financial assets at fair value through other comprehensive income	(1 283 387)	(2 532 099)	(256 677)	(113 013)
	Investments in listed equity	(63 902)	(209 506)	(63 902)	(46 704)
	Lease liabilities	(520 420)	1 229 329	520 420	274 046
	Provisions	(777 211)	238 446	777 211	53 154
	Assessed tax losses	-	-	-	-
	Deferred tax assets/(liabilities)	**(2 634 896)**	**(9 809 835)**	**448 851**	**(102 341)**
14.4	**Income tax**				
	Current	-	-		
	Deferred	6 828 886	(5 577 462)	694 856	10 672
	Income tax (expense)/credit	**6 828 886**	**(5 577 462)**	**694 856**	**10 672**

		INFLATION ADJUSTED		HISTORICAL COST	
		Company 2020 ZWL	Company 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
14	**TAXES (continued)**				
14.4.1	**Tax rate reconciliation**				
	Profit/(loss) before income tax	25 144 071	49 571 981	3 547 685	(3 395 690)
	Tax at Zimre Holdings Limited statutory income tax rate of 24.72% (2019: 25.75%)	6 215 614	12 764 785	876 988	(874 390)
	Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
	Effect of gains on fair value of financial assets through profit or loss taxed at different rate	7 107 349	(17 953 702)	5 292 888	(2 335 310)
	Unrealised exchange losses/(gains)	-	10 230 814	(371 695)	2 286 595
	Effect of losses on fair value of financial assets through profit or loss	-	41 023 683	-	884 313
	Non-taxable income	(898 029)	(661 325)	(256 371)	(49 150)
	Non-deductible expenses	329 227	842 821	418 929	96 630
	Gain on disposal of financial assets	(485 212)	-	5 319 892	-
	Monetary adjustment	(20 104 201)	(47 537 799)	-	-
	Permanent differences on adoption of IAS 29	-	(4 459 004)	-	-
	Effect of change in tax rate	-	172 265	-	1 984
	Income tax (expense)/credit for the year	**(7 835 252)**	**(5 577 462)**	**694 856**	**10 672**

		INFLATION ADJUSTED		HISTORICAL COST	
		Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
15	**INVENTORIES**				
	Property and stands developed for sale	148 437 997	82 349 418	4 345 381	2 483 641
	Consumables	3 359 980	2 196 521	2 362 154	431 319
		151 797 977	**84 545 939**	**6 707 535**	**2 914 960**

All inventory items are classified as current assets.

There was no write off of inventories during the year ended 31 December 2020 (2019: ZWLnil).

	INFLATION ADJUSTED		HISTORICAL COST	
16 TRADE AND OTHER RECEIVABLES	**Group 2020 ZWL**	**Group 2019 ZWL**	**Group 2020 ZWL**	**Group 2019 ZWL**
Insurance receivables	940 111 347	796 183 605	940 111 347	177 487 568
Due from policyholders under life assurance	178 796 841	-	178 796 841	-
Less: allowance for credit losses	(170 399 901)	(140 300 527)	(170 399 901)	(31 276 202)
Insurance receivables - net	948 508 287	655 883 078	948 508 287	146 211 366
Non insurance receivables				
Rental receivables	21 197 264	12 433 648	21 197 264	2 771 745
Inventory sales receivables	15 372 554	20 119 219	15 372 554	4 485 036
Less: allowance for credit losses	(4 348 016)	(4 660 562)	(4 348 016)	(1 038 946)
Non reinsurance trade receivables - net	32 221 802	27 892 305	32 221 802	6 217 835
Total trade receivables-net	980 730 089	683 775 383	980 730 089	152 429 201
Other receivables and prepayments*	272 964 878	117 753 765	268 487 553	26 250 011
Less: allowance for credit losses	(4 003 395)	(145 145)	(4 003 395)	(32 357)
Total trade and other receivables	**1 249 691 572**	**801 384 003**	**1 245 214 247**	**178 646 855**
The reconciliation of the allowance for credit losses for trade and other receivables is as follows:				
As at 1 January	145 106 243	113 184 787	32 347 505	4 722 144
Charge for the year	126 053 819	287 732 604	146 541 931	27 908 132
Amounts written off	(160 058)	(2 911 729)	(138 124)	(282 771)
Effects of IAS 29	(92 248 692)	(252 899 419)	-	-
As at 31 December	178 751 312	145 106 243	178 751 312	32 347 505
Analysed as follows:				
Insurance receivables	170 399 901	140 300 527	170 399 901	31 276 202
Rental receivables	4 348 016	4 660 562	4 348 016	1 038 946
Other receivables	4 003 395	145 154	4 003 395	32 357
Total	178 751 312	145 106 243	178 751 312	32 347 505

	Company 2020 ZWL	**Company 2019 ZWL**	**Company 2020 ZWL**	**Company 2019 ZWL**
Other receivables and prepayments*	**3 334 559**	**2 998 035**	**3 334 559**	**668 331**

All receivables are classified as current assets.

*Other receivables and prepayments comprise receivables from disposal of investment in equity instruments, staff loans, prepaid licence fees and sundry receivables.

Due to the short-term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value. Based on credit history of these other receivables, it is expected that these amounts will be received when due.

17 DEFERRED ACQUISITION COSTS	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	**Group 2019 ZWL**	**Group 2020 ZWL**	**Group 2019 ZWL**
As at 1 January	56 004 436	61 424 897	11 479 221	2 002 809
Movement for the year	48 094 350	(5 420 461)	74 448 336	9 476 412
As at 31 December	**104 098 786**	**56 004 436**	**85 927 557**	**11 479 221**

All deferred acquisition costs are classified as current assets.

18 FINANCIAL ASSETS

18.1 At amortised cost

Financial assets at amortised cost include the following debt investments:

	INFLATION ADJUSTED					
Group	**2020**			**2019**		
	Current ZWL	**Non-current ZWL**	**Total ZWL**	**Current ZWL**	**Non-current ZWL**	**Total ZWL**
Debentures	-	46 864	46 864	-	210 225	210 225
Mortgage loan	-	10 833 265	10 833 265	-	13 289 419	13 289 419
Bonds and treasury bills	330 687 363	4 587 457	335 274 820	27 727 648	15 726 477	43 454 125
Deposits with financial institutions	96 880 239	-	96 880 239	81 531 776	-	81 531 776
	427 567 602	**15 467 586**	**443 035 188**	**109 259 424**	**29 226 121**	**138 485 545**
Company						
Debentures	-	46 864	46 864	-	210 225	210 225
	-	**46 864**	**46 864**	**-**	**210 225**	**210 225**

	HISTORICAL COST					
Group	**2020**			**2019**		
	Current ZWL	**Non current ZWL**	**Total ZWL**	**Current ZWL**	**Non-current ZWL**	**Total ZWL**
Debentures	-	46 864	46 864	-	46 864	46 864
Mortgage loan	-	10 833 265	10 833 265	-	2 962 516	2 962 516
Government bonds	330 687 363	4 587 457	335 274 820	6 181 128	3 505 792	9 686 920
Deposits with financial institutions	96 880 239	-	96 880 239	18 175 301	-	18 175 301
	427 567 602	**15 467 586**	**443 035 188**	**24 356 429**	**6 515 172**	**30 871 601**
Company						
Debentures	-	46 864	46 864	-	46 864	46 864
	-	**46 864**	**46 864**	**-**	**46 864**	**46 864**

18.1.1 Analysis of movements	INFLATION ADJUSTED Group 2020 ZWL	Group 2019 ZWL	HISTORICAL COST Group 2020 ZWL	Group 2019 ZWL
As at 1 January	138 485 545	177 412 885	30 871 601	6 156 876
Additions - business combinations	316 923 519	-	316 923 519	-
Purchases	154 562 437	78 231 685	31 164 429	8 742 077
Disposals	(102 082 402)	(13 155 924)	(10 134 513)	(2 070 625)
Foreign exchange movement	74 210 152	80 939 518	74 210 152	18 043 273
Effects of IAS 29	(139 064 063)	(184 942 619)	-	-
As at 31 December	**443 035 188**	**138 485 545**	**443 035 188**	**30 871 601**

	Company 2020 ZWL	Company 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
As at 1 January	210 225	51 459 578	46 864	1 846 864
Disposals	-	(11 055 260)	-	(1 800 000)
Effects of IAS 29	(163 361)	(40 194 093)	-	-
As at 31 December	**46 864**	**210 225**	**46 864**	**46 864**

The debentures mature in 2023 and accrue interest at a rate of 5% per annum.

Bonds and treasury bills mature between 1-2 years and accrue interest of between 5%-15% per annum depending on jurisdiction.

Mortgage loans mature in 2025 and accrue interest of 10% per annum.

		INFLATION ADJUSTED		HISTORICAL COST	
18	**FINANCIAL ASSETS (continued)**	**Group 2020 ZWL**	**Group 2019 ZWL**	**Group 2020 ZWL**	**Group 2019 ZWL**
18.2	**At fair value through profit or loss**				
	As at 1 January	108 901 367	175 945 297	24 276 611	6 314 770
	Additions - business combinations	829 080 888	-	795 485 574	-
	Purchases	519 045 674	71 330 851	592 487 627	2 785 652
	Disposals	(367 035 255)	(34 817 138)	(176 700 496)	(231 728)
	Fair value(loss)/gain (note 33)	(28 751 411)	(159 315 275)	57 171 162	3 434 226
	Effects of IAS 29	231 479 215	2 045 385	-	-
	Foreign exchange movement	(555 925 750)	53 712 247	(555 925 750)	11 973 691
	As at 31 December	**736 794 728**	**108 901 367**	**736 794 728**	**24 276 611**

	Company 2020 ZWL	Company 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
As at 1 January	20 950 580	79 326 364	4 670 364	2 846 992
Purchases	7 812 025	21 454 106	3 061 429	641 506
Disposals	(9 760 000)	(23 148 379)	(22 752 931)	(128 244)
Fair value (loss)/gain	12 612 383	(72 540 211)	21 411 359	1 310 110
Effects of IAS 29	(25 224 767)	15 858 700	-	-
As at 31 December	**6 390 221**	**20 950 580**	**6 390 221**	**4 670 364**

All financial assets at fair value through profit or loss are classified as current assets.

At fair value through profit or loss financial assets are equity securities listed either on the Zimbabwe Stock Exchange or on Stock Exchanges for regional countries.

		INFLATION ADJUSTED		HISTORICAL COST	
18.3	**At fair value through other comprehensive income**	**Group 2020 ZWL**	**Group 2019 ZWL**	**Group 2020 ZWL**	**Group 2019 ZWL**
	As at 1 January	350 103 492	144 379 084	78 046 090	5 181 669
	Additions - business combinations	704 693 434		676 138 443	
	Additions	-	25 944 452	-	2 518 957
	Disposals	(336 351)	-	(336 351)	-
	Fair value gains	(63 303 279)	153 404 635	36 659 604	57 658 115
	Effects of IAS 29	(200 649 510)	(30 538 296)	-	-
	Foreign exchange movement	(428 840 058)	56 913 617	(428 840 058)	12 687 349
	As at 31 December	**361 667 728**	**350 103 492**	**361 667 728**	**78 046 090**

Equity investments at FVOCI comprise the following individual investments:

Unlisted securities				
Cell Insurance Company (Private) Limited	20 565 765	50 641 982	20 565 765	11 289 258
Guardian Reinsurance Brokers Limited	5 101 972	6 255 862	5 101 972	1 394 575
PTA Reinsurance Company	239 313 579	220 300 123	239 313 579	49 109 945
Lidwala Insurance Company	93 057 487	63 192 306	93 057 487	14 087 013
Vanguard Life Assurance Company Limited	3 628 925	9 713 219	3 628 925	2 165 299
	361 667 728	**350 103 492**	**361 667 728**	**78 046 090**

	INFLATION ADJUSTED		HISTORICAL COST	
	Company 2020 ZWL	Company 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
As at 1 January	56 927 150	43 906 164	12 690 366	1 575 775
Fair value gain	(31 259 413)	13 020 986	12 977 371	11 114 591
As at 31 December	**25 667 737**	**56 927 150**	**25 667 737**	**12 690 366**
Equity investments at FVOCI comprise the following individual investments:				
Unlisted securities				
Cell Insurance Company (Private) Limited	20 565 764	50 641 982	20 565 764	11 289 258
Guardian Reinsurance Brokers Limited	5 101 973	6 285 168	5 101 973	1 401 108
	25 667 737	**56 927 150**	**25 667 737**	**12 690 366**

	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
19 CASH AND CASH EQUIVALENTS				
Cash on hand	549 741	355 532	549 741	79 256
Cash at bank	957 451 151	255 596 738	957 451 151	56 978 369
Bank overdraft	(291 933)		(291 933)	
Term deposits maturing under 3 months	225 680 364	154 236 382	225 680 364	34 382 824
	1 183 389 323	**410 188 652**	**1 183 389 323**	**91 440 449**

	Company 2020 ZWL	Company 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
Bank overdraft	(291 933)	596 598	(291 933)	132 995
Term deposits maturing under 3 months	12 104 747	1 951 052	12 104 747	434 934
	11 812 814	**2 547 650**	**11 812 814**	**567 929**

Term deposits are presented as cash equivalents if they have a maturity of 3 months or less from the date of placement with a financial institution and are repayable within 24 hours notice. Term deposits accrue interest at a rate of between 5% to 10% p.a.

20 SHARE CAPITAL

20.1 Authorised share capital

Authorised share capital as at 31 December 2020 was 2 000 000 000 (2019 : 2 000 000 000) ordinary shares with a nominal value of ZWL0.01 each, ZWL20 000 000 (2019 : ZWL20 000 000).

20.2 Issued share capital and treasury shares

	INFLATION ADJUSTED				HISTORICAL COST		
Year ended 31 December 2019	**Number of shares**	**Share capital ZWL**	**Share premium ZWL**	**Treasury Shares ZWL**	**Share capital ZWL**	**Share premium ZWL**	**Treasury Shares ZWL**
As at 1 January 2019	**1 533 338 937**	**508 539 756**	**379 042 460**	**(439 188)**	**15 326 649**	**11 427 034**	**(8 886)**
Share buy-back	-	-	-	(79 938)	-	-	(17 046)
As at 31 December 2019	1 533 338 937	508 539 756	379 042 460	(519 126)	15 326 649	11 427 034	(25 932)
Year ended 31 December 2020							
As at 1 January 2020	1 533 338 937	508 539 756	379 042 460	(519 126)	15 326 649	11 427 034	(25 932)
Share issue	284 879 849	2 848 798	776 295 078	-	2 848 798	776 295 079	-
Share buy-back	-	-	-	(1 039 000)	-	-	(997 149)
As at 31 December 2020	1 818 218 786	511 388 554	1 155 337 538	(1 558 126)	18 175 447	787 722 113	(1 023 081)

During the year ended 31 December 2020, the Company purchased 526 100 (2019:379 600) ordinary shares amounting to ZWL 1 039 000 (2019:17 046).

20.3 Unissued shares

181 781 214 unissued shares (2019: 466 899 700) and 1 341 100 treasury shares (2019: 815 000) are under the control of the Directors subject to the limitations imposed by the Articles and Memorandum of Association of the Company, the Zimbabwe Companies and Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listing Requirements.

20.4 Reserves

Revaluation reserve - relates to revaluation of property and equipment

Financial assets at FVOCI reserve - relates to the fair valuation of financial assets classified as financial assets at FVOCI.

Foreign currency translation reserve - relates to translation of financial statements of foreign operations whose functional and reporting currency is not Zimbabwe dollar.

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020	Group 2019	Group 2020	Group 2019
21 SHORT-TERM INSURANCE CONTRACT LIABILITIES	ZWL	ZWL	ZWL	ZWL
Gross liabilities				
Outstanding claims	261 456 298	214 515 715	261 456 298	47 820 468
Incurred but not reported claims reserve	210 332 922	110 022 579	210 332 922	24 526 554
Unearned premium reserve	585 526 713	414 530 111	506 034 573	79 050 624
	1 057 315 933	739 068 405	977 823 793	151 397 646
Recoveries from reinsurance				
Outstanding claims	85 555 291	(53 628 928)	85 555 291	(11 955 117)
Incurred but not reported claims reserve	68 826 395	(27 513 342)	68 826 395	(6 131 638)
Unearned premium reserve	191 599 548	(103 624 830)	165 587 655	(19 762 656)
	345 981 234	(184 767 100)	319 969 341	(37 849 411)
Net liabilities				
Outstanding claims	175 901 007	160 886 786	175 901 007	35 865 351
Incurred but not reported claims reserve	141 506 527	82 509 237	141 506 527	18 394 915
Unearned premium reserve	393 927 165	310 905 281	340 446 918	59 287 968
	711 334 699	**554 301 304**	**657 854 452**	**113 548 234**

All short-term insurance contract liabilities are classified as current liabilities.

21.1 Reconciliation of short-term insurance contract liabilities

	INFLATION ADJUSTED			
Group	Outstanding claims ZWL	Incurred but not reported claims ZWL	Unearned premium ZWL	Total ZWL
As at 1 January 2019	120 063 886	78 349 371	196 699 412	395 112 669
Additions during the year	409 015 621	262 819 372	175 782 019	847 617 012
Utilised during the year	(69 860 709)	(88 686 889)	(61 576 150)	(220 123 748)
Effects of IAS 29	(298 332 012)	(169 972 618)	-	(468 304 630)
As at 31 December 2019	160 886 786	82 509 236	310 905 281	554 301 303
As at 1 January 2020	160 886 786	82 509 236	310 905 281	554 301 303
Additions during the year	318 541 072	314 105 051	557 660 618	1 190 306 741
Utilised during the year	(80 485 431)	(113 682 532)	(120 377 282)	(314 545 245)
Effects of IAS 29	(223 041 420)	(141 425 228)	(354 261 452)	(718 728 100)
As at 31 December 2020	**175 901 007**	**141 506 527**	**393 927 165**	**711 334 699**

Group	HISTORICAL COST Outstanding claims ZWL	Incurred but not reported claims ZWL	Unearned premium ZWL	Total ZWL
As at acquisition date	(6 131 638)	(19 762 656)	6 514 406	(25 894 294)
Additions during the year	49 428 836	47 170 573	60 150 853	163 264 668
Utilised during the year	(7 431 847)	(9 013 001)	(7 377 291)	(23 822 140)
As at 31 December 2019	35 865 351	18 394 916	59 287 968	113 548 234
As at 1 January 2020	35 865 351	18 394 916	59 287 968	113 548 234
Additions during the year	203 280 837	200 449 937	355 877 867	759 608 641
Utilised during the year	(63 245 181)	(77 338 325)	(74 718 917)	(215 302 423)
As at 31 December 2020	**175 901 007**	**141 506 527**	**340 446 918**	**657 854 452**

	INFLATION ADJUSTED		HISTORICAL COST	
21.2 Insurance contract liabilities and investment contract liabilities with discretionary participation features	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
As at acquisition date	3,137,923,700	-	699,521,286	-
Split out of investment contract liabilities without DPF	(223,625,887)	-	(49,851,776)	-
Change in life assurance policyholder liabilities for the year	807,972,142	-	3,072,600,445	-
Movement through profit or loss	586,657,204	-	1,957,504,664	-
Movement through other comprehensive income	40,070,771	-	249,424,335	-
Exchange rate movement on foreign operations	181,244,167	-	865,671,446	-
Balance at the end of the year	**3,722,269,955**	-	**3,722,269,955**	-
21.3 Investment contracts without discretionary participation features				
As at acquisition date	39,411,707	-	39,411,707	-
Split out from insurance contract liabilities	49,851,776	-	49,851,776	-
Fair value gains from equities	174,920,029	-	174,920,029	-
Fair value gains from investment properties	139,104,749	-	139,104,749	-
Other investment income	40,914	-	40,914	-
Net cash flow	(5,860,193)	-	(5,860,193)	-
Gross premium income	1,115,601	-	1,115,601	-
Gross benefits and claims paid	(652,815)	-	(652,815)	-
Investment expenses	(6,322,979)	-	(6,322,979)	-
Balance at the end of the year	**397,468,982**	-	**397,468,9823**	-

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		INFLATION ADJUSTED		HISTORICAL COST	
		Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
22	**LIFE REASSURANCE CONTRACT ASSETS AND LIABILITIES**				
22.1	Life reassurance contract assets				
	As at 1 January	6 431 820	4 349 450	1 433 800	156 100
	Movement for the year	18 176 504	13 157 347	11 599 200	1 277 700
	Effects of IAS 29	(11 575 324)	(11 074 977)	-	-
	As at 31 December	13 033 000	6 431 820	13 033 000	1 433 800
22.2	Life reassurance contract liabilities				
	As at 1 January	29 097 502	56 551 190	6 486 500	2 029 600
	Movement for the year	46 216 136	45 895 731	29 492 500	4 456 900
	Effects of IAS 29	(39 334 638)	(73 349 419)	-	-
	As at 31 December	35 979 000	29 097 502	35 979 000	6 486 500
	Net movement for the year (22.1 and 22.2)	28 039 632	32 738 384	17 893 300	3 179 200
	Analysed as follows :				
	Non-current	35 979 000	29 097 502	35 979 000	6 486 500
		35 979 000	29 097 502	35 979 000	6 486 500

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
23 BORROWINGS				
As at 1 January	64 842 518	110 404 807	14 454 883	3 962 351
Drawn downs during the year	9 150 288	42 653 902	9 150 288	3 940 000
Assumed borrowings through business combinations	33 987 385	-	33 442 638	-
Interest for the year	8 627 463	8 594 733	7 507 700	744 654
Capital repayments	(10 022 140)	(25 339 898)	(7 112 332)	(2 248 072)
Interest repayment	(9 053 311)	(8 594 733)	(7 388 801)	(744 654)
Effects of IAS 29	(47 477 827)	(102 354 533)	-	-
Foreign exchange movement	24 410 314	39 478 240	24 410 314	8 800 604
Balance as at 31 December	**74 464 690**	**64 842 518**	**74 464 690**	**14 454 883**
Non-current	36 779 432	51 213 447	36 779 432	11 416 651
Current	**37 685 258**	**13 629 071**	**37 685 258**	**3 038 232**
	74 464 690	**64 842 518**	**74 464 690**	**14 454 883**
Maturity analysis:				
1 month to 6 months	19 219 482	7 005 565	19 219 482	1 561 701
6 month to 1 year	18 465 777	6 623 505	18 465 777	1 476 531
1 year to 5 years	36 779 431	51 213 448	36 779 431	11 416 651
	74 464 690	64 842 518	74 464 690	14 454 883

Bank borrowings comprise loans from institutions listed below :-

Central Africa Building Society

The loan was ZWL2 355 522 and bore interest at 10% (2019: 10%) per annum and was secured by a first mortgage bond on Stand 16591, Harare Township. The loan was paid up during the year.

ZB Bank Limited

- The loan of ZWL2 853 959 bears interest at 31.11% (2019: 31.11%) per annum and is secured by first mortgage bonds over stands 353 Bulawayo Township, 771 Salisbury Township and 326 Fort Victoria Township. The loan is repayable over 3 years.

- The overdraft facility with ZB Bank Limited was acquired as a line-of-credit for the micro-finance business to increase the unit's lending capacity. The loan accrues interest at 49% (2019: 49%) per annum on a one year tenure. The loan is available for one year, expiring on 28 February 2021.

FBC Bank Limited, Infrastructure Development Bank of Zimbabwe, Standard Chartered Bank of Zimbabwe Limited and Agribank Limited

The Group assumed CFI Holdings Limited's loans, issued by these banks amounting to ZWL16 million, when it acquired Langford Estates (1962) (Private) Limited through a land-for-debt swap arrangement in 2015. The borrowings accrue interest at 10% (2019: 10%) per annum and have a tenor of 7 years ending 30 June 2022. The debt assumption came with a 2-year principal repayment grace period which ended on 30 June 2018. The loans were secured through a mortgage bond over investment property and was fully settled during the current year. This came about as part of the aquisition of Fiedelity Life Assurance of Zimbabwe Limited.

NMB Bank Limited

The loan with NMB Bank was acquired to enable settlement of the Redeemable Bonds that were settled in 2018. The loan accrues interest at 10% (2019: 10%) per annum and has fixed monthly repayments to 31 January 2023. The facility is secured through a first mortgage bond over property valued at ZWL57.1 million and cession of residential stand sales receivables worth ZWL12 million.

Ecobank Zimbabwe Limited

The micro-finance business acquired a ZWL7.9 million loan facility with Ecobank Zimbabwe Limited to increase its lending capacity. The facility amount is drawn down in tranches in line with the business' needs. Drawdowns on the facility accrue interest at varying interest rates depending on the prevailing interest rate on each drawdown date. Currently, ZWL7,969,604 of the outstanding amount accrues interest at 45% (2019: 35%) per annum. The facility is available for one year, expiring on 31 July 2021.

23 BORROWINGS (continued)

African Banking Corporation (Mozambique) SA

The loan of ZWL8 562 692 bears interest at 20.75% per annum and is secured by acquired asset building 141/8 Marginal Avenue, Maputo, Mozambique. The loan is repayable over 7 years.

First Capital Bank Malawi Limited

The loan with First Capital Bank Malawi Limited was used to refinance Vanguard Life Assurance Company Limited through a rights issue. The loan is denominated in Malawi Kwacha and accrued interest at 23% (2019: 23%)per annum. The interest rate was revised to 18.9% as at 31 December 2020 and is subject to variation at the bank's discretion as influenced by bank rates advised by the Reserve Bank of Malawi from time to time. The facility is repayable in equal monthly instalments to 31 December 2021. The terms of the loan require security of 110% of the facility amount to be kept in deposit with First Capital Bank Zimbabwe Limited for the duration of the facility, which would amount to US$377,750. The loan is currently secured by a lien over cash amounting to ZWL377,750 after the deposit previously placed with the bank was converted to ZWL when SI33 became effective. The Group is engaged in discussions with First Capital Bank Malawi limited to render additional security to meet the US$377,750 requirement.

For the long-term borrowings, their fair values are not materially different to carrying amounts as the interest rates on these borrowings approximate market rates.

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	INFLATION ADJUSTED		HISTORICAL COST	
Net debt reconciliation	**Group 2020 ZWL**	**Group 2019 ZWL**	**Group 2020 ZWL**	**Group 2019 ZWL**
Cash and cash equivalents	(1 183 425 295)	(410 188 652)	(1 183 425 295)	(91 440 449)
Short-term portion of long term loans	37 685 258	13 629 071	37 685 258	3 038 232
Long term portion	36 779 432	51 213 447	36 779 432	11 416 651
Net cash and cash equivalents	**(1 108 960 605)**	**(345 346 134)**	**(1 108 960 605)**	**(76 985 566)**

INFLATION ADJUSTED

	Cash and cash equivalents ZWL	Borrowings due within one year ZWL	Borrowings due after one year ZWL	Total ZWL
Year ended 31 December 2019				
Net debt as at 1 January 2019	(180 542 429)	9 200 392	4 104 266	(167 237 770)
Cashflows	774 373 760	(25 339 898)	42 653 902	791 687 764
Foreign exchange movement	(190 178 844)	-	(590 215)	(190 769 059)
Reclassification to current liabilities	-	10 883 201	(10 883 201)	-
Effects of IAS 29	(813 841 139)	18 885 376	15 928 695	(779 027 068)
Net debt as at 31 December 2019	**(410 188 652)**	**13 629 071**	**51 213 447**	**(345 346 133)**
Year ended 31 December 2020				
Net debt as at 1 January 2020	(410 188 652)	13 629 071	51 213 447	(345 346 134)
Cashflows	1 276 848 647	(10 022 140)	9 150 288	1 275 976 795
Foreign exchange movement	(136 975 180)	-	10 494 024	(126 481 156)
Reclassification to current to liabilities	-	34 078 327	(34 078 327)	-
Effects of IAS 29	(1 913 110 111)	-	-	(1 913 110 111)
Net debt as at 31 December 2020	**(1 183 425 296)**	**37 685 258**	**36 779 432**	**(1 108 960 605)**

23 BORROWINGS (continued)

HISTORICAL COST	Cash and cash equivalents ZWL	Borrowings due within one year ZWL	Borrowings due after one year ZWL	Total ZWL
Year ended 31 December 2019				
Net debt as at 1 January 2019	(9 792 554)	1 312 134	2 650 217	(5 830 203)
Cashflows	(17 331 897)	(2 248 072)	3 940 000	(15 639 969)
Foreign exchange movement	(64 315 998)	-	8 800 604	(55 515 394)
Reclassification to current liabilities	-	3 974 170	(3 974 170)	-
Net debt as at 31 December 2019	**(91 440 449)**	**3 038 232**	**11 416 651**	**(76 985 566)**
Year ended 31 December 2020				
Net debt as at 1 January 2020	(91 440 449)	3 038 232	11 416 651	(76 985 566)
Cashflows	1 228 924 054	(7 112 332)	9 150 288	1 230 962 010
Foreign exchange movement	(136 975 180)	-	16 212 493	(120 762 687)
Net debt as at 31 December 2020	**1 000 508 425**	**(4 074 100)**	**36 779 432**	**1 033 213 757**

24 OTHER PROVISIONS

Group	INFLATION ADJUSTED Leave pay ZWL	INFLATION ADJUSTED Termination benefits ZWL	INFLATION ADJUSTED Total ZWL	HISTORICAL COST Leave pay ZWL	HISTORICAL COST Termination benefits ZWL	HISTORICAL COST Total ZWL
As at 1 January 2019	8 122 091	15 007 444	23 129 535	307 117	567 470	874 587
Movement	18 969 184	97 789 571	116 758 755	1 839 808	9 484 541	11 324 349
Effects of IAS 29	(17 460 082)	(67 705 542)	(85 165 624)	-	-	-
As at 31 December 2019	**9 631 193**	**45 091 473**	**54 722 666**	**2 146 925**	**10 052 011**	**12 198 936**
As at 1 January 2020	9 631 193	45 091 473	54 722 666	2 146 925	10 052 011	12 198 936
Movement	27 140 409	34 787 735	61 928 144	17 318 875	22 198 797	39 517 672
Effects of IAS 29	(17 305 802)	(47 628 400)	(64 934 202)	-	-	-
As at 31 December 2020	**19 465 800**	**32 250 808**	**51 716 608**	**19 465 800**	**32 250 808**	**51 716 608**
Analysed as follows						
Non-current	-	32 250 808	32 250 808	-	32 250 808	32 250 808
Current	19 465 800	-	19 465 800	19 465 800	-	19 465 800
	19 465 800	**32 250 808**	**51 716 608**	**19 465 800**	**32 250 808**	**51 716 608**

Company	INFLATION ADJUSTED Leave pay ZWL	HISTORICAL COST Leave pay ZWL
As at 1 January 2019	**1 980 599**	**71 083**
Movement	1 510 966	143 944
Effects of IAS 29	(2 526 984)	-
As at 31 December 2019	**964 581**	**215 027**
As at 1 January 2020	964 581	215 027
Movement	4 589 885	2 929 031
Effects of IAS 29	(2 410 408)	
As at 31 December 2020	**3 144 058**	**3 144 058**
Analysed as follows		
Current	3 144 058	3 144 058

- Leave pay provision relates to amounts for contractual days employees are entitled to be absent from work on paid leave that were not utilised as at year-end.
- Termination benefits provision relates to contractual amounts payable to management on termination of employment.

	INFLATION ADJUSTED		HISTORICAL COST	
25 TRADE AND OTHER PAYABLES	**Group 2020 ZWL**	**Group 2019 ZWL**	**Group 2020 ZWL**	**Group 2019 ZWL**
Due to retrocessionaires	1 150 746 111	595 393 184	1 150 746 111	132 726 783
Pensions and other employee long-term benefits	-	4 043 272	-	901 338
Other payables*	212 921 840	161 568 360	212 921 840	36 017 289
Accruals**	52 150 822	78 196 013	52 150 822	17 431 683
Total trade and other payables	**1 415 818 773**	**839 200 829**	**1 415 818 773**	**187 077 093**

	Company 2020 ZWL	**Company 2019 ZWL**	**Company 2020 ZWL**	**Company 2019 ZWL**
Other payables*	58 619 423	54 596 778	58 619 423	12 170 872
Accruals**	901 340	4 043 272	901 340	901 338
Total trade and other payables	**59 520 763**	**58 640 050**	**59 520 763**	**13 072 210**

All trade and other payables are classified as current liabilities

* Other payables are constituted of non-insurance payables from the holding company and property business.

**Included in the accruals are actuarial fees and any other accrued expenses not included in other payables.

	Group 2020 ZWL	**Group 2019 ZWL**	**Group 2020 ZWL**	**Group 2019 ZWL**
26 GROSS PREMIUM WRITTEN				
Life assurance contracts	33 856 616	-	29 924 490	-
Life reassurance contracts	135 587 564	125 298 901	94 544 597	13 381 669
Non-life reinsurance contracts	1 960 189 040	2 101 964 536	1 642 602 736	229 582 176
	2 129 633 220	**2 227 263 437**	**1 767 071 823**	**242 963 845**
27 RETROCESSION PREMIUM				
Life assurance contracts	(2 139 421)	-	(1 720 536)	-
Life reassurance contracts	(33 191 528)	(29 400 348)	(26 827 125)	(4 574 542)
Non-life reinsurance contracts	(568 042 374)	(702 917 224)	(549 684 134)	(76 641 553)
	(603 373 323)	(732 317 572)	(578 231 795)	(81 216 095)
28 UNEARNED PREMIUM PROVISION				
Unearned gross premium	(298 021 729)	(140 180 615)	(208 452 852)	(16 988 523)
Less related retrocession premiums	177 644 447	78 604 464	133 733 935	9 611 231
	(120 377 282)	(61 576 151)	(74 718 917)	(7 377 292)
29 BROKERAGE, COMMISSION AND FEES				
Retrocession commission income	148 821 701	198 983 189	147 443 714	24 759 484
Less charges on retrocession contracts	(21 083 138)	(14 251 708)	(17 938 473)	(1 003 270)
	127 738 563	184 731 481	129 505 241	23 756 214

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
30 NET PROPERTY INCOME				
Revenue from contracts with customers:				
Sale of property and stands	35 260 175	58 163 990	36 283 649	5 526 698
Cost of sales of property and stands	(5 951 690)	(11 782 118)	(194 651)	(387 663)
	29 308 485	**46 381 872**	**36 088 998**	**5 139 035**
31 NET PROPERTY OPERATING COSTS				
Operating costs recoveries	-	49 796 604	-	2 448 374
Property operating costs	(10 168 457)	(71 431 051)	(18 226 772)	(4 306 940)
	(10 168 457)	**(21 634 447)**	**(18 226 772)**	**(1 858 566)**
32 INVESTMENTS INCOME				
Dividend income	5 793 159	13 623 626	3 844 106	1 150 412
Interest income	23 042 031	35 112 015	22 816 669	3 624 637
	28 835 190	**48 735 641**	**26 660 775**	**4 775 049**

	Company 2020 ZWL	Company 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
Dividend income	686 675	2 232 601	415 579	139 765
Interest income	645 149	48 439	621 521	4 343
	1 331 824	**2 281 040**	**1 037 100**	**144 108**

33 OTHER (LOSSES)/GAINS	INFLATION ADJUSTED Group 2020 ZWL	INFLATION ADJUSTED Group 2019 ZWL	HISTORICAL COST Group 2020 ZWL	HISTORICAL COST Group 2019 ZWL
Profit from disposal of property and equipment	950 659	1 231 141	1 099 159	117 279
Gains from disposal of investment property	1 047 759	-	160 379	-
Gains from disposal of financial assets at fair value through profit or loss (note 18.2)	-	1 926 146	-	361 782
Amounts received in share split	17 028 257	-	17 028 257	-
Realised exchange differences *	38 876 807	65 873 966	24 698 238	7 997 254
Recoveries from debtors previously written off	11 159 501	985 151	10 808 197	95 649
Fair value adjustments on FVPL	(28 751 411)	(159 315 275)	57 171 162	3 434 226
Unrealised exchange gains/(losses)	98 435 657	(39 731 318)	98 435 657	(8 879 980)
Fair value on remeasurement of associate (note 13)	51 113 672	-	19 177 952	-
Interest income from micro-lending	2 832 655	-	1 578 365	-
Other gains	86 431 739	59 910 592	83 708 190	5 581 657
	279 125 034	**(69 119 597)**	**313 865 556**	**8 707 867**

* The greater value of the realised gains arose from sales of stands.

	Company 2020 ZWL	Company 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
Gains from disposal of financial assets at fair value through profit or loss	-	1 774 420	-	129 375
Realised exchange differences losses	-	(8 748 489)	-	(366 688)
Unrealised exchange gains/(losses)	1 503 622	-	1 503 622	-
Fair value (losses)/gains on financial assets through profit or loss	12 612 383	(72 540 211)	21 411 359	1 310 110
Other (losses)/ gains	2 300 979	72 599	2 683 647	(1 077)
	16 416 984	**(79 441 681)**	**25 598 628**	**1 071 720**

34 OPERATING AND ADMINISTRATION EXPENSES	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
Independent auditors' remuneration	(23 775 447)	(16 894 337)	(21 943 779)	(1 407 383)
Directors' fees (non-executive)	(23 444 352)	(33 934 358)	(18 577 200)	(3 402 957)
Employee benefit expenses (note 34.1)	(256 531 574)	(192 302 875)	(228 407 422)	(26 174 704)
Depreciation of property and equipment (note 8)	(28 750 768)	(36 447 674)	(13 587 986)	(2 374 852)
Depreciation of right-of-use-assets (note 9)	(26 069 849)	(9 612 581)	(6 123 309)	(772 721)
Write-off of receivables	(160 058)	(2 911 729)	(138 124)	(282 771)
Amortisation of intangible assets (note 11)	(1 978 409)	(2 078 677)	(819 337)	(105 617)
Consultation fees	(33 821 249)	(21 721 683)	(25 244 254)	(2 571 809)
Legal fees	(3 430 380)	(5 541 046)	(3 504 230)	(580 297)
Fines	(192 708)	-	(112 549)	-
Rent, premises costs and utilities	(16 540 774)	(15 336 278)	(13 364 628)	(1 657 917)
Travel and representation	(6 188 653)	(22 478 265)	(4 814 135)	(2 130 972)
Marketing, advertising and promotion	(20 557 757)	(37 551 403)	(15 931 262)	(3 768 913)
Other operating expenses	240 403 131	(41 241 255)	(51 291 270)	(4 021 483)
	(201 038 847)	**(438 052 161)**	**(403 859 485)**	**(49 252 396)**

34 OPERATING AND ADMINISTRATION EXPENSES	Company 2020 ZWL	Company 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
Independent auditors' remuneration	(3 247 501)	(1 081 351)	(2 234 595)	(50 360)
Directors' fees (non-executive)	(7 054 986)	(9 516 204)	(4 787 086)	(893 358)
Employee benefit expenses (note 34.1)	(46 257 221)	(27 299 315)	(32 611 412)	(2 212 332)
Depreciation of property and equipment (note 8)	(3 079 290)	(3 079 267)	(92 831)	(92 831)
Depreciation of right-of-use-assets (note 9)	(21 548 406)	(7 325 658)	(1 601 867)	(262 915)
Consultation fees	(6 104 022)	(3 283 503)	(3 098 178)	(239 362)
Legal fees	(179 954)	-	(146 086)	-
Rent, premises costs and utilities	(713 725)	-	(345 550)	-
Travel and representation	(296 485)	(416 583)	(168 934)	(41 375)
Marketing, advertising and promotion	(834 208)	(535 051)	(742 160)	(40 193)
Other operating expenses	27 895 902	(4 262 859)	22 950 836	(672 320)
	(61 419 896)	**(56 799 791)**	**(22 877 863)**	**(4 505 046)**

34.1 Employee benefit expenses	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
Directors' remuneration (executive directors)	(54 974 052)	(72 538 466)	(57 294 574)	(11 475 791)
Wages and salaries (excluding executive directors)	(142 475 045)	(69 461 673)	(114 693 020)	(9 083 633)
Other staff costs	(46 116 499)	(35 969 034)	(44 194 302)	(3 431 777)
Pension costs (note 34.2)	(10 523 330)	(11 316 910)	(9 980 590)	(1 730 372)
Social security costs (note 34.2.1)	(2 442 648)	(3 016 792)	(2 244 936)	(453 131)
	(256 531 574)	**(192 302 875)**	**(228 407 422)**	**(26 174 704)**

	INFLATION ADJUSTED		HISTORICAL COST	
Employee benefit expenses	Company 2020 ZWL	Company 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
Directors' remuneration (executive directors)	(16 395 165)	(10 783 363)	(11 229 302)	(813 423)
Wages and salaries (excluding executive directors)	(20 680 628)	(9 426 214)	(15 527 694)	(739 123)
Other staff costs	(7 182 637)	(6 070 389)	(5 701 106)	(576 581)
Social security costs (note 34.2.1)	(1 998 791)	(1 019 349)	(153 310)	(83 205)
	(46 257 221)	**(27 299 315)**	**(32 611 412)**	**(2 212 332)**

	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
34.2 Staff pension and life assurance scheme				
Employees are members of the life assurance scheme managed by Fidelity life Assurance of Zimbabwe Limited. The Group's contributions (employer contributions) to the scheme are charged directly to the statement of profit or loss during the year in which they are incurred. However, there were no contributions to this pension fund in the current and prior year since the scheme was paid up in 2016.				
Credit Insurance Zimbabwe Limited and subsidiaries domiciled outside Zimbabwe have separate schemes to which they contribute. These schemes are all defined contribution plans and contributions are directly expensed through the statementof profit or loss during the year in which they are incurred.				
Pension fund contributions	(10 523 330)	(11 316 910)	(9 980 590)	(1 730 372)
34.2.1 National Social Security Authority Scheme				
The entities domiciled in Zimbabwe and their employees contribute to the National Social Security Authority Pension Scheme. This is a social security scheme, which was promulgated under the National Social Security Act (Chapter 17:04). The Group's obligations under the scheme are limited to specific contributions legislated from time to time. Similarly, regional subsidiaries and their staff also contribute to national social security schemes in their respective countries where such schemes are legislated. Company contributions are charged to the statement of profit or loss in the year in which they are incurred.				
National Social Security Authority Scheme contributions	(2 442 648)	(3 016 792)	(2 244 936)	(453 131)

	Company 2020 ZWL	Company 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
National Social Security Authority Scheme contributions	(236 199)	(1 019 350)	(153 310)	(83 205)

	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
35 EARNINGS PER SHARE				
Basic and diluted earnings per share				
35.1 Basic earnings per share				
The following reflects the income and ordinary share data used in the computations of basic and diluted earnings/(loss) per share:				
Earnings attributable to ordinary equity holders of the parent for basic earnings per share	558 250 504	187 395 112	2 015 543 197	269 729 090
Weighted average number of ordinary shares in issue	1 557 078 924	1 533 338 937	1 557 078 924	1 533 338 937
Basic earnings per share (ZWL cents)	35.85	12.22	129.44	17.60

35.2 Diluted earnings per share

The Company has no arrangements or contracts that could result in dilution therefore, the diluted earnings per share are the same as the basic earnings per share.

36 RELATED PARTY DISCLOSURES

36.1 Principal subsidiaries

The holding company's direct subsidiaries are Emeritus Reinsurance (Private) Limited, Credit Insurance Zimbabwe Limited and Fidelity Life Assurance which are owned 100% (2019: 100%), 90.65% (2019: 90.65%) and 66.95% (2019: an associate 20.57%) respectively of the issued share capital. Emeritus Reinsurance (Private) Limited is domiciled in Zimbabwe. In turn Emeritus Reinsurance Zimbabwe (Private) Limited has interests in the subsidiaries listed below:

Subsidiaries of Emeritus Reinsurance Zimbabwe (Private) Limited	Country of incorporation	Activity	2020	2019
Zimre Property Investments Limited	Zimbabwe	Properties	100.0%	64.4%
Emeritus Reinsurance Zambia Limited (through Emeritus International)	Zambia	Reinsurance	100%	100%
Emeritus Reinsurance Company Limited (through Emeritus International)	Malawi	Reinsurance	100%	100%
Emeritus Resegguros, SA (owned through Emeritus International)	Mozambique	Reinsurance	70%	70%
Emeritus Reinsurance Company (Proprietary) Limited (through Emeritus International)	Botswana	Reinsurance	91.5%	91.5%
Emeritus Reinsurance Company of South Africa Limited (through Emeritus International)	South Africa	Reinsurance	100%	100%
Emeritus International Reinsurance Company Limited	Botswana	Reinsurance	100%	100%

36.2 Entity with significant influence over the Group

Day River Corporation Limited owns 33.81% of the issued share capital of Zimre Holdings Limited (2019: 40.09%), National Social Security Authority (NSSA) owns 21.14% (2019: 16.75%) and the Government of Zimbabwe owning 18.24% (2019: 21.63%)

36.3 Associates

The Group's information on associates is disclosed in note 13.

36.4 Transactions and balances with related parties

The total amount of transactions and balances that have been entered into with related parties are analysed as follows.

36 RELATED PARTY DISCLOSURES (continued)

36.4 Transactions and balances with related parties (continued)

Related party transactions

Description	Company owed	Relationship	2020 Transaction amount for the year ZWL	Balance ZWL	2019 Transaction amount for the year ZWL	Balance ZWL
Dividends	Zimre Property Investments Limited	Subsidiary	1 542 045	900 394	-	208 733

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
36.4.2 Compensation of key management personnel of the Group				
Short-term employee benefits	(54 974 052)	(109 737 306)	(57 294 574)	(11 475 791)
Total compensation paid to key management personnel	(54 974 052)	(109 737 306)	(57 294 574)	(11 475 791)

36.4.3 Other interests of directors in the holding company

	Number of shares	
	2020	2019
B.N. Kumalo	1 031 315	1 031 315
R.C. Von Seidel (indirectly)	166 033 426	166 033 426
H.B.W. Rudland (indirectly)	614 769 314	614 769 314
Stanley Kudenga	100 000	100 000

36 RELATED PARTY DISCLOSURES (continued)

36.5 Transactions involving changes in subsidiaries shareholding

36.5.1 Change in ownership percentage in Zimre Property Investments Limited

Zimre Holdings Limited purchased a further interest in Zimre Property Investments Limited as analysed below:	**2020**	**2019**
Additional interest purchased	35.65%	1.15%
Interest after purchase	100%	64.35%
Purchase price	ZWL620 752 384	ZWL3 122 522

As a result of the above transaction a change in ownership reserve of ZWL425 491 471 (2019:ZWL22 682 123) was recognised in equity.

36.5.2 Business combinations

On 4 December 2020, the Group acquired an additional 35.09% of the share capital of Fidelity life Assurance of Zimbabwe Limited, a long term insurer operating in Zimbabwe. As a result of the purchase, the Group expects to increase presence in the long term and pensions assurance business.

Determination of fair values on acquisition date

Due to the proximity of the acquisition date of the subsidiary to the year end, the difference between the book value of the acquired net assets and consideration payable has been provisionally recognised as goodwill. During 2021 the Group will determine the fair values of the identifiable assets acquired and liabilities assumed and make the necessary adjustments to the goodwill that has been recognised in these financial statements. IFRS 3 requires fair values of assets and liabilities acquired in a business combination to be finalised within 12 months of the acquisition date.

Purchase consideration	**INFLATION ADJUSTED ZWL**	**HISTORICAL COST ZWL**
Ordinary shares issued	191 805 365	184 033 190

The fair value of the 65 144 492 shares issued as part of the consideration paid by Zimre Holdings Limited (ZWL184m) was based on the published share price on 4 December 2020 of ZWL 2.825 per ordinary share. Issue costs of ZWL25 641 696 which were directly attributable to the issue of the shares have been netted against the deemed proceeds.

36 RELATED PARTY DISCLOSURES (continued)

36.5.2 Business combinations (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:	Fair values INFLATION ADJUSTED ZWL	HISTORICAL COST ZWL
Property and equipment	388 415 097	388,415,097
Investment property	3 117 751 896	3,117,751,896
Intangible assets	35 738 159	34,290,008
Inventories	60 345 478	2,225,029
Trade and other receivables	380 498 771	365,080,522
Deferred tax assets	6 477	6,228
Equities at fair value through profit or loss	829 080 888	795,485,574
Debt securities at amortised cost	2 372 786	2,276,638
Cash and deposits with banks	704 693 434	676,138,443
Insurance contract liabilities, and investment contract liabilities with discretionary participation features	(3 722 269 955)	(3,722,269,955)
Investment contracts without discretionary participation features	(397 468 982)	(397,468,982)
Borrowings	(19 651 669)	(18,855,361)
Deferred tax liabilities	(43 333 091)	(41,577,184)
Lease obligation	(28 352 400)	(27,203,528)
Trade and other payables	(530 944 661)	(509,430,171)
Corporate tax liability	(9 231 982)	(8,851,677)
Total identifiable net assets	767 650 246	656 012 577
Less: non controlling interests	(465 342 643)	(433 759 577)
Add: Goodwill (note 11.2)	61 417 154	144 955 157
Net assets acquired	**363 724 757**	**367 208 157**

A profit of ZWL51 113 672 was recognised from the remeasurement of the previously held interest in Fidelity Life Assurance of Zimbabwe Limited. The remeasurement gain is included in other income in statement of comprehensive income.

The non-controlling interest has been recognised as a proportion of net assets acquired.

The gross written premium included in the consolidated statement of comprehensive income from 1 December 2020 to 31 December 2020 contributed by Fidelity Life Assurance of Zimbabwe Limited was ZWL33.85 million. Fidelity Life Assurance of Zimbabwe Limited also contributed a profit for the year of ZWL4.5 (ZWL29.27 historical cost) million over the same period.

The fair value of acquired trade receivables is ZWL294 119 268. The gross contractual amount for trade receivables due is ZWL307 295 829, with a loss allowance of ZWL13 1765 678 561 recognised on acquisition.

36.5.2 Business combinations (continued)

Mandatory offer to FLA non-controlling shareholders

The International Financial Reporting Interpretations Committee, ("IFRS IC") received a request to address the accounting for mandatory purchases of non-controlling interests that arise as a result of business combinations. The submission noted that IFRS 3-Business Combinations does not specifically address the accounting for a sequence of transactions that begins with an acquirer gaining control of an entity and is followed shortly thereafter by the acquisition of additional ownership interests as a result of a regulatory requirement that obliges the acquirer to offer to purchase the ownership interests of non-controlling-interest shareholders.

The Interpretations Committee tentatively agreed that the initial acquisition of the controlling stake and the subsequent mandatory tender offer ("MTO") should be treated as a single acquisition.

The Interpretations Committee discussed whether a liability should be recognized for the MTO at the date the acquirer obtains control of the acquiree. The Interpretations Committee noted that IAS 37 Provisions, Contingent Liabilities and Contingent Assets excludes from its scope contracts that are executory in nature and concluded that no liability needed to be recognized for the MTO. The Interpretations Committee tentatively decided to recommend to the IASB that it should not amend IFRS 3. The IFRS IC tentatively decided to propose to the IASB that it should amend IFRS 3 through annual improvements.

Notwithstanding the above, the Group has not accounted for the MTO because the issue is still subject to Board review and other regulatory requirements and the mandatory 60-day period within which to make the offer has since expired. The decision of the Board and the outcome of the various regulatory engagements will be communicated to stakeholders in due course and appropriately dealt with in terms of the IFRS requirements.

	INFLATION ADJUSTED		HISTORICAL COST	
37 DIVIDENDS	**Group 2020 ZWL**	**Group 2019 ZWL**	**Group 2020 ZWL**	**Group 2019 ZWL**
As at 1 January	-	-	-	-
Dividends declared	5 307 862	-	3 100 000	-
Dividends paid	(5 307 862)	-	(3 100 000)	-
	-	-	-	-

During the year ended 31 December 2020, the board of directors declared and paid a dividend of ZWL3 100 000 (2019: nil)

	2020 Company ZWL	**2019 Company ZWL**	**2020 Company ZWL**	**2019 Company ZWL**
As at 1 January	-	-	-	-
Dividends declared	5 307 862	-	3 100 000	-
Dividends paid	(5 307 862)	-	(3 100 000)	-
	-	-	-	-

During the year ended 31 December 2020, the board of directors declared and paid a dividend of ZWL3 100 00 (2019: nil).

38 CONTINGENT ASSETS

The Group has had a 49% shareholding in the Zimbabwe United Passenger Company (Private) Limited ("ZUPCO") since 1993. In 2000, the Group expressed intention to exit ZUPCO through disposal of its shareholding to the majority shareholder, the Government of Zimbabwe. It was agreed that a valuation of the 49% shareholding be performed for the determination of the consideration. However, neither the valuation nor an agreement of sale was concluded. The investment in ZUPCO was impaired in 2000 from the Group's financial statements from then. Negotiations are ongoing between the board and the majority shareholder to determine the value of the investment in ZUPCO.

39 Impact of COVID 19 pandemic

There was a resurgence of the COVID-19 pandemic towards the end of year and at the beginning of 2021 leading to the imposition of lockdowns in many countries in which the Group has operations and sources of business but there was minimum impact on Group's business. Notwithstanding this, the COVID-19 situation is still evolving making it difficult to quantify the full actual and potential financial impact on the Group's business operations in both the domestic and regional economies. The Group will continue to monitor developments in each jurisdiction and business operations and take appropriate measures to mitigate any emerging risks. The Group has put in place adequate mitigatory measures to minimise the impact of COVID-19 on business which in the opinion of the directors will safeguard its going concern status.

Suspension and resumption of trading on the Zimbabwe Stock Exchange

On 28 June 2020, the Zimbabwe Stock Exchange Limited ("ZSE") announced the suspension of trading following a directive from the Government of Zimbabwe. Following the engagements between the ZSE and the Ministry of Finance and Economic Development, the local bourse resumed trading effective 03 August 2020 with the exception of the following three counters in which the Group holds investments either directly or indirectly:

- Old Mutual Zimbabwe;
- PPC Limited and
- Seed Co International Limited

Subsequent to year end, the suspension on Seed Co International Limited was lifted and the counter was re-listed. However, Old Mutual Zimbabwe and PPC Limited remain suspended and the Group will continue to assess the situation and take appropriate measures to mitigate any emerging risks.

40 EVENTS AFTER THE REPORTING DATE

40.1 On 26 May 2021, the Government issued Statutory Instrument ("SI") - 27 Presidential Powers (Temporary Measures) (Financial Laws Amendment) Regulations, 2021 which seeks to instill discipline in the foreign exchange market by imposing fines on individuals and corporates who fail to adhere to Government Policy on foreign exchange. As a law abiding corporate citizen, the Group will comply with these foreign exchange laws.

However, the introduction of these regulations has created uncertainty in the economy in general. The Group will monitor developments and take appropriate action to mitigate any emerging risks.

40.2 New COVID-19 pandemic lockdown measures

In response to the advent of the second wave of the COVID-19 pandemic, the Government of Zimbabwe introduced a national lockdown in January 2021. Although the restrictions had been partially relaxed, the threat of as third wave of the pandemic has led to the imposition of another lockdown effective June 2021.

Although the pandemic and the lockdown period are expected to negatively impact on business growth, insurance claims, investment and property values and returns, this is still an evolving issue whose full financial implications can not be determined with certainty as of the date of signing of these financial statements. The Group will continue to monitor developments in each jurisdiction and business operation and take appropriate measures to mitigate any emerging risks.

40.3 Declaration of dividend

On 9 June 2021, the Directors of the Company declared a dividend of ZWL30 million for the year ended 31 December 2020.

SHAREHOLDERS ANALYSIS

31 December 2020			31 December 2019		
HOLDER NAME	NUMBER OF SHARES	PERCENTAGE OF TOTAL OF ISSUED SHARES	HOLDER NAME	NUMBERS OF SHARES	PERCENTAGE OF TOTAL OF ISSUED SHARES
DAY RIVER CORPORATION (PRIVATE) LIMITED	614,769,314	33.81	DAY RIVER CORPORATION (PRIVATE) LIMITED	614 769 314	40.09
GOVERNMENT OF ZIMBA-BWE	331,728,844	18.24	GOVERNMENT OF ZIMBABWE	331 728 844	21.63
NSSA-NATIONAL PENSION SCHEME	257,088,408	14.14	NATIONAL SOCIAL SECURITY AUTHORITY	203 905 526	13.30
LALIBELA LIMITED-NNR	157,498,202	8.66	LALIBELA LIMITED-NNR	157 498 202	10.27
NSSA-WORKERS COMPENSA-TION IF	88,655,034	4.88	NICKDALE ENTERPRISES (PVT) LTD	68 123 292	4.44
NICKDALE ENTERPRISES (PVT) LTD	68,123,292	3.75	NSSA-WORKERS COMPENSA-TION IF	53 005 462	3.46
STANBIC NOMINEES 110008040010	44,204,469	2.43	LOCAL AUTHORITIES PENSION FUND	34 788 794	2.27
NATIONAL SOCIAL SECURITY AUTHORITY	38,602,044	2.12	VON SEIDEL-NNR RICHARD JOHN	8 535 224	0.56
LOCAL AUTHORITIES PEN-SION FUND	34,798,935	1.91	MARIOT COMPUTING AND MANAGEMENT SERVICES (PVT) LTD	6 259 711	0.41
MEGA MARKET (PVT) LTD	10,756,601	0.59	TEMBO SOLOMON	4 588 775	0.30
ZESA PENSION FUND	10,495,087	0.58	GURAMATUNHU FAMILY TRUST	3 758 894	0.25
LHG MALTA HOLDINGS LIMITED	9,749,649	0.54	OLD MUTUAL LIFE ASSURANCE OF ZIMBABWE LIMITED	3 593 205	0.23
VON SEIDEL-NNR RICHARD JOHN	8,535,224	0.47	MEGA MARKET (PVT) LTD	3 204 719	0.21
GURAMATUNHU FAMILY TRUST	7,271,463	0.40	MEALCRAFT INVESTMENTS (PVT)LTD	2 596 040	0.17
SCB NOMINEES 033667800001	6,232,183	0.34	MUNSTER INVESTMENTS (PVT) LTD	2 285 052	0.15
MARIOT COMPUTING AND MANAGEMENT SERVICES (PVT) LTD	5,657,228	0.31	STANBIC NOMINEES(PVT)LTD NNR AC 140043470002	2 221 855	0.14
STANBIC NOMINEES (PVT) LTD-A/C 140043470003	4,494,136	0.25	SALISBURY GENERAL INVEST-MENTS CO P/L	2 183 668	0.14
TRIANGLE MONEY PLAN PENSION FUND-IMARA A/C 110008090006	3,955,894	0.22	ANDERSON ROBERT	1 920 161	0.13
HIPPO VALLEY ESTATES PF-IMARA	3,883,988	0.21	REMO INVESTMENT BROKERS (PVT) LTD	1 489 972	0.10
OLD MUTUAL LIFE AS-SURANCE OF ZIMBABWE LIMITED	3,657,984	0.20	KUMALO BENJAMIN NKOSENT-YA	1 031 315	0.07
	1,710,157,979	94.06		1,507,488,025	98.31
	108,060,807	5.94		25,850,912	1.69
	1,818,218,786	100		1,533,338,937	100

SHARE MOVEMENTS

NSSA increased its shareholding from 13.30% in 2019 to 14.14% in 2020.

NSSA-Workers Compensation increased its holding during the period under assessment from 3.46% in 2019 to 4.88% in 2020.

Mariot Computing and Management services shareholding depleted to 0.31% in 2020 from 0.41% in 2019.
Guramatunhu Family Trust's shareholding added 0.15% to close the year 2020 at 0.4% compared to 0.25% in 2019.
Mega Market augmented its shareholding to 0.59% in 2020 from 0.21% in 2019.

ZIMRE HOLDINGS LIMITED
Security Growth and Profitability

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting (AGM) of members will be held virtually using the following zoom meeting I.D. 94244468268 on the 11th of August 2021 at 10.00 hours, to consider the following business:

ORDINARY BUSINESS

1. **Financial Statements**
   To receive, consider and adopt the Financial Statements for the year ended 31 December 2020 together with the Report of the Directors and Auditors thereon.
2. **Corporate Governance Statement**
   To receive, consider and approve the Corporate Governance Statement for the period 1 January 2020 to 31 December 2020.
3. **Dividend**
   To sanction the ZWL30 000 000 dividend paid to shareholders in accordance with Article 99 of the Company's Articles of Association.
4. **Directorate**
   a) To re-elect Mr. Desmond Matete who was appointed on 12 April 2021 in terms of Article 82 of the Company's Articles of Association.
   Mr. Matete is the Managing Director of New Frontier Capital, a local financial advisory and consulting services firm which he co-founded in 2013. He is an accomplished commercial lawyer and banker with over 26years experience in financial advisory services, investment banking and a development finance specialist. He is a Candidate – Master of Commerce degree in Development Finance with the University of Cape Town Graduate School of Business. He holds directorships with Financial Securities Exchange (Finsec); Mosi oa Tunya Development Company, Zambezi Society and Chapman Golf Club, as non-executive director.
   b) To re-elect Mr. Cron von Seidel who retires by rotation in terms of Article 75 of the Company's Articles of Association, and being eligible, offers himself for re-election.
   Mr. von Seidel holds a Bachelor of Business Science degree, specializing in Finance. He has over 22 years' experience in Corporate Finance and Investment Banking and has been involved in a number of fundraising initiatives, acquisitions, disposals, company restructuring, valuations and private equity investments. He is based in Cape Town and currently managing and advising on listed and private investments. He is a member of the Institute of Chartered Accountants (England and Wales).
   c) To re-elect Mr. Ignatius Mvere who retires by rotation in terms of Article 75 of the Company's Articles of Association, and being eligible, offers himself for re-election.
   Mr. Mvere holds a Bachelor of Commerce degree and is presently the Director responsible for Finance and Administration in the Ministry of Finance and Economic Development in Zimbabwe. He has vast experience in Public Finance and sits on the Board of People's Own Savings Bank (POSB)and Fidelity Life Assurance Company of Zimbabwe Limited. He is a registered Public Accountant (Zimbabwe).
   d) To re-elect Mr. Mark John Haken who retires by rotation in terms of Article 75 of the Company's Articles of Association, and being eligible, offers himself for re-election.
   Mr. Haken is a seasoned and professional insurance practitioner. He has a wealth of experience, expertise in insurance and related disciplines, acquired over a period of 40 years in a variety of roles across geographies and industries. He is currently the Managing Director of Emjayaitch Consulting (Pty) Limited and shareholder of Cotsworld Consulting (Pty) Limited, both domiciled in South Africa.
5. **Directors Remuneration**
   To approve the remuneration of the Directors amounting to ZWL7 054 986 for the year ended 31 December 2020.
   (NOTE In terms of Practice Note 4 issued by the Zimbabwe Stock Exchange on the 17th of January 2020, the ZHL Directors Remuneration Report shall be available for inspection at the Company's registered office during the Annual General Meeting.)
6. **Independent Auditor Fees**
   To approve the remuneration of the Independent Auditor, PricewaterhouseCoopers Chartered Accountants (Zimbabwe), amounting to ZWL3 247 501 for the year ended 31 December 2020.
7. **Appointment of Independent Auditor**
   To appoint Messrs Grant Thornton Chartered Accountants (Zimbabwe) as the Independent Auditor for the Company for the ensuing year until the conclusion of the next Annual General Meeting.
   (NOTE In terms of section 191 of the Companies and Other Business Act [Chapter 24:31] no person shall serve as an auditor of a company for more than five consecutive financial years. PricewaterhouseCoopers Chartered Accountants (Zimbabwe) have served as the Company's Independent Auditors since 2016.)

SPECIAL BUSINESS

8. **General Authority to buy back shares**
   As an Ordinary Resolution
   Subject to the requirements of the Companies and Other Business Entities Act [Chapter 24:31] and Zimbabwe Stock Exchange, the Directors be and are hereby authorised to renew the authority granted on 14 August 2020, to buyback the Company's issued ordinary shares subject to the following terms and conditions:
   (i) That the purchase price shall not be lower than the nominal value of the Company's shares and not greater than 5% or lower than 5% of the weighted average trading price of the ordinary shares five (5) business days immediately preceding the date of the repurchase of such shares.
   (ii) The maximum number of shares that may be acquired shall not exceed 10% (ten percent) of the company's issued ordinary share capital.
   (iii) That this authority shall expire on the date of the next Annual General Meeting of the Company and shall not extend beyond 15 (fifteen) months from the date of the resolution.
   (iv) That the shares repurchased may be held for treasury purposes or cancelled as may be decided by the Board of Directors from time to time.
9. **Placing of authorised unissued shares under the control of the Directors**
   As an Ordinary Resolution
   "The Company be and is hereby authorised to place its authorised unissued ordinary shares, under the control of Directors, until the next Annual General Meeting, to be issued, subject to the requirements of the Company's Memorandum of Articles of Association and the Zimbabwe Stock Exchange Listing Requirements."
   (The proposal will enable the Directors to undertake key transactions which transactions will be in accordance with section 309 (2) of the ZSE Listing Requirements, which requires that the Directors consult the ZSE prior to issuing the shares under their control, and complying with any instruction given by the ZSE regarding such issue.)
10. **Employee Share Option Scheme**
   To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:
   (a) "That the 2021 ZHL Share Appreciation Scheme be and is hereby approved and granted
   (b) That in accordance with the applicable provisions (if any) of the Companies and Other Business Entities Act [Chapter 24:31], the Zimbabwe Stock Exchange Listing Requirements (Statutory Instrument 134 of 2019) and the Company's Articles of Association, the Board of Directors be and are hereby authorised to offer and issue, for a period of 5 years, up to 90 932 745 authorised but unissued ZHL shares to employees of the ZHL Group in terms of the 2021 ZHL Share Appreciation Scheme.
   (c) That the Board of Directors be and are hereby authorised to allot and cause to be listed such number of ordinary shares as may be required from time to time in pursuance of the 2021 ZHL Share Appreciation Scheme , and the ordinary shares so issued and allotted will rank *pari passu* with the existing shares of the Company."
   (The Directors of ZHL are proposing that the Company sets up the 2021 Share Appreciation Scheme as a method of aligning the Group's employees to its strategic goals while merging employee and shareholder interests. 90 932 745 ZHL authorised but unissued shares will be set aside for the scheme for a period of 5 (five) years. The number of shares set aside constitutes 5% of the Company's issued share capital as at 31 December 2021. The Directors are of the opinion that the dilutive effects of the Share Appreciation Scheme are more than offset by the benefits to be accrued. The 2021 ZHL Share Appreciation Scheme rules will be available for inspection by members at the registered office of the Company.)
11. **Any other business**
   To transact all such other business as may be transacted at an Annual General Meeting.

EXPLANATORY NOTE:-
TO THE GENERAL AUTHORITY TO BUY BACK SHARES
The Directors, in considering the effect of the purchase above, have reviewed the Company's budget and cash flow forecast for the period of twelve months after date of notice convening the Annual General Meeting. On the basis of this review, the Directors are satisfied that:

- The Company is in a strong financial position and will, in the ordinary course of business, be able to pay its debts for the period of twelve (12) months after the Annual General Meeting;
- The assets of the Company will be in excess of its liabilities for a period of twelve (12) months after the Annual General Meeting;
- The ordinary capital and reserves of the Company will be adequate for a period of twelve (12) months after the Annual General Meeting, and
- The working capital will be adequate for a period of twelve (12) months after the Annual General Meeting.

By order of the Board

R Chidora
Group Legal Executive/Company Secretary

(Registration number 2873/98 and Certificate of Change of Name dated 14/01/03)

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ZIMRE HOLDINGS LIMITED
Security Growth and Profitability

PROXY FORMS

I/We.. *(insert name in block letters)*

Of.. *(insert address)*

Being a member/members of the above Zimre Holdings Limited ("ZHL" or the "Company"),

hereby appoint Mr/Mrs/Ms.. *(insert name in block letters)*

Of.. *(insert address)*

Or failing him/her.. *(insert name in block letters)*

Of.. *(insert name in block letters)*

Or failing him/her..*(insert name in block letters)*

Of.. *(insert address)*

Or failing him/her, the **CHAIRPERSON** of the meeting as my/ our proxy to to attend, speak and vote for me/us on my/our behalf at the general meeting of the Company as specified above and any adjournments thereof and in accordance with the following instructions:-

		Number of Votes		
	ORDINARY BUSINESS	**FOR**	**AGAINST**	**ABSTAIN**
1	To receive, consider and adopt the Financial Statements for the year ended 31 December 2020 together with the Report of the Directors and Auditors thereon.			
2	To receive, consider and approve the Corporate Governance Statement for the period 1 January 2020 to 31 December 2020.			
3.	To sanction the ZWL30 000 000 dividend paid to shareholders in accordance with Article 99 of the Company's Articles of Association.			
4(a)	To re-elect Mr. Desmond Matete who was appointed on 12 April 2021 in terms of Article 82 of the Company's Articles of Association.			
4(b)	To re-elect Mr. Cron von Seidel who retires by rotation in terms of Article 75 of the Company's Articles of Association, and being eligible, offers himself for re-election.			
4(c)	To re-elect Mr. Ignatius Mvere who retires by rotation in terms of Article 75 of the Company's Articles of Association, and being eligible, offers himself for re-election.			
4(d)	To re-elect Mr. Mark John Haken who retires by rotation in terms of Article 75 of the Company's Articles of Association, and being eligible, offers herself for re-election.			
5.	To approve the remuneration of the Directors amounting to ZWL7 054 986 for the year ended 31 December 2020.			
6.	To approve the remuneration of the Independent Auditor, PricewaterhouseCoopers Chartered Accountants (Zimbabwe), for the year ended 31 December 2020.			
7.	To appoint Grant Thornton Chartered Accountants (Zimbabwe) as the Independent Auditors for the Company for the ensuing year until the conclusion of the next Annual General Meeting.			
	SPECIAL BUSINESS			
8.	Subject to the requirements of the Companies and Other Business Entities Act [Chapter 24:31] and Zimbabwe Stock Exchange, the Directors be and are hereby authorised to renew the authority granted on 14 August, to buyback the Company's issued ordinary shares, which authority shall expire on the date of the next Annual General Meeting of the Company and shall not extend beyond 15 (fifteen) months from the date of the resolution.			
9.	The Company be and is hereby authorised to place its authorised unissued ordinary shares, under the control of Directors, until the next Annual General Meeting, to be issued, subject to the requirements of the Company's Memorandum of Articles of Association and the Zimbabwe Stock Exchange Listing Requirements			
10(a)	That the 2021 ZHL Share Appreciation Scheme be and is hereby approved and granted.			
10(b)	That in accordance with the applicable provisions (if any) of the Companies and Other Business Entities Act [Chapter 24:31], the Zimbabwe Stock Exchange Listing Requirements (Statutory Instrument 134 of 2019) and the Company's Articles of Association, the Board of Directors be and are hereby authorised to offer and issue, for a period of 5 years, up to 90 932 745 authorised but unissued ZHL shares to employees of the ZHL Group in terms of the 2021 ZHL Share Appreciation Scheme.			
10(c)	That the Board of Directors be and are hereby authorised to allot and cause to be listed such number of ordinary shares as may be required from time to time in pursuance of the 2021 ZHL Share Appreciation Scheme, and the ordinary shares so issued and allotted will rank pari passu with the existing shares of the Company.			

SIGNED this..Day of...2021

Signature of Member/Director...

Name of Member ……

(If for a body Corporate, kindly sign on behalf thereof)

NOTES

(i) *Members are encouraged to lodge their questions with the Company Secretary or Transfer Secretaries by the 24th of June 2021.*

(ii) *In terms of the Companies and Other Business Entities Act [Chapter 24:31] a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend, vote a poll and speak in his stead. A proxy need not be a member of the Company.*

(iii) *Proxy forms must be deposited at the registered office of the Company or at the office of the Transfer Secretaries (ZB Transfer Secretaries (Private) Limited, 21 Natal Road, Avondale, Harare, Zimbabwe) not less than 48 (forty-eight) hours before the time appointed for the holding of the meeting.*

ZHL

ZIMRE HOLDINGS LIMITED

Security Growth and Profitability

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