

**FIDELITY LIFE**

ASSURANCE OF ZIMBABWE









AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

SHORT-FORM FINANCIAL ANNOUNCEMENT

Issued in terms of Practice Note 13 of the Zimbabwe Stock Exchange ("ZSE")

The Board of Directors of Fidelity Life Assurance of Zimbabwe Limited (the "Company") present summarized audited financial information of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2021.

Financial Highlights (Inflation Adjusted)

 75% Net premium earned ZWL 1.07 bill	 90% Total income ZWL 3.23 bill	 520% Profit for the year ZWL 274.90	 14% Total assets ZWL 9.90 bill
 26% Total equity ZWL 1.21bill	 -201% Cash generated from operations (ZWL 394.6 mill)	 193% Basic earnings per share (ZWL cents) 104.56	 136% Headline earnings per share (ZWL cents) 45.02

Financial Performance

	INFLATION ADJUSTED		HISTORICAL	
	31 December 2021 ZWL	% change	31 December 2021 ZWL	% change
Net premium earned	1,070,117,557	75%	982,092,762	190%
Total income	3,304,393,919	90%	4,979,176,932	55%
Profit for the year	274,904,758	520%	495,153,996	46%
Total assets	9,895,387,023	14%	9,756,956,052	84%
Total equity	1,211,919,450	26%	1,238,029,296	98%
Cash generated from operations	(394,558,777)	-201%	(131,217,494)	-136%
Basic earnings per share (ZWL cents)	104.56	193%	97.41	216%
Headline earnings per share (ZWL cents)	45.02	136%	41.11	39%

Dividend

In view of the need to preserve cash resources to strengthen the capital position of the Group through the deployment of earnings to increase business underwriting capacity, the Board resolved not to recommend the declaration of a dividend.

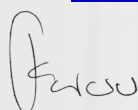
Auditor's Statement

This short-form financial announcement should be read in conjunction with the complete set of Group's Annual Financial Statements for the year ended 31 December 2021. The Group's Annual Financial statements have been audited by PricewaterhouseCoopers Chartered Accountants (Zimbabwe) who have issued an adverse opinion on the consolidated financial statements due to non-compliance with IAS 21, "The effects of changes in foreign exchange rates" and IAS 29, "Financial reporting in hyper-inflationary economies", and the application of a conversion rate to United States of America dollar ("USD") valuation inputs and a USD based valuation to calculate ZWL investment property and land and buildings values is not an accurate reflection of market dynamics as risks associated with currency trading do not reflect the risks associated with property trading at 31 December 2020 and the year then ended.

Inappropriate void rate was applied in the valuation of investment property. Furthermore the lettable space for multi-tenanted commercial property included common areas which rentals per square meter had already been included in rentals per square meter charged to tenants. The Independent Auditor's report on the Group's Annual Financial Statements from which the Short-Form Financial Announcement as extracted is available for inspection at the Company's registered office.

This short-form financial announcement is the responsibility of the Directors of Fidelity Life Assurance of Zimbabwe Limited and is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors or shareholders should be based on consideration of the full announcement.

A copy of the full set of the financial statements will be shared with shareholders using the latest e-mail addresses provided by the shareholders and will be available upon request, and for inspection at the Company's registered office at 66 Julius Nyerere Avenue, Harare. The full set of the financial statements is also available at no cost on the Zimbabwe Stock Exchange website: www.zse.co.zw and the company website: www.fidelitylife.co.zw.



Livingstone T. Gwata

Chairman

29 July 2022



www.fidelitylife.co.zw

A member of the **ZIL** Group



CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

I am pleased to present to you the audited financial statements of Fidelity Life Assurance of Zimbabwe Limited ("FLA or the ("Company") and its subsidiaries together ("the Group") for the year ended 31 December 2021.

At the time of writing this update to you, it is unfortunate that we are still dealing with the effects of the Covid-19 pandemic and this is expected to continue for the foreseeable future. The Covid-19 pandemic continues to impact livelihoods and businesses all over the world and our business and stakeholders have not been spared. Our business has however weathered the storm and our continuous strategic review has proved invaluable in this regard.

Operating Environment

The economy suffered from the adverse impact of Covid-19 in 2021 and registered GDP growth of 7.8% which was largely driven by a strong agriculture output and improved capacity utilization in industry. In announcing the 2022 National Budget, the Minister of Finance projected that Zimbabwe is set for GDP growth of 5.5% in 2022 anchored by agriculture, mining, construction, manufacturing, accommodation, and food services. The erratic 2021-22 rainfall season has, however, dented the country's growth prospects for 2022. Inflation assumed an upward trend in Q4 2021 owing to the depreciation of the local currency and ended the year at 60.7%; some 10.5 percentage points higher than the 3-year low of 50.2% recorded in August 2021.

The Zimbabwe Dollar ("ZWL") suffered depreciation of nearly 25% on the Foreign Currency Auction System ("FCAS"). The local currency suffered heavier depreciation on the parallel market resulting in the gap between the official rate and the alternative market rate surpassing 80% in comparison to around 20% at the end of 2020. The resultant arbitrage opportunity has seen the Central Bank and it's Financial Intelligence Unit clamping down on suspected abusers of the FCAS and those alleged to be fuelling trading of foreign currency on the parallel market. The instability of the local currency remains the largest threat to the containment of the spiralling rate of inflation. The Group has adopted strategies aimed at ensuring revenue growth above the rate of inflation while value preservation is the overriding objective in our investment strategy. All strategic business units are now offering foreign currency denominated products or services. The Group is aggressively pursuing alternative investments as a way of diversifying the investment portfolio.

Group Financial Performance Review- Inflation Adjusted

The Group posted a profit for the year of ZWL274.9 million on an inflation adjusted basis for the year ended 31 December 2021 representing a strong growth from a loss position of ZWL 65.5 million posted in the prior year.

Inflation adjusted Group's total revenue increased by 90% from ZWL1 735.4 million recorded in the prior year to ZWL3 304.4 million recorded in the current year. Revenue was driven by investment income and net premium written which increased by 99% and 75% respectively. Investment income increased from ZWL866.0 million to ZWL1 722.3 million and net premium written increased from ZWL611.8 million to ZWL1 070.1 million. The growth in net premium written was driven by aggressive premium reviews and strong organic growth of the life book as well as significant inflows from new products launched which were supported by market diversification and enhancement of the distribution channels. Investment income was mainly driven by fair value gains on investment properties and equities. The subsidiary in Malawi continues to provide a good hedge to the Group against the unstable currency movements and the adverse impact of the rate of inflation in Zimbabwe.

Inflation adjusted Group's total expenses increased by 66% from ZWL1 763.5 million recorded in the prior year to ZWL2 926.7 million in the current year. The increase in the Group's total expenses was driven by net benefits and claims, changes in insurance contract liabilities and operating expenses which grew by 172%, 97% and 75% respectively. Operating expenses were mainly driven by the increase in the rate of inflation and the exchange rate movements whilst net benefits and claims were driven by high covid 19 related claims resulting from retrenchments and death claims.

Business Operations Review

The knock-on effects of repeated national lockdowns on the economy cascaded down to adversely affect corporates and individuals at all levels. Our business inevitably experienced reduced economic activity at all levels that impacted the performance of all our business units. The Management and staff have commendably pulled together as a team and managed to maintain our business performance at a satisfactory level. It was pleasing to note that the core revenue lines registered strong growth over the year, and this leaves us in a good position to regain ground going forward. On strategy execution, we had several successes on key milestones in the year under review. We launched a fully-fledged contact centre; we witnessed the creation and launch of an online Micro lending on-boarding platform; our Life and Pensions business launched new products such as Vaka Yako and Covid-19 cover under the Employee Benefits business. On the customer service front, we opened a new service centre in Beitbridge for our Funeral Services business and FLIMAS managed to get their members vaccinated against Covid-19. We have seen enhanced customer communications through online and social media platforms for the Life and Pensions and Medical Health businesses, while the Bureaux De Change started disbursing the USD50 allowances to members of the public.

These are some of the milestones that were achieved in 2021. We made significant progress in achieving our objectives anchored on the 3 pillars of Growth (Cash), Positioning (Customer) and Transformation (Change). The year also saw the

Group reaching yet another major milestone as we saw the final completion of the Southview offsite works.

Recognition for the FLA Brand

During the year under review the Group was recognised through three awards, which is testament to the work being done to reposition the brand.

- Fidelity Funeral Services (Private) Limited awarded 1st runner up position – Quality Service Awards - 5th Southern Region Service Excellence Awards
- Fidelity Funeral Services (Private) Limited received the Gold award in the Leader in Funeral Assurance Sector
- Fidelity Life Assurance of Zimbabwe Limited received the 1st Runner Up award - Best Corporate Governance Disclosures – Insurance Sector, at the Institute of Corporate Governance Zimbabwe Corporate Governance

The Board of Directors recognises the commendable work that Management and Staff have put into our brand and customer service initiatives. Management is urged to continue to build on this success and keep the brand flying high.

Update on the Regulatory Asset Separation Exercise

The Asset Separation exercise has now entered the final transaction stage where there will be a physical separation of assets between Policyholders and Shareholders. Final reports and assessments by the appointed financial advisor and Policyholder representative Actuary have been completed and it is expected that the exercise will be finalised by 30 June 2022.

Dividend

In view of the need to preserve internal resources to strengthen the capital position of the Group through the deployment of earnings to increase business underwriting capacity, the Board resolved not to recommend the declaration of a dividend.

Board and Executive Management Changes

Stakeholders are advised of the following changes to the Management and Board of FLA.

Fungai Ruwende retired from the Board effective 31 January 2022. The Board, Management, and Staff of FLA wish to thank Fungai for his invaluable leadership, wise counsel and service during his tenure as Chairman.

To boost the range of skills and experience on the Board of Directors the following appointments were made effective 1 February 2022:

- Livingstone Takudzwa Gwata - Independent Non-Executive Chairman
- Takudzwa Chitsike – Independent Non-Executive Director
- Langton Mabhanga – Independent Non-Executive Director

We welcome them to the Board of Directors , and we look forward to their combined experience, guidance and input to the Group's affairs. Rueben Java resigned as Group Chief Executive effective 30 September 2021. The Board wishes to thank Rueben for his years of service and leadership and wish him much success in his future endeavours.

The Board of Directors is pleased to announce and welcome the appointment of Reginald Chihota as the Managing Director of FLA with effect from 1 March 2022. Reginald assumes the executive leadership position after an illustrious stint as General Manager Life Assurance and Pensions within the Group. We wish him continued success in his new role.

Looking to the Future

Erratic rains have characterized the 2021-22 agriculture season throwing into doubt the attainment of the projected 5.1% growth in agricultural output and, in turn, the GDP growth of 5.5% in 2022. Government has already lifted the ban on maize imports in a development that signals the country may not have adequate stocks to last into 2022-23. Maize imports increase the demand for the scarce foreign currency resulting in some depreciation of the local currency, and the resultant increase in the foreign exchange rate and foreign currency induced inflation. The global economy is battling soaring prices as a result of supply chain disruptions caused by the COVID-19 pandemic and the Russia/Ukraine war. The Russia/Ukraine war is further fuelling inflation as the two nations are key players on the global commodities market, in particular, crude oil, sunflower and wheat – commodities in which Zimbabwe is a net importer and is at the risk of imported inflation. The resurgence of high inflation is, in our view, the biggest threat to the economy in 2022 and the challenge on management is to ensure that revenue grows faster than costs. That growth is set to be achieved through a combination of new financial solutions and new markets. High inflation places on us the responsibility to ensure that we preserve value for our policyholders and all stakeholders. To that end, investment portfolio diversification is a priority in the current financial year.

Appreciation

Finally, on behalf of the Board of Directors, I would like to thank all of our employees across the business for all of their commitment and teamwork during the year. We are grateful for the guidance and commitment of our Board of Directors as we steer our business to deliver performance for the benefit of our stakeholders. As a performance driven team, we remain confident of the prospects of our business as we strive to improve our fortunes on a sustainable basis.

Livingstone T. Gwata
Chairman
29 July 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021		INFLATION ADJUSTED				HISTORICAL COST		CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021		INFLATION ADJUSTED				HISTORICAL COST	
			Restated	Restated		Restated	Restated				Restated	Restated		Restated	Restated
		31-Dec-21	31-Dec-20	1-Jan-20	31-Dec-21	31-Dec-20	1-Jan-20			31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20		
		Notes	ZWL	ZWL	ZWL	ZWL	ZWL			ZWL	ZWL	ZWL	ZWL		
ASSETS															
Property and equipment	5		794 653 310	614 116 835	575 103 842	774 216 149	358 855 762		74,878,740						
Right of use asset			27 690 317	47 512 833	24 756 253	27 690 317	29 559 329		3,433,421						
Investment property	6		6 066 289 056	5 011 386 538	4 773 262 144	6 066 289 056	3 117 751 895		661,999,241						
Intangible assets			90 273 714	95 700 391	47 981 326	70 405 507	52 865 342		5,579,065						
Inventories			97 448 865	96 997 622	98 407 747	2 759 402	2 122 266		2,244,041						
Deferred tax asset			-	-	154 052	-	-		72,534						
Income tax asset			-	-	10 124 677	-	-		1,404,184						
Trade and other receivables	8		564 168 775	472 759 023	463 844 481	560 732 635	293 017 745		63,703,690						
Equities at fair value through profit or loss	10		1 180 137 666	930 649 077	503 880 940	1 180 137 666	578 988 050		69,882,774						
Debt securities at amortised cost	11		624 801 606	509 413 934	369 455 986	624 801 606	316 923 519		51,239,503						
Cash and deposits with banks			449 923 714	884 950 194	528 140 683	449 923 714	550 557 240		73,247,335						
Total assets			9 895 387 023	8 663 486 447	7 395 112 131	9 756 956 052	5 300 641 148		1,007,684,528						
EQUITY AND LIABILITIES															
Equity attributable to equity holders of the parent															
Issued share capital			48 782 954	48 782 954	48 782 954	1 089 233	1 089 233		1,089,233						
Share premium			30 070 071	30 070 071	30 070 071	671 409	671 409		671,409						
Treasury shares			(449 522)	(449 522)	(449 522)	(10 037)	(10 037)		(10 037)						
Retained earnings			199 720 193	86 875 835	207 622 248	157 627 445	52 500 791		15,231,460						
Revaluation reserve			65 896 714	20 840 703	13 405 079	100 464 382	24 409 705		1,744,187						
Foreign currency translation reserve			8 510 447	52 916 498	31 159 692	125 436 207	100 594 732		15 256 032						
Total ordinary shareholder's equity			352 530 857	239 036 539	330 590 522	385 278 639	179 255 833		33 982 284						
Non-controlling interests			859 388 593	722 722 015	653 296 264	852 750 657	445 259 222		89 584 459						
Total equity			1 211 919 450	961 758 554											



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INCOME TAX

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-21 ZWL	Restated 31-Dec-20 ZWL	31-Dec-21 ZWL	Restated 31-Dec-20 ZWL
Profit before income tax	377 661 714	(28 140 560)	661 223 666	442 736 982
Adjustments:	(119 183 088)	245 841 124	(285 170 311)	(260 629 182)
Fair value gains on equities at fair value through profit or loss	(318 537 772)	(478 559 341)	(468 430 775)	(392 984 222)
Additions to financial assets at fair value through profit or loss	(103 838 332)	(80 887 515)	(87 467 628)	-
Disposals of financial assets at fair value through profit or loss	75 341 619	286 295 686	70 116 580	169 340 611
Fair value gains on investment property	(1 294 294 263)	(332 365 283)	(3 005 523 574)	(2 344 411 704)
Amortisation of intangible assets	2 172 588	577 146	89 184	137 526
Depreciation of right of use asset	7 959 826	3 863 972	7 959 826	2 403 907
Finance costs	45 134 275	29 378 149	38 063 023	11 740 163
Depreciation of property and equipment	26 558 095	43 249 167	13 512 104	12 585 201
Gross change in insurance contract liabilities with discretionary participation	1 160 166 675	1 033 434 498	2 180 269 106	1 478 650 339
Gross change in investment contract liabilities with discretionary participation features	131 817 830	(213 706 247)	409 317 564	325 396 102
Gross change in investment contract liabilities without discretionary participation	312 269 392	(5 758 668)	553 680 850	307 701 800
Interest income	(95 783 613)	(59 119 747)	(90 217 366)	(36 337 873)
Dividend income	(13 321 782)	(7 898 626)	(19 269 127)	(4 578 605)
Effects of inflation	(4 653 203)	14 667 091	-	-
Unrealised exchange gains/ (losses)	(6 381 442)	(17 163 514)	162 907 210	(87 967 259)
Projects development costs	43 792 820	51 851 576	30 625 763	300 565 761
Profit on disposal of investment property	(71 680 662)	(20 209 652)	(65 218 089)	(1 924 551)
Profit on disposal of property, plant and equipment	(15 905 139)	(1 807 568)	(15 584 962)	(946 378)
Changes in working capital				
Increase in trade and other receivables	(653 037 403)	173 829 544	(507 270 849)	181 319 270
Increase in trade and other receivables (Increase)/decrease in inventories	(104 368 166)	(23 889 411)	(280 673 304)	(227 256 293)
(Decrease)/Increase in trade and other payables	(451 243)	1 410 124	(637 136)	121 778
Cash (utilised in)/ generated from operations	(548 217 994)	196 308 831	(225 960 409)	408 453 785
Income taxes paid	(394 558 777)	391 530 108	(131 217 494)	363 427 070
Net cash (utilised in)/ generated from operations	(38 783 082)	(13 644 161)	(31 395 413)	(8 402 048)
Cash flows from investing activities	(433 341 859)	377 885 947	(162 612 907)	355 025 022
Additions to and replacement of property and equipment	(8 354 425)	(29 499 723)	(6 593 981)	(17 718 295)
Additions to intangible assets	(7 252 031)	(37 264 150)	(7 252 030)	(22 824 977)
Interest income	95 783 613	59 119 747	90 217 366	36 337 873
Dividend income	13 321 782	7 898 626	19 269 127	4 578 605
Proceeds from sale of investment property	33 948 260	18 678 025	19 035 806	10 889 755
Proceeds from sale of property and equipment	173 097	21 015 697	670 446	8 496 543
Additions to debt securities held at amortised cost	(284 835 619)	(56 537 182)	(284 355 222)	(35 173 680)
Maturities debt securities held at amortised cost	112 256 055	2 530 055	112 265 372	118 645
Net cash utilised in investing activities	(44 959 268)	(14 058 905)	(56 743 116)	(15 295 531)
Cash flows from financing activities	(45 134 275)	(29 378 149)	(38 063 023)	(11 740 163)
Repayments lease obligations	(14 193 565)	(1 218 049)	(14 193 565)	(757 789)
Repayments of borrowings	(20 718 226)	(40 658 590)	(3 708 652)	(13 893 055)
Proceeds from borrowings	154 770 428	45 063 626	88 857 012	17 731 265
Net cash generated/ (utilised) in financing activities	74 724 362	(26 191 162)	32 891 772	(8 659 742)
Net (decrease)/increase in cash equivalents for the year	(403 576 765)	337 635 880	(186 464 251)	331 069 749
Cash and cash equivalents at the beginning of the year	872 140 076	528 140 683	542 922 122	73 247 335
Exchange differences on translation of a foreign operation	(69 799 872)	6 363 513	42 305 568	138 605 038
Cash and cash equivalents at the end of the year	398 763 439	872 140 076	398 763 439	542 922 122

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 DIRECTORS' RESPONSIBILITY STATEMENT

The directors are required by the Companies and Other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and are responsible for the content and integrity of the condensed consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the condensed consolidated financial statements present fairly the Group's financial position as at the year end, and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ("IFRS").

2 Audit opinion

The condensed audited inflation adjusted financial results should be read in conjunction with the complete set of Group's Annual Financial Statements for the year ended 31 December 2021. The Group's Annual Financial statements have been audited by PricewaterhouseCoopers Chartered Accountants (Zimbabwe) who have issued an adverse opinion on the consolidated financial statements due to non-compliance with IAS 21, "The effects of changes in foreign exchange rates" and IAS 29, "Financial reporting in hyper-inflationary economies", and the application of a conversion rate to United States of America dollar ("USD") valuation inputs and a USD based valuation to calculate ZWL investment property and land and buildings values is not an accurate reflection of market dynamics as risks associated with currency trading do not reflect the risks associated with property trading at 31 December 2020 and the year then ended.

Inappropriate void rate was applied in the valuation of investment property. Furthermore the lettable space for multi-tenanted commercial property included common areas which rentals per square meter had already been included in rentals per square meter charged to tenants. The Independent Auditor's report on the Group's Annual Financial Statements is available for inspection at the Company's registered office. The engagement partner for the review is Mr Clive Mukondiwa (PAAB Practising Number 253168).

3 ACCOUNTING POLICIES

3.1 Basis of preparation

The Group's financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and in the manner required by the Zimbabwe Companies and other Business Entities Act (Chapter 24:31) except for non-compliance with IAS 21 'The effects of changes in foreign exchange rates' and IAS 8 'Accounting policies - Changes in accounting policies, estimates and errors' and the consequent adjustments made in terms of IAS 29 Financial reporting in hyperinflationary economies. The financial statements are based on statutory records that are maintained under the historical cost convention basis, except for revaluation of investment properties, land and buildings and financial assets at fair value through profit or loss and insurance and investment contract liabilities that have been measured on a fair value basis. The Group adopted IAS 29 "Financial Reporting in hyperinflationary economies" as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board ("PAAB").

Historical financial statements have been presented as supplementary information.

The condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report of Fidelity Life Assurance of Zimbabwe Limited for the year ended 31 December 2021 and any public announcements made by Company during the period.

The accounting policies applied in preparing these condensed consolidated financial statements are consistent with those of the previous financial year.

3.2 Functional Currency

The Group's condensed consolidated financial statements are expressed in the Zimbabwe dollars ("ZWL") which is the functional and presentation currency of the Company.

3 ACCOUNTING POLICIES

3.3 Application of IAS 29 (Financial reporting in hyperinflationary Economies)

These financial results have been prepared in accordance with IAS 29 which requires that the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that corresponding figures for the previous period also be restated in terms of the same measuring unit.

The restatement has been calculated by means of conversion factors derived from the Consumer Price Index ("CPI") reported on the Reserve Bank of Zimbabwe website. The indices and adjustment factors used to restate the financial statements at 31 December 2021 are as given below:

	Index	Conversion factor
CPI as at 31 December 2019	551.63	7.210
CPI as at 31 December 2020	2474.41	1.6074
CPI as at 31 December 2021	3977.4	1.0000

The financial statements of the subsidiary in Malawi which does not report in the currency of hyper-inflationary economy were dealt with in accordance with IAS 21. The items included in statement of profit or loss and comprehensive income were translated using average exchange rates and statement of financial position items were translated at the closing rates.

Further information on the restatement is included in Note 9 to the financial statements.

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Audited Financial Results

For The Year Ended 31 December 2021



FIDELITY LIFE

ASSURANCE OF ZIMBABWE

www.fidelitylife.co.zw



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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2021

4 EARNINGS PER SHARE (EPS)
Reconciliation of total earnings to headline earnings attributable to shareholders Numerator
Profit/ (loss) for the year attributable to owners of the parent and profit used in EPS

Add/(deduct) non recurring items
Impairment of intangible assets
Profit on disposal of property
Profit on disposal of investment property
Other non recurring items
Taxation on headline earnings adjustable items
Headline earnings attributable to ordinary shareholders Denominator
Weighted number of ordinary shares in issue
Less: Shares purchased for the Employee Share Ownership Plan
Weighted average number of shares used in basic EPS
Less: Dilutive adjusting effects
Weighted average number of shares used in diluted EPS
Basic and diluted earnings per share (cents)
Headline earnings per share (cents)

INFLATION ADJUSTED

5 PROPERTY AND EQUIPMENT GROUP

Net carrying amount at 1 January 2020

Gross carrying amount - cost/
valuation
Accumulated depreciation
Additions
Exchange rate movement on foreign operations
Disposals
Gross carrying amount - cost/
valuation
Accumulated depreciation
Depreciation charge for the year
Revaluation surplus

Net carrying amount at 31 December 2020

Gross carrying amount - cost/
valuation
Accumulated depreciation
Additions
Exchange rate movement on foreign operations
Disposals
Gross carrying amount - cost/
valuation
Accumulated depreciation
Depreciation charge for the year
Revaluation surplus

Net carrying amount at 31 December 2021

Gross carrying amount - cost/
valuation

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 2021. There were no buildings pledged as collateral as at 31 December 2021. The value of land and buildings is categorised as a level 3 recurring fair value measurement.

The carrying amount of land and buildings had the assets been measured at cost as at 31 December 2021 ZWL162,704,480 and ZWL107,136,783 in 2020.

INFLATION ADJUSTED

31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
112 844 358	(120 746 413)	105 126 654	33 286 068
2 156 685 (15 842 470)	577 146 (1 706 836)	89 152 (15 584 962)	137 526 (2 870 929)
(71 680 662)	(20 209 652)	(65 218 089)	-
-	1 261 372	-	784 742
21 102 586	4 963 274	19 952 476	481 709
48 580 498	(135 861 109)	44 365 231	31 819 116
108 923 291 (1 003 743)	108 923 291 (1 003 743)	108 923 291 (1 003 743)	108 923 291 (1 003 743)
107 919 548	107 919 548	107 919 548	107 919 548
107 919 548	107 919 548	107 919 548	107 919 548
104.56	(111.89)	97.41	30.84
45.02	(125.89)	41.11	29.48

Land and buildings ZWL	Motor vehicles ZWL	Equipment and computers ZWL	Furniture and fittings ZWL	Total ZWL
524 033 675	20 853 133	15 917 991	14 299 043	575 103 842
529 990 944 (5 957 269)	112 155 252 (91 302 119)	58 845 378 (42 927 387)	24 721 776 (10 422 733)	725 713 350 (150 609 508)
54 878	2 255 880	5 088 430	908 694	8 307 882
2 779 008	(150 130)	(603 099)	(342 394)	1 683 385 (73 670)
-	(70 298)	(3 372)	-	
-	(2 503 771)	(106 419)	-	(2 610 190)
-	2 433 473	103 047	-	2 536 520
(33 766 326)	(2 652 082)	(4 479 860)	(2 350 898)	(43 249 166)
72 344 562	-	-	-	72 344 562
565 445 797	20 236 503	15 920 090	12 514 445	614 116 835
571 461 768 (6 015 971)	111 757 231 (91 520 728)	63 224 290 (47 304 200)	25 288 076 (12 773 631)	771 731 365 (157 614 530)
-	868 606	6 340 501	1 145 318	8 354 425
(3 831 409)	(1 115 653)	(3 250 127)	(780 410)	(8 977 599)
-	(11 757 620)	(78 051)	-	(11 835 671)
-	(45 896 359)	(298 811)	-	(46 195 170)
-	34 138 739	220 760	-	34 359 499
(8 365 079)	(6 342 272)	(9 812 495)	(2 038 249)	(26 558 095)
219 553 415	-	-	-	219 553 415
772 802 724	1 889 564	9 119 918	10 841 104	794 653 310
778 906 313 (6 103 589)	65 613 825 (63 724 261)	66 015 853 (56 895 935)	25 652 984 (14 811 880)	936 188 975 (141 535 665)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2021

5.1 GROUP

Net carrying amount at 1 January 2020

Gross carrying amount - cost/
valuation
Accumulated depreciation

Additions

Exchange rate movement on foreign operations

Disposals
Gross carrying amount - cost/
valuation
Accumulated depreciation

Depreciation charge for the year

Revaluation surplus

Net carrying amount at 31 December 2020

Gross carrying amount - cost/
valuation
Accumulated depreciation

Additions

Exchange rate movement on foreign operations

Disposals
Gross carrying amount - cost/
valuation
Accumulated depreciation

Depreciation charge for the year

Revaluation surplus

Net carrying amount at 31 December 2021

Gross carrying amount - cost/
valuation
Accumulated depreciation

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 2021. There were no buildings pledged as collateral as at 31 December 2021. The value of land and buildings is categorised as a level 3 recurring fair value measurement. The carrying amount of land and buildings had the assets been measured at cost as at 31 December 2021 ZWL25,141,670 and ZWL27,895,674 in 2020.

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
6 INVESTMENT PROPERTY				
Balance at the beginning of the year	5 011 386 538	4 773 262 144	3 117 751 895	661 999 240
Disposals	(164 988 944)	(117 530 244)	(119 585 256)	(62 921 976)
Exchange rate movement on foreign operations	(74 402 801)	23 289 355	62 598 843	174 262 927
Fair value gains through profit or loss	1 294 294 263	332 365 283	3 005 523 574	2 344 411 704
Balance at the end of the year	6 066 289 056	5 011 386 538	6 066 289 056	3 117 751 895

The Group's fair values of investment properties are based on property valuations performed by an independent professional property valuer. Gains and losses arising from a change in fair value of investment properties are recognised in the profit or loss statement.

As at 31 December 2021, the fair values of the properties are based on valuations performed by Bard Real Estate an accredited independent valuer. Bard Real Estate is a specialist in valuing these types of investment properties and has recent experience in the location and category of the investment properties being valued. Valuation models in accordance with recommendations by the International Valuation Standards Committee have been applied.

There were no transfers between Levels 1 or 2 to Level 3 during the year. The fair value of investment properties is categorised as level 3. Significant judgements and assumptions were applied for the Group's Investment property portfolio. Land banks and residential properties were valued in Zimbabwe dollar using the market comparison method and the income capitalisation method was used to value commercial properties.



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Audited Financial Results

For The Year Ended 31 December 2021



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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2021

7 SEGMENT INFORMATION

	Insurance ZWL	Microlending ZWL	Property Investment ZWL	Other ZWL	Consolidation adjustments ZWL	Group ZWL
2021						
IFRS 4 Income	1 070 117 557	-	-	-	-	1 070 117 557
IFRS 9 Income	109 105 395	143 212 235	-	-	-	252 317 630
IFRS 15 Revenue-at a point in time	160 367 187	-	-	43 791 849	(65 170 772)	138 988 264
IFRS 15 Revenue-over time	15 453 300	-	-	30 600 920	(37 395 271)	8 658 949
Other revenue	1 596 611 452	19 383 467	964 923 337	120 363 761	(866 970 498)	1 834 311 519
Total income	2 951 654 891	162 595 702	964 923 337	194 756 530	(969 536 541)	3 304 393 919
Total benefits, claims and other expenses	(2 776 589 359)	(131 705 197)	(11 420 346)	(128 368 993)	121 351 690	(2 926 732 205)
Profit before income tax	175 065 531	30 890 505	953 502 991	66 387 537	(848 184 851)	377 661 713
Depreciation of property and equipment	23 678 928	1 289 222	-	1 589 945	-	26 558 095
Amortisation of intangible assets	41 598	1 821 163	-	309 828	-	2 172 588
Finance costs	10 647 157	34 487 118	-	-	-	45 134 275
Fair value gains on equities	262 843 723	12 252 304	-	43 441 745	-	318 537 772
Fair value gains on investment property	347 363 159	7 131 163	964 923 337	16 262 133	(41 385 529)	1 294 294 263
Income tax expense	35 034 473	13 351 192	48 246 167	6 125 124	-	102 756 956
Additions to non-current assets	14 228 014	943 643	-	434 799	-	15 606 456
Reportable segment non-current assets	3 190 484 098	47 304 418	4 255 270 000	147 465 520	-	7 640 524 036
Reportable segment current assets	1 464 045 753	121 267 764	-	53 163 064	-	1 638 476 580
Reportable segment liabilities	8 273 272 472	124 468 216	225 664 653	60 062 233	-	8 683 467 573
Cash flows from operating activities	(278 184 574)	(28 477 752)	-	(126 679 535)	-	(433 341 859)
Cash flows from investing activities	95 493 648	(2 315 579)	-	(138 137 337)	-	(44 959 268)
Cash flows from financing activities	(44 245 689)	25 116 930	-	93 853 121	-	74 724 362
2020						
IFRS 4 Income	611 775 911	-	-	-	-	611 775 911
IFRS 9 Income	55 089 267	54 637 562	-	-	-	109 726 829
IFRS 15 Revenue-at a point in time	66 543 957	-	-	25 178 482	(26 690 125)	65 032 314
IFRS 15 Revenue-over time	3 976 083	-	-	16 676 231	(15 251 500)	5 400 814
Other revenue	973 756 519	14 861 954	266 119 160	28 027 042	(339 345 870)	943 418 805
Total income	1 711 141 737	69 499 516	266 119 160	69 881 755	(381 287 495)	1 735 354 673
Total benefits claims and other expenses	(1 642 873 928)	(118 227 788)	(1 849 392)	(56 063 479)	55 519 354	(1 763 495 233)
Profit before income tax	68 267 809	(48 728 272)	264 269 768	13 818 276	(325 768 141)	(28 140 560)
Depreciation of property and equipment	41 166 094	244 735	-	1 838 337	-	43 249 166
Amortisation of intangible assets	133 674	133 645	-	309 827	-	577 146
Finance costs	19 996 876	9 381 273	-	-	-	29 378 149
Fair value gains on equities	462 889 622	1 455 555	-	14 214 164	-	478 559 341
Fair value gains on investment property	76 988 867	1 948 586	263 648 888	468 778	(10 689 836)	332 365 283
Income tax expense	15 675 713	3 001 557	13 182 459	5 508 302	-	37 368 032
Additions to non-current assets	44 681 274	191 874	-	698 884	-	45 572 032
Reportable segment non-current assets	3 561 116 042	35 068 853	3 290 346 663	74 897 562	-	6 961 429 120
Reportable segment current assets	1 775 519 901	37 199 890	-	23 967 534	-	1 836 687 325
Reportable segment liabilities	7 544 019 508	47 213 903	167 508 620	38 198 095	-	7 796 940 126
Cash flows from operating activities	510 850 545	(45 774 336)	-	(87 190 263)	-	377 885 947
Cash flows from investing activities	(50 829 423)	(3 721 996)	-	40 492 514	-	(14 058 905)
Cash flows from financing activities	(27 121 481)	40 372 245	-	(39 441 925)	-	(26 191 162)



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2021

7.2 SEGMENT INFORMATION (Cont'd)
GEOGRAPHICAL INFORMATION
2021

Income				
IFRS 4 Income	452 127 856	617 989 701	-	1 070 117 557
IFRS 9 Income	160 814 698	91 502 932	-	252 317 630
IFRS 15 Revenue-at a point in time	196 324 930	7 834 106	(65 170 772)	138 988 264
IFRS 15 Revenue-over time	46 054 221	-	(37 395 271)	8 658 950
Other revenue	2 568 010 435	133 271 581	(866 970 498)	1 834 311 518
Group's income per statement of profit or loss and other comprehensive income	3 423 332 140	850 598 320	(969 536 541)	3 304 393 919
Depreciation of property and equipment	19 337 983	7 220 112	-	26 558 095
Amortisation of intangible assets	2 130 989	41 599	-	2 172 588
Finance costs	41 670 628	3 463 647	-	45 134 275
Fair value adjustments on equities	224 283 618	94 254 154	-	318 537 772
Fair value adjustments on investment property	1 274 400 309	19 893 954	-	1 294 294 263
Income tax expense	90 337 350	12 419 607	-	102 756 956
Segment profit before income tax	396 941 785	(19 280 071)	-	377 661 714
Cash flows from operating activities	(278 184 574)	(155 157 285)	-	(433 341 859)
Cash flows from investing activities	(99 537 278)	54 578 010	-	(44 959 268)
Cash flows from financing activities	88 916 198	(14 191 836)	-	74 724 362
Additions to non-current assets	10 365 067	5 241 389	-	15 606 456
Reportable segment non current assets	6 631 219 915	1 009 154 098	-	7 640 374 013
Reportable segment current assets	385 384 850	1 252 942 889	-	1 638 327 740
Reportable segment liabilities	6 617 864 454	2 065 453 641	-	8 683 318 095
2020				
Income				
IFRS 4 Income	262 435 289	349 340 622	-	611 775 911
IFRS 9 Income	71 198 309	38 528 520	-	109 726 829
IFRS 15 Revenue-at a point in time	84 756 671	6 965 768	(26 690 125)	65 032 315
IFRS 15 Revenue-over time	20 652 314	-	(15 251 500)	5 400 814
Other revenue	1 207 885 630	74 879 045	(339 345 870)	943 418 805
Group's income per statement of profit or loss and other comprehensive income	1 646 928 213	469 713 955	(381 287 494)	1 735 354 673
Depreciation of property and equipment	38 556 360	4 692 806	-	43 249 166
Amortisation of intangible assets	443 471	133 675	-	577 146
Finance costs	26 740 049	2 638 100	-	29 378 149
Fair value adjustments on equities	436 604 536	41 954 805	-	478 559 341
Fair value adjustments on investment property	323 578 814	8 786 469	-	332 365 283
Income tax expense	25 820 006	11 548 026	-	37 368 032
Segment profit before income tax	(58 801 748)	30 661 188	-	(28 140 560)
Cash flows from operating activities	234 105 508	143 780 438	-	377 885 947
Cash flows from investing activities	80 885 743	(94 944 648)	-	(14 058 905)
Cash flows from financing activities	(37 726 753)	11 535 591	-	(26 191 162)
Additions to non-current assets	34 623 075	10 948 957	-	45 572 032
Reportable segment non current assets	5 890 324 942	1 071 104 178	-	6 961 429 120
Reportable segment current assets	438 623 112	1 398 064 214	-	1 836 687 326
Reportable segment liabilities	5 451 785 283	2 180 637 510	-	7 632 422 793

INFLATION ADJUSTED

Zimbabwe ZWL	Malawi ZWL	Consolidation adjustments ZWL	Total ZWL
452 127 856	617 989 701	-	1 070 117 557
160 814 698	91 502 932	-	252 317 630
196 324 930	7 834 106	(65 170 772)	138 988 264
46 054 221	-	(37 395 271)	8 658 950
2 568 010 435	133 271 581	(866 970 498)	1 834 311 518
3 423 332 140	850 598 320	(969 536 541)	3 304 393 919
19 337 983	7 220 112	-	26 558 095
2 130 989	41 599	-	2 172 588
41 670 628	3 463 647	-	45 134 275
224 283 618	94 254 154	-	318 537 772
1 274 400 309	19 893 954	-	1 294 294 263
90 337 350	12 419 607	-	102 756 956
396 941 785	(19 280 071)	-	377 661 714
(278 184 574)	(155 157 285)	-	(433 341 859)
(99 537 278)	54 578 010	-	(44 959 268)
88 916 198	(14 191 836)	-	74 724 362
10 365 067	5 241 389	-	15 606 456
6 631 219 915	1 009 154 098	-	7 640 374 013
385 384 850	1 252 942 889	-	1 638 327 740
6 617 864 454	2 065 453 641	-	8 683 318 095
2020			
Income			
IFRS 4 Income	262 435 289	349 340 622	-
IFRS 9 Income	71 198 309	38 528 520	-
IFRS 15 Revenue-at a point in time	84 756 671	6 965 768	(26 690 125)
IFRS 15 Revenue-over time	20 652 314	-	(15 251 500)
Other revenue	1 207 885 630	74 879 045	(339 345 870)
1 646 928 213	469 713 955	(381 287 494)	1 735 354 673
38 556 360	4 692 806	-	43 249 166
443 471	133 675	-	577 146
26 740 049	2 638 100	-	29 378 149
436 604 536	41 954 805	-	478 559 341
323 578 814	8 786 469	-	332 365 283
25 820 006	11 548 026	-	37 368 032
(58 801 748)	30 661 188	-	(28 140 560)
234 105 508	143 780 438	-	377 885 947
80 885 743	(94 944 648)	-	(14 058 905)
(37 726 753)	11 535 591	-	(26 191 162)
34 623 075	10 948 957	-	45 572 032
5 890 324 942	1 071 104 178	-	6 961 429 120
438 623 112	1 398 064 214	-	1 836 687 326
5 451 785 283	2 180 637 510	-	7 632 422 793

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2021

7.3 SEGMENT INFORMATION (Cont'd)
GEOGRAPHICAL INFORMATION
2021

Income			
IFRS 4 Income	364,103,061	617,989,701	-
IFRS 9 Income	136,206,431	91,502,932	-
IFRS 15 Revenue-at a point in time	148,469,885	7,834,106	(52,253,837)
IFRS 15 Revenue-over time	101,031,973	-	(28,207,070)
Other revenue	5,349,254,246	133,271,581	(1,890,026,077)
Group's income per statement of profit or loss and other comprehensive income	6,099,065,596	850,598,320	(1,970,486,984)
Depreciation of property and equipment	6,291,992	7,220,112	-
Amortisation of intangible assets	47,585	41,599	-
Finance costs	34,599,376	3,463,647	-
Fair value adjustments on equities	374,176,559	94,254,216	-
Fair value adjustments on investment property	2,985,629,620	19,893,954	-
Income tax expense	153,650,061	12,419,609	-
Segment profit before income tax	680,503,647	(19,279,981)	-
Cash flows from operating activities	(7,455,621)	(155,157,285)	-
Cash flows from investing activities	(111,321,124)	54,578,008	-
Cash flows from financing activities	47,083,608	(14,191,836)	-
Additions to non-current assets	3,366,883	10,479,128	-
Reportable segment non current assets	7,112,761,209	1,009,154,405	-
Reportable segment current assets	382,097,478	1,252,942,962	-
Reportable segment liabilities	6,453,475,773	2,065,450,984	-
2020			
Income			
IFRS 4 Income	121,110,922	217,336,533	-
IFRS 9 Income	20,085,205	39,771,656	-
IFRS 15 Revenue-at a point in time	48,656,116	1,805,598	(17,138,213)
IFRS 15 Revenue-over time	18,836,337	-	(4,829,633)
Other revenue	4,223,542,244	33,311,058	(1,498,012,102)
Group's income per statement of profit or loss and other Comprehensive income	4,432,230,824	292,224,845	(1,519,979,948)
Depreciation of property and equipment	9,665,926	2,919,275	-
Amortisation of intangible assets	54,363	83,163	-
Finance costs	10,098,914	1,641,249	-
Fair value adjustments on equities	366,882,729	26,101,493	-
Fair value adjustments on investment property	2,338,945,347	5,466,357	-
Tax expense	95,874,811	7,184,415	-
Segment profit before income tax	320,602,382	19,075,374	-
Cash flows from operating activities	265,574,382	89,450,640	-
Cash flows from investing activities	43,772,724	(59,068,255)	-
Cash flows from financing activities	(15,836,421)	7,176,679	-
Additions to non-current assets	2,502,171	24,856,945	-
Reportable segment non current assets	3,576,465,753	666,369,887	-
Reportable segment current assets	271,780,647	869,782,708	-
Reportable segment liabilities	3,388,581,419	1,356,647,841	-

HISTORICAL COST

Zimbabwe ZWL	Malawi ZWL	Consolidation adjustments ZWL	Total ZWL
364,103,061	617,989,701	-	982,092,762
136,206,431	91,502,932	-	227,709,363
148,469,885	7,834,106	(52,253,837)	104,050,154
101,031,973	-	(28,207,070)	72,824,903
5,349,254,246	133,271,581	(1,890,026,077)	3,592,499,750
6,099,065,596	850,598,320	(1,970,486,984)	4,979,176,932
6,291,992	7,220,112	-	13,512,104
47,585	41,599	-	89,184
34,599,376	3,463,647	-	38,063,023
374,176,559	94,254,216	-	468,430,775
2,985,629,620	19,893,954	-	3,005,523,574
153,650,061	12,419,609	-	166,069,670
680,503,647	(19,279,981)	-	661,223,665
(7,455,621)	(155,157,285)	-	(162,612,907)
(111,321,124)	54,578,008	-	(56,743,116)
47,083,608	(14,191,836)	-	32,891,772
3,366,883	10,479,128	-	13,846,011
7,112,761,209	1,009,154,405	-	8,121,915,614
382,097,478	1,252,942,962	-	1,635,040,440
6,453,475,773	2,065,450,984	-	8,518,926,757
2020			
Income			
IFRS 4 Income	121,110,922	217,336,533	-
IFRS 9 Income	20,085,205	39,771,656	-
IFRS 15 Revenue-at a point in time	48,656,116	1,805,598	(17,138,213)
IFRS 15 Revenue-over time	18,836,337	-	(4,829,633)
Other revenue	4,223,542,244	33,311,058	(1,498,012,102)
Group's income per statement of profit or loss and other Comprehensive income	4,432,230,824	292,224,845	(1,519,979,948)
Depreciation of property and equipment	9,665,926	2,919,275	-
Amortisation of intangible assets	54,363	83,163	-
Finance costs	10,098,914	1,641,249	-
Fair value adjustments on equities	366,882,729	26,101,493	-
Fair value adjustments on investment property	2,338,945,347	5,466,357	-
Tax expense	95,874,811	7,184,415	-
Segment profit before income tax	320,602,382	19,075,374	-
Cash flows from operating activities	265,574,382	89,450,640	-
Cash flows from investing activities	43,772,724	(59,068,255)	-
Cash flows from financing activities	(15,836,421)	7,176,679	-
Additions to non-current assets	2,502,171	24,856,945	-
Reportable segment non current assets	3,576,465,753	666,369,887	-
Reportable segment current assets	271,780,647	869,782,708	-
Reportable segment liabilities	3,388,581,419	1,356,647,841	-



Audited Financial Results
For The Year Ended 31 December 2021



NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2021

8 TRADE AND OTHER RECEIVABLES

Residential stand sales debtors
Micro-finance loans receivable
Insurance debtors
Other trade debtors

Trade receivables - gross

Allowance for impairment- insurance debtors
Expected credit loss on trade receivables- other debtors

Trade receivables - net
Receivables from related parties, net of allowance for expected credit loss (ECL)
Loans to employees, net of ECL

Total receivables classified as financial assets at
amortised cost

Prepayments
Other receivables, net of ECL

Total trade and other receivables

Non-current portion
Current portion
Total trade and other receivables

The carrying values of trade and other receivables classified as financial assets at amortised cost approximates their fair value. There was a significant decline in residential stand sales debtors in the current period as most of the debtors settled their accounts and no new debtors were recognised as the Southview development project has reached its tail end. Included in other receivables balance are debtors arising from non core business activities such as rental debtors and debtors arising from disposal of non core assets from the Southview development project. Receivables from related parties, loans to employees and other receivables are shown net of allowance expected credit losses. The allowance for expected credit losses for these receivables are as shown in the table below.

The total impairment allowance is made up of the
following:

Allowance for expected credit loss on trade receivables
Allowance for expected credit loss on loans to employees
Allowance for expected credit loss on other receivables
Allowance for expected credit loss on related party receivables

Movements in expected credit loss are as follows:

Allowance for expected losses
Balance at 1 January 2021
Receivables written off during the period as uncollectable
Net decrease/(increase) during the period through profit or loss
Impact on period end ECL exposures transferred between stages during the period
Balance at 31 December 2021

9. RESTATEMENTS

9(a) Prior period error equities

The Company restated financial assets at fair value through profit or loss after an error was discovered on the equities balances disclosed in 2020. The error emanated from duplications of equities that were maintained in the general fund. The prior period error has been accounted for retrospectively, and comparative information for 2020 has been restated. The effect of the change is a decrease of ZWL134,630,005 in equities, changes in actuarial liabilities and the insurance contract liabilities and investment contract liabilities with discretionary participation features. The restatement is shown in the note 9.1

(b) Prior period change in presentation of Investment contract liabilities

The Company restated investment property and equities fair value gains, investment income, operating and administration expenses as a result of a change in presentation of the investment contract liabilities income statement items to being presented on the face of the statement of profit or loss and other comprehensive income. In prior year the investment contracts were determined by applying deposit accounting where the investment property and equities fair value gains, investment income and related expenses were not accounted through profit or loss but accounted as direct increases or decreases to the investment contract liability and the corresponding assets.

This resulted in no movement linked to the investment contract liabilities in the statement of profit or loss and other comprehensive income. The investment contract liabilities are accounted applying IFRS 9 and for the Company to be in compliance with IAS 1 presentation of financial statements, the movement on these investment contracts should be disclosed separately on the face of the statement of profit or loss and other comprehensive income. The change in the presentation of the amounts will result in a decrease of fair value gains equities by ZWL31,150,766, increase in fair value gains on properties by ZWL35,555,475 and increase in operating and administration expenses ZWL10,163,377. The restatement is shown in the note 9.1

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
	2 431 331	4 050 202	2 431 331	2 519 767
	111 648 680	38 801 253	111 648 680	24 139 563
	250 920 767	287 393 004	250 920 787	178 796 841
	57 936 790	5 954 868	57 936 790	3 704 723
	422 937 568	336 199 327	422 937 588	209 160 894
	(42 181 136)	(21 179 632)	(42 181 136)	(13 176 561)
	(35 207 737)	(13 178 171)	(35 207 737)	(1 449 422)
	(6 973 399)	(8 001 461)	(6 973 399)	(11 727 139)
	380 756 432	315 019 695	380 756 453	195 984 333
	2 759 644	6 394 223	2 759 644	3 978 061
	23 424	37 695	23 424	23 451
	383 539 500	321 451 613	383 539 520	199 985 845
	138 167 861	125 396 028	137 511 285	76 911 559
	42 461 414	25 911 382	39 681 830	16 120 341
	564 168 775	472 759 023	560 732 635	293 017 745
	-	29 764 720	-	18 517 632
	564 168 775	442 994 303	560 732 635	274 500 113
	564 168 775	472 759 023	560 732 635	293 017 745

(c) Prior period error deferred revenue

The Company restated deferred revenue and monetary gain or loss as a result of an error on the IAS 29 restatement of deferred revenue In prior year deferred revenue was treated as a monetary item for inflation adjustment restatements. The error has been accounted for retrospectively and comparative information for 2020 restated. The effect is an increase in trade and other payables by ZWL160,790,007 and the net monetary gain reduced by ZWL128,039,609. Furthermore , opening retained earnings for 2020 have been reduced by ZWL32,750,396.

The restatement is shown in the note 9.1

(d) Investments in financial assets at fair value through profit or loss

Investments in financial assets at fair value through profit or loss and disinvestments in financial assets at fair value through profit or loss for the Group and Company were in prior years, presented in the statement of cash flows under investing activities. In the current period it was identified that these financial assets are invested for the purpose of preserving funds to pay future claims from the insurance business written. These investments are therefore managed as part of the operations of the Group and Company's insurance business, as claims settlement is an ordinary operating activity of the Group and Company. Thus the investments and disinvestments in financial assets at fair value through profit or loss for the current, and prior period were reclassified and presented as operating activities instead of investing activities on the statement of cash flows.

(e) Presentation of investment contract liabilities with discretionary participation features.

The Group and Company presented insurance contract liabilities with discretionary participation features (measured under IFRS 4) and investment contract liabilities with discretionary participation features (measured under IFRS 9) in one financial statement line item instead of being presented as two distinct financial statements line items on the statement of financial position. IAS 1 stipulates that items measured applying different accounting standards should not be aggregated. The balances were separately disclosed on the statement of financial position in the current and prior year financial statements.

(f) Segmental reporting

In prior years, the Group disclosed the segmental reporting at a lesser disaggregated level than is required as they did not meet the quantitative requirements in IFRS 8 par 13 and only disclosed insurance, microlending and other operating segments. The "Property investment" segment was required to have separate segment disclosure per IFRS 8 par 13 to be compliant. This has been restated in the current period.

(g) Cash and cash equivalents

The Group presented bank overdraft in prior year under financing activities instead of being included as part of the cash and cash equivalents on the statement of cash flow. These overdrafts are used for the management of cash. In terms of IAS 7 these are supposed to be presented as part of the cash and cash equivalents on the statement of cash flows. The cash flow statement has been restated to correct this error.

(h) Deferred tax

In prior years Langford Estates 1962 (Private) Limited was not accounting for deferred tax on investment property as required by IAS 12. The error has been accounted for retrospectively and comparative information for 2020 has been restated. The effect is an increase in deferred tax liability, income tax expense, and retained earnings, in addition a reduction in investment in subsidiary, non controlling interests and insurance contract liabilities.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2021

9.1 IMPACT ON STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME - YEAR ENDED 31 DECEMBER 2020

Gross change in insurance contract liabilities
Fair value gains from equities
Fair value gains from properties
Operating and administration expenses
Gross change in investment contract liabilities
(Loss)/gain on net monetary position
Income tax expense

December 2020
IMPACT ON EARNINGS PER SHARE

Basic/diluted earnings per share (cents)
Headline earnings per share (cents)

December 2020
IMPACT ON STATEMENT OF CASH FLOW

Gross change in insurance contract liabilities with DPF
Fair value gains from equities
Fair value gains from properties
Trade and other payables

IMPACT ON STATEMENT OF FINANCIAL POSITION

1 January 2020
Retained earnings
Revaluation reserve
Trade and other payables
Deferred tax liabilities
Insurance contract liabilities with discretionary participation features
Non controlling interests

December 2020
Insurance contract liabilities with discretionary participation features
Equities at fair value through profit or loss
Trade and other payables
Deferred tax liabilities
Non controlling interests

10. EQUITIES AT FAIR VALUE THROUGH
PROFIT OR LOSS

Balance at the beginning of the year
Additions
Fair value adjustments - through profit or loss
Exchange gains/ loss
Disposals

Balance at the end of the year

11 CASH AND DEPOSITS WITH BANKS

Money market investments
Bank and cash
Restricted cash
Cash and deposits with banks
Bank overdraft
Cash and cash equivalents

Restricted cash refers to a fixed deposit that was kept by First Capital Bank Zimbabwe as security for a loan received from First Capital Bank Malawi. The loan was paid off during the year, as disclosed in Note 13.

INFLATION ADJUSTED			HISTORICAL COST		
As previously stated 2020 ZWL	Effect of restatement 2020 ZWL	Restated 2020 ZWL	As previously stated 2020 ZWL	Effect of restatement 2020 ZWL	Restated 2020 ZWL
(1 156 682 494)	123 247 996	(1 033 434 498)	(1 632 108 562)	153 458 223	(1 478 650 339)
644 340 112	(165 780 771)	478 559 341	301 822 042	91 162 180	392 984 222
296 809 808	35 555 475	332 365 283	2 205 306 955	139 104 749	2 344 411 704
(404 652 265)	(10 163 377)	(414 815 642)	(219 571 764)	(6 322 978)	(225 894 742)
-	5 758 668	5 758 668	-	307 701 800	307 701 800
(55 067 315)	(128 039 609)	(183 106 924)	-	-	-
(24 185 588)	(13 182 444)	(37 368 032)	(21 695 960)	(81 363 266)	(103 059 226)
27.17	(139.06)	(111.89)	30.84	-	30.84
13.17	(140.23)	(127.06)	29.48	-	29.48
942 976 257	(123 247 996)	819 728 261	1 957 504 664	(153 458 223)	1 804 046 441
(644 340 112)	165 780 771	(478 559 341)	(301 822 042)	(91 162 180)	(392 984 222)
(296 809 808)	(35 555 475)	(332 365 283)	(2 205 306 955)	(139 104 749)	(2 344 411 704)
16 417 642	160 790 007	177 207 649	-	-	-
As previously stated 2019 ZWL	Effect of restatement 2019 ZWL	Restated 2019 ZWL	As previously stated 2019 ZWL	Effect of restatement 2019 ZWL	Restated 2019 ZWL
245 965 624	(38 343 376)	207 622 248	14 187 162	1 044 298	15 231 460
282 320	13 122 759	13 405 079	-	-	-
757 007 284	32 750 396	789 757 680	-	-	-
65 658 481	151 334 889	216 993 370	8 609 389	20 988 493	29 597 882
4 095 718 045	(129 762 968)	3 965 955 077	568 031 286	(17 996 704)	550 034 582
682 397 963	(29 101 699)	653 296 264	93 620 546	(4 036 087)	89 584 459
5 248 685 996	(253 010 964)	4 995 675 032	3 265 383 852	(171 454 927)	3 093 928 925
1 065 279 082	(134 630 005)	930 649 077	662 745 899	(153 458 223)	509 287 676
825 276 501	160 790 007	986 066 508	-	-	-
74 584 871	164 517 333	239 102 204	45 105 405	102 351 760	147 457 165
754 358 698	(31 636 683)	722 722 015	464 941 464	(19 682 242)	445 259 222

INFLATION ADJUSTED	HISTORICAL COST		
31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
930 649 077	503 880 940	578 988 050	69 882 774
103 838 332	80 887 515	87 467 628	46 169 093
318 537 772	478 559 341	468 430 713	392 984 222
(97 545 760)	153 616 959	115 367 855	239 991 375
(75 341 755)	(286 295 678)	(70 116 580)	(170 039 414)
1 180 137 666	930 649 077	1 180 137 666	578 988 050

INFLATION ADJUSTED	HISTORICAL COST		
31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
282 811 181	726 199 464	282 811 181	451 793 278
167 112 533	158 143 545	167 112 533	98 386 212
-	607 185	-	377 750
449 923 714	884 950 194	449 923 714	550 557 240
(51 160 275)	(12 810 118)	(51 160 275)	(7 635 118)
398 763 439	872 140 076	398 763 439	542 922 122

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Audited Financial Results

For The Year Ended 31 December 2021

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2021

12.1 Insurance contract liabilities with discretionary participation features

	INFLATION ADJUSTED		HISTORICAL COST	
	2021	2020	2021	2020
	ZWL	Restated ZWL	ZWL	Restated ZWL
Balance at the beginning of the year	4 995 675 021	3 965 955 077	3 093 928 925	550 034 582
Reclassification to investment contract liabilities	-	(359 449 950)	-	(49 851 776)
Change in life assurance policyholder liabilities for the year	998 009 024	1 389 169 894	2 899 755 120	2 593 746 119
Movement through profit or loss	1 160 166 693	1 033 434 498	2 180 269 106	1 478 650 339
Movement through other comprehensive income	173 050 519	64 408 628	339 097 687	249 424 335
Exchange rate movement on foreign operations	(335 208 188)	291 326 768	380 388 327	865 671 445
Balance at the end of the year	5 993 684 045	4 995 675 021	5 993 684 045	3 093 928 925

12.2 Investment contract liabilities with discretionary participation features

Balance at the beginning of the year	734,385,836	948,092,083	456,886,102	131,490,000
Movement through profit or loss	131,817,830	(213,706,247)	409,317,564	325,396,102
Balance at the end of the year	866,203,666	734,385,836	866,203,666	456,886,102

12.3 Investment contracts without discretionary participation features

Balance at the beginning of the year	638 880 441	284 173 149	397 468 983	39 411 707
Reclassification from insurance contract liabilities	-	359 449 950	-	49 851 776
Other investment income	-	59 693	29 348	40 914
Gross premium income	4 374 560	2 432 782	3 391 219	1 115 601
Gross benefits and claims paid	(4 250 977)	(1 476 465)	(3 247 465)	(652 815)
Movement through profit or loss	312 145 809	(5 758 668)	553 507 748	307 701 800
Fair value gains from equities	73 446 954	(31 150 766)	118 305 592	174 920 029
Fair value gains from investment properties	248 971 461	35 555 475	445 474 762	139 104 749
Investment expenses	(10 272 606)	(10 163 377)	(10 272 606)	(6 322 978)
Balance at the end of the year	951 149 833	638 880 441	951 149 833	397 468 983

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2021

13 BORROWINGS

13.1 LONG-TERM BORROWINGS

NMB Bank Limited	-	10 783 148	-	6 708 558
First Capital Bank Malawi	-	16 316 448	-	10 151 010
Current portion of long-term borrowings	-	27 099 596	-	16 859 568
Non-current portion of long term borrowings	-	(19 773 518)	-	12 301 770)
	-	7 326 078	-	4 557 798

NMB BANK LIMITED

The loan with NMB Bank Limited was obtained by Fidelity Life Assurance of Zimbabwe Limited to enable settlement of redeemable bonds that were acquired in 2018. The loan accrued interest at 10% per annum and had fixed monthly repayments to 31 January 2023. The facility was secured through a first mortgage bond over property valued at ZWL290.4 million and cession of residential stand sales receivables worth ZWL12 million. The loan was fully paid during the year.

First Capital Bank Malawi

The loan with First Capital Bank Malawi Limited was obtained by Fidelity Life Assurance of Zimbabwe Limited to refinance Vanguard Life Assurance Limited a subsidiary of Fidelity Life through a rights issue. The loan was denominated in Malawi Kwacha and accrued interest at 23% per annum. The terms of the loan required security of 110% of the facility amount to be kept in deposit with First Capital Bank of Zimbabwe for the duration of the facility. The facility was fully settled during the year.

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.

ZB bank Limited

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% per annum on a one year tenure. The loan is available for one year, expiring on 28 February 2022.

13.2 SHORT-TERM BORROWINGS

	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
ZB Bank Limited	51 160 275	12 272 473	51 160 275	7 635 118
Ecobank Zimbabwe Limited	15 374 577	12 810 118	15 374 577	7 969 604
Current portion of non-current borrowings	-	19 773 519	-	12 301 770
	66 534 852	44 856 110	66 534 852	27 906 492

Ecobank Zimbabwe Limited

The micro-finance business acquired a 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 the outstanding amount accrues interest at 45% per annum. The facility is available for one year, expiring on 31 July 2022.

13.3 MOVEMENT IN BORROWINGS

Movements in borrowings during the period were as follows:

Balance at the beginning of the year

Net cash out flow on borrowings	52 182 188	170 779 541	32 464 290	23 685 254
Proceeds from borrowings	82 891 927	(7 867 436)	33 988 085	(3 796 908)
Repayment of borrowings	154 770 428	45 063 626	88 857 012	17 731 265
Finance costs capitalised	(71 878 501)	(52 931 062)	(54 868 927)	(21 528 173)
Finance costs paid	45 134 275	29 378 149	32 925 645	11 740 163
Exchange differences on foreign currency denominated loans	(45 134 275)	(29 378 149)	(32 925 645)	(11 740 163)
Reduction of borrowings due to inflation	(2 715 156)	5 490 070	82 477	12 575 944
Balance at the end of the year	(65 824 107)	(116 219 987)	-	-
	66 534 852	52 182 188	66 534 852	32 464 290

Current borrowings
Non-current borrowings

Borrowings as at 31 December

14 TRADE AND OTHER PAYABLES

	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
Trade payables	121 525 222	155 541 956	121 525 222	96 767 875
South View offsite works liability	52 273 724	496 584 228	52 273 724	308 941 729
Related party payables	11 285 218	1 912 136	11 285 218	1 189 604
Deferred income from sale of residential stands	168 077 614	168 077 614	4 533 864	4 533 864
Statutory liabilities	17 998 305	4 146 427	17 998 305	2 579 631
Accrued expenses	51 379 213	71 911 867	51 379 213	44 738 788
Other payables	59 102 040	87 892 282	59 102 040	54 680 740
	481 641 336	986 066 510	318 097 585	513 432 231

15 CONTINGENCIES

Contingent liability

Fidelity Life Assurance of Zimbabwe Limited agreed to unconditionally guarantee ZWL37.5 million of the full debt owing to ZB Bank Limited on behalf of Fidelity Life Financial Services (Private) Limited in terms of the overdraft facility that was signed between Fidelity Life Financial Services (Private) Limited and ZB Bank Limited. The guarantee covers part of the overdraft with the amount borrowed plus interest and any other charges and shall remain in place until the overdraft is fully paid. Fidelity Life Assurance of Zimbabwe as the Guarantor will duly pay to the Lender ZB Bank Limited the debt and liabilities in terms of the ZB Bank Limited overdraft facility agreement in the event of default by Fidelity Life Financial Services (Private) Limited up to the guaranteed amount.

16 Litigations against the Company

In 2015, Fidelity Life Assurance of Zimbabwe Limited, ("FLA") entered into a sale of shares agreement with CFI Holdings Limited ("CFI") acquiring 80.77% shares in Langford Estates 1962 (Private) Limited, a company whose sole asset is land measuring 834 hectares. The purchase entailed the assumption of CFI Holdings' Limited USD16million debt owed to a consortium of banks by the Company. Subsequently a Debt Assumption and Compromise Agreement was signed between the Company, Langford Estates (1962) (Private) Limited, CFI Holdings, Crest Poultry (Private) Limited t/a Agrifoods, and FBC Bank Limited, Agricultural Bank of Zimbabwe Limited, Infrastructure Development Bank of Zimbabwe Limited, Standard Chartered Bank Zimbabwe Limited and CBZ Bank Limited. The Company assumed the CFI debt and ownership of 80.77% of Langford Estates and duly paid off the debt.

In March 2018, the Company received a letter from CFI contesting the Sale of Shares Agreement and Debt Assumption and Compromise Agreement. The parties failed to reach an amicable resolution and CFI instituted legal proceedings against the Company in the High Court and Arbitration for cancellation of the debt assumption agreement and setting aside of the agreement of sale of shares respectively. Both matters are pending resolution before the two forums. The directors have engaged external legal counsel to defend the interests of Fidelity Life.

17 Events after the reporting date

On 7 May 2022, the Government announced measures to restore confidence, preserve value and restore macro-economic stability. These measures seek to stabilize the foreign exchange rate, inflation and macro-economic stability through confidence building, clearance of foreign auction backlogs, continuation of partial dollarisation, exchange rate management and strengthening demand for local currency. The Group will monitor the developments from the announcement and take appropriate action to mitigate any emerging risks.



Independent auditor's report

To the Shareholders of

Fidelity Life Assurance of Zimbabwe Limited

Our adverse opinion

In our opinion, because of the significance of the matters discussed in the *Basis for adverse opinion* section of our report, the consolidated and separate financial statements do not present fairly the consolidated and separate financial position of Fidelity Life Assurance of Zimbabwe (the "Company") and its subsidiaries (together the "Group") as at 31 December 2021, and their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31).

What we have audited

Fidelity Life Assurance of Zimbabwe Limited's consolidated and separate financial statements set out on pages xx to xx comprise:

- the consolidated and separate statements of financial position as at 31 December 2021;
 - the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
 - the consolidated and separate statements of changes in equity for the year then ended;
 - the consolidated and separate statements of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
-

Basis for adverse opinion

An adverse opinion was issued on the consolidated and separate financial statements as at 31 December 2020, and for the year then ended, due to the use of foreign currency exchange rates that were not considered to be appropriate spot rates for translation of foreign denominated transactions and balances as required by International Accounting Standard ("IAS") 21, '*The Effects of Changes in Foreign Exchange Rates*' ("IAS 21"), the effects of the Group and Company's change in their functional currency on 22 February 2019 which is not in compliance with IAS 21 which would have required a functional currency change on 1 October 2018, the inappropriate application of IAS 8, '*Accounting Policies, Changes in Accounting Estimates and Errors*' ("IAS 8"), and its consequential effects on the hyperinflationary adjustments made in terms of IAS 29, '*Financial Reporting in Hyperinflationary Economies*' ("IAS 29"). The opinion was further modified due to the impact of using United States of America dollar ("US\$") valuation inputs rather than local currency valuation inputs, and then translating the value so derived to Zimbabwe dollar ("ZWL") using the interbank foreign exchange rate as per the Foreign Exchange Auction Trading System of the Reserve Bank of Zimbabwe at the reporting date, when valuing investment property and land and buildings. Notwithstanding the fact that the spot rate applied as at 31 December 2020 is considered to meet the spot rate definition as per IAS 21, the application of a conversion rate to US\$ valuation inputs and a US\$ based valuation to calculate ZWL investment properties and land and buildings 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.

Furthermore, the Company's Investment in subsidiaries that are equity accounted in accordance with IAS 27 '*Separate Financial Statements*' ("IAS 27"), are misstated due to the inappropriate application of IAS 21 and IAS 29 as described above.

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C K Mukondiwai – 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.



Our opinion on the consolidated and separate financial statements as at 31 December 2021, and for the year then ended, is modified because of the possible effects that these matters have on the current year consolidated and separate financial statements and the comparability of the current year's figures to that of the comparative period. These possible effects are outlined below.

The misstatements described in the paragraph above with respect to the application of IAS 21 affect the historical amounts which are used in the calculation of the inflation adjusted amounts. Had the Group and Company changed their functional currency in accordance with the requirements of IAS 21 and amounts retrospectively restated in accordance with the requirements of IAS 8, and then inflation adjusted in accordance with IAS 29 as at 31 December 2021, property and equipment (excluding land and buildings), intangible assets, inventories, revaluation reserve, retained earnings and the investment in subsidiary (Company only) in the consolidated and separate statements of financial position as at 31 December 2021, the related depreciation (Group only) and equity accounted earnings (Company only) within the consolidated and separate profit or loss and other comprehensive income, and the related cash flows for the year then ended, would have been materially restated. It was not practicable to quantify the financial effects of this matter on the consolidated and separate financial statements as at 31 December 2021, and for the year then ended.

The opening land and buildings and investment property balances of the Group and Company as at 1 January 2021, respectively, recognised in the consolidated and separate statements of financial position, and the related fair value and revaluation gains recognised in the consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2021 are misstated as a result of the misstatement described above with respect to the valuation of land and buildings and investment property of the Group and Company, respectively, in the prior year. It was not practicable to quantify the financial impact of this misstatement on the consolidated and separate financial position and financial performance as at 31 December 2021, and for the year then ended. This has also had an impact on the comparability of the current year's figures to that of the comparative period.

Notwithstanding the fact that the ZWL properties valuations performed by independent valuers as at 31 December 2021 are an accurate reflection of market dynamics as the inputs reflect the risks associated with property trading, material misstatements were identified in the valuations performed of certain properties recognised as investment property in the Company's separate financial statements, and as land and buildings included in property and equipment in the Group's consolidated financial statements ("together the "properties"), as at 31 December 2021. Void rates, which is a significant input assumption when valuing properties using the income approach, was appropriately included in the valuations of the properties. However, an inappropriate void rate was used in the valuations. Furthermore, the lettable space for multi-tenanted commercial property included common areas, which rental per square meter has already been included in the rentals per square meter charged to the tenants. Sufficient appropriate evidence could not be provided by management to support the valuator's assumptions applied in this regard. These errors resulted in an overstatement of the annual rental income that was used in the valuations of the properties, which was not practicable for us to quantify due to management not being able to provide sufficient appropriate evidence to support the rental income that should have been used in the valuations. Consequently, the fair value of investment property in the Company's separate financial statements, land and buildings included in property and equipment in the Group's consolidated financial statements, the equity (revaluation reserve) balance of the Group and retained earnings balance of the Company as at 31 December 2021, as well as the related revaluation gains recognised in the Group's other comprehensive income for the year then ended, is overstated. It was not practicable to quantify the financial effects of this matter on the consolidated and separate financial statements as at 31 December 2021, and for the year then ended.

In addition, in respect of the years ended 31 December 2020 and 31 December 2021, balances and transactions of the Company's subsidiary, Fidelity Life Medical Services Company (Private) Limited ("FLIMESCO") have been inappropriately recognised in the Company's separate financial statements instead of accounting for it as an investment in subsidiary using the equity method, as required in accordance with the accounting policy adopted by the Company. This is not in compliance with IAS

27 and the Companies and Other Business Entities Act (Chapter 24:31), which require the Company to prepare and present separate financial statements in accordance with IFRS, i.e. excluding the financial results of a subsidiary. Had the Company retrospectively restated the separate financial statement in accordance with the requirements of IAS 8, the following line items in the accompanying separate financial statements as at 31 December 2021, and for the year then ended, would have materially reduced as at 31 December 2021, and for the year then ended, as follows:

- Retained earnings by ZWL 18 787 433 (2020: ZWL 7 203 027)
- Trade and other payables by ZWL 27,612,603 (2020: ZWL 10 999 281)
- Trade and other receivables by (ZWL 31 075 085 (2020: ZWL 9 589 189)
- Revenue by ZWL 90 049 179 (2020: ZWL 64 575 025)
- Operating expenses by ZWL 27 437 000 (2020: ZWL 24 944 314)
- Loss on net monetary position by ZWL 19 799 527 (2020: ZWL 16 310 925)
- Income tax expense by ZWL 14 678 652 (2020: ZWL 6 841 381)

These errors further resulted in a material misstatement of the related cash flows, as applicable, which was not practicable for us to quantify. The quantitative impact outlined in the paragraph above is solely in relation to the FLIMESCO matter and does not take the impact of any of the other described misstatements into account. This has also had an impact on the comparability of the current year's figures to that of the comparative period.

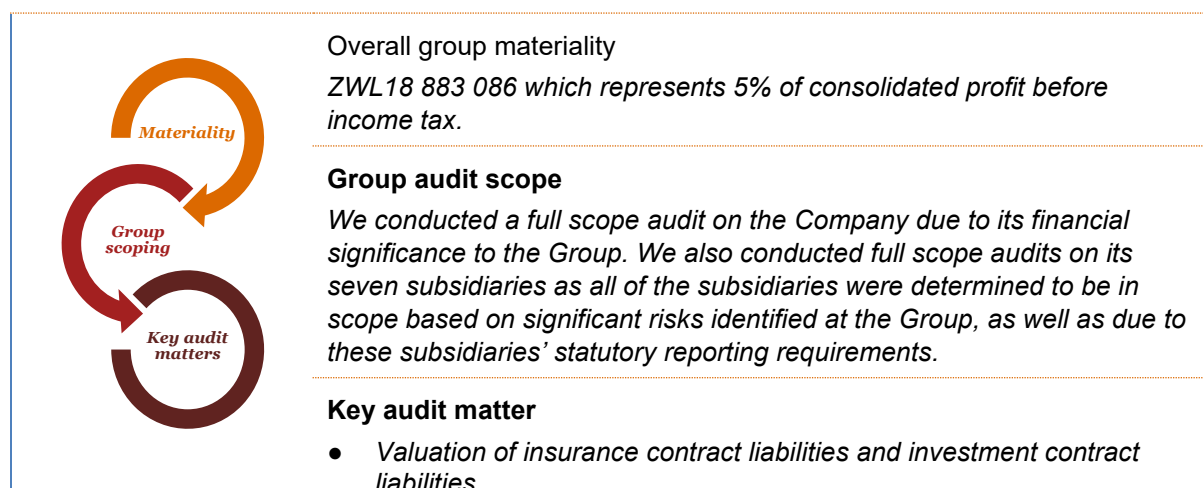
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We believe that the audit 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) (the "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





Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the 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 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 and separate 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.

<i>Overall group materiality</i>	ZWL18 883 086.
<i>How we determined it</i>	5% of consolidated profit before income tax.
<i>Rationale for the materiality benchmark applied</i>	We chose consolidated profit before income tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply for listed profit-oriented companies.

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 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 operations in Zimbabwe and Malawi. We conducted a full scope audit on the Company due to its financial significance to the Group. Full scope audits were also performed on the Company's six subsidiaries that are incorporated, domiciled and operate in Zimbabwe; as well as the one subsidiary, Vanguard Assurance Company Limited that is incorporated, domiciled and operates in Malawi, all of these subsidiaries being in scope based on significant risks identified at the Group. The full scope audits on the subsidiaries were also performed due to the subsidiaries' respective statutory reporting requirements.

All audit work for operations in Zimbabwe was performed by us as group auditors and audit work for the only subsidiary in Malawi was performed by the component auditors. In establishing the overall approach to the group audit, we determined the extent of the work that needed to be performed by us, as the group engagement team, and other the component auditors from the other audit firm, operating under our instruction, in order to issue our audit opinion on the consolidated financial statements of the Group. Where the work was performed by component auditors, we determined the level of involvement necessary in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters

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

Key audit matters	How our audit addressed the key audit matter
<p>Valuation of insurance contract liabilities and investment contract liabilities</p> <p>As at 31 December 2021 insurance and investment contract liabilities are accounted for in accordance with the requirements of IFRS 4, '<i>Insurance Contracts</i>'. Insurance and investment contract liabilities amounted to ZWL 7 811 037 544 for Group and ZWL 5 881 354 445 for Company, comprising insurance contract liabilities and investment contract liabilities with discretionary participation features amounting to ZWL 6 859 887 711 for the Group and 4 930 204 612 for the Company; and Investment contracts without discretionary participation features accounted for in accordance with the requirements of IFRS 9 '<i>Financial Instruments</i>' amounted to ZWL 951 149 833 for the Group and Company.</p> <p>The methodology used to determine the values of the Group and Company's insurance contract liabilities and investment contract liabilities involves judgements about future events, both internal and external to the Group and Company. The key assumptions applied include mortality, morbidity and longevity rates, expenses, investment return and inflation, discount rates, lapse and surrender rates, previous experience in claim patterns, claim settlement patterns, and trends in claims frequency.</p> <p>We considered the valuation of insurance contract liabilities and investment contract liabilities to be a matter of most significance to our current year audit of the consolidated</p>	<p>We assessed the independence, experience and competence of the statutory actuaries used by management for the Company and Vanguard Assurance Company Limited. We inspected the actuaries' curricula vitae and held discussions with them and management and noted no matters requiring further consideration in respect of their independence, experience and competence.</p> <p>We utilised our actuarial expertise to evaluate the reasonableness of significant assumptions and estimates applied as well as the actuarial computations prepared by the management's experts.</p> <p>We also evaluated the actuarial valuation reports obtained from management for adequacy and reasonableness. In doing so, the following procedures were performed:</p> <ul style="list-style-type: none"> • We compared the Group and Company's mortality tables against the standard actuarial mortality tables used in similar industries to assess the reasonableness of the assumption. We noted no matters requiring further consideration. • We assessed whether the mortality, morbidity, longevity, lapse and surrender rate assumptions were based on the Group and Company's internal experience, by comparing these against rates used in similar markets and industry. We noted no matters requiring further consideration. • We assessed the reasonableness of the expenses, investment return and inflation by comparing it to external sources such as external industry research reports. We noted no matters requiring further consideration. • We assessed whether discount rates used reflected the nature of the assets backing the investment contract liabilities and also whether

<p>and separate financial statements due to the following:</p> <ul style="list-style-type: none"> • the valuation of the Group and Company's insurance and investment contract liabilities involves complex calculations, significant judgements, as well as comprising both long and short term estimates and assumptions; and • the value of the Group and Company's insurance and investment contract liabilities are significant to the consolidated and separate financial statements. <p>Refer to the following notes to the consolidated and separate financial statements for details:</p> <ul style="list-style-type: none"> • note 2.5.4 Life Insurance contract liabilities; • note 2.5.5 Investment contract liabilities; • note 2.5.6 Discretionary participation features; • note 3.2 Actuarial valuation of insurance liabilities; • note 14 Insurance and investment contract liabilities; and • note 31 Assurance risk management 	<p>they reflected the conditions of the market in which these assets are held, by comparing our independently obtained rates to that used in similar markets and industries. We noted no matters requiring further consideration.</p> <ul style="list-style-type: none"> • 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 noted no matters requiring further consideration. • We tested data used in the valuation by agreeing a sample of that data to underlying documentation. We noted no material differences. • We assessed the valuation basis (including chain ladder methodology, run off analysis on historical loss experience) through discussion with the management's actuaries and also assessed its appropriateness, given the nature of the business as well as with reference to actuarial best practice. We noted no matters requiring further consideration. <p>We inspected the actuarial report for the year ended 31 December 2021 prepared by management's actuaries and compared it to the prior year signed actuarial report in order to identify any significant changes in assumptions and methodology. Based on our procedures performed, we noted no matters requiring further consideration in this regard.</p>
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Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Fidelity Life Assurance of Zimbabwe Limited 2021 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, IAS 8, IAS 16, IAS 40, IFRS 13 and IAS 27 and the consequential effects on the hyperinflationary adjustments made in terms of IAS 29, as described in the *Basis for adverse opinion* section.



Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in the manner required by 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and/or 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 judgement 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 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, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group 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 to 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.

A handwritten signature in blue ink, reading 'PricewaterhouseCoopers'.

Clive.K. Mukundiwa
Registered Public Auditor
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 0439
Public Accountants and Auditors Board, Public Auditor Certificate Number 253168
Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

29/07/2022

Harare, Zimbabwe