FIDELITY LIFE

ASSURANCE OF ZIMBABWE

ANNUAL REPORT

2021

A member of the ZHL Group

ZIMRE HOLDINGS LIMITED

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FIDELITY LIFE
ASSURANCE OF ZIMBABWE

FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED

Registration No. 419/77

NATURE OF BUSINESS

The Group is engaged in life assurance, funeral assurance and services, asset management, actuarial consultancy, property development, healthcare and micro-financing services.

DIRECTORS

F. Ruwende	Non Executive Chairman	Retired 31 January 2022
L.T Gwata	Non Executive Chairman	Appointed 1 February 2022
Langton Mabhanga	Independent Non Executive Director	Appointed 1 February 2022
Takudzwa Chitsike	Independent Non Executive Director	Appointed 1 February 2022
S. Kudenga	Non Executive Director	
I. Mvere	Non Executive Director	
F. Dzanya	Non Executive Director	
G. Dhombo	Independent Non Executive Director	
H. Nemaire	Independent Non Executive Director	
R. Java	Chief Executive Officer	Resigned 30 September 2021
R. Chihota	Managing Director	Appointed 1 March 2022

REGISTERED OFFICE

Fidelity House, 66 Julius Nyerere Way, Harare

AUDITORS

Pricewaterhouse Coopers Chartered Accountants
Arundel Park Building 4, Norfolk Rd, Mount Pleasant
HARARE

MAIN BANKERS

CBZ Bank Limited,
60 Kwame Nkrumah Avenue, Harare

Nedbank Zimbabwe Limited,
99 Jason Moyo Avenue, Harare

Stanbic Bank Limited,
64 Nelson Mandela Avenue, Harare

COMPANY SECRETARY

Ruvimbo Chidora (Appointed 1 February 2022)
Chipo Matongo (Resigned 1 November 2021)
66 Julius Nyerere Way, Harare

TRANSFER SECRETARIES

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

LAWYERS

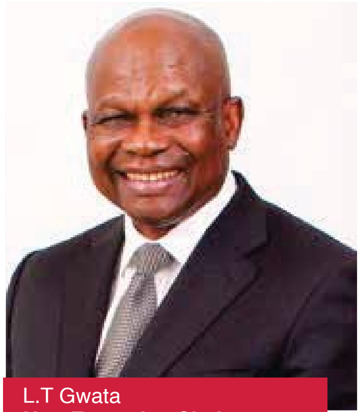
Mawere and Sibanda Legal Practitioners
10th Floor Chiedza House,
Corner 1st Street/K. Nkrumah Avenue, Harare

BOARD OF DIRECTORS

F. Ruwende
Non Executive Chairman
Retired 31 January 2022

R. Java
Chief Executive Officer
Resigned 30 September 2021

Langton Mabhanga
Independent Non Executive Director
Appointed 1 February 2022



L.T Gwata
Non Executive Chairman
Appointed 1 February 2022

I. Mvere
Non Executive Director

Takudzwa Chitsike
Independent Non Executive Director
Appointed 1 February 2022

R. Chihota
Managing Director
Appointed 1 March 2022

S. Kudenga
Non Executive Director

Francis Dzanya
Non- Executive Director

G. Dhombo
Independent Non Executive Director

Henry Nemaire
Independent Non Executive Director

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

Managing Director's statement
for the year ended 31 December 2021

Trading environment

The year 2021 was to a large extent characterized by the continued fallout from the after effects of the global pandemic of Covid-19. Fidelity Life however proved to be very resilient and seized opportunities emerging from the myriad of challenges witnessed in 2022. The various operating units adopted new ways of doing business ranging from virtual offices, online distribution channels, online payments and offering multi-currency products across our chosen markets. The deliberate investments in robust technologies made Fidelity Life a future fit organization and management is confident of delivering an even stronger performance in 2022.

Financial performance overview

Summary of performance (Inflation Adjusted)

Fidelity Life Financial Services (FLFS)

FLFS contributed 8% to Group total revenue registering a growth of 117% from ZWL$66.1 million in 2020 to ZWL143.2 million in 2021. Inflation adjusted total revenue grew by 134% from ZWL$69.4 million to ZWL$ 162.6 million.

Other Non-Insurance Subsidiaries

The other non-insurance subsidiaries (Actuarial Consulting Services, Asset Management and Funeral Services companies) contributed ZWL$134.4 million to the group`s core revenue which represented a 122% growth and contributed 8% to total revenue. The entities remain important to the Group's strategic thrust as they form a significant component of the company's cradle to grave model. The Group will continue to unlock value from these entities as they form part of Group's regional expansion initiatives.

	Fidelity Life Assurance		Vanguard Life Assurance		Fidelity Life Financial Services		Other operating subsidiaries		Adjustments	Consolidated	
Millions Core Revenue	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
	780.1	444.8	844.9	355.1	143.2	66.1	134.4	80.4	(120.3)	1.582.4	807.5
Noone Core Revenue	1,321.0	672.9	205.7	114.6	19.4	3.4	60.3	11.9	115.7	1,7220	927.8
Total Revenue	2,101.1	1,117.7	850.6	469.7	162.6	69.5	194.7	72.3	(4.6)	3,304.4	1,735.3
Profit before Tax	194.3	(112.5)	(19.3)	30.7	30.9	(48.7)	66.4	13.2	105.2	377.6	(28.1)

Fidelity Life Assurance (FLA, the Company)

Fidelity Life Assurance of Zimbabwe (the Company) as the largest subsidiary of the Group, contributed 46% (ZWL$780.1 million) to the core revenue of the Group. Inflation adjusted core revenue grew by 75% on the back of product enhancements, premium reviews, launch of new products and establishment of new market segments. Inflation adjusted 2021 total revenue for the Company increased by 69% from ZWL$1,241.4 billion to ZWL$2,101.1 billion. Investment income from properties grew by 380% from ZWL$68.2 million to ZWL$327.5 million. Total expenses, benefits and claims increased by 55% from ZWL$1,230.1 billion to ZWL$1,906.7 billion. Project development costs decreased by 66% from ZWL$ 128.2 million to ZWL$43.8 million as the Southview water works neared completion. Changes in insurance liabilities increased by 95% from ZWL$632.5 million to ZWL$1,233.0 billion as a result of transfers arising from the conclusion of the Asset Separation Exercise and the alignment with IPEC Guidelines on policy adjustments following the currency reforms of 2019 and growth of the business. The Company recorded inflation adjusted profit before tax of ZWL$194.3 million compared to a loss before tax of ZWL$112.5 million in 2020.

Vanguard Life Assurance Company (VLA) – Malawi

VLA continued to complement the Group's total core revenue, with a 38% contribution to core revenue. VLA recorded total revenue equivalent to ZWL$850.6 million in 2021 compared to ZWL$469.7 million in 2020. VLA posted a loss before tax of ZWL$19.3 million compared to profit before tax of ZWL$30.7 million in 2020. This subsidiary is a foreign asset and therefore a good hedge against inherent Zimbabwean country risk.

Operations

Value Preservation

The Group remains focused on policyholder value creation and preservation through product improvements, cost cutting and containment measures and astute investments of funds.

Customer Service

The onset of the Covid-19 brought about changes to the way we did business which saw the launch of various digital and social media platforms which included the WhatsApp chat bot, USSD platform, facebook and contact centre agents.

Outlook and Appreciation

The Group looks forward to an exciting year ahead as it harnesses the group's competencies, exploiting arising opportunities, dollarizing the business, creating and preserving shareholder value. Special thanks goes to our customers who are our reason for being and reaffirm our commitment to continue serving their evolving needs by providing world class solutions.

Finally, I would like to extend my sincere gratitude to the Group`s board, management, and staff of the Fidelity Group for showing strong commitment to drive the business forward during these trying times and remaining resolute to providing excellent customer service. The Group looks forward to a fruitful year ahead.

R.S. Chihota
Managing Director
29 July 2022

Directors' Report

for the year ended 31 December **2019**

Directors' statement of responsibility

The directors are responsible for maintaining adequate accounting records for the Group and the Company to enable compliance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31). It is their responsibility to ensure that the consolidated and separate financial statements fairly present the financial position of the Group and Company respectively, as at the end of the financial year, and the results of the Group and Company's operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards and with the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

The directors acknowledge that they are ultimately responsible for the system of internal financial control employed within the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet this responsibility, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. While operating risk cannot be fully eliminated, the Board endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints. The directors are of the opinion, based on the information provided by, and interactions with management, that the system of internal control currently in place provides reasonable assurance that the financial records may be relied upon for the preparation and fair presentation of the financial statements.

The directors of the Company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission.

Directors' statement on going concern assumption

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

Directors' statement on audit results

The independent auditor is engaged to express an independent opinion on whether the consolidated and separate financial statements give a true and fair view of the financial position and financial performance of the Group and Company. The consolidated and separate financial statements and related notes have been audited by the Group's independent auditor and the auditor's report is presented on pages 16 to 20.

These audited consolidated and separate financial statements were prepared under the direction and supervision of the Chief Finance Officer, Zvenyika Zvenyika, FCA (Z), (PAAB Number 03505. The Directors are ultimately responsible for the financial statements.

The consolidated and separate financial statements and the related notes set out on pages 21 to 89, were approved by the Board on 29 July 2022 and were signed on its behalf by:

L.T Gwata
Chairman

R. Chihota
Managing director

FIDELITY LIFE
ASSURANCE OF ZIMBABWE

Sustainability Report

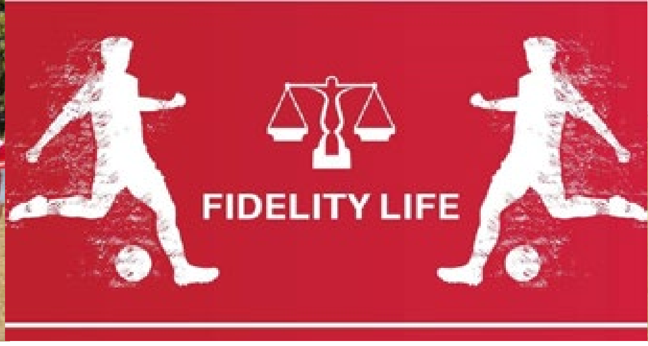
Fidelity Life has a rich history of providing life assurance products for over 86 years .We remain committed to rolling up our sleeves everyday .We ensure that our knowledge and insight change our customer's lives and give them financial freedom .Our support to various communities continues as we believe that enriching communities is paying forward to a sustainable future. Our experienced staff and direct sales agents offer the best services and are committed to treating our customers fairly.

Our key areas of focus are centred on our staff, customers and community .We create projects around these focus areas as we balance the organisation and create sustainable business operations.

Our Community

Fidelity Life donated land to a children's home within the Southview community .The home housed a children's community school from kindergarten to high school level .We will continue to offer support and partner with the Children's home to enhance the livelihood for children growing up within this community.

During the year under review Fidelity Life launched a women in Agriculture support group agriculture support group .The group supports women in communities with food security which has created a food inputs support to communities to ensure food security. To date we donated over 9000 vegetable seedlings to the Mathew Rusike Children's home in Epworth in support of their market gardening activities and enable them to grow their food .



Our Customers

As the country continues to flatten the COVID-19 curve, we encourage all our stakeholders to get vaccinated and to always re-main safe by following all the COVID-19 protocols which are set guidelines from WHO and the Ministry of Health and Child Wel-fare. As responsible citizen we have rolled out the vaccination program to all our staff and Flimas members and their immediate dependants. We created dedicated centres for our members to enhance and encourage vaccination and safety to all our stake-holders as we continue serving customers from our business offices.

Our Staff

Fidelity Life launched our own Soccer and Netball teams to create safe sport and extra social groups for our dedicated staff to enhance their work/life balance .We remain the life and health partner to the Castle Lager soccer Premier League and continue positioning our self in sporting activities as we strive to create energised communities who exercise and are dedicated to sports-manship activities.

Diversity and Inclusion

A diverse workforce is critical to Fidelity Life's continued success and our ability to serve clients .The mental health of our work-force is important and in the face of the COVID-19 challenges we have offered a series of psycho-social support. Our efforts to promote inclusion extend beyond Fidelity Life, wherever we operate we engage and support diverse communities through our business practices and our philanthropic efforts to create winning and engaging communities. Our sustainability priorities include financial inclusion products in our value chain as we strive to provide and develop innovative financial solutions and advisory services that deliver both competitive financial returns and create positive impact.

Creating meaningful and sustainable change in diversity ,inclusion and belonging requires focus and investment. Going forward we continue to invest in our greatest assets our staff to help accelerate change and create opportunities for all to enhance their skills .Fidelity Life will continue to thrive to serve our clients and our communities for the good of everyone as it is paramount to our success, we will harness the skills of our staff to create change internally and contribute to the external communities. Our core values are our guiding principles for our staff to continue to work together and drive improvements for the organisation to grow in numbers financially.

Summary of Numbers;

Employees by Gender	Number
Number of Women	47
Number of Men	82
Total	129

Employees by Age	Number
Youngest	22
Oldest	61
Average Age All Staff	38

Gender distribution in Management		
Indicator	Female	Male
Management	8	32

Gender distribution in Board		
Indicator	Female	Male
Management	1	8

Governance Practices

Fidelity Life Assurance of Zimbabwe Limited (“Fidelity Life”) is listed on the Zimbabwe Stock Exchange. The Board and management adopted the Zimbabwe National Code on Corporate Governance (“ZIMCODE”) and believe that the internal governance systems and practices in place are appropriate, in alignment with ZIMCODE. The Group will continue to align with internationally recognized codes of corporate governance to ensure that the business is conducted with integrity to safeguard stakeholder interests.

Code of corporate practices and conduct

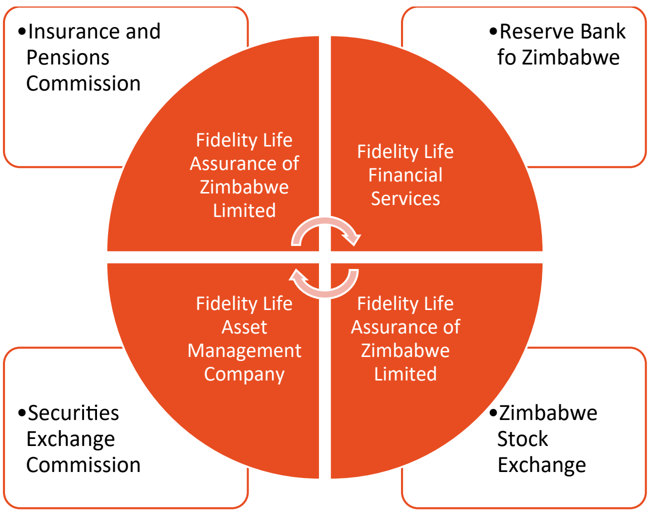
Fidelity Life and its subsidiaries are committed to promoting the highest standards of ethical behavior and all employees are required to observe the Group’s Code of Ethics, as well as the Group’s Code of conduct.

Corporate Governance Framework

The responsibility for good governance therefore rests with the Board of directors which is responsible for the overall corporate governance of the Group. This is underpinned by an effective governance framework which supports the principles of integrity, strong ethical values and professionalism that are integral to the company’s business. In an environment of increasing change and complexity of regulation, the Board and management aim to achieve a balance between governance expectations of shareholders and other stakeholders and the need to produce competitive financial returns.

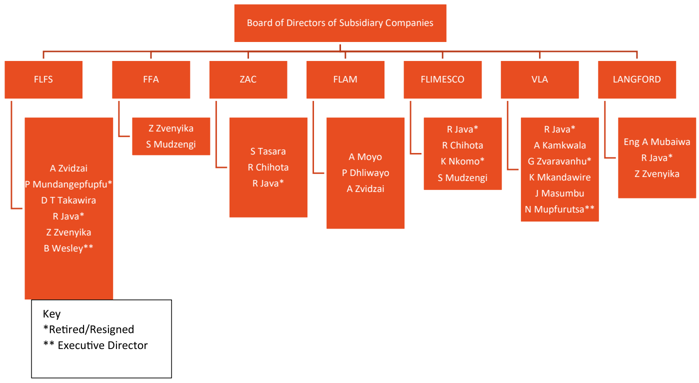
Regulation

The Group operates in several sectors and is committed to complying with legislation, regulations, and codes of best practice by seeking to maintain the highest standard of corporate governance, including transparency and accountability in all aspects of its operations. Fidelity Life and its subsidiaries are subject to regulation by the following regulatory authorities:-



Boards of Directors of Subsidiary Companies

The boards of directors of the Fidelity Life subsidiary companies are as noted below.



Group Executive Management

Reginald Chihota	Managing Director
Zvenyika Zvenyika	Chief Finance Officer
Noah Mupfurutsa	Managing Director-Vanguard Life Assurance
Bevin Ngara	Managing Director -FLAM
Brighton Wesley	Managing Director -FLFS
Lovemore Madzinga	General Manager-FLIMAS
Sonwell Mudzengi	General Manager-ZAC
Kupang Dube	Head –Information Technology
Chipo Matongo	Head –Internal Audit
Ernest Masvavike	Head –Risk and Compliance
Nickson Vamwe	Head –Human Capital Management
Loveness Mhundirwa	Legal Services Manager
Ruvimbo Chidora	Company Secretary

Board composition and appointment

The Board is chaired by a non-executive Director and comprises of eight non-executive directors. There was one executive director, Mr. Rueben Java, who resigned from the board with effect from 30 September 2021.Mr. Fungai Ruwende retired from the Board with effect from 31 January 2022.He was succeeded by Mr. Livingstone Gwata with effect from 1 February 2022.

The following were the Directors of the Company on 31 December 2021 :-

Director	Date appointed	Change
F Ruwende	8 July 2016	Retired 31 January 2022
R Java	1 October 2017	Resigned 30 September 2021
S Kudenga	1 June 2016	No change
F Dzanya	1 September 2017	No change
I Mvere	8 July 2016	No change
G Dhombo	1 September 2017	No change
H Nemaire	21 August 2018	No change
L T Gwata	1 February 2022	Appointed 1 February 2022
T Chitsike	1 February 2022	Appointed 1 February 2022
L Mabhanga	1 February 2022	Appointed 1 February 2022
R Chihota	1 March 2022	Appointed 1 March 2022

2021 Annual Report-Governance Report

December 20

The Board serves as the primary governance organ whose role is to determine overall policies, plans and strategies of the Fidelity Life Group and to ensure that these are implemented in a professional and ethical manner. There is an enriched mix of skills and experience on the board.

The Board meets at least four times a year as required by the memorandum and articles of Association of the company and is in line with good corporate governance practice. It provides guidance on corporate strategy, risk management practices, annual budgets, and business plans. Special Board meetings are convened on an ad-hoc basis when necessary to consider issues requiring urgent decision making.

Fidelity Life Board members have unfettered access to information regarding the Group's operations which is availed through Board meetings, Committees meetings as well as Strategic Planning workshops which are conducted by the Group. In their conduct of duty, the Directors are at liberty to seek independent professional advice concerning the Group's affairs. A third of the Directors are required to retire on a rotational basis each year along with any Directors appointed to the Board during the year.

The Company Secretary maintains an attendance register of Directors for meetings held during the year through which Directors can assess their commitment of time to the Group through attendance at the scheduled board meetings.

Stakeholders' communication systems with the board

The Group avails various platforms of communication between the Board of Directors and all stakeholders. Channels of communication include the annual general meeting, notices to shareholders and stakeholders, press announcements of interim and annual reports, investor briefings, annual reporting to shareholders, and the exercise of shareholders rights through proxy forms. Online platforms are in place to facilitate for the dissemination of information to our stakeholders.

In line with the Zimbabwe Stock Exchange Listing Requirements, the Group operates a "closed period" before the publication of its interim and year-end financial results during which period staff, executive and nonexecutive directors of the Group are not permitted to trade in shares of the Group.

Directors' remuneration

The remuneration structures at Fidelity Life are designed to attract and retain talent at all levels. Remuneration packages for the Group's Executives and Non-Executive Directors are determined by the Group Human Resources and Corporate Governance Committee.

Board accountability and delegated functions

The Board is supported by various Committees in executing its fiduciary duties. The main Committees of the board meet at least quarterly to review performance and provide guidance to management on both operational and policy issues. Each committee acts within written terms of reference under which certain functions of the Board are delegated with a clearly defined purpose. The Board monitors the effectiveness of controls through reviews by the Committee and an independent assessment by the independent auditors.

Board Committees

The board retains certain matters for its own preserve; other specific responsibilities are delegated to its principal committees as noted below. Each of the Committees operate within defined terms of reference with clearly defined purposes.

Committee	Members	Summary of Roles and Responsibilities
Audit Committee	H Nemaire (Chairperson) I Mvere F Dzanya	The Audit Committee comprises of three non-executive directors and is tasked with ensuring financial discipline within the Group, sound corporate values and financial procedures. This committee is further tasked with reviewing and recommending for adoption by the Board the interim and annual financial statements of the Group. The committee also recommends the appointment and reviews the fees of the independent auditors.
Human Resources and Corporate Governance Committee	I Mvere (Chairperson) T Chitsike S Kudenga LT Gwata	This committee comprises four (4) non-executive directors, one of whom is the Chairperson. The committee is mandated to deal with staff development and formulate remuneration policies as well as approve remuneration packages for executive directors and senior executives. The committee acts as a Nominations Committee for Directors to Boards of the subsidiaries of the Group.
Investments Committee	S Kudenga (Chairperson) G Dhombo L Mabhanga LT Gwata	This committee has three (3) non-executive directors (one of whom is the Chair-person). The committee formulates investments strategy and policy, reviews the performance of invest-ments within the Group and recommends new in-vestment opportunities for approval by the Board.
Risk and Compliance Committee	F Dzanya (Chairperson) T Chitsike G Dhombo	This committee is com-prised of three (3) non-ex-ecutive Directors, and reviews the Group's overall risk and compliance strat-egy, current risk exposures as well as risk governance. In addition, the committee advises the Board on the risk's aspects of proposed strategic transactions.

FIDELITY LIFE
ASSURANCE OF ZIMBABWE

December 20

Director	Main Board	Audit	Risk & Compliance	Investments	Human Resources & Corporate Governance
	(4meetings)	(4Meetings)	(4 meetings)	(4 Meetings)	(4 Meetings)
F Ruwende	4	-	-	4	4
R Java	3	-	-	-	-
S Kudenga	4	4	-	4	-
F Dzanya	3	4	4	-	-
H Nemaire	4	4	-	-	-
G Dhombo	4	-	4	4	-
I Mvere	4	-	3	-	4

Works Council

The Group holds Works Council meetings on a quarterly basis. The meetings provide a forum for employees to participate in the decision-making process and discuss employees' concerns with management.

Group Internal Audit

The Group Internal Audit is the main internal assurance provider in Fidelity Life. Through the Audit Committee and subsidiary company audit committees, internal audit provides objective and independent assurance to management and the boards of Fidelity Life and the respective companies on control and governance processes .Group Internal Audit is governed by an internal audit charter which defines the purpose, authority, and responsibility of the internal audit function in the Group.

Group Internal Audit has for each subsidiary company, specific annual plans that are approved by the entity audit committees, while the Fidelity Life Audit Committee approve the group annual plan.

Financial Control

The Group's internal financial controls are set out in the relevant procedures manuals which also set the required standards and key control activities. Adequate segregation of duties is in place to enhance the effectiveness of these controls. The accounting policies are reviewed periodically by both the internal auditors and independent auditors and any changes are approved by the Audit Committee.

Independent Auditor

Messrs. PwC Chartered Accountants (Zimbabwe) were appointed as Fidelity Life's new Auditors for year 2021,following the expiry of EY Chartered Accountants (Zimbabwe)'s five-year term in line with regulatory requirements.

30 June 2022

Prepared by: INDEPENDENT ACTUARIES & CONSULTANTS and ZIMBABWE ACTUARIAL CONSULTANTS Appreciation of Financial Risk

INSURANCE ACT 1987 (Sections 24 and 30)

INSURANCE REGULATIONS, 1989 (Sections 3 and 8)

CERTIFICATE AS TO SOLVENCY OF A LIFE INSURANCE COMPANY

I hereby certify that, to the best of my knowledge and belief, the value of the assets, including shareholders' funds, in respect of all classes of insurance business carried on at **31 December 2021,** of **FIDELITY LIFE ASSURANCE Limited** exceed the amount of **ZWL$75,000,000** in respect of those classes of insurance business, based on audited financial information and data and estimates supplied by management.

The laws and regulations of Zimbabwe have been applied in the calculation of the solvency of **FIDELITY LIFE ASSURANCE Limited**.

My primary regulator is the Actuarial Society of South Africa.

Robert Oketch	assisted by	Sonwell Mudzengi
FASSA		Head of Actuarial Services
For and on behalf of Independent Actuaries & Consultants		For and on behalf of Zimbabwe Actuarial Consultants
06 May 2022		

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TEL | +27 21 422 4373 | +27 11 656 4170
FAX | +27 21 422 4378 | +27 11 656 4171

Independent Actuaries & Consultants (Pty) Ltd | Keymix Investments Group Company
Authorised Financial Services Provider | **REG No.** 2002/000342/07 | **FSP No.** 6832
Directors: W.M. Tshaka (Non-Executive Director) | A. Gani (MD)
Prof C.J.B. Greeff | V. Faria | K.S. Lewis

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 21 to 89 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.

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

Independent Auditor's Report

to the Shareholders of Fidelity Life Assurance of Zimbabwe Limited

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.

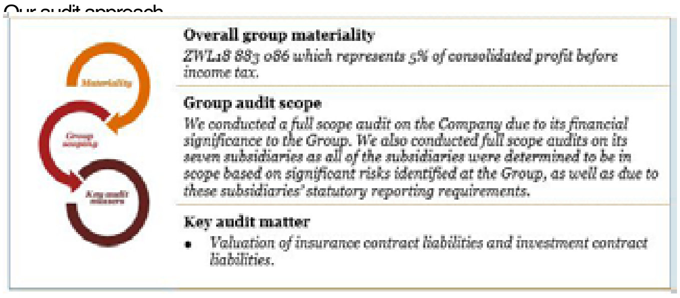
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

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

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.

Overall group materiality	ZWL18 883 086.
How we determined it	5% of consolidated profit before income tax.
Rationale for the materiality benchmark applied	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

Independent Auditor's Report

to the Shareholders of Fidelity Life Assurance of Zimbabwe Limited

Key audit matters	How our audit addressed the key audit matter
Valuation of insurance contract liabilities and investment contract liabilities As at 31 December 2021 insurance and investment contract liabilities are accounted for in accordance with the requirements of IFRS 4, 'Insurance Contracts'. 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 ,'Financial Instruments' amounted to ZWL 951 149 833 for the Group and Company. 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. 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 and separate financial statements due to the following: ● 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. Refer to the following notes to the consolidated and separate financial statements for details: ● 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	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. 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. We also evaluated the actuarial valuation reports obtained from management for adequacy and reasonableness. In doing so, the following procedures were performed: ● 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 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. ● 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. 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.

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

Independent Auditor's Report

to the Shareholders of Fidelity Life Assurance of Zimbabwe Limited

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.

Pricewaterhouse Coopers

Clive . K. Mukondiwa

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 July 2022
Harare, Zimbabwe

Consolidated Statement of Financial Position

As at 31 December 2021

		GROUP					
		INFLATION ADJUSTED			HISTORICAL COST		
		31-Dec-21	31-Dec-20 Restated	1-Jan-20 Restated	31-Dec-21	31-Dec-20 Restated	1-Jan-20 Restated
ASSETS	**Note**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Property and equipment	5	794 653 310	614 116 835	575 103 842	774 216 149	358 855 762	74,878,741
Right of use asset	7	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	4	90 273 714	95 700 391	47 981 326	70 405 507	52 865 342	5,579,065
Inventories	10	97 448 865	96 997 622	98 407 747	2 759 402	2 122 266	2,244,041
Deferred tax asset		-	-	154 052	-	-	72,533
Income tax asset		-	-	10 124 677	-	-	1,404,184
Trade and other receivables	9	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	11.4	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	11.5	624 801 606	509 413 934	369 455 986	624 801 606	316 923 519	51,239,503
Cash and deposits with banks	12	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	13	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**	**983 886 786**	**1 238 029 296**	**624 515 055**	**123 566 743**
Liabilities							
Insurance contract liabilities with discretionary participation features	14.1	5 993 684 045	4 995 675 021	3 965 955 077	5 993 684 045	3 093 928 925	550,034,582
Investment contract liabilities with discretionary participation features	14.2	866 203 666	734 385 836	948 092 083	866 203 666	456 886 102	131,490,000
Investment contracts without discretionary participation features	14.3	951 149 833	638 880 441	284 173 149	951 149 833	397 468 983	39,411,707
Borrowings	15	66 534 852	52 182 188	170 779 541	66 534 852	32 464 290	23,685,254
Deferred tax liabilities	17.2	271 865 804	239 102 219	216 993 370	270 868 738	147 457 165	29,597,882
Lease obligations	16	18 694 598	40 276 678	24 728 245	18 694 598	25 057 474	3,429,537
Trade and other payables	18	481 641 336	986 066 510	789 757 680	318 097 585	513 432 231	104,978,446
Income tax liability	17.4	33 693 439	15 159 000	10 746 200	33 693 439	9 430 923	1,490,377
Total liabilities		**8 683 467 573**	**7 701 727 893**	**6 411 225 345**	**8 518 926 756**	**4 676 126 093**	**884,117,785**
Total equity and liabilities		**9 895 387 023**	**8 663 486 447**	**7 395 112 131**	**9,756,956,052**	**5,300,641,148**	**1,007,684,528**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.
Further information on the restatement is included in Note 11 to the financial statements.

L.T Gwata
CHAIRMAN

R. Chihota
MANAGING DIRECTOR

Separate Statement Of Financial Position

As at 31 December 2021

		COMPANY					
		INFLATION ADJUSTED			HISTORICAL COST		
		31-Dec-21	31-Dec-20 Restated	1-Jan-20 Restated	31-Dec-21	31-Dec-20 Restated	1-Jan-20 Restated
ASSETS	Note	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Investment in subsidiaries	8	3 547 774 453	2 780 858 651	2 584 394 482	3 578 106 055	1 746 584 828	361,929,978
Property and equipment	5	16 093 462	479 305 563	448 795 802	2 091 882	280 564 504	58,628,375
Investment property	6	2 129 605 051	1 351 194 695	1 410 587 540	2 129 605 049	840 623 605	195,633,060
Intangible assets	4	34 925 506	34 925 506	5 344 185	18 403 533	18 403 533	358,302
Deferred tax asset		-	-	-	-	-	6,228
Inventories	10	96 371 837	96 624 202	97 900 193	1 756 608	2 008 966	2,185,931
Trade and other receivables	9	157 177 209	51 037 724	151 034 068	156 042 127	31 752 281	20,588,470
Equities at fair value through profit or loss	11.4	511 080 265	336 250 273	193 861 289	511 080 261	209 192 588	26,886,440
Debt securities at amortised cost	11.5	52 325	480 400	3 010 455	52 323	298 872	417,516
Cash and deposits with banks	12	129 447 078	378 160 724	49 354 403	129 447 077	235 266 489	6,844,915
Total assets		**6 622 527 186**	**5 508 837 738**	**4 944 282 417**	**6 526 584 915**	**3 364 695 666**	**673 479 215**
EQUITY AND LIABILITIES							
Equity attributable to equity holders of the parent							
Issued share capital	13	48 782 954	48 782 954	48 782 954	1 089 233	1 089 233	1,089,233
Share premium		30 070 072	30 070 072	30 070 072	671 409	671 409	671,409
Treasury shares		(449 524)	(449 524)	(449 524)	(10 037)	(10 037)	(10,037)
Retained earnings		236 999 845	65 269 107	181 859 239	259 601 198	62 635 962	15,197,581
Revaluation reserve		6 870 352	4 490 964	-	16 153 669	14 068 266	-
Foreign currency translation reserve		15 805 736	58 921 118	36 718 051	128 055 666	101 923 517	16,543,425
Total ordinary shareholder's equity		338 079 436	207 084 691	296 980 792	405 561 138	180 378 350	33 491 611
Non-controlling interests		-	-	-	-	-	-
Total equity		338 079 436	207 084 691	296 980 792	405 561 138	180 378 350	33 491 611
Liabilities							
Insurance contract liabilities with discretionary participation features	14.1	4 064 000 946	3 101 893 137	2 550 224 354	4 064 000 946	1 915 743 433	353 688 050
Investment contract liabilities with discretionary participation features	14.2	866 203 666	734 385 836	948 092 083	866 203 666	456 886 102	131 490 000
Investment contracts without discretionary participation features	14.3	951 149 833	638 880 441	284 173 149	951 149 833	397 468 982	39 411 707
Borrowings	15	-	27 099 596	145 903 752	-	16 859 568	20 235254
Deferred tax liabilities	17.2	799 256	-	-	919 034	-	-
Trade and other payables	18	381 686 806	785 533 041	711 108 169	218 143 055	388 673 627	94 080 800
Income tax liability	17.4	20 607 243	13 960 996	7 800 118	20 607 243	8 685 604	1 081 793
Total liabilities		**6 284 447 750**	**5 301 753 047**	**4 647 301 625**	**6 121 023 777**	**3 184 317 316**	**639 987 604**
Total equity and liabilities		**6 622 527 186**	**5 508 837 738**	**4 944 282 417**	**6 526 584 915**	**3 364 695 666**	**673 479 215**

The above separate statement of financial position should be read in conjunction with the accompanying notes. Further information on the restatement is included in Note 11 to the financial statements.

L.T Gwata
CHAIRMAN

R. Chihota
MANAGING DIRECTOR

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 31 December 2021

		GROUP			
		INFLATION ADJUSTED		HISTORICAL COST	
	Note	2021 ZWL	Restated 2020 ZWL	2021 ZWL	Restated 2020 ZWL
Gross premiums	19	1 172 978 257	653 042 050	1 066 935 975	359 093 888
Premiums ceded to reinsurers		(102 860 700)	(41 266 139)	(84 843 213)	(20 646 432)
Net premium written		1 070 117 557	611 775 911	982 092 762	338 447 456
Fees and commission income	20	116 176 005	70 520 040	92 480 664	28 571 619
Investment income	21	109 105 395	55 089 267	109 486 493	40 916 478
Interest income from residential stands receivables		7 242 387	24 400 011	5 702 277	8 194 589
Fair value gains from equities		318 537 772	478 559 341	468 430 775	392 984 222
Fair value gains and losses investment property	32	1 294 294 263	332 365 283	3 005 523 574	2 344 411 704
Interest income from microlending		124 854 695	54 637 562	102 314 597	18 940 383
Non insurance income	22	264 065 845	100 834 288	213 145 79	27 546 725
Income from sale of residential stands		-	7 172 970	-	4 462 545
Total income		3 304 393 919	1 735 354 673	4 979 176 932	3 204 475 721
Gross benefits and claims paid		(536 464 426)	(192 349 581)	(489 423 884)	(11 217 750)
Claims ceded to reinsurers		93 985 530	29 503 236	72 754 414	16 997 756
Net benefits and claims		(442 478 896)	(162 846 345)	(416 669 470)	(94 219 994)
Gross change in insurance contract liabilities with DPF	14.1	(1 160 166 675)	(1 033 434 498)	(2 180 269 106	(1 478 650 339)
Gross change in investment contract liabilities with DPF	14.2	(131 817 830)	213 706 247	(409 317 564	(325 396 102)
Gross change in investment contract liabilities without DPF	14.3	(312 145 809)	5 758 668	(553 507 748	(307 701 800)
Fee and commission expenses, and other acquisition costs	23	(58 864 283)	(27 538 691)	(54 084 459)	(15 250 362)
Operating and administration expenses	24	(726 763 367)	(414 815 642)	(622 205 345	(225 894 742)
Allowance for expected credit losses on receivables	9	(12 958 414)	(3 307 589)	(12 958 413	(2 057 762)
Cost of sales of residential stands	10	(349 170)	(348 609)	(252 375)	(137 175
Project development costs	24.1	(43 792 820)	(128 183 701)	(30 625 763)	(300 690 300)
Finance costs	25	(45 134 275)	(29 378 149)	(38 063 023)	(11 740 163)
Gain/(loss) on net monetary position		7 739 334	(183 106 924)	-	-
Total benefits, claims and other expenses		(2 926 732 205)	(1 763 495 233)	(4 317 953 266)	(2 761 738 739)
Profit before income tax		377 661 714	(28 140 560)	661 223 666	442 736 982
Income tax expense	26	(102 756 956)	(37 368 032)	(166 069 670)	(103 059 226)
Profit for the year		274 904 758	(65 508 592)	495 153 996	339 677 756
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gross gains on property revaluation		219 553 415	72 344 560	416 599 249	272 401 111
Share of revaluation gains on property		-	-	-	-
Income tax related to items that will not be reclassified to profit or loss		(1 446 885)	(500 308)	(1 446 885)	(311 258)
Gross change in insurance liabilities through OCI		(173 050 519)	(64 408 628)	(339 097 687)	(249 424 335)
Gains on property revaluation, net of income tax		45 056 011	7 435 624	76 054 677	22 665 518
Items that will or may be reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations		(69 799 873)	35 944 741	42 305 568	138 605 038
Other comprehensive income for the year, net of income tax		(24 743 862)	43 380 365	118 360 245	161 270 556
Total comprehensive income for the year		250 160 896	(22 128 227)	613 514 241	500 948 312
Profit for the year attributable to:					
Owners of the parent		112 844 358	(120 746 413)	105 126 65	37 269 331
Non-controlling interests		162 060 400	55 237 821	390 027 342	302 408 425
Profit for the year					
Comprehensive profit attributable to:		274 904 758	(65 508 592)	495 153 99	339 677 756
Owners of the parent		113 494 315	(91 553 978)	206 022 806	129 627 395
Non-controlling interests		136 666 581	69 425 751	407 491 435	371 320 917
Comprehensive profit for the year		250 160 896	(22 128 227)	613 514 241	500 948 312
Earnings per share attributable to the ordinary equity holders of the parent					
Basic and diluted earnings per share (cents)	27.1	104.56	(111.89)	97.41	30.84

The above consolidated and separate statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.
Further information on the restatement is included in Note 11 to the financial statements.

FIDELITY LIFE
ASSURANCE OF ZIMBABWE

Separate Statements Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 31 December 2021

		COMPANY			
		INFLATION ADJUSTED		HISTORICAL COST	
	Note	2021 ZWL	Restated 2020 ZWL	2021 ZWL	Restated 2020 ZWL
Gross premiums	19	539 446 370	294 081 316	433 404 029	135 772 360
Premiums ceded to reinsurers		(87 318 516)	(31 646 029)	(69 301 028)	(14 661 438)
Net premium written		452 127 854	262 435 287	364 103 001	121 110 922
Fees and commission income	20	108 341 900	65 619 066	84 646 558	25 915 509
Investment income	21	16 975 374	3 003 041	17 781 732	1 124 245
Interest income from residential stands receivables		7 242 387	24 400 011	5 702 277	8 194 589
Fair value gains from equities		168 589 569	420 934 816	307 546 740	350 391 768
Fair value gains from investment property	6	327 469 205	68 202 398	793 992 464	711 574 846
Non insurance revenue	22	212 364 494	92 314 126	174 848 341	28 654 113
Equity accounted earnings	8	807 945 788	173 540 062	1 803 303 675	1 299 020 871
Income from sale of residential stands		-	7 172 970	-	4 462 545
Total income		**2 101 056 571**	**1 117 621 777**	**3 551 924 788**	**2 550 449 408**
Gross benefits and claims paid		(283 200 579)	(78 939 821)	(233 140 652)	(38 666 679)
Claims ceded to reinsurers		71 073 047	22 976 617	49 841 930	12 937 327
Net benefits and claims		**(212 127 532)**	**(55 963 204)**	**(183 298 722)**	**(25 729 352)**
Gross change in insurance contract liabilities with DPF	14.1	(789 057 290)	(852 056 603)	(1 809 159 826)	(1 395 481 900)
Gross change in investment contract liabilities with DPF	14.2	(131 817 830)	213 706 247	(409 317 564	(325 396 102)
Gross change in investment contract liabilities without DPF	14.3	(312 145 809)	5 758 668	(553 507 748)	(307 701 800)
Fee and commission expenses, and other acquisition costs	23	(21 766 753)	(7 596 221)	(17 766 619	(3 364 863)
Operating and administration expenses	24	(415 625 082)	(260 020 420)	(331 997 371	(127 936 298)
Allowance for expected credit losses on receivables	9	8 875 549	(357 700)	8 875 549	(222 537)
Cost of sales of residential stands	10	(349 170)	(348 609)	(252 375)	(137 175)
Project development costs	24.1	(43 792 820)	(128 183 701)	(30 625 763)	(300 690 300)
Finance costs	25	(7 183 510)	(17 358 776)	(5 680 813)	(6 590 877)
Gain/(loss) on net monetary position		18 279 281	(127 663 905)	-	-
Total benefits, claims and other expenses		**(1 906 710 966)**	**(1 230 084 224)**	**(3 332 731 252)**	**(2 493 251 204)**
Profit before income tax		**194 345 605**	**(112 462 447)**	**219 193 536**	**57 198 204**
Income tax expense	26	(22 614 866)	(4 127 685)	(22 228 300)	(9 759 823)
Profit for the year		**171 730 738**	**(116 590 132)**	**196 965 236**	**47 438 381**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gross gains on property revaluation		173 344 511	62 832 054	339 097 687	230 239 638
Share of revaluation gains on property		2 085 396	721 040	2 085 403	253 887
Gross change in insurance liabilities through OCI		(173 050 519)	(59 062 130)	(339 097 687)	(216 425 259)
Gains on property revaluation, net of income tax		2 379 388	4 490 964	2 085 403	14 068 266
Items that will or may be reclassified to profit or loss:					
Share of exchange differences arising on translation of foreign operations		(43 115 382)	22 203 067	26 132 149	85 380 092
Other comprehensive income for the year, net of income tax		(40 735 994)	26 694 031	28 217 552	99 448 358
Comprehensive profit for the year		130 994 745	(89 896 101)	225 182 788	146 886 739
Profit for the year attributable to:					
Owners of the parent		171 730 738	(116 590 132)	196 965 236	47 438 381
Non-controlling interests		-	-	-	-
Profit for the year		171 730 738	(116 590 132)	196 965 236	47 438 381
Comprehensive profit attributable to:					
Owners of the parent		130 994 745	(89 896 101)	225 182 788	146 886 739
Non-controlling interests		-	-	-	-
Comprehensive profit for the year		130 994 745	(89 896 101)	225 182 788	146 886 739
Earnings per share attributable to the ordinary equity holders of the parent					
Basic and diluted earnings per share (cents)	27.1	159.13	(108.03)	182.51	40.27

The above consolidated and separate statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes. Further information on the restatement is included in Note 11 to the financial statements.

Consolidated Statement of Changes In Equity

For The Year Ended 31 December 2021

GROUP INFLATION ADJUSTED	Share capital ZWL	Treasury shares ZWL	Share premium ZWL	Retained earnings ZWL	Revaluation reserve ZWL	Foreign currency translation reserve ZWL	Attributable to shareholders of parent ZWL	Non-controlling interest ZWL	Total equity ZWL
Year ended 31 December 2020									
Balance at 1 January 2020, as previously stated	48 782 954	(449 522)	30 070 071	245 965 625	282 320	31 159 692	355 811 140	682 397 963	1 038 209 103
Prior period error				(38 343 377)	13 122 759		(25 220 618)	(29 101 699)	(54 322 317)
Restated balance at 1 January 2020	48 782 954	(449 522)	30 070 071	207 622 248	13 405 079	31 159 692	330 590 522	653 296 264	983 886 786
Profit for the year-restated	-	-	-	(120 746 413)	-	-	(120 746 413)	55 237 821	(65 508 592)
Other comprehensive income for the year	-	-	-	-	7 435 624	21 756 806	29 192 430	14 187 930	43 380 360
Comprehensive income for the year	-	-	-	(120 746 413)	7 435 624	21 756 806	(91 553 983)	69 425 751	(22 128 232)
Balance at 31 December 2020	**48 782 954**	**(449 522)**	**30 070 071**	**86 875 835**	**20 840 703**	**52 916 498**	**239 036 539**	**722 722 015**	**961 758 554**
Year ended 31 December 2021									
Balance at 1 January 2021	48 782 954	(449 522)	30 070 071	86 875 835	20 840 703	52 916 498	239 036 539	722 722 015	961 758 554
Profit for the year	-	-	-	112 844 358	-	-	112 844 358	162 060 400	274 904 758
Other comprehensive income for the year	-	-	-	-	45 056 011	(44 406 051)	649 960	(25 393 822)	(24 743 862)
Comprehensive income for the **year**	-	-	-	112 844 358	45 056 011	(44 406 051)	113 494 318	136 666 578	250 160 896
Balance at 31 December 2021	48 782 954	(449 522)	30 070 071	199 720 193	65 896 714	8 510 447	352 530 857	859 388 593	1 211 919 450

The above separate statement of changes in equity should be read in conjunction with the accompanying notes.

Separate Statement Of Changes In Equity
For The Year Ended 31 December 2021

COMPANY **INFLATION ADJUSTED**	**Share capital ZWL**	**Treasury shares ZWL**	**Share premium ZWL**	**Retained earnings ZWL**	**Revaluation reserve ZWL**	**Foreign currency translation reserve ZWL**	**Total equity ZWL**
Year ended 31 December 2020							
Balance at 1 January 2020, as previously stated	48 782 954	(449 524)	30 070 072	220 202 615	(13 122 759)	36 718 051	322 201 409
Prior period error	-	-	-	(38 343 376)	13 122 759	-	(25 220 617)
Restated balance at 1 January 2020	48 782 954	(449 524)	30 070 072	181 859 239	-	36 718 051	296 980 792
Profit for the year-restated	-	-	-	(116 590 132)	-	-	(116 590 132)
Other comprehensive income for the year	-	-	-	-	4 490 964	22 203 067	26 694 031
Comprehensive income for the year	-	-	-	(116 590 132)	4 490 964	22 203 067	(89 896 101)
Balance at 31 December 2020	48 782 954	(449 524)	30 070 072	65 269 107	4 490 964	58 921 118	207 084 691
Year ended 31 December 2021	48 782 954	(449 524)	30 070 072	65 269 107	4 490 964	58 921 118	207 084 691
Balance at 1 January 2021	-	-	-	171 730 738	-	-	171 730 738
Profit for the year	-	-	-	-	2 379 388	(43 115 382)	(40 735 994)
Other comprehensive income for the year							
	-	-	-	171 730 738	2 379 388	(43 115 382)	130 994 745
Comprehensive income for the **year**							
Balance at 31 December 2021	48 782 954	(449 524)	30 070 072	236 999 845	6 870 352	15 805 736	338 079 436

The above separate statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cashflows

For The Year Ended 31 December 2021

		GROUP			
		INFLATION ADJUSTED		HISTORICAL COST	
			Restated		Restated
CASH FLOWS FROM OPERATING ACTIVITIES		2021	2020	2021	2020
BEFORE INCOME TAX	Note	ZWL	ZWL	ZWL	ZWL
Profit before income tax		377 661 714	(28 140 560)	661 223 66	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	11.4	(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	6	(1 294 294 263)	(332 365 283)	(3 005 523 574	(2 344 411 704)
Amortisation of intangible assets	4	2 172 588	577 146	89 184	137 526
Depreciation of right of use asset	7	7 959 826	3 863 972	7 959 826	2 403 907
Finance costs	25	45 134 275	29 378 149	38 063 023	11 740 163
Depreciation of property and equipment	5	26 558 095	43 249 167	13 512 104	12 585 201
Gross change in insurance contract liabilities with discretionary participation	14.1	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	14.2	131 817 830	(213 706 247)	409 317 564	325 396 102
Gross change in investment contract liabilities without discretionary participation	14.3	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)	22	(6 381 442)	(17 163 514)	162 907 210	(87 967 259)
Projects development costs	24.1	43 792 820	51 851 576	30 625 763	300 565 761
Profit on disposal of investment property	6	(71 680 662)	(20 209 652)	(65 218 089)	(1 924 551)
Profit on disposal of property, plant and equipment	5	(15 905 139)	(1 807 568)	(15 584 962)	(946 378)
Changes in working capital		(653 037 403)	173 829 544	(507 270 849)	181 319 270
Increase in trade and other receivables		(104 368 166)	(23 889 411)	(280 673 304)	(227 256 293)
(Increase)/decrease in inventories		(451 243)	1 410 124	(637 136)	121 778
(Decrease)/Increase in trade and other payables		(548 217 994)	196 308 831	(225 960 409	408 453 785
Cash (utilised in)/ generated from operations		**(394 558 777)**	**391 530 108**	**(131 217 494**	**363 427 070**
Income taxes paid		(38 783 082)	(13 644 161)	(31 395 413)	(8 402 048)
Net cash (utilised in)/ generated from operations		**(433 341 859)**	**377 885 947**	**(162 612 907)**	**355 025 022**
Cash flows from investing activities					
Additions to and replacement of property and equipment	5	(8 354 425)	(29 499 723)	(6 593 981)	(17 718 295)
Additions to intangible assets	4	(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	11.5	(284 835 619)	(56 537 182)	(284 355 222)	(35 173 680)
Maturities debt securities held at amortised cost	11.5	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					
Finance costs		**(45 134 275)**	**(29 378 149)**	**(38 063 023)**	**(11 740 163)**
Repayments lease obligations	16	**(14 193 565)**	**(1 218 049)**	**(14 193 565)**	**(757 789)**
Repayments of borrowings	15.3	(20 718 226)	(40 658 590)	(3 708 652)	(13 893 055)
Proceeds from borrowings	15.3	154 770 428	45 063 626	88 857 012	17 731 265
Net cash generated from / (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	12	398 763 439	872 140 076	398 763 439	542 922 122

The above consolidated and separate statements of cash flows should be read in conjunction with the accompanying notes.
Further information on the restatement is included in Note 11 to the financial statements.

Separate Statement of Cashflows

For The Year Ended 31 December 2021

	COMPANY			
	INFLATION ADJUSTED		HISTORICAL COST	
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INCOME TAX	2021 ZWL	Restated 2020 ZWL	2021 ZWL	Restated 2020 ZWL
Profit before income tax	194 345 605	(112 462 447)	219 193 536	57 198 204
Adjustments:	102 261 769	400 897 032	(11 263 793)	213 787 346
Fair value gains on equities at fair value through profit or loss through profit or loss	(168 589 569)	(420 934 816)	(307 546 740)	(350 391 768)
Additions to financial assets at fair value through profit or loss	(48 299 487)	(5 453 100)	(35 217 879)	(1 254 991)
Disposals of financial assets at fair value through profit or loss	42 059 064	283 998 932	40 876 946	169 340 611
Fair value gains on investment property	(327 469 205)	(68 202 398)	(793 992 464)	(711 574 846)
Depreciation of right of use asset	-	-	-	-
Finance costs	7 183 510	17 358 777	5 680 813	6 590 877
Depreciation of property and equipment	16 458 816	36 473 288	5 874 734	9 538 089
Gross change in insurance contract liabilities with discretionary participation features	789 057 290	852 056 603	1 809 159 826	1 395 481 900
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 features	312 269 392	(5 758 668)	553 680 851	307 701 800
Interest income	(16 271 479)	(952 717)	(11 130 489)	(184 064)
Dividend income	(703 895)	(2 050 324)	(6 651 243)	(940 181)
Share of profit of investments accounted using the equity method	(807 945 788)	(184 187 520)	(1 803 303 675)	(1 299 020 871)
Effects of inflation	103 939 439	127 663 905	-	-
Unrealised exchange gains/ (losses)	112 486 163	(45 343 771)	172 165 251	65 409 857
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	(15 842 470)	(1 706 836)	(15 584 962)	(946 378)
Changes in working capital	**(544 650 627)**	**87 015 755**	**(316 318 274)**	**(16 737 245)**
Decrease/ (increase) in inventories	252 365	1 275 989	252 358	176 964
Decrease/(Increase) in trade and other receivables	(97 263 936)	93 926 957	(115 414 297)	(10 941 274)
Decrease in trade and other payables	(447 639 055)	(8 187 191)	(201 156 335)	(5 972 935)
Cash (utilised in)/ generated from operations	**(248 043 253)**	**375 450 340**	**(108 388 531)**	**254 248 304**
Income taxes paid	(18 985 381)	(4 412 964)	(10 306 662)	(2 156 009)
Net cash (utilised in)/ generated from operations	**(267 028 634)**	**371 037 376**	**(118 695 193)**	**252 092 296**
Cash flows from investing activities				
Additions to and replacement of property and equipment	**(2 792 027)**	**(4 150 996)**	**(1 565 446)**	**(2 161 961)**
Additions and improvements to investment property	-	-	-	-
Additions to intangible assets	-	(29 581 321)	-	(18 045 232)
Interest income	16 271 479	952 717	11 130 489	184 064
Dividend income	703 895	2 050 324	6 651 243	940 181
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	-	18 219 688	-	6 946 334
Additions to debt securities held at amortised cost	-	-	-	-
Maturities debt securities held at amortised cost	237 233	2 530 054	246 549	118 644
Net cash generated from/(utilised in) investing activities	48 368 840	8 698 491	35 498 641	(1 128 215)
Cash flows from financing activities				
Finance costs	(7 183 510)	(17 358 777)	(5 680 813)	(6 590 877)
Repayments of lease obligations	-	-	-	-
Repayments of borrowings	(22 870 343)	(33 570 769)	(16 942 046)	(15 951 630)
Proceeds from borrowings	-	-	-	-
Net cash (utilised in)/ generated from financing activities	**(30 053 853)**	**(50 929 546)**	**(22 622 859)**	**(22 542 507)**
Net (decrease)/increase in cash equivalents for the year	**(248 713 646)**	**328 806 321**	**(105 819 411)**	**228 421 574**
Cash and cash equivalents at the beginning of the year	**378 160 724**	**49 354 403**	**235 266 489**	**6 844 915**
Cash and cash equivalents at the end of the year	**129 447 078**	**378 160 724**	**129 447 078**	**235 266 489**

The above consolidated and separate statements of cash flows should be read in conjunction with the accompanying notes.
Further information on the restatement is included in Note 11 to the financial statements.

Accounting Policy Notes

For The Year Ended 31 December 2021

1. GENERAL INFORMATION

1.1 Nature of business

The consolidated financial statements (the "Group financial statements") of Fidelity Life Assurance of Zimbabwe Limited (the "Company") and its subsidiaries (together, the "Group"), and the separate financial statements of Fidelity Life Assurance of Zimbabwe Limited (the "Company financial statements"), (together, the "financial statements"), for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 11 May 2022. Fidelity Life Assurance of Zimbabwe is a limited company incorporated and domiciled in Zimbabwe and is listed on the Zimbabwe Stock Exchange. It has subsidiaries which are domiciled in Zimbabwe and Malawi. The Group provides life assurance, funeral assurance, asset management, actuarial consultancy and micro – financing services.

1.2 Corporate information

The ultimate parent of the Group is Zimre Holdings Limited ("ZHL") with direct shareholding of 66, 95% as at 31 December 2021 (2020: 66.95%). ZHL is listed on the Zimbabwe Stock Exchange.

2 ACCOUNTING POLICIES

2.1 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 International Accounting Standards (IAS 21) 'The effects of changes in foreign exchange rates' and IAS 8 'Accounting policies - Changes in accounting policies, estimates and errors" in 2019 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.

2.2 Functional currency

The Group's functional and presentation currency is the Zimbabwe dollar ("ZWL"). All amounts presented are rounded to the nearest Zimbabwe dollar. Exchange gains and losses on translation of the results and financial positions of the Group's foreign operations are recognised in other comprehensive income.

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

The Group and Company continues to apply IAS 29 which came into effect from 1 July 2019, when Zimbabwe was considered to be a hyperinflationary economy as the three – year cumulative inflation figure was above 100 %. IAS 29 Financial Reporting in Hyperinflationary Economies requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the statement of financial position date. IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the reporting end, and that corresponding figures of the previous periods be restated in the same terms to the latest statement of financial position date. 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	7.2104
CPI as at 31 December 2020	2474.41	1.6074
CPI as at 31 December 2021	3977.4	1.0000

The main procedures applied in the above restatement of transactions and balances are as follows:

Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of a measuring unit current at the balance sheet date, and corresponding figures for the previous year are restated in the same terms.

All comparative figures as of and for the year ended 31 December 2021 are restated by applying the change in the index from 31 December 2019 to 31 December 2021.

The opening revaluation reserve was eliminated against retained earnings. The line items in the statement of profit or loss and other comprehensive income except for depreciation charge were segregated into monthly totals and an applicable monthly adjustment factor was factored to hyper inflate the amounts. Monetary assets and liabilities that are carried at amounts current at the statement of financial position date are not restated since they are already stated in terms of the monetary unit current at the balance sheet date.

Non monetary assets and liabilities that are not carried at amounts current at statement of financial position date and components of shareholders equity are restated by applying the relevant monthly conversion factors. Property and equipment is restated by applying the change in the index from the date of purchase to 31 December 2021. Depreciation amount is calculated applying the index from the depreciation date.

Owner occupied buildings are revalued annually at the statement of financial position date, and therefore are being carried at amounts current at the statement of financial position date, are not restated. The depreciation amounts are based on the opening revalued amounts. Additions to equipment and vehicles are restated using the relevant conversion factors.

The investment property was fair valued at 31December and thus no inflation adjustment on the closing fair values. The difference between the inflation adjusted opening balance and the closing fair value was accounted for as the fair value adjustment. Deferred tax was calculated on restated carrying amounts, Borrowings constitute a monetary liability and thus there was no inflation adjustment on the balances. The effect of inflation on the net monetary position of the Group is included in the income statement as a net monetary gain /.

All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date. The effect of inflation adjustment recognised in the statement of cashflow arises from monetary assets and liabilities, whoes opening balances, movement for the year are inflation adjusted and monetary gain or loss is recognised to bring the inflation adjusted amounts to the historical carrying amounts, therefore the net impact on the statement of profit or loss is nil. In the statement of cashflows the cashflow impact of the monetary assets and liabilities are recognised at inflation adjusted amounts. The financial statements of the subsidiary in Malawi which does not report in the currency of a 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. The opening balances were restated by applying the adjustment factor as at 31 December 2020.

2. Accounting Policy Notes

Changes in Accounting policy and disclosures

2.4.1 New and amended standards and interpretations

Several IFRS amendments and interpretations apply for the first time in 2021, but do not have an impact on the consolidated and separate financial statements of the Group and Company. The Group has not early adopted any other standard, interpretation or amendment that has been issued.

International Financial Reporting Standards and amendments effective for the first time for December 2021 year-end

Number	Effective date	Executive summary
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: recognition and measurement', IFRS 7 'Financial instruments: disclosures', IFRS 4 'Insurance contracts' and IFRS 16 'Leases' – interest rate benchmark ("IBOR") reform (Phase 2)	Annual periods beginning on or after 1 January 2021	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one. These amendments had no impact on the consolidated and separate financial statements of the Group and Company.
IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment	Annual periods beginning on or after 1 June 2020	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. These amendments had no impact on the consolidated and separate financial statements of the Group and Company.

2. Accounting Policy Notes

2.4.2 International Financial Reporting Standards, interpretations and amendments issued but not effective (continued)

Number	Effective date	Executive summary
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2023 Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17.	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one. These amendments had no impact on the consolidated and separate financial statements of the Group and Company.
		The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new approach of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract. The Group commenced preparations for the implementation of IFRS 17 a project team was set up and the following have been done · A project charter and detailed implementation plan was drafted · Performance of gap analysis on products, systems, and business processes to enable full project documentation. · Data categorisation defining starting points to align to the current system. · Aligning and upgrading existing operating and accounting systems to the new user requirements arising from implementing IFRS 17. · Aligning actuarial models currently in use to IFRS 17 requirements and integrating the actuarial systems to the Group's operating systems and accounting systems. · Reviewing and updating accounting policies and updating business processes for financial reporting purposes. · Training sessions were organised for the project team and these will be held continuously until project is fully implemented. There is a regulatory requirement to perform a full test run at 30 June 2022. The full quantitative impact of applying this standard is still being assessed to determine the impact on the Group and Company's financial statements. In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.

2.4.2 International Financial Reporting Standards, interpretations and amendments issued but not effective (continued)

Number	Effective date	Executive summary
IFRS 17, Insurance	Annual periods beginning on or after 1 January 2023	In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.
Amendment to IFRS 3, 'Business combinations' asset or liability in a business combination clarity	Annual periods beginning on or after 1 January 2022	The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, contingent liabilities and contingent assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
Amendments to IAS 16 'Property, plant and equipment': Proceeds before intended use	Annual periods beginning on or after 1 January 2022	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment and any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.
Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' on onerous contracts—cost of fulfilling a contract	Annual periods beginning on or after 1 January 2022	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 1 January 2022	These amendments include minor changes to: · IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. · IFRS 9, 'Financial instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. · IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. · IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.
Amendment to IAS 1 'Presentation of financial statements' on classification of liabilities as current or non-current	Defer the effective date of the amendments to IAS1, classification of liabilities as current or non current to annual reporting periods beginning on or after a date to be decided after exposure, but no earlier than 1 January 2024.	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

2.5 Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries (together "the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date such that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

2. Accounting Policy Notes

2.5 Basis of consolidation (continued

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Non-controlling interests

For business combinations completed prior to 1 January 2010, the Group initially recognised any subsidiary non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. For business combinations completed on or after 1 January 2010 the Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the subsidiary's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other components of non-controlling interest such as outstanding share options are generally measured at fair value. The Group has not elected to take the option to use fair value in acquisitions completed to date. From 1 January 2010, the total profit or loss and other comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non- controlling interests in proportion to their relative ownership interests. Before this date, unfunded losses in such subsidiaries were attributed entirely to the Group. In accordance with the transitional requirements of IAS 27 (2008), the carrying value of non-controlling interests at the effective date of the amendment has not been restated.

Separate financial statements of the Company

In the Company's separate financial statements, investments in subsidiaries are accounted for using the equity method of accounting. Under the equity method of accounting, the investments are initially recognised at historical cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. After initial recognition, subsidiaries are recognised at inflation adjusted amounts.

Claims and benefits

Claims and benefits represent the ultimate cost of settling all claims and benefits arising from events that have occurred up to the reporting date. Claims and benefits incurred but not reported are those which arise out of events which have occurred by the reporting date but have not yet been reported. Death claims are recognised when reported and a provision is made for deaths that have not been reported. Claims relating to annuities and surrenders are recognised when due and when paid, respectively. Maturity claims are recognised on maturity of the related policies.

Outstanding claims

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim project techniques, based on empirical data and current assumptions that include a margin for adverse variation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or has been cancelled.

Reinsurance

The Group and Company cede insurance risk in the normal course of business for all of its businesses. Gross outward reinsurance premiums are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into in the period and are recognised on the date on which the policy incepts. Reinsurance assets represent balances due from reinsurance companies, for the primary insurers and balances due from retrocession companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during threporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group and Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group and Company will receive from the reinsurer. The impairment loss is recorded in profit or loss. Gains or losses on buying reinsurance are recognised in statement of comprehensive income immediately at the date of purchase and are not amortised. Ceded reinsurance arrangements do not relieve the Group and Company from its obligations to policyholders.

Claims are recognised as expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance assets represent balances due to the Group and Company. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Life insurance contract liabilities

2.5.4 Life insurance contract liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. Life insurance contract liabilities are computed by an independent actuary in accordance with the requirements of the Insurance Act (Chapter 24:07) and the Fidelity Life Reserving policy and other guidance issued by the Insurance and Pensions Commission of Zimbabwe under this method, the policyholders' liabilities are valued using realistic expectations of future experience with prescribed margins for prudence and deferral profit emergence on the following basis:

(i) For conventional individual life and individual life funeral business, a gross premium valuation method is used, thus allowing explicitly for expected future premiums, claims and expenses.

(ii) For annuity business, the discounted value of future payments is used as the actuarial liability.

(iii) An incurred but not reported reserve ("IBNR") is set up for group life (and associated benefits) business. The IBNR reserve amounts to a prudent estimate of 25% of gross annual premium after reinsurance. No incurred but not reported reserve (IBNR) is set up as most contributions are paid monthly in arrears.
The provision for incurred but not reported claims represents all claims incurred before the reporting date but only reported subsequent to year-end. The IBNR is actuarially determined.
(iv) Deposit administration business is valued at the accrued premiums (after deducting specified charges) plus accumulated bonuses.
(v) The bonus equalisation fund is held to support the with profits business. A portion of this surplus for the year was allocated to the policyholders was used to declare a bonus and the balance was transferred to the bonus stabilisation fund.
(vi) A reserve is held for HIV/AIDS and COVID 19 claims and has been reduced in the current period, as most of the reserve was held for group business.
(vii) In addition, margins for prudence have been included in individual life business and employee benefit business.
(viii) Surplus is the difference between Life and Pension Fund and the actuarial liabilities.
(ix) The insurance liabilities consist of the present value of future obligations, allowing for future premiums, claims and expenses and taking into account
lapses and allowing for prescribed margins. The discount rates are based on current

2.5.4 Life insurance contract liabilities (continued)

expense levels adjusted for expected inflation were appropriate.

Adjustments to the liabilities at each reporting date are recorded in the statement of profit or loss and other comprehensive income in 'Gross change in contract liabilities'. Profits originated from margins for adverse deviations on run-off contracts are recognised in the statement of profit or loss over the life of the contract, whereas losses are fully recognised in the statement of profit or loss during the first year of runoff. The liability is derecognised when the contract expires, is discharged or cancelled.

At each reporting date, an assessment is made of whether the recognised life insurance liabilities, net of related Present Value of In Force business ("PVIF") and Deferred Acquisition Costs ("DAC"), are adequate by using an existing liability adequacy test performed in accordance with Zimbabwe Actuarial Society and South African Standards of Actuarial Practice Practices. The liability value is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder guarantees, as well as investment income from assets backing such liabilities, are used. A number of valuation methods are applied, including discounted cash flows. To the extent that the test involves discounting of cash flows, the interest rate applied is based on management's prudent expectation of current market interest rates. Any inadequacy is recorded in the statement of profit or loss, initially by impairing PVIF and DAC and, subsequently, by establishing an additional insurance liability for the remaining loss.

The Company applies shadow accounting on Insurance contract liabilities with Discretionary Participating Features (DPF) were the recognised but unrealised gain or loss on an asset affects measurement in the same way as a realised gain or loss. The related adjustment to the insurance liability is recognised in other comprehensive income if the unrealised gains or losses are recognised in other comprehensive income .

2.5.5 Investment contract liabilities

Investment contracts are classified between contracts with and without Discretionary Participating Features ("DPF"). Investment contracts without DPF are determined by applying deposit accounting where the contributions, claims and benefits paid, investment income and related expenses are not accounted through profit or loss but are accounted as direct increases or decreases to the investment contract liability and the corresponding assets. Investment contract liabilities without DPF are recognised when contracts are entered into and premiums are charged. These liabilities are initially recognised at fair value. Subsequent to initial recognition, the investment contract liabilities are measured at fair value which represents the fair value of assets and liabilities backing the contracts, with fair value adjustments being recognised directly against the investment contract liabilities. Any other additions to the liabilities by contract holders are recorded directly against the liability.

The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value of the contract cannot be less than the surrender value. When contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the statement of financial position.

2.5.6 Discretionary Participation Features ("DPF")

In line with the profit-sharing arrangements between the shareholders and policyholders, 6% of the excess assets (surplus), is transferred to shareholders account and 94% is transferred to policyholder Bonus Stabilisation Reserve (BSR). The distribution of the BSR in the form of bonus to policyholders who hold with-profits contracts remains at the discretion of the Board in consultation with Statutory Actuary.

2.5.7 Property and equipment

Items of property and equipment are initially recognised at historical cost. The purchase price includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The assets residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year end.

Items of property and equipment other than land and buildings are subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Land and buildings are subsequently carried at fair value, based on valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

Land is not depreciated. Depreciation is provided on all other items of property and equipment so as to write off their carrying values over their expected useful economic lives. Depreciation is provided at the following rates on a straight line basis:-

Motor vehicles	5 years
Equipment and computers	4 years
Furniture and fittings	5-10 years
Buildings	50 years

At the date of revaluation, the accumulated depreciation on the revalued buildings is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus is included in the revaluation reserve until the asset is disposed or derecognised and the revaluation surplus balance is transferred to retained earnings.

An asset is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss in the year the asset is derecognized. The Group and Company assess at each reporting date whether there is an indication that an item property, plant and equipment may be impaired. If such indication exists, the Group and Company make an estimate of its recoverable amount. Property, plant and equipment's recoverable amount is the higher of the assets fair value less costs to sell or its value in use and is determined for an individual item of property, plant and equipment, unless it does not generate cash inflows that are largely independent of those from other items of property, plant and equipment or groups of property, plant and equipment.

Where the carrying amount of an item of property, plant and equipment exceeds its recoverable amount, the property, plant and equipment is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the property, plant and equipment. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices of investments or other available fair value indicators. Impairment losses on continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired property and equipment except for property previously revalued where there valuation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. Accounting Policy Notes

2.5 Basis of consolidation (continued

2.5.7 Property and equipment (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and Company make estimates of recoverable amounts. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case the carrying amount of property, plant and equipment is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment been recognized for the property, plant and equipment asset in prior years.

2.5.8 Investment property

Investment property comprises residential houses, commercial buildings and developed residential stands which are held to earn rentals and for capital appreciation. The Group and Company's investment property is initially recorded at cost and subsequently at fair value. value, with changes in the carrying value recognised in profit or loss.

Transfers are made to Investment property when and only when there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Undeveloped land that is initially recognised as investment property is transferred to inventory or property and equipment when the property ceases to meet the definition of investment property, and there is evidence of the change in use from holding such land for capital appreciation to either developing the land for sale as trading stock or to developing owner occupied building on such land.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the income statement in the year of retirement or disposal. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceed and the carrying value of the assets in the previous full period financial statements.

2.5.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss (operating and administration expenses).

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit ("CGU") level.

Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The significant intangibles recognised by the Group and Company, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:-

Computer software 4-10 years

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The assets residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year end.

2.5.10 Inventories

Inventories comprise developed stands and land under development for sale as stands, funeral services consumables such as caskets and other consumables such as fuel. Inventories are initially measured at cost and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, development, conversion and bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily interchangeable items (such as funeral services consumables).

Net realisable value represents the estimated selling price less all estimated cost of completion to make the necessary sale.

2.5.11 Trade and other receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arose principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporated other types of contractual monetary assets. They were initially recognised at fair value plus transaction costs that were directly attributable to their acquisition or issue, and were subsequently carried at amortised cost using the effective interest method, less expected credit losses.

Insurance debtors were assessed to be outside the scope of IFRS 9's requirements. As such, the impairment allowance for insurance debtors continues to be measured on an incurred loss model. The Group and Company elected to provide in full all insurance debtors in the 120+ days and 10% on all insurance debtors in the 60 to 90+ days category. There were therefore no changes in the measurement of the impairment allowance on insurance debtors.

2.5.12 Cash and deposits with banks

The Group and Company's cash and cash equivalents include cash in hand, other short term highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less, and-for the purpose of the cash flow statement it includes bank overdraft.

The cash and cash equivalents is subsequently measured at amortised cost.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of less than three months and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings.

2.6 Financial instruments
2.6.1 Financial assets
2.6.1.1 Classification
(a) Classification and measurement under IFRS 9

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

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

- Financial assets at amortised cost
- Financial assets fair value through profit or loss ("FVPL").

A financial asset is classified at amortised cost if it is held in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest on the principal amount owing. The Group and Company's debt instruments are currently classified as financial assets at amortised cost.

The equity securities are classified as financial assets at fair value through profit or loss by the Group and Company as management assess performance of the financial assets on a fair value basis. Dividend income from such assets is recorded in 'investment income' when the right to the payment has been established.

For an equity instrument that are held for reasons other than to generate investment returns that would otherwise be classified as assets at fair value through profit or loss, the Group and Company may make an irrevocable election at the time of initial recognition to account for the equity investment as an asset at fair value through other comprehensive income. When this election is made, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit and loss.

The Group and Company have not taken this election on any of its assets.

Classification of debt instruments

Debt instruments are contracts that entitle the Group and Company to fixed or determinable payments from another entity, such as loans, governmentn and corporate bonds and trade receivables. The Group's debt instruments include trade, loan and other receivables, cash and deposits with banks, and bonds and other similar instruments.

Based on the factors indicated above, all of the debt instruments currently held by the Group and Company were classified as financial assets at amortised cost as they are all held in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest on the principal amount owing.

The Group and Company reclassifies debt instruments between amortised cost and fair value categories only if its business model for managing those assets changes.

Subsequent measurement

Financial assets at fair value through profit and loss are subsequently measured at fair value. Net gains and losses including any interest on dividend income are recognised in profit and loss.

Financial asset at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gain and losses and impairment are recognised in profit or loss.

2.6.2 Impairment
(a) Impairment of financial assets under IFRS 9

The Group and Company use forward looking probability weighted expected credit loss models to determine the impairment allowance on the financial assets at amortised cost. The Group and Company recognises a separate loss allowance for such losses at each reporting date.

Refer notes 9.1 to 9.3 for the impairment methodology applied for each major class of financial assets.

2.6.3 Financial liabilities

The Group and Company's financial liabilities include borrowings and trade and other payables. These are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument.

Such liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense on the balance of the liability carried in the statement of financial position is at a constant rate over the period to the date of repayment. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

There were no changes to the classification and measurement of the Group and Company's financial liabilities following the Group's adoption of IFRS 9 as at 1 January 2018.

2.6.4 Derecognition of financial assets and liabilities

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and Company have transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

2.6.5 Fair value measurement

The Group and Company measure financial instruments and non-financial assets such as investment properties, at fair value at each reporting date.

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

(i) In the principal market for the asset or liability

Or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group and Company.

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

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

The Group and Company use valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets, liabilities and equity items for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2. Accounting Policy Notes

Audit, Risk and Compliance Committee approves which external valuer to appoint to be responsible for the external valuations. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

2.6.7 Impairment of non-financial assets (excluding inventories, property, plant and equipment, investment property and deferred tax assets) Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows. Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in profit or loss. An impairment loss recognised for goodwill is not reversed.

2.6.8 Income tax

2.6.8.1 Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date as per the Income Tax Act (Chapter 23:06) Income tax assets arising from companies within the Group are not offset against liabilities in other entities within the Group.

Income tax liabilities and assets are disclosed separately on the statement of financial position. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to setoff current tax assets against current income tax liabilities and the deferred tax assets relates to the same taxable entity and the same taxation authority.

2.6.8.2 Value added taxed (VAT)

Revenues, expenses and assets are recognised net of the amount of Value Added Taxes except:

(i) Where the Value Added Tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

(ii) Receivables and payables that are stated with the amount of VAT included.

Outstanding net amounts of VAT recoverable from, or payable to, the taxation authority are included as part of receivables or payables in the statement of financial position.

2.6.8.3 Deferred tax

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

• when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

• in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint arrangements, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. only where there is an agreement in place that gives the Group and Company the ability to control the reversal of the temporary difference not recognised.

• deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry forward of unused tax credits and unused tax losses can be utilised except;

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

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

2.6.5 Fair value measurement (continued)

2.6.8.3 Deferred tax (continued)

deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date that are expected to apply to the year when the asset is realised, or the liability is settled. Deferred tax relating to items recognised in other comprehensive income or equity is also recognised in other comprehensive income or equity and not in statement of comprehensive income. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. The Group and Company applied the income tax rate of 24.72% (2020: 24.72%) for the purpose of recognising deferred tax for its investment properties with the exception of land, where the capital gains tax rate of 5% is applied.

2.6.9 Foreign currency

Transactions entered into by Group and Company in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at average rates for statement of income statement transactions.

The exchange rates used are obtained from the Reserve Bank of Zimbabwe ("RBZ") website. Exchange gains and losses on non-monetary financial assets form part of the overall gain or loss recognised in respect of that financial instrument. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

On consolidation, the results of the subsidiary in Malawi are translated into ZWL at rates approximating those ruling when the transactions took place. All assets and liabilities arising on the acquisition of the foreign subsidiary were translated at the rate ruling at the reporting date.

Exchange differences arising on translating the opening net assets at opening rate and the results of the foreign subsidiary at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

On disposal of a foreign subsidiary, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to profit or loss.

2.6.10 Retirement benefits: Defined contribution schemes

2. Accounting Policy Notes

Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate.

2.6.11 Revenue

Revenue recognition

The Group and Company recognise revenue when the following conditions have been met as per IFRS 15;

• the contract has been approved by the parties to the contract;
• each party's rights in relation to the goods or services to be transferred can be identified; • the payment terms for the goods or services to be transferred can be identified; • the contract has commercial substance; and • and it is probable that the consideration to which the Group and Company are entitled to in exchange for the goods or services will be collected.

The Group and Company do not expect to have any new contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds 12 months. The transaction price is therefore not adjusted for the effects of a significant financing component.
The property services income, sale of completed property and funeral services income follow the above conditions in line with IFRS 15.

2.6.11.1 Premium income

Premium income is accounted for gross of reinsurance and accounted for as follows: Gross premiums comprise the premiums on contracts entered into during the year. Premium income arising from insured pension products is recognized when due while that from individual life is recognized when due per IFRS 4.

2.6.11.2 Management fee income

Fees charged for investment management services provided in conjunction with an investment contract are recognised as revenue in the statement of comprehensive income as the services are provided per IFRS 15. Insurance contract policyholders are charged for policy administration services and other contract fees. These fees and charges are recognised as revenue over the period in which the related services are performed.

2.6.11.3 Commission income

Commission income received or receivable under insurance and reinsurance contracts for life insurance contracts is recognised over the average period of the treaty reinsurance cover that is on a financial year basis per IFRS 15 provisions.

2.6.11.4 Funeral services income

Funeral services income comprises income received or receivable from provision of funeral services to clients. The income is recognised when the related services have been provided per IFRS 15, however, there is usually no material time lag between service provision and payment. Funeral services income will be generated from the following services:
• body embalming;
• hearse hire;
• church services; and
• bus hire.

2.6.11.5 Investment management fees

Fees charged for investment management services are recognised as revenue as the services are provided per IFRS 15. Initial fees which exceed the level of recurring fees and relate to the future provision of services are deferred and amortised over the anticipated period in which the services will be provided.

2.6.11.6 Investment income

Investment income is interest receivable on money market financial instruments, dividends from listed and unlisted companies and fair value gains on investment property. Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and effective interest rate applicable per IFRS 9.

2.6.11.7 Revenue from sale of stands

The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer per IFRS 15.

The revenue is measured at the transaction price agreed under the contract. The consideration is due upon signing the sale contract. Deferred payment terms may be agreed in some cases for periods up to 36 months. In such cases, the transaction price is adjusted for the effects of a significant financing component. The Group has contracts with customers where the period between signing of the sale contract and payment by the customer exceeds one year. As a consequence, the Group adjusts the transaction prices for the time value of money at the effective interest rate.

2.6.11.8 Deferred income

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

2.7 Borrowing costs

Interest incurred on bank loans used to fund acquisition of additional investment property or development of existing investment property and inventory developments is capitalised as part of the acquired or developed property or developed inventory. Interest on borrowings that were obtained for lending by micro–finance subsidiary and also for operations by the holding Group is recognised in profit or loss as an expense when incurred.

2.8 Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when approved by the directors. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

2.9 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement

2.9.1 Group as a lessee

A right of use asset and a corresponding lease liability are recognised on the Group's statement of financial position at the date the leased asset becomes available for use by the Group and Company.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and Company use their incremental borrowing rate.

Subsequently, each rental payment is allocated between finance costs and a reduction of the lease liability over the term of the lease. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The remaining lease term currently range from 13 to 53 months and the lease liabilities are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate. The incremental borrowing rate applied on these leases was 21% per annum.

2.9.2 Leases assessed as short term or low-value leases

Lease agreements in Zimbabwe and a few other leases in Malawi were assessed as meeting the criteria for classification as short term. Short-term leases are leases with a lease term of 12 months or less. Rental payments on these leases continue to be recognised as an expense in the income statement on a straight-line basis.

2.10 Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

2.11 Treasury shares

Consideration paid/received for the purchase/sale of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the treasury share reserve). Any excess of the consideration paid/received on the purchase/sale of treasury shares over the nominal cost price of the shares purchased/ sold is adjusted to the share premium reserve.

2.12 Employee share ownership plan ("ESOP")

As the Group has control of its ESOP trust, it is treated as a subsidiary and consolidated for the purposes of the consolidated financial statements. The ESOP's assets (other than investments in the Group's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements. The ESOP's investment in the Group's shares is deducted from equity in the consolidated statement of financial position as if they were treasury shares.

2.13 Provisions

The Group and Company has recognised within trade and other payables, provisions of uncertain timing or amount. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

2.14 Deferred income from sale of residential stands

The Group and Company accounts for proceeds from sale of residential stands that have not yet been developed as deferred income. Once the residential stands have been developed and allocated to customers, proceeds associated with such stands are transferred from deferred income to income from sale of residential stands as the Group and Company will have discharged its obligations to the customers concerned.

2.15 Reinsurance

The Group and Company cede insurance risk in the normal course of business for all of its insurance businesses. Reinsurance assets represent balances due fromreinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group and Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group and Company will receive from the reinsurer. The impairment loss is recorded in profit or loss.

Gains or losses on buying reinsurance are recognised in statement of comprehensive income immediately at the date of purchase and are not amortised. Ceded reinsurance arrangements do not relieve the Group and Company from its obligations to policyholders. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance assets represent balances due to the Group and Company. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or have expired or when the contract is transferred to another party. Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position.

3 CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

3.1 Fair values

The fair value of the Group's land and buildings and investment properties is based on valuations performed by Bard Real Estate, an accredited independent valuer. Valuation models in accordance with recommendations by the International Valuation Standards Committee have been applied. The current year has been characterised by an increase in the demand for properties as compared to previous years due to the improvement in economic performance resulting in improved disposable incomes, production and companies' adjusting to the impact of COVID 19. Resultantly the property market has had an increase in property transactions.

The key assumptions in coming up with fair values are future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. Due to the stabilisation of the local currency there has been an increase in the number of ZWL property transactions with rental and property sales being recorded in the ZWL.

The users of the financial statements must therefore note that whilst management has taken the necessary steps in coming up with the fair valuation, significant judgements were applied in the current year as a result of the uncertainties resulting from the volatile economic environment, currency shifts, excessive market volatility.

The fair values of land and buildings and investment property as well as the valuation techniques and assumptions are disclosed on Notes 5 and 6.

3.2 Actuarial valuation for insurance liabilities

At the reporting date, an independent valuation of policyholder liabilities is carried out to establish a proper value of the liabilities in accordance with the registration and licensing requirements of the Commissioner of Insurance in the respective jurisdictions. The process of establishing insurance liabilities is both complex and subjective, requiring the use of informed estimates and judgements. The significant assumptions and other factors used in the Group valuation include, but are not limited to:-

- the effects of inflation;
- estimation of underlying exposures;
- changes in the mix of business;
- amendments to contract terms and coverage;
- the impact of major events;
- movements in industry benchmarks;
- the incidence of incurred claims;

- the extent to which all claims have been reported;
- changes in the legal environment;

- damage awards; and

- changes in both internal and external processes which might accelerate or slow down both reporting and settlement of claims.

The carrying amount of life assurance liabilities that have been actuarially valued is disclosed on Note 14.

As part of the valuation the actuary gives advice to the Group and Company on the reserve capital to keep above the regulatory capital in order to keep the Group and Company solvent. The value of policyholder liabilities is then deducted from the value of total assets. Any surplus (i.e. excess of assets over liabilities) is split between the policyholders and shareholders as per the advice of the independent actuary.

3.4 Classification of property

The Group and Company determine whether property is classified as investment property or property plant and equipment.

- Investment property comprises land and buildings (principally offices, commercial warehouses and retail property) which are not occupied substantially for use by, or in the operations of, the Group and Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

The Company implemented a space rationalisation exercise which resulted in a significant decrease in space occupied for the production of services and for administration purposes to 13% of the total floor area of the building a level that was considered constitutes an insignificant portion.

A significant judgement was made to determine the 13% occupied by the Company constitutes an insignificant portion. A decision was made to reclassify the building from property plant and equipment to investment property since the building was being held to earn rentals and capital appreciation.

4 INTANGIBLE ASSETS

	GROUP		COMPANY	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
	Computer software		Computer software	
Net carrying amount at the beginning of the year	95 700 391	47 981 327	34 925 506	5 344 185
Gross carrying amount - Cost	120 747 527	72 451 317	37 356 339	7 775 018
Accumulated amortisation	(25 047 136)	(24 469 990)	(2 430 833)	(2 430 833)
Additions	7 252 031	37 264 150	-	29 581 321
Exchange rate movement on foreign operations	(10 506 120)	11 032 060	-	-
Impairment	-	-	-	-
Amortisation charge for the year	(2 172 588)	(577 146)	-	-
Net carrying amount at the end of the year	90 273 714	95 700 391	34 925 506	34 925 506
Gross carrying amount - Cost	117 493 438	120 747 527	37 356 339	37 356 339
Accumulated amortisation/impairment	(27 219 724)	(25 047 136)	(2 430 833)	(2 430 833)

A software with a cost of ZWL 7,252,031 and 2020 ZWL37,264,150 was acquired during the year, it has an estimated useful life of 4 years.

Intangible assets include ZWL29,581,321 that was capitalised in 2020 which was not amortised since the intangible asset project implementation is yet to be completed.

5 PROPERTY AND EQUIPMENT GROUP

	Land and buildings ZWL	Motor vehicles ZWL	Equipment and computers ZWL	Furniture and fittings ZWL	Total ZWL
Net carrying amount at 1 January 2020	524 033 675	20 853 133	15 917 991	14 299 043	575 103 842
Gross carrying amount - cost/valuation	529 990 944	112 155 252	58 845 378	24 721 776	725 713 350
Accumulated depreciation	(5 957 269)	(91 302 119)	(42 927 387)	(10 422 733)	(150 609 508)
Additions	54 878	2 255 880	5 088 430	908 694	8 307 882
Exchange rate movement on foreign operations	2 779 008	(150 130)	(603 099)	(342 394)	1 683 385
Disposals	-	(70 298)	(3 372)	-	(73 670)
Gross carrying amount - cost/valuation	-	(2 503 771)	(106 419)	-	(2 610 190)
Accumulated depreciation	-	2 433 473	103 047	-	2 536 520
Depreciation charge for the year	(33 766 326)	(2 652 082)	(4 479 860)	(2 350 898)	(43 249 166)
Revaluation surplus	72 344 562	-	-	-	72 344 562
Net carrying amount at 31 December 2020	565 445 797	20 236 503	15 920 090	12 514 445	614 116 835
Gross carrying amount - cost/valuation	571 461 768	111 757 231	63 224 290	25 288 076	771 731 365
Accumulated depreciation	(6 015 971)	(91 520 728)	(47 304 200)	(12 773 631)	(157 614 530)
Additions	-	868 606	6 340 501	1 145 318	8 354 425
Exchange rate movement on foreign operations	(3 831 409)	(1 115 653)	(3 250 127)	(780 410)	(8 977 599)
Disposals	-	(11 757 620)	(78 051)	-	(11 835 671)
Gross carrying amount - cost/valuation	-	(45 896 359)	(298 811)	-	(46 195 170)
Accumulated depreciation	-	34 138 739	220 760	-	34 359 499
Depreciation charge for the year	(8 365 079)	(6 342 272)	(9 812 495)	(2 038 249)	(26 558 095)
Revaluation surplus	219 553 415	-	-	-	219 553 415
Net carrying amount at 31 December 2021	772 802 724	1 889 564	9 119 918	10 841 104	794 653 310
Gross carrying amount - cost/valuation	778 906 313	65 613 825	66 015 853	25 652 984	936 188 975
Accumulated depreciation	(6 103 589)	(63 724 261)	(56 895 935)	(14 811 880)	(141 535 665)

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. The borrowing facility with NMB Bank Limited disclosed in Note 15.1 was repaid during the year. 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, as disclosed in Note 32.

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.

5 PROPERTY AND EQUIPMENT

COMPANY	Land and buildings ZWL	Motor vehicles ZWL	Equipment and computers ZWL	Furniture and fittings ZWL	Total ZWL
Net carrying amount at 1 January 2020	417 808 520	18 229 802	6 201 254	6 556 226	448 795 802
Gross carrying amount - cost/valuation	417 808 520	67 686 550	25 428 668	9 418 977	520 342 715
Accumulated depreciation	-	(49 456 748)	(19 227 414)	(2 862 751)	(71 546 913)
Additions	-	1 578 087	2 141 530	431 378	4 150 995
Disposals	-	-	-	-	-
Gross carrying amount - cost/valuation	-	(128 108)	-	-	(128 108)
Accumulated depreciation	-	128 108	-	-	128 108
Depreciation charge for the year	(33 707 624)	(805 034)	(1 091 250)	(869 380)	(36 473 288)
Revaluation surplus	62 832 054	-	-	-	62 832 054
Net carrying amount at 31 December 2020	446 932 950	19 002 855	7 251 534	6 118 224	479 305 563
Gross carrying amount - cost/valuation	446 932 950	69 136 529	27 570 198	9 850 355	553 490 032
Accumulated depreciation	-	(50 133 674)	(20 318 664)	(3 732 131)	(74 184 469)
Additions	-	-	2 254 153	537 874	2 792 027
Disposals	-	(10 889 821)	-	-	(10 889 821)
Gross carrying amount - cost/valuation	-	(40 822 144)	-	-	(40 822 144)
Accumulated depreciation	-	29 932 323	-	-	29 932 323
Depreciation charge for the year	(8 277 461)	(4 560 597)	(3 502 224)	(118 534)	(16 458 816)
Transfer to investment property	(612 000 000)				(612 000 000)
Revaluation surplus	173 344 511	-	-	-	173 344 511
Net carrying amount at 31 December 2021	-	3 552 436	6 003 462	6 537 564	16 093 462
Gross carrying amount - cost/valuation	-	28 314 384	29 824 351	10 388 229	68 526 964
Accumulated depreciation	-	(24 761 948)	(23 820 889)	(3 850 665)	(52 433 502)

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. The borrowing facility with NMB Bank Limited disclosed in Note 15.1 was repaid during the year. 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, as disclosed in Note 32. The carrying amount of land and buildings had the assets been measured at cost as at 31 December 2021 ZWL140,704,480 and ZWL87,536,983 in 2020.

6 INVESTMENT PROPERTY

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
Balance at the beginning of the year	**5 011 386 538**	**4 773 262 144**	**1 351 194 695**	**1 410 587 540**
Additions	-	-	-	-
Improvements	-	-	-	-
Reclassification from property plant and equipment	-	-	612 000 000	-
Disposals	(164 988 944)	(117 530 244)	(161 058 849)	(127 595 243)
Exchange rate movement on foreign operations	(74 402 801)	23 289 355	-	-
Fair value gains through profit or loss	1 294 294 263	332 365 283	327 469 205	68 202 398
Balance at the end of the year	**6 066 289 056**	**5 011 386 538**	**2 129 605 051**	**1 351 194 695**

Management determined that the investment properties consist of four classes of property – office and retail buildings, residential houses, and land investment properties are held for long term rental yields and capital appreciation. The property fair values are as shown below:

Class of property	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
CBD retail	15 300 000	12 639 393	-	12 639 393
CBD offices	886 789 795	732 580 726	762 550 000	732 580 726
Residential properties	445 656 415	368 158 612	470 831 100	276 118 959
Land	4 718 542 846	3 898 007 807	896 223 951	329 855 616
	6 066 289 056	**5 011 386 538**	**2 129 605 051**	**1 351 194 694**

Included in disposals are non cash disposals amounting to ZWL136,074,189 in 2021 and ZWL98,852,217 in 2020 which was used to settle a trade and other payables.
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. Investment properties are at Level 3. Refer to Note 32 for relevant fair value hierarchy disclosures. Significant judgements and assumptions were applied for the Group and Company's investment property portfolio. Land banks and residential properties were valued in Zimbabwe dollar using the market comparison method and income capitalisation method for commercial properties . During the year ZWL34,489,144 (2020:ZWL18,580,361) was recognised in the consolidated statement of profit or loss and other comprehensive income in relation to rental income from the investment properties. For the Company, rental income arising from investment properties amounted ZWL37,353,545 (2020: ZWL5,279,132). Direct operating expenses, including repairs and maintenance, from investment property that generated rental income amounted to ZWL5,082,118 (2020 ZWL6,619,319). Direct operating expenses, including repairs and maintenance, arising from investment property that did not generate rental income during the year amounted to ZWLNil (2020: ZWL210,821). These expenses were mostly incurred on properties held by the Company.

7 RIGHT OF USE ASSET

The Group leases several offices in major towns and cities in Zimbabwe and Malawi and motor vehicles. Each lease is negotiated separately and will have terms and conditions that vary widely from those agreed for other lease arrangements. The lease agreements do not impose any covenants, and leased assets may not be used as security for borrowings. Lease contracts are usually signed for fixed periods of 1 to 5 years. The Group disclosed the office building under lease separately from property and equipment. The motor vehicles lease periods approximated the estimated useful economic lives of the motor vehicles and the Group has a right to purchase the motor vehicles outright at the end of the minimum lease term by paying a nominal amount. The lease liability is disclosed on note 16.

	GROUP		
	Office buildings ZWL	Motor Vehicles ZWL	Total ZWL
Net carrying amount at 1 January 2020	17 113 765	7 642 489	24 756 254
Cost	19 689 116	9 754 883	29 443 999
Accumulated amortisation	(2 575 351)	(2 112 394)	(4 687 745)
Additions	-	21 191 842	21 191 842
Exchange rate movement on foreign operations	(11 203 578)	22 542 474	11 338 896
Derecognition of right of use asset	(5 910 188)	-	(5 910 188)
Cost	(8 485 539)	-	(8 485 538)
Amortisation	2 575 351	-	2 575 351
Amortisation for the year	-	(3 863 972)	(3 863 972)
Net carrying amount at 31 December 2020	-	47 512 833	47 512 833
Cost	-	53 489 199	53 489 199
Accumulated amortization	-	(5 976 366)	(5 976 366)
Additions	-	-	-
Exchange rate movement on foreign operations	-	(11 862 690)	(11 862 690)
Amortisation for the year	-	(7 959 826)	(7 959 826)
Net carrying amount at 31 December 2021	-	27 690 317	27 690 317
Cost	-	41 626 509	41 626 509
Accumulated amortization	-	(13 936 192)	(13 936 192)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Movement analysis to 31 December 2021

Movements in right of use assets and lease liabilities as included in note 7.1 and 16 during the year were as follows:

	GROUP	
	2021 Right-Of-Use Asset ZWL	2020 Right-Of-Use Asset ZWL
Balance as at 1 January 2021	47 512 833	24 756 255
Additions	-	21 191 842
Amortization	(7 959 826)	(3 863 972)
Derecognition of right of use asset	-	(5 910 189)
Exchange rate movement on foreign operations	(11 862 690)	11 338 897
Balance at 31 December 2021	**27 690 317**	**47 512 833**

7.2 The following amounts are recognised in profit and loss

	GROUP		COMPANY	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Amortisation of right of use assets	7 959 826	3 863 972	-	-
Interest expense on lease liabilities	3 463 647	2 639 682	-	-
Expense relating to short term leases	39 725 404	31 852 986	22 637 690	6 487 062

The Group had total cash outflows for leases of ZWL51,148,877 in 2021 and ZWL38,356,639 in 2020. Company outflows 2021 ZWL22,637,690 and 2020 ZWL6,487,062.

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8. INVESTMENT IN SUBSIDIARIES

The Company accounts for investment in subsidiaries applying the equity method. The share of losses in Fidelity Funeral Services Company (Private) Limited exceeded the Company's interest in the subsidiary resulting in the accounting of share oflosses to the extent of profit made in the current year.

	COMPANY 2021 ZWL	COMPANY 2020 ZWL
Fidelity Life Asset Management Company (Private) Limited	95 042 449	42 075 287
Fidelity Funeral Services Company (Private) Limited	-	-
Fidelity Life Financial Services (Private) Limited	67 954 100	50 414 790
Zimbabwe Actuarial Consultants (Private) Limited	51 226 820	25 382 551
Langford Estates 1962 (Private) Limited	3 233 989 900	2 502 813 963
Vanguard Life Assurance Company Limited	99 561 184	160 172 060
	3 547 774 453	2 780 858 651

8.1 RECONCILIATION OF CARRYING AMOUNT

	COMPANY 2021 ZWL	COMPANY 2020 ZWL
Opening balance	2 780 858 651	2 584 394 482
Equity accounted earnings		
Share of revaluation gains on property	807 945 788	173 540 062
Share of exchange differences arising on translation of foreign operations	2 085 396	721 040
Dividends	(43 115 382)	22 203 067
	-	-
closing balance	**3 547 774 453**	**2 780 858 651**

9 TRADE AND OTHER RECEIVABLES

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
Residential stand sales debtors	2 431 331	4 050 202	2 431 331	4 050 202
Micro-finance loans receivable	111 648 680	38 801 253	-	-
Insurance debtors	250 920 767	287 393 004	24 359 039	8 009 160
Other trade debtors	57 936 790	5 954 868	30 181 596	-
Trade receivables - gross	**422 937 568**	**336 199 327**	**56 971 966**	**12 059 362**
	(42 181 136)	(21 179 632)	(2 061 654)	(3 836 334)
Allowance for impairment- insurance debtors	(35 207 737)	(13 178 171)	(1 103 032)	(2 052 527)
Expected credit loss on trade receivables- other debtors	(6 973 399)	(8 001 461)	(958 622)	(1 783 807)
Trade receivables - net	380 756 432	315 019 695	54 910 312	8 223 028
Receivables from related parties, net of allowance for expected credit loss ("ECL") (note 34.3.1)	2 759 644	6 394 223	61 302 793	24 775 486
Loans to employees, net of ECL	23 424	37 695	23 424	37 695
Total receivables classified as financial assets at amortised cost	**383 539 500**	**321 451 613**	**116 236 529**	**33 036 209**
Prepayments	138 167 861	125 396 028	10 380 140	7 446 922
Other receivables, net of ECL	42 461 414	25 911 382	30 560 540	10 554 593
Total trade and other receivables	**564 168 775**	**472 759 023**	**157 177 209**	**51 037 724**
Non-current portion	-	29 764 720	-	29 764 720
Current portion	564 168 775	442 994 303	157 177 209	21 273 004
Total trade and other receivables	**564 168 775**	**472 759 023**	**157 177 209**	**51 037 724**

9 TRADE AND OTHER RECEIVABLES (continued)

There was a significant decline in stand debtors in the current year 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 expected credit losses. The amount of expected credit losses for these receivables are shown in the table below.

	GROUP		COMPANY	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
The total expected credit loss is made up of the following:				
Expected credit loss on trade receivables	42 181 136	21 179 632	2 061 654	3 836 335
Expected credit loss on loans to employees	-	-	-	-
Expected credit loss on other receivables	47 614	76 534	47 614	76 534
Expected credit loss on related party receivables	-	-	-	-
	42 228 750	**21 256 166**	**2 109 268**	**3 912 869**
Impact on year end ECL exposures transferred between stages during the year				
Movements in expected credit losses were as follows:				
Opening credit loss allowance as at 1 January 2021	21 256 166	44 457 775	3 912 869	21 375 282
Receivables written off during the year as uncollectable	-	(1 261 372)	-	-
Net (decrease)/ increase during the year through profit or loss	12 958 414	3 307 589	(8 875 549)	357 700
Monetary loss adjustment	8 014 170	(25 247 826)	7 071 948	(17 820 113)
Balance at the end of the year	**42 228 750**	**21 256 166**	**2 109 268**	**3 912 869**

The decrease in expected credit losses has been disclosed separately on the face of the statement of profit or loss and other comprehensive income.

9.1 Impairment - Expected Credit Loss Models

With the adoption of IFRS 9, the Group revised its impairment methodology for each class of assets held at amortised cost that bear similar credit risk characteristics. The IFRS 9 methodology requires the use of forward looking probability weighted expected credit loss models to determine the impairment allowance on the financial assets held at amortised cost. The impairment methodology applied for each material class of financial assets is indicated below.

Trade receivables: micro-finance loans receivable. In determining impairment allowances for micro-finance loans and advances, the Group applies the full expected credit loss model under IFRS 9. This model starts with establishing a 3 stage loan grading model, which grades each loan based on whether there has been a significant increase in the credit risk and/or a default event observed since the initial recognition of that loan. Under the current model, credit risk of each loan is tracked using the ageing of the receivable. The loan is graded into stage 1, stage 2 or stage 3 based on the age of the oldest outstanding instalment. The grade into which the loan is categorised determines how the impairment loss on the loan is calculated.

The stages are as defined below:

Stage 1 - Performing loans - all micro-finance loans advanced by the Group start off in this stage. In the absence of a significant deterioration in credit risk, the loans remain in Stage 1. For loans in Stage 1, ECL is estimated based on the loan's risk of default in the twelve months after the year end (12-month ECL).

Stage 2 - Non-performing loans - a micro-finance loan advances into Stage 2 if it experiences a significant increase in credit risk. For the Group, a micro-finance loan is assessed as having experienced a significant increase in credit risk when one or more instalment is overdue at the point of measuring the ECL. This is consistent with the rebuttable presumption in IFRS 9 that suggests that a debtor has experienced a significant increase in credit risk when it carries a balances that is 30 days overdue. For Stage 2 loans, the ECL represents losses expected over the remaining contractual life of the loan (lifetime expected credit loss). Interest is earned on gross value

Stage 3 - Loans in default - the loan reaches default when it carries an instalment older than 90days. IFRS 9 carries a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due.

For Stage 3 loans, the ECL represents losses expected over the remaining contractual life of the loan (lifetime expected credit loss).

Penalty interest is charged on the overdue amounts and interest is recognised of the net carrying amounts. After staging, the model then calculates the expected credit loss as a product of Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure At Default ("EAD"). The methods applied by the Group to determine these inputs are described below:

PD - Probability of default is the estimation of the likelihood of a loan reaching default state over a given time horizon. The determination of PD considers all reasonable and supportable information relating to the loan book that the Group can obtain without undue cost or effort. This includes information about past performance of the loan portfolio, current conditions and forecasts of future conditions that may affect the loans. This information is a combination of information that is internal and external to the Group. PDs were calculated for the 3 stages using Markov Chains.

Regression analysis was done for unemployment risk against factors such gender, marital status, age. The linear coefficient and the intercept were used to estimate the percentage change in PD over the year. An adjustment of 0.28% was applied on the estimated PD to incorporate changes in the PD.

LGD - Loss given default is the financial loss that the Group could suffer when a borrower defaults on their loan. The Group used run-off triangles to model the progression of loans in default state from the year they were disbursed. The run-off triangles were tabulated starting with loans disbursed from 2012 through to 2021as part of the determination of loss given default. A weighted average LGD ratio was calculated for the entire portfolio, adjusted for macro-economic factors and discounted at the original effective interest rate applicable to the micro-finance loans. A small percentage of the micro-finance loan book is secured. LGD for the secured loans was estimated separately for each loan, rather than at portfolio level. For secured loans, the LGD is defined as the expected ultimate loss on the loan expressed as a proportion of the outstanding loan balance at the point of default. The ultimate loss is the difference between outstanding loan balance at default and the amount recovered from sale of the security held. The fair value of the assets held as security is determined through management estimates. Where the estimated fair value of the asset equals or exceeds the outstanding loan amount, LGD is estimated as zero. The calculated LGDs were adjusted for **TRADE AND OTHER RECEIVABLES (continued)**

9.1 Impairment - Expected Credit Loss Models (continued)

(ii) Trade receivables: residential stand sales (continued)

inflation **9** based on the correlation that was established between LGD and inflation indices.

EAD - Exposure at default is an estimation of the expected financial exposure to the Group at the point a loan reaches default state. EAD has been calculated as the amortised cost of each loan at the end of the minimum number of months that would be required for the loan to reach default state from its current state, assuming no collections are made on the loan. ECL is then calculated as a probability weighted average of a

	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
The ECL calculated on the loans in the 3 stages is as follows:				
As at 31 December 2021				
Micro-finance loans receivable				
Performing	86 907 562	-	-	86 907 562
Overdue	-	7 372 590	-	7 372 590
Default	-	-	17 368 528	17 368 528
Gross carrying amount	86 907 562	7 372 590	17 368 528	111 648 680
Expected credit loss on micro-finance loans receivable	(248 744)	(1 033 168)	(4 732 865)	(6 014 777)
Net carrying amount	86 658 818	6 339 422	12 635 663	105 633 903
As at 31 December 2020				
Micro-finance loans receivable				
Performing	27 345 374	-	-	27 345 374
Overdue	-	5 233 277	-	5 233 277
Default	-	-	6 222 602	6 222 602
Gross carrying amount	27 345 374	5 233 277	6 222 602	38 801 253
Expected credit loss on micro-finance loans receivable	(599 285)	(298 354)	(5 453 281)	(6 350 920)
Net carrying amount	26 746 089	4 934 923	769 321	32 450 333

Analysis of changes in the gross carrying amount in relation to micro-finance loans receivable is as follows:

	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2021				
Gross carrying amount at beginning of the year	28 791 599	1 512 893	8 496 761	38 801 253
Categorisation of new receivables originated during the year	72 592 634	6 685 235	11 237 369	90 515 238
Repayments	(1 524 667)	(687 124)	(5 382 233)	(7 594 4)
Receivables written off	-	-	-	-
Monetary (loss)/gain adjustment	(9 104 498)	(3 028 981)	2 059 693	(10 073 786)
Receivables transferred between stages during the year	(3 847 505)	2 890 567	956 938	-
Gross loan and advances to customers at year end	**86 907 563**	**7 372 590**	**17 368 528**	**111 648 681**
As at 31 December 2020				
Gross carrying amount at beginning of the year	67 714 258	13 579 852	9 554 411	90 848 521
Categorisation of new receivables originated during the year	28 384 705	836 846	5 340 881	34 562 432
Repayments	(1 223 704)	(1 041 664)	(2 994 984)	(5 260 352)
Receivables written off	-	-	-	-
Monetary loss adjustment	(1 446 225)	(77 628 964)	(2 274 160)	(81 349 349)
Receivables transferred between stages during the year	(66 083 660)	69 487 207	(3 403 546)	-
Gross loan and advances to customers at year end	**27 345 374**	**5 233 277**	**6 222 602**	**38 801 253**

9 TRADE AND OTHER RECEIVABLES (continued)

9.1 Impairment - Expected Credit Loss Models (continued)

(i) Trade receivables: microfinance loans receivable (continued)

Movements in expected credit losses for micro-finance loans receivable were as follows:

	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2021				
Balance at the beginning of the year	627 561	3 469 394	2 253 965	6 350 920
Allowances written off on uncollectable receivables	-	-	-	-
Categorisation of new receivables originated during the year	215 262	113 446	2 845 418	3 174 126
Repayments	(13 866)	(11 727)	(129 460)	(155 053)
Monetary loss adjustment	(254 727)	(2 892 775)	(207 714)	(3 355 216)
Impact on year end ECL of exposures transferred between stages during the year	(325 487)	354 830	(29 343)	-
Balance at the end of the year	**248 743**	**1 033 168**	**4 732 866**	**6 014 777**
As at 31 December 2020				
Balance at the beginning of the year	3 766 941	4 263 842	7 225 618	15 256 401
Categorisation of new receivables originated during the year	-	-	-	-
New allowances originated	202 132	1 055 085	32 503	1 289 720
Repayments	(1 310 101)	(51 870)	(570 733)	(1 932 704)
Monetary loss adjustment	(28 277)	(6 766 363)	(1 467 857)	(8 262 497)
Impact on year end ECL of exposures transferred between stages during the year	(2 031 410)	1 797 660	233 750	-
Balance at the end of the year	**599 285**	**298 354**	**5 453 281**	**6 350 920**

(ii) Trade receivables: residential stand sales

The stand sales debtors represent trade debtors with a significant financing component. The IFRS 9 practical expedient for trade debtors requires that for such debtors, a policy choice be taken to either apply the simplified approach under the practical expedient, or the full three-stage approach under the general model. The Group elected to apply the simplified approach on its stands sales debtors. Under this approach, lifetime expected credit losses are recognised from initial recognition of the receivables, on a portfolio basis. The residential stand debtors are secured by the respective residential stands sold, significantly reducing the risk of outright loss. Credit loss is however expected from delayed payment of instalments by these debtors. The expected loss rate is a significant estimate and has been calculated as a probability weighted average of a range of possible loss outcomes estimated based on historic, current and forward looking internal and macro-economic information that is readily available without undue cost or effort. Each scenario was adjusted to factor in time value of money at the original effective interest rate of the debtors, and inflation based on its correlation with the performance of the debtors' book. There was no material change in the impairment allowances on these debtors from prior year . However, due to significant increases in inflation rates at the end of the year, there was a significant reduction in the expected loss rate due to the inverse relationship established between inflation and expected losses on the stand sales debtors' book.

The residential stand sales debtors are analysed below:

	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2021			
Residential stand sales debtors			
Performing	-	-	-
Overdue	583 955	-	583 955
Default	-	1 847 376	1 847 376
Gross carrying amount	583 955	1 847 376	2 431 331
Expected credit loss on residential stand sales debtors	(68 273)	(890 349)	(958 622)
Net carrying amount	**515 682**	**957 027**	**1 472 709**
As at 31 December 2020			
Residential stand sales debtors			
Performing	-	-	-
Overdue	2 095 167	-	2 095 167
Default	-	1 955 035	1 955 035
Gross carrying amount	2 095 167	1 955 035	4 050 202
Expected credit loss on residential stand sales debtors	(330 223)	(1 871 260)	(2 201 483)
Net carrying amount	**1 764 944**	**83 775**	**1 848 719**

9 TRADE AND OTHER RECEIVABLES (continued)

9.1 Impairment - Expected Credit Loss Models (continued)

(ii) Trade receivables: residential stand sales (continued)

Analysis of changes in the gross carrying amount in relation to stand sales receivables is as follows:

	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2021			
Balance at the beginning of the year	2 095 167	1 955 035	4 050 202
Categorisation of new receivables originated during the year	-	-	-
Repayments	(73 123)	(139 847)	(212 970)
Monetary loss adjustment	(1 150 296)	(255 605)	(1 405 901)
Receivables written off	-	-	-
Impact on year end of exposures transferred between stages during the year	(287 793)	287 793	-
Balance at the end of the year	**583 955**	**1 847 376**	**2 431 331**
As at 31 December 2020			
Balance at the beginning of the year	118 795 562	2 985 809	121 781 371
Categorisation of new receivables originated during the year	-	-	-
Repayments	(117 536 467)	(2 247 869)	(119 784 336)
Monetary loss adjustment	886 675	1 166 492	2 053 167
Receivables written off	-	-	-
Impact on year end exposures transferred between stages during the year	(50 603)	50 603	-
Balance at the end of the year	**2 095 167**	**1 955 035**	**4 050 202**

There were no loans that were credit impaired at origination , however there were loans that originated and became impaired during the year.

Movements in expected credit losses for stand sales receivables are as follows:

	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
As at 31 December 2021	**330 223**	**1 871 260**	**2 201 483**
Opening loss allowance as at 1 January 2021	-	-	-
Allowances written off on uncollectable receivables	-	-	-
Categorisation of new receivables originated during the year	(182 702)	(671 277)	(853 979)
Monetary loss adjustment	(23 450)	(365 432)	(388 882)
Repayments	(55 798)	55 798	-
Impact on year end ECL of exposures transferred between stages during the year			
Balance at the end of the year	**68 273**	**890 349**	**958 622**
As at 31 December 2020			
Opening loss allowance as at 1 January 2020	7 137 473	1 133 396	8 270 869
Allowances written off on uncollectable receivables	-	-	-
Categorisation of new receivables originated during the year	-	-	-
Monetary loss adjustment	(93 748)	527 233	433 485
Repayments	(6 623 814)	120 943	(6 502 871)
Impact on year end ECL of exposures transferred between stages during the year	(89 688)	89 688	-
Balance at the end of the year	**330 223**	**1 871 260**	**2 201 483**

There were no loans that were credit impaired at origination , however there were loans that originated and became impaired during the year.

(III) Cash and short term deposits

The expected credit loss model under the IFRS 9 also applies to the Group's cash and short term deposits. Credit risk associatedwith counterparties hold the Group and Company's short term and demand deposits is assessed based on credit ratings determined by the Global Credit Rating Company, which ratings are external to the Group and Company. Were these ratings are not available, counterparty credit risk is assessed through internal mechanisms designed to assess the strength of the counterparty's capacity to meet their contractual cash obligations in the near term. As the deposits are for periods less than 3 months, no significant increases in credit risk was noted as at 1 January 2021 and over the course of the year. As such, the cash and short term deposits were classified within Stage 1, prompting a 12 month expected credit loss assessment per IFRS 9. The probability of default on these instruments was assessed as insignificant due to their short tenure, resulting in an immaterial ECL which has not been recognised.

9 TRADE AND OTHER RECEIVABLES (continued)

9.1 Impairment - Expected Credit Loss Models (continued)

(iv) Debt securities at amortised cost

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

(v) Insurance debtors

Insurance debtors were assessed to be outside the scope of IFRS 9's requirements. As such, the impairment allowance for insurance debtors continues to be measured on an incurred loss model. The Group has elected to provide in full all insurance debtors in the 120+ days and 10% on all insurance debtors in the 60 to 90+ days category.

(vi) Related party receivables

Expected credit losses on related party receivables were assessed as immaterial. There has been no indication of lack of capacity by the related parties to settle the balances when they fall due. As such the PD is estimated to approximate zero. No ECL has been recognised on these balances.

10 INVENTORIES

	GROUP		COMPANY	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Projects under development	79 249 712	79 249 712	79 249 712	79 249 712
Residential stands	17 122 125	17 374 494	17 122 125	17 374 490
Consumables	1 077 028	373 416	-	-
Closing balance	**97 448 865**	**96 997 622**	**96 371 837**	**96 624 202**

Inventories recognised as an expense during the year ended 31 December 2021 amounted to ZWL349,170 (2020: ZWL348,609).

There were no borrowing costs capitalised during the current financial year.

11.1 Restatements

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.

Prior period change in presentation of Investment contract liabilities

The Company restated fair value gains on equities and properties, investment income and operating and administration expenses as a result of a change in presentation of the investment contract liabilities. In the prior year the investment contract liabilities were recorded directly through the investment contract liabilities on the statement of financial position instead of being recorded through the statement of profit or loss and other comprehensive statement. Deposit accounting was applied on the contributions, claims and benefits paid, investment income and related expenses which were not accounted through profit or loss but accounted as direct increases or decreases to the investment contract liabilities. 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.

Prior period error deferred revenue

The Company restated deferred revenue and monetary gain or loss as a result of an error on the restatement of deferred revenue. Deferred revenue in prior period was categorised as a monetary item therefore this resulted in the deferred revenue not being restated as required by IAS 29 Financial reporting in hyperinflationary economies. The error has been accounted for retrospectively and comparative information for 2020 has been 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.

Prior period asset separation adjustments

Following the approval of the Company proposed Asset Separation report by IPEC, the company implemented the notional 94:6 split between Shareholders and Policyholders. Consequently, the actuarial liability was restated in line with the results of the asset split in 2020. The Company restated the revaluation reserve as a result of an overstatement error on adjustments that were posted against the revaluation reserve. The error has been accounted for retrospectively and comparative information for 2020 has been restated. The effect is a decrease in retained earnings by ZWL13,122,759 and an increase in revaluation reserve by ZWL13,122,759 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.

Presentation of investment contract liabilities without discretionary participation features

The Croup 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.

11.1 Restatements (Continued)

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.

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. 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.

	GROUP			COMPANY		
Impact on statement of profit or loss and other comprehensive income - year ended 31 December 2020	**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**
Gross change in insurance contract liabilities	(1 156 682 494)	123 247 996	(1 033 434 498)	(975 304 599)	123 247 996	(852 056 603)
Fair value gains from equities	644 340 112	(165 780 771)	478 559 341	586 715 587	(165 780 771)	420 934 816
Fair value gains from properties	296 809 808	35 555 475	332 365 283	32 646 924	35 555 475	68 202 399
Operating and administration expenses	(404 652 265)	(10 163 377)	(414 815 642)	(249 857 042)	(10 163 377)	(260 020 419)
Gross change in investment contract liabilities	-	5 758 668	5 758 668	-	5 758 668	5 758 668
(Loss)/gain on net monetary position	(55 067 315)	(128 039 609)	(183 106 924)	375 709	(128 039 609)	(127 663 900)
Income tax expense	(24 185 588)	(13 182 444)	(37 368 032)	-	-	-
Equity accounted earnings	-	-	-	184 187 522	(10 647 460)	173 540 062
December 2020						
Impact on earnings per share						
Basic/diluted earnings per share (cents)	27.17	(139.06)	(111.89)	31.02	(139.06)	(108.03)
Headline earnings per share (cents)	13.17	(139.06)	(125.89)	15.73	(139.06)	(123.32)
December 2020						
Impact on statement of cash flow						
Gross change in insurance and investment contract liabilities with DPF	942 976 257	(123 247 996)	819 728 261	761 598 362	(123 247 996)	638 350 366
Fair value gains from equities	(644 340 112)	165 780 771	(478 559 341)	(586 715 587)	165 780 771	(420 934 816)
Fair value gains from properties	(296 809 808)	(35 555 475)	(332 365 283)	(32 646 924)	(35 555 475)	(68 202 399)
Trade and other payables	16 417 642	160 790 007	177 207 649	(105 466 315)	160 790 007	55 323 692
Equity accounted earnings	-	-	-			

11.1 Restatements (Continued)

Impact on statement of financial position

	GROUP			COMPANY		
	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
1 January 2020						
Retained earnings	245 965 624	(38 343 377)	207 622 247	220 202 615	(38 343 376)	181 859 239
Revaluation reserve	282 320	13 122 759	13 405 079	(13 122 759)	13 122 759	-
Trade and other payables	757 007 284	32 750 396	789 757 680	678 357 773	32 750 396	711 108 169
Deferred tax liabilities	65 658 481	151 334 889	216 993 370			
Investment in subsidiaries	-	-	-	2 706 627 671	(122 233 189)	2 584 394 482
Insurance contract liabilities with discretionary participation features	4 095 718 046	(129 762 968)	3 965 955 078	2 679 987 322	(129 762 968)	2 550 224 354
Non controlling interests	682 397 963	(29 101 699)	653 296 264			
	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**
December 2020						
Insurance contract liabilities with discretionary participation features	5 248 685 996	(253 010 964)	4 995 675 032	3 354 904 111	(253 010 964)	3 101 893 147
Equities at fair value through profit or loss	1 065 279 082	(134 630 005)	930 649 077	470 880 278	(134 630 005)	336 250 273
Trade and other payables	825 276 501	160 790 007	986 066 508	624 743 034	160 790 007	785 533 040
Deferred tax	74 584 871	164 517 333	239 102 204			
Investment in subsidiaries	-	-	-	2 913 739 299	(132 880 649)	2 780 858 650
Non controlling interests	754 358 698	(31 636 683)	722 722 015			

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	GROUP 2021 ZWL	GROUP 2020 Restated ZWL	COMPANY 2021 ZWL	COMPANY 2020 Restated ZWL
11.4 Financial assets at fair value through profit or loss				
Balance at the beginning of the year	930 649 077	503 880 940	336 250 273	193 861 289
Additions	103 838 332	80 887 515	48 299 487	5 453 100
Fair value adjustments - through profit or loss	318 537 772	478 559 341	168 589 569	420 934 816
Exchange gains/ loss	(97 545 760)	153 616 959	-	-
Disposals	(75 341 755)	(286 295 678)	(42 059 064)	(283 998 932)
Balance at the end of the year	**1 180 137 666**	**930 649 077**	**511 080 265**	**336 250 273**

Financial assets at fair value through profit or loss relate to shares held in various listed companies in Zimbabwe and Malawi. Refer to note 30 for relevant fair value hierarchy disclosures.

	GROUP 2021 ZWL	GROUP 2020 Restated ZWL	COMPANY 2021 ZWL	COMPANY 2020 Restated ZWL
11.5 Debt securities at amortised cost				
Balance at the beginning of the year	509 413 934	369 455 986	480 400	3 010 454
Additions	284 835 619	56 537 182	-	-
Interest	54 774 724	35 324 789	1 597	2 567
Exchange (loss)/gain	(111 774 177)	50 626 032	-	-
Maturities	(112 256 055)	(2 530 055)	(237 233)	(2 530 054)
Impact of inflation	(192 439)	-	(192 439)	(2 567)
Balance at the end of the year	**624 801 606**	**509 413 934**	**52 325**	**480 400**

Debt securities at amortised cost include development bonds and treasury bills that carry prescribed asset status. Interest rates on these instruments range from 5% to 16%. 99% of the bonds will have matured by 31 December 2022, and the remaining 1% extend as far as 2026. Further disclosure on prescribed assets is provided in Note 38.

	GROUP		COMPANY	
	2021	2020	2021	2020
12 CASH AND DEPOSITS WITH BANKS	ZWL	ZWL	ZWL	ZWL
Money market investments	282 811 181	726 199 464	30 710 466	263 705 044
Bank and cash	167 112 533	158 143 545	98 736 612	113 848 495
Restricted cash	-	607 185	-	607 185
Cash and deposits with banks	449 923 714	884 950 194	129 447 078	378 160 724
Bank overdraft	(51 160 275)	12 810 118	-	-
Cash and cash equivalents	**398 763 439**	**872 140 076**	**129 447 078**	**378 160 724**

Restricted cash refers to a fixed deposit that was kept by First Capital Bank of Zimbabwe Limited as security for a loan received from First Capital Bank Malawi Limited. The loan was settled during the year, as disclosed in note 15.
The credit quality of cash and cash equivalents held is disclosed in note 30.

13 SHARE CAPITAL

Authorised share capital				
200,000,000 ordinary shares with a nornimal value of ZWL0.01 each	89 573 035	89 573 035	89 573 035	89 573 035
Issued and fully paid share capital				
108,923,291 ordinary shares with a nominal value of ZWL0.01 each	**48 782 954**	**48 782 954**	**48 782 954**	**48 782 954**

91 076 709 unissued shares and 1 003 743 treasury shares are under the control of the Directors subject to the limitations imposed by the Articles and Memorandum of Association of the Company, the Zimbabwe Companies and Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listing Requirements. The following describes the nature and purpose of each reserve within equity

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Treasury shares	Cost of own shares held in treasury
Revaluation reserve	Gains/losses arising on the revaluation of property (other than investment property)
Foreign currency translation reserve	Gains/losses arising on retranslating the net assets of foreign operations into Zimbabwe Dollars.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

14 INSURANCE AND INVESTMENT CONTRACT LIABILITIES

14.1 Insurance contract liabilities with discretionary participation features

Balance at the beginning of the year	4 995 675 021	3 965 955 077	3 101 893 137	2 550 224 354
Reclassification to investment contract liabilities	-	(359 449 950)	-	(359 449 950)
Change in life assurance policyholder liabilities for the year	998 009 024	1 389 169 894	962 107 809	911 118 733
Movement through profit or loss	1 160 166 695	1 033 434 498	789 057 290	852 056 603
Movement through other comprehensive income	173 050 519	64 408 628	173 050 519	59 062 130
Exchange rate movement on foreign operations	(335 208 190)	291 326 768	-	-
Balance at the end of the year	**5 993 684 045**	**4 995 675 021**	**4 064 000 946**	**3 101 893 137**

14.2 Investment contract liabilities with discretionary participation features

Balance at the beginning of the year	**734,385,836**	**948,092,083**	**734,385,836**	**948,092,083**
Movement through profit or loss-Investment contract liabilities with DPF	131,817,830	(213,706,247)	131,817,830	(213,706,247)
Balance at the end of the year	**866,203,666**	**734,385,836**	**866,203,666**	**734,385,836**

14.3 Investment contracts without discretionary participation features	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
Balance at the beginning of the year	638 880 441	284 173 149	638 880 441	284 173 149
Reclassification from insurance contract liabilities	-	359 449 950	-	359 449 950
Other investment income	-	59 693	-	59 693
Gross premium income	4 374 560	2 432 782	4 374 560	2 432 782
Gross benefits and claims paid	(4 250 977)	(1 476 465)	(4 250 977)	(1 476 465)
Movement through profit or loss	312 145 809	(5 758 668)	312 145 809	(5 758 668)
Fair value gains from equities	73 446 954	(31 150 766)	73 446 954	(31 150 766)
Fair value gains from investment properties	248 971 461	35 555 475	248 971 461	35 555 475
Investment expenses	(10 272 606)	(10 163 377)	(10 272 606)	(10 163 377)
Balance at the end of the year	**951 149 833**	**638 880 441**	**951 149 833**	**638 880 441**

There was a reclassification of investment contract liabilities without DPF amounting to ZWL359,449,950 from reclassified from insurance contract liabilities in 2020.

Refer to Note 31 for further disclosures on insurance and investment contract liabilities.

15 BORROWINGS

15.1 Long-term borrowings

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
NMB Bank Limited	-	10 783 148	-	10 783 148
First Capital Bank Malawi	-	16 316 448	-	16 316 448
	-	27 099 596	-	27 099 596
Current portion of long-term borrowings	-	(19 773 518)	-	(19 773 518)
Non-current portion of long term borrowings	**-**	**7 326 078**	**-**	**7 326 078**

NMB Bank Limited Facility

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% (2020:10%) 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 through a rights issue. The loan was denominated in Malawi Kwacha and accrued interest at 23% (2020:23%) 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 Limited for the duration of the facility. The facility was fully settled during the year.

15.2 Current borrowings	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
ZB Bank Limited	51 160 275	12 272 473	-	-
Ecobank Zimbabwe Limited	15 374 577	12 810 118	-	-
Current portion of non-current borrowings	-	19 773 519	-	19 773 518
	66 534 852	**44 856 110**	**-**	**19 773 518**

Ecobank Zimbabwe Limited loan

Fidelity Life Financial Services (Private) Limited obtained 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% (2020:45%) per annum. The facility is available for one year, expiring on 31 July 2022.

15. BORROWINGS(continued)

ZB Bank Limited Loan

The overdraft facility with ZB was obtained as a line-of-credit for the micro-finance business to increase the unit's lending capacity. The loan accrues interest at 49% (2020:49%) per annum on a one year tenure. The loan is available for one year, expiring on 28 February 2022.

	GROUP		COMPANY	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
15.3 Movement in borrowings				
Movements in borrowings during the year were as follows for both the Group and the Company:				
Balance at the beginning of the year	52 182 188	170 779 541	27 099 596	145 903 752
Net cash out flow on borrowings	82 891 927	(7 867 436)	(22 870 343)	(33 570 769)
Proceeds from borrowings	154 770 428	45 063 626	-	-
Repayment of borrowings	(71 878 501)	(52 931 062)	(22 870 343)	(33 570 769)
Finance costs capitalised	45 134 275	29 378 149	7 183 510	17 358 777
Finance costs paid	(45 134 275)	(29 378 149)	(7 183 510)	(17 358 777)
Exchange differences on foreign currency denominated loans	(2 715 156)	5 490 070	(2 715 156)	20 214 219
Reduction of borrowings due to inflation	(65 824 107)	(116 219 987)	(1 514 097)	(105 447 606)
Balance at the end of the year	66 534 852	52 182 188	-	27 099 596
Current borrowings	66 534 852	44 856 110	-	19 773 518
Non-current borrowings	-	7 326 078	-	7 326 078
Borrowings as at 31 December	**66 534 852**	**52 182 188**	-	**27 099 596**

16 LEASE OBLIGATIONS

The Group leased motor vehicles with a net carrying value of ZWL27,690,316 (2020: ZWL47,512,832). The transaction was generally classified as a lease liability in accordance with IFRS 16. The lease periods approximated the estimated useful economic lives of the motor vehicles and the Group has a right to purchase the motor vehicles outright at the end of the minimum lease term by paying a nominal amount.

Set out below are the carrying amounts of the lease liability and the movements during the year

	GROUP		COMPANY	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Balance as at 1 January	40 276 678	24 728 246	-	-
Additions	-	21 191 843	-	-
Derecognition of right of use asset	-	(8 485 538)	-	-
Interest	3 463 647	2 639 682	-	-
Payments	(14 193 565)	(8 932 546)	-	-
Exchange rate movement on foreign operations	(10 852 162)	9 134 991	-	-
Balance as at 31 December	**18 694 598**	**40 276 678**	-	-

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16 LEASE OBLIGATIONS (continued)

	Minimum lease payments ZWL	Interest payments ZWL	Present value ZWL
2021			
Not later than one year	15 903 098	2 041 934	13 861 164
Between one year and five years	4 999 319	165 885	4 833 434
Later than five years	-	-	-
	20 902 417	**2 207 819**	**18 694 598**
Current liabilities			13 861 164
Non-current liabilities			4 833 434
			18 694 598
2020			
Not later than one year	21 511 559	4 985 451	16 526 109
Between one year and five years	26 342 856	2 592 286	23 750 569
Later than five years	-	-	-
	47 854 415	**7 577 737**	**40 276 678**
Current liabilities			
Non-current liabilities			16 526 109
			23 750 569
			40 276 678

17 DEFERRED INCOME TAX

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
17.1 Deferred tax asset				
Other temporary differences	-	-	-	-
Total	**-**	**-**	**-**	-
Analysis of movements in deferred tax assets:				
Balance at the beginning of the year	-	154 050	-	-
Movement through profit or loss	-	(154 050)	-	-
Movement through other comprehensive income	-	-	-	-
Other temporary differences	-	-	-	-
Exchange rate movements	-	-	-	-
Balance at the end of the year	-	-	-	-
17.2 Deferred tax liability				
Property and equipment	4 509 487	67 147 708	(97 524)	-
Investment property	268 103 623	175 456 531	-	-
Provisions	(747 306)	(3 502 020)	896 780	-
Total	**271 865 804**	**239 102 219**	**799 256**	-
Reconciliation				

	GROUP		COMPANY	
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
17.2 Deferred tax liability				
Property and equipment	4 509 487	67 147 708	(97 524)	-
Investment property	268 103 623	175 456 531	-	-
Provisions	(747 306)	(3 502 020)	896 780	-
Total	**271 865 804**	**239 102 219**	**799 256**	**-**
Reconciliation				
Balance at the beginning of the year	239 102 219	215 626 161	-	-
Movement through profit or loss	46 928 417	19 849 868	799 256	-
Movement through other comprehensive income	1 446 920	500 322	-	-
Other temporary differences	(180 533)	-	-	-
Exchange rate movements	(15 431 219)	3 125 868	-	-
Balance at the end of the year	**271 865 804**	**239 102 219**	**799 256**	-
17.3 Deferred income tax impact on profit or loss				
Decrease/(increase) in deferred tax asset through profit or loss	-	154 050	-	-
Increase in deferred tax liability through profit or loss	46 928 417	19 849 869	799 256	-
Deferred income tax charge/(credit) included in profit or loss	**46 928 417**	**20 003 919**	**799 256**	-
17.4 Income tax liability				
Balance as at 1 January 2021	15 159 000	10 746 198	13 960 996	7 800 119
Charge for the year	102 756 956	37 368 032	22 614 866	4 127 685
Paid during the year	(38 783 082)	(13 644 161)	(18 985 381)	(4 412 964)
Monetary gain/loss adjustment	(45 439 435)	(19 311 069)	3 016 762	6 446 156
Balance as at 31 December 2021	**33 693 439**	**15 159 000**	**20 607 243**	**13 960 996**
18 TRADE AND OTHER PAYABLES				
Trade payables	121 525 222	155 541 956	72 454 758	30 214 307
South View offsite works liability	52 273 724	496 584 228	52 273 724	496 584 228
Related party payables (note 34.3.2)	11 285 218	1 912 136	19 324 165	13 185 232
Deferred income from sale of residential stands (note 18.1)	168 077 614	168 077 614	168 077 614	168 077 614
Statutory liabilities	17 998 305	4 146 427	17 998 305	4 146 427
Accrued expenses	51 379 213	71 911 867	4 420 769	32 996 355
Other payables	59 102 040	87 892 282	47 137 471	40 328 878
	481 641 336	**986 066 510**	**381 686 806**	**785 533 041**

Included in the trade and other payables is the South View offsite works liability which is due for payment after completion of the project including the retention. It also includes deferred revenue from sale of stands which will be recognised when the conditions of transfer of title has been met.

	GROUP		COMPANY	
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
18.1 Deferred income reconciliation				
Balance at the beginning of the year	168 077 614	164 189 118	168 077 614	164 189 118
Capitalised	-	3 938 205	-	3 938 205
Movement through profit or loss	-	(49 709)	-	(49 709)
Balance at the end of the year	**168 077 614**	**168 077 614**	**168 077 614**	**168 077 614**

Trade payables represent liabilities for goods and services provided to the Group and Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually due within 30 days of invoice or statement date.

Other payables mainly relate to accrued finance costs, accrued value added tax, accrued staff expenses and accrued audit fees.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. As these are mostly payable within twelve months of provision of the goods or services, the impact of discounting is not expected to be material. Their carrying amounts are considered to be the same as their fair values, due to their short-term nature.

	GROUP		COMPANY	
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
19 GROSS PREMIUMS WRITTEN				
Employee benefits income	123 650 346	127 964 691	49 789 014	27 618 073
Annuity consideration	437 499 752	188 461 430	240 333 659	106 129 660
Recurring premiums	14 829 079	38 920 756	1 648 722	26 111 572
New business premiums	116 480 600	87 622 826	35 895 892	60 926 825
Single premiums				
	692 459 777	**442 969 703**	**327 667 287**	**220 786 130**
Individual life income				
Life premiums	155 312 273	55 682 485	107 427 502	38 866 535
Funeral premiums	104 351 581	34 428 651	104 351 581	34 428 651
Single premiums	220 854 626	119 961 211	-	-
	480 518 480	**210 072 347**	**211 779 083**	**73 295 186**
Gross premiums	**1 172 978 257**	**653 042 050**	**539 446 370**	**294 081 316**
20 FEES AND COMMISSION INCOME				
Brokerage fees-recognised at a point in time	3 935 664	1 643 530	3 935 664	1 643 530
Reinsurance commission- recognised over time	15 453 300	3 976 083	15 453 300	3 976 083
Management fees-recognised at a point in time	96 787 041	64 900 427	88 952 936	59 999 453
	116 176 005	**70 520 040**	**108 341 900**	**65 619 066**

	GROUP		COMPANY	
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
21 INVESTMENT INCOME				
Interest income	95 783 613	47 190 641	16 271 479	952 717
Dividend income	13 321 782	7 898 626	703 895	2 050 324
Other investment income	-	-	-	-
	109 105 395	**55 089 267**	**16 975 374**	**3 003 041**
22 NON INSURANCE INCOME				
Actuarial fees-recognised over time	30 600 920	16 676 231	-	-
Management fees-recognised at a point in time	12 223 677	11 929 106	59 644 482	39 011 392
Sale of funeral services- recognised at a point in time	31 568 172	13 249 376	-	-
Income recognised under IFRS 15	74 392 769	41 854 713	59 644 482	39 011 392
Rental and other property income	51 185 901	7 540 574	37 353 545	10 574 215
Profit on disposal of property and equipment	15 842 470	1 706 836	15 842 470	1 706 836
Profit on disposal of investment property	71 680 662	20 209 652	71 680 662	20 209 652
Bad debts recovered	-	-	-	-
Debtors impairment allowance reduction	2 561 769	37 742	2 561 769	37 742
Loan establishment and administration fee income	12 156 496	7 443 364	-	-
Net exchange loss on foreign translations	6 381 442	17 163 514	6 381 442	17 066 744
Sundry	29 864 336	4 877 893	18 900 124	3 707 545
	264 065 845	**100 834 288**	**212 364 494**	**92 314 126**

Sundry income includes land sale agreement withdrawal charges, charges for funeral services provided to parties not insured by the Group and other miscellaneous income.

	GROUP		COMPANY	
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
23 FEE AND COMMISSION EXPENSES AND OTHER ACQUISITION COSTS	58 864 283	27 533 749	21 766 753	7 591 279
Fee and commission expenses	-	4 942	-	4 942
Other acquisition costs				
	58 864 283	**27 538 691**	**21 766 753**	**7 596 221**

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
24 OPERATING AND ADMINISTRATIVE EXPENSES				
Staff costs	371 595 892	198 779 408	234 027 747	124 881 502
Auditors' remuneration	25 785 324	25 249 348	17 284 965	12 124 379
Directors' remuneration - fees	12 208 398	8 370 681	8 247 296	6 301 844
- other services	257 779	164 808	-	-
Depreciation of property and equipment	26 558 095	43 249 167	16 458 816	36 473 288
Computer and data expenses	9 442 369	5 863 529	4 237 782	1 041 048
Marketing expenses	17 461 381	9 751 315	6 302 289	2 745 147
Actuarial, legal and other professional fees	22 920 654	37 138 486	30 958 042	29 688 670
Motor vehicle maintenance costs	14 279 966	7 178 690	8 539 284	4 364 976
Amortisation and impairment of intangibles	2 172 588	577 146	-	-
Depreciation of right of use asset	7 959 826	3 863 972	-	-
Bad debts written off	30 006 307	1 261 372	-	-
Rental from short term leases	39 725 404	31 852 986	22 637 690	6 487 062
Other operating expenses	146 389 384	41 514 734	66 931 171	35 912 504
	726 763 367	**414 815 642**	**415 625 082**	**260 020 420**

Other operating expenses comprise mainly electricity charges, rates, telephone expenses, printing and stationery costs.

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
24.1 PROJECT DEVELOPMENT COSTS				
Direct development costs	-	76 332 125	-	76 332 125
Foreign exchange loss	43 792 820	51 851 576	43 792 820	51 851 576
	43 792 820	**128 183 701**	**43 792 820**	**128 183 701**
25 FINANCE COSTS				
Interest expense - debt assumed on Langford acquisition	-	1 386 620	-	1 386 620
Interest expense - debt related to Southview project (Note 15.1)	4 255 900	10 921 930	4 255 900	10 921 930
Interest expense- Micro lending	34 487 117	9 381 437	-	-
Other interest expenses	6 391 258	7 688 162	2 927 610	5 050 226
Total finance costs	**45 134 275**	**29 378 149**	**7 183 510**	**17 358 776**

Included in the other interest expenses are finance costs relating to the Group's foreign loan obligation from Malawi amounting to ZWL1,253,879 (2020:ZWL5,050,314) and the Malawi subsidiary interest on lease liabilities ZWL3,463,647 (2020: ZWL2,639,682)

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
26 INCOME TAX EXPENSE/(CREDIT)				
Other acquisition costs				
Current	55 828 453	17 364 113	21 815 610	4 127 685
Deferred	46 928 417	20 003 919	799 256	-
	102 756 870	**37 368 032**	**22 614 866**	**4 127 685**

	GROUP		COMPANY	
	2021	2020	2021	2020
26 INCOME TAX EXPENSE/(CREDIT) (continued)	ZWL	ZWL	ZWL	ZWL
Tax rate reconciliation				
Profit for the year	**377 661 714**	**111 281 043**	**194 345 605**	**37 606 620**
Tax at Zimbabwe statutory rate of 24.72%	93 357 976	27 508 674	48 042 234	9 296 357
Tax effect of amounts not deductible/(taxable) in calculating taxable income:				
Items not deductible for tax:				
Other disallowable expenses	155 610 919	42 155 282	7 134 532	-
Non-taxable items:				
Differences arising from movements in unrealised fair value (gains)/losses	(48 246 167)	(5 340 248)	-	(320 485)
Other non-taxable income	(72 979 722)	(21 602 221)	(2 140 202)	(2 008 919)
Other adjustments:				
Differences arising from 8th schedule tax for life assurance	(30 421 698)	(6 857 106)	(30 421 698)	(2 839 268)
Deferral of unutilised tax losses	-	(115 258)	-	-
Difference in tax rate applied in foreign jurisdiction	5 435 561	1 618 909	-	-
	102 756 869	**37 368 032**	**22 614 866**	**4 127 685**

The effective tax rate was calculated adding all the non deductible expenses and subtracting all the non taxable items from the accounting income tax computed. Included in non taxable income is income emanating from Malawi which is not deductible for income tax this includes fair value gains on equities, unrealised gains on property and dividend income.
Included in other disallowable expenses is non deductible portion on management fees.

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
27 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	**112 844 358**	**(120 746 413)**	**171 730 738**	**(116 590 132)**
Add/(deduct) non recurring items				
Impairment of intangible assets	2 156 685	577 146	-	-
Profit on disposal of property	(15 842 470)	(1 706 836)	(15 842 470)	(1 706 836)
Profit on disposal of investment property	(71 680 662)	(20 209 652)	(71 680 662)	(20 209 652)
Other non recurring items	-	1 261 372	-	-
Taxation on headline earnings adjustable items	21 102 586	4 963 274	21 635 718	5 417 756
Headline earnings attributable to ordinary shareholders	**48 580 497**	**(135 861 109)**	**105 843 325**	**(133 088 864)**
Denominator				
Weighted number of ordinary shares in issue	108 923 291	108 923 291	108 923 291	108 923 291
Less: Shares purchased for the Employee Share Ownership Plan	(1 003 743)	(1 003 743)	(1 003 743)	(1 003 743)
Weighted average number of shares used in basic EPS	**107 919 548**	**107 919 548**	**107 919 548**	**107 919 548**
Less: Dilutive adjusting effects	-	-	-	-
Weighted average number of shares used in diluted EPS	**107 919 548**	**107 919 548**	**107 919 548**	**107 919 548**
27.1 Basic and diluted earnings per share (cents)	104.56	(111.89)	159.13	(108.03)
27.2 Headline earnings per share (cents)	45.02	(125.89)	98.08	(123.32)

Basic earnings per share

Basic earnings per share is basic earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year.

Headline earnings per share Headline earnings per share is a disclosure requirement in terms of Statutory Instrument 134 of 2019 of the Zimbabwe Stock Exchange ("ZSE") listing requirements for companies listed on the ZSE. Headline earnings per share is calculated by dividing the headline earnings by the weighted average number of shares in issue during the year. Disclosure of headline earnings is not a requirement of International Financial Reporting Standards (IFRS).

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
28 CAPITAL EXPENDITURE COMMITMENTS				
Authorised and contracted for	-	-	-	-
Authorised but not contracted for	**16 813 362**	**27 025 324**	**1 349 479**	**2 169 114**
	16 813 362	**27 025 324**	**1 349 479**	**2 169 114**

Capital expenditure will be financed from the Group and Company's own resources and borrowings.

29 MANAGEMENT OF CAPITAL

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits to other stakeholders. The capital of the Group comprise reserves and share capital. The Group's strategy has been to maintain capital that is higher than the minimum required by the regulatory authorities. The Group's compliance with the capital requirements as set out by the regulatory authorities is as follows :

	Capital	Minimum capital requirement	Surplus/ (deficit)
31 December 2021			
Fidelity Life Assurance of Zimbabwe Limited	148 014 000	75 000 000	73 014 000
Vanguard Life Assurance Company Limited	163 843 918	106 686 581	57 157 337
Fidelity Life Asset Management Company (Private) Limited	26 675 193	10 000 000	16 675 193
Fidelity Life Financial Services (Private) Limited	44 103 968	2 173 200	41 930 768
31 December 2020			
Fidelity Life Assurance of Zimbabwe Limited	185 521 216	75 000 000	110 521 216
Vanguard Life Assurance Company Limited	181 368 245	84 679 383	96 688 862
Fidelity Life Asset Management Company (Private) Limited	42 876 954	10 000 000	32 876 954
Fidelity Life Financial Services (Private) Limited	25 054 839	1 635 732	23 419 107

The regulatory capital position for Fidelity Life Assurance of Zimbabwe Limited, as defined in Section 24 of the Insurance Act (Chapter 24:07) (the "Insurance Act"), amended by Statutory Instrument 95 of 2017, Insurance (Amendment) Regulations, 2017 (No. 19) ("SI 95 of 2017") read with Instrument 59 of 2020, section (3) requires a provider of life and funeral assurance in Zimbabwe to maintain a minimum unencumbered statutory capital (as defined in the Statutory Instrument) of ZWL75million. Further disclosure on the Company's capital position is included in Note 39. The Company is fully compliant with the minimum capital requirements. The Company continues to pursue plans disclosed in Note 39 to improve its solvency position.

The Group endeavours to preserve a strong cash base and achieve a debt to capital ratio of less than 100%. The objective of this strategy is to secure access to finance at reasonable cost by maintaining a high credit rating. The Group also constantly scouts for opportunities that enable it to acquire strategic assets such as land banks. Such opportunities may entail an increase in the debt to capital ratio. Under such circumstances, the Group's cap on the debt to capital ratio will be 200%. The debt to capital ratios at 31 December were as follows:-

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
Debt				
Borrowings	**66 534 852**	**52 182 185**	**-**	**27 099 595**
Equity				
Capital	**1 211 919 450**	**1 168 684 939**	**338 079 436**	**382 374 375**
Debt to capital ratio (%)	5%	4%	0%	7%

FIDELITY LIFE
ASSURANCE OF ZIMBABWE

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:-

a. Credit risk

b. Fair value or cash flow interest rate risk

c. Liquidity risk

d. Foreign exchange risk

e. Equity price risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated and separate financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments held by the Group, from which financial instrument risk arises, are as follows:-

i) Trade and other receivables (excluding prepayments and statutory assets)
ii) Debt securities at amortised cost
iii) Bank and cash
iv) Money market investments
v) Equities at fair value through profit or loss
vi) Trade and other payables (excluding deferred income and statutory liabilities)
vii) Borrowings

(i) Financial instruments by category

A summary of the financial instruments held by category is provided below:-

	GROUP		COMPANY	
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
	Financial assets at fair value through profit or loss ZWL	Financial assets at amortised cost ZWL	Financial assets at fair value through profit or loss ZWL	Financial assets at amortised cost ZWL
Financial assets				
2021				
Trade and other receivables (excluding prepayments and statutory assets)	-	383 539 499	-	116 236 530
Equities at fair value through profit or loss	1 180 137 666	-	511 080 265	-
Debt securities at amortised cost	-	624 801 606	-	52 325
Cash and deposits with banks	-	449 923 714	-	129 447 078
	1 180 137 666	**1 458 264 819**	**511 080 265**	**245 735 933**
2020				
Trade and other receivables (excluding prepayments and statutory assets)	-	321 451 612	-	33 036 207
Equities at fair value through profit or loss	930 649 077	-	336 250 273	-
Debt securities at amortised cost	-	509 413 934	-	480 400
Cash and deposits with banks	-	884 950 194	-	378 160 724
	930 649 077	**1 715 815 740**	**336 250 273**	**411 677 331**

(i) Financial instruments by category (continued)				
Financial liabilities				
Trade and other payables (excluding statutory liabilities and deferred income)	295 565 418	813 842 470	195 610 887	613 309 002
Borrowings	66 534 852	52 182 185	-	27 099 595
	362 100 270	**866 024 655**	**195 610 887**	**640 408 597**

(ii) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, debt securities at amortised cost , trade and other receivables (excluding prepayments and statutory assets), trade and other payables (excluding deferred income and statutory liabilities), borrowings and investment contract liabilities without discretionary participation features. that compare to the market, their carrying values.

(iii) Financial instruments measured at fair value

Financial instruments were measured at fair value at 31 December using:-

	Level 1		Level 2		Level 3	
	2021	2020	2021	2020	2021	2020
Group		ZWL	ZWL	ZWL	ZWL	ZWL
Financial assets						
Equities at fair value through profit or loss	1 180 137 666	930 649 077	-	-	-	-

	Level 1		Level 2		Level 3	
	2021	2020	2021	2020	2021	2020
Company		ZWL	ZWL	ZWL	ZWL	ZWL
Financial assets						
Equities at fair value through profit or loss	511 080 265	336 250 273	-	-	-	-

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group’s risk management objectives and policies and, whilst retainingultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to Management. The Board receives quarterly reports from the Chief Executive Officer (‘’CEO’’) through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group’s internal audit and risk and compliance departments also review the risk management policies and processes and report their findings to the Audit, Risk and Compliance Committee.
The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group’s competitiveness and flexibility. Further details regarding these policies are set out below:-

(a) Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group and Company are mainly exposed to credit risk from trade and other receivables , debt securities at amortised cost and cash and deposits with banks. Credit risk from trade and other receivables mainly emanates from residential stand sales debtors and microfinance loans receivable. The residential stand debtors are secured by the properties sold on credit by the Group to the respective customers. The microfinance loan book is predominantly comprised of customers in formal employment. A pre-condition of extending such loans is the establishment of an agreement with the employer wherein the employer is obliged to deduct the loans repayments through their monthly payroll process from any of their employees to whom such loans are extended. Further disclosures regarding the credit quality of trade and other receivables are provided in Note 9.
Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Credit quality of cash and cash equivalents is reflected in the table below, based on credit ratings determined by the Global Credit Rating Company:

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

(a) Credit risk (continued)

The financial institutions holding the cash and cash equivalents of the Group and Company have the following external credit ratings:

	GROUP		COMPANY	
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
A	-	64 774 241	-	63 332 350
A+	-	12 954 976	-	16 015 040
AA	6 557 505	-	4 261 234	-
AA-	8 843 947	5 262 500	7 841 390	5 262 500
B+	-	3 708 918	-	3 736 756
BB	-	-	-	-
BB-	-	1 816 976	-	1 817 557
BB+	-	11 211 167	-	10 732 580
BBB	11 015 015	482 815	10 786 681	188 665
BBB-	-	-	-	-
BBB+	4 371 219	1 263 071	4 371 219	1 263 071
Cash	31 634 827	4 756 815	19 247 093	4 288 065
Unrated	387 501 202	778 718 714	82 939 461	271 524 140
	449 923 714	**884 950 193**	**129 447 079**	**378 160 724**

Included in the unrated balance of ZWL387,502,383 is ZWL282,811,181 money market investments deposited with asset managers that are not rated and ZWL104,691,202 is deposited with unrated banks in Zimbabwe and Malawi.
The Group only trades with and receives service from financial institutions that meet regulatory requirements including minimum regulatory capital.

Key considerations include:-
• compliance with minimum capital requirements as set by the Reserve Bank of Zimbabwe ("RBZ"), and the Reserve Bank of Malawi ("RBM").
• RBZ and RBM periodic capital adequacy, asset quality, management, earnings, liquidity, and sensitivity ("CAMELS") ratings,
• total shareholder equity,
• total assets,
• ratios such as loan to deposit ratio, cost to income and non-performing loans ("NPLs") to total loans ratio,
• overall profitability and cash generation,
• historical performance and outlook,
• ability of the bank to provide financial support,
Quantitative disclosures of the risk exposure in relation to financial assets are set out below:-

	GROUP		COMPANY	
	Carrying value	Maximum exposure	Carrying value	Maximum exposure
	ZWL	ZWL	ZWL	ZWL
At 31 December 2021				
Trade and other receivables (excluding prepayments and statutory assets)	426 000 914	426 000 914	146 911 588	146 911 588
Debt securities at amortised cost	624 801 606	624 801 606	52 325	52 325
Cash and cash equivalents	449 923 714	449 923 714	129 447 078	129 447 078
	1 500 726 234	1 500 726 234	276 410 991	276 410 991
At 31 December 2020				
Trade and other receivables (excluding prepayments and statutory assets)	347 362 994	347 362 994	59 277 547	59 277 547
Debt securities at amortised cost	509 413 934	509 413 934	480 398	480 398
Cash and cash equivalents	884 950 193	884 950 193	378 160 724	378 160 724
	1 741 727 121	1 741 727 121	437 918 669	437 918 669

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

(b) Liquidity risk

Liquidity risk arises from the Group management of working capital and the finance charges and principal repayments on its borrowings. It is the risk that the Group and Company will encounter difficulties in meeting its financial obligations as they fall due. In order to mitigate any liquidity risk that the Group and Company faces, the Group and Company's policy has been throughout the year ended 31 December 2021, to maintain substantial facilities and reserves as well as significant liquid resources. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:-

GROUP	Up to 3 months ZWL	Between 3 and 12 months ZWL	Between 1 and 2 years ZWL	Over 2 years ZWL	Total ZWL
At 31 December 2021					
Trade and other payables (excluding deferred income and statutory liabilities)	295 565 418	-	-	-	295 565 418
Insurance contract liabilities with discretionary participation feature	-	-	-	5 993 684 045	5 993 684 045
Investment contracts without discretionary participation features	-	-	-	951 149 833	951 149 833
Borrowings	-	84 438 587	-	-	84 438 587
	295 565 418	**84 438 587**	**-**	**6 944 833 878**	**7 324 837 883**
At 31 December 2020					
Trade and other payables (excluding deferred income and statutory liabilities)	813 842 470	-	-	-	813 842 470
Insurance contract liabilities with discretionary participation features	-	-	-	4 995 675 021	4 995 675 021
Investment contracts without discretionary participation features	-	-	-	638 880 441	638 880 441
Borrowings	690 218	44 165 892	6 566 467	759 609	52 182 186
	814 532 688	**44 165 892**	**6 566 467**	**5 635 315 071**	**6 500 580 118**

The following table sets out the expected amounts to be recovered or settled after more than twelve months for each asset and liability

GROUP	Between 1 and 2 years ZWL	Over 2 years ZWL	Total ZWL
At 31 December 2021			
Assets			
Inventories	1 076 833	96 372 032	97 448 865
Trade and other receivables	564 168 775	-	564 168 775
Equities at fair value through profit or loss	-	1 180 137 666	1 180 137 666
Debt securities at amortised cost	618 553 590	6 248 016	624 801 606
Cash and deposits with banks	449 923 714	-	449 923 714
	1 633 722 913	**1 282 757 714**	**2 916 480 627**

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

(b) Liquidity risk (continued)	Between 1 and 2 years ZWL	Over 2 years ZWL	Total ZWL
GROUP			
Liabilities			
Insurance contract liabilities and investment contract liabilities with discretionary participation features	-	5 993 684 045	5 993 684 045
Investment contracts without discretionary participation features	-	951 149 833	951 149 833
Borrowings	84 438 587	-	84 438 587
Deferred tax liabilities	-	271 865 804	271 865 804
Lease obligations	15 903 098	4 999 319	20 902 417
Trade and other payables	481 641 336	-	481 641 336
Income tax liability	33 693 439	-	33 693 439
	615 676 460	**7 221 699 001**	**7 837 375 461**
At 31 December 2020			
Assets			
Inventories	373 403	96 624 220	96 997 623
Trade and other receivables	442 994 302	29 764 720	472 759 022
Income tax asset	-	-	-
Deferred tax assets	-	-	-
Deferred acquisition costs	-	-	-
Equities at fair value through profit or loss	-	930 649 077	930 649 077
Debt securities at amortised cost	504 319 795	5 094 139	509 413 934
Cash and deposits with banks	884 950 193	-	884 950 193
	1 832 637 693	**1 062 132 156**	**2 894 769 849**
Liabilities			
Insurance contract liabilities and investment contract liabilities with discretionary participation features	-	5 983 071 832	4 995 675 021
Investment contracts without discretionary participation features	-	638 880 441	638 880 441
Borrowings	44 856 108	7 326 077	52 182 185
Deferred tax liabilities	-	74 584 870	74 584 870
Lease obligations	21 511 559	26 342 856	47 854 415
Trade and other payables	986 066 510	-	986 066 510
Income tax liability	15 158 999	-	15 158 999
	1 067 593 176	**6 730 206 076**	**6 810 402 441**

Insurance contract liabilities and investment contract liabilities with and without discretionary participation features are callable on demand but have been shown in the over 1 year bucket based on the expectation of when amounts will be paid based on history.

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

(b) Liquidity risk (continued)

COMPANY	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years ZWL	Over 2 years ZWL	Total ZWL
At 31 December 2021					
Trade and other payables (excluding deferred income and statutory liabilities)	195 610 887	-	-	-	195 610 887
Borrowings	-	-	-	-	-
	195 610 887	**-**	**-**	**-**	**195 610 887**
At 31 December 2020					
Trade and other payables (excluding deferred income and statutory liabilities)	613 309 002	-	-	-	613 309 002
Borrowings	690 218	19 083 301	6 566 467	759 609	27 099 595
	613 999 220	**19 083 301**	**6 566 467**	**759 609**	**640 408 597**

(c) Market risk

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

Equity price risk

The Group and Company holds some strategic equity investments in other companies these include development bonds and treasury bills that carry prescribed asset status. Directors believe that the exposure to market price risk from this activity is acceptable in the Group and Company circumstances.

Sensitivity analysis

A 10% increase in value of the equity instruments held at the reporting date would, all other variables held constant will result in the impact as shown below

	Group		Company	
	Impact on insurance contracts 10% increase ZWL	Impact on net assets for the year 10% increase ZWL	Impact on insurance contracts 10% increase ZWL	Impact on net assets for the year 10% increase ZWL
2021				
Equities at fair value through profit or loss	118 013 767	118 013 767	51 108 026	51 108 026
2020				
Equities at fair value through profit or loss	93 064 908	93 064 908	33 625 027	33 625 027

All equities at fair value through profit or loss belongs to the shareholders and any movements affects the insurance and investment contract liabilities.
A 10% decrease in their value would on the same basis have decreased insurance contracts and assets by the same amount Risk is managed through investing in diverse equity portfolio of perfoming Companies listed on the Zimbabwe Stock Exchange.

(ci) Fair value or cash flow interest rate risk

The fair value risk is the risk of changes in the fair value assets and liabilities that are sensitive to changes in market interest rates.
Cashflow interest risk is a risk that results when the cash flow timing or amount is altered due to interest rate changes. The Group seeks to manage this risk through the monitoring of adherence to established set of investment guidelines, which are reviewed and updated periodically by the Investments Committee. The Group's borrowings are at fixed interest rates.

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

(d) Foreign exchange risk

The risk that the fair value of the cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Foreign exchange risks arise from recognised monetary financial assets and liabilities future commercial transactions, that are not denominated in the functional currency of the Group and Company.

The Group also operates in Malawi and is exposed to foreign exchange risk arising from exposure to the fluctuation of the Malawi Kwacha (''MWK''), with respect to the Zimbabwe dollar (''ZWL''). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The following table details the Group's sensitivity to a 10% increase or decrease in the Zimbabwe dollar ZWL against the Malawian Kwacha with all other variables held constant. 10% represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and is calculated by adjusting the translation of foreign currency amounts at the period end for a 10% change in foreign currency rates.

Consolidated foreign exchange gap analysis as at 31 December 2021

	2021 USD ZWL equivalent	2020 USD ZWL equivalent	2021 ZWL equivalent	2020 ZWL equivalent
Base Currency				
Assets				
Cash and deposits with banks	2 763 788	3 829 077	300 313 258	499 291 206
Loans and receivables	3 077 897	7 697 485	334 444 235	403 924 266
Total assets	**5 841 685**	**11 526 562**	**634 757 493**	**903 215 472**
Liabilities				
Trade and other payables	618 221	141 447 494	67 175 919	178 104 978
Total liabilities	618 221	141 447 494	67 175 919	178 104 978
Net currency position	**5 223 464**	**(129 920 932)**	**567 581 574**	**725 110 494**
Exchange rates as at 31 December	109	82	7.50	0.11
Impact of 10% increase in exchange rates				
Assets	109 531 062	1 047 869	57 705 227	82 110 497
Liabilities	(56 202)	(12 858 863)	(6 106 902)	(16 191 362)
Net position	474 860	(11 810 994)	51 598 325	65 919 135
Impact of change in exchange rates	**2021 10% increase ZWL**	**2021 10% increase ZWL**	**2020 10% increase ZWL**	**2020 10% increase ZWL**
Impact of profit before tax	415 427 886	(339 895 543)	(30 954 616)	25 326 504
Impact on equity	302 395 234	(247 414 282)	(72 059 451)	58 957 733

This method used for deriving sensitivity information and significant variables did not change from previous period.

31 ASSURANCE RISK MANAGEMENT

31.1 Insurance Risk

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

The Group and Company are exposed to insurance risk arising from its insurance contracts with policyholders and other beneficiaries. The main risk that the Group faces is that the actual claims and benefits payments or the timing thereof differ from expectations. The risk exposure is mitigated by the use of careful selection procedures and implementation of underwriting procedures, use of actuarial models which calculate premiums and monitor claimspatterns, as well as the use of reinsurance arrangements.

The insurance risks that the Group and Company is exposed to that have the greatest impact on the financial position and comprehensive income are covered below.

31 ASSURANCE RISK MANAGEMENT(continued)

31.2 General management of insurance risk

The insurance subsidiaries are responsible for the day to day identification, monitoring and assessment of insurance risk. In addition to the management of risk by the subsidiary companies, the Group has the following insurance risk management controls:

31.3 Group Risk and Compliance Committee

The Committee advises Group's overall risk strategy, current risk exposures, and risk governance. The Committee considers and approves the remit of the risk management function and reviews reports on material breaches of risk limits, as well as the adequacy of remedial action. The Committee also advises the Board on the risks aspects of proposed strategic transactions.

31.4 Audit Committee

The Audit Committee deals with insurance companies within the Group. The committee serves to satisfy the Group and operational boards of directors that adequate internal and financial controls are in place and that material risks are managed appropriately. More specifically, this committee is responsible for reviewing the financial statements and accounting policies, the effectiveness of the management information and systems of internal control, compliance with statutory and regulatory requirements, including actuarial input thereon, interim and final reports, the effectiveness of the internal audit function, external audit plans and findings on their respective reports. This committee reports directly to the board of directors of the Company. The committee meetings are attended by the external and internal auditors and are held at least quarterly.

31.5 Statutory actuary

The statutory actuary of the insurance subsidiaries reports on the capital adequacy and the financial soundness at the year-end date and for the foreseeable future. All new premium rates or premium rates where changes are required are reviewed by the statutory actuary. Dividend declarations are recommended to the Audit Committee for approval by the statutory actuary prior to payment to ensure that the insurance subsidiaries remain financially sound thereafter.

31.6 Capital adequacy requirements

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

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

- Mortality risk – risk of loss arising due to policyholder death experience being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the annuitant living longer than expected
- Investment return risk – risk of loss arising from actual returns being different than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

31.7 Mortality and morbidity risk

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

31.8 Pricing

Premium rates are differentiated by factors which historical experience has shown are significant determinants of mortality and morbidity claim experience. Prior to taking on individual risk policies, appropriate underwriting processes are conducted, which influence pricing on the policy prior to acceptance. The actual claims experience is monitored on a monthly basis so that deteriorating experience can be timeously identified. At the point of issuing new policies, consideration is given to update product pricing if the change in the experience, as evidenced by the commissioned periodic investigations, has become sustained and cannot be mitigated. Further, the valuation of liabilities is periodically updated with the new parameters arising from the periodic investigations. Detailed mortality and morbidity investigations are conducted on a bi-annual basis for key products. Allowance for special effects of specified medical conditions is made in product pricing as well as in the measurement of policyholder liabilities and assets.

31.9 Terms and conditions

The policy terms and conditions contain exclusions for nonstandard and unpredictable risks that may result in severe financial loss. Terms are built into the policy contracts that permit risk premiums to be reviewed on expiry of a guarantee period. In particular:

- for individual risk business, most in-force risk premiums are subject to review; and
- for institutional risk business, the risk premiums can be reviewed annually.

31.10 Underwriting

Underwriting guidelines concerning authority limits and procedures to be followed in accepting new business are in place. For individual and institutional business, larger sums assured in excess of specified limits are subjected to underwriting and evaluated against established guidelines for accepting new business. The annually reviewable terms on institutional business enable premiums to keep pace with emerging claims experience. Part of the underwriting process involves assessing the health condition and family medical history of applicants. Terms and conditions are varied accordingly. Non-standard risks such as hazardous pursuits and medical conditions are assessed at underwriting stage. The expertise of reinsurers is used in the rating of non-standard risks. Financial underwriting is used where necessary to determine insurable interest.

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31 ASSURANCE RISK MANAGEMENT(continued)

31.11 Claims management

For mortality, claims are validated against policy terms and conditions. For morbidity, experienced claims assessors determine the merits of the claim in relation to the policy terms and conditions. In the case of disability annuitants, claim management ensures the continued eligibility for monthly income and includes interventions that may result in the full or partial medical recovery of the claimant. The actual disability experience is highly dependent on the quality of the claim assessment and includes interventions that may result in the full or partial medical recovery of the claimant. The actual disability experience is highly dependent on the quality of the claim assessment.

31.12 Reinsurance

Reinsurance is used by the Group to reduce exposure to a particular line of business, a particular individual, a single event, and to benefit from the risk management support services and technical expertise offered by reinsurers. Regular reviews, which consider risk appetite, are conducted on reinsurance arrangements for new business. Given that large proportions of the Group's business is long term individual risk business, where the proportion of the risk that is reinsured is fixed for life at the inception of the policy, the Group's overall reinsurance result is heavily influenced by historical reinsurance arrangements. In some instances where underlying policyholder benefits are annually renewable, for example institutional business, reinsurance is annually renewable. Existing reinsurance arrangements include proportional reinsurance (quota share and surplus type arrangements) on both a treaty and facultative basis and catastrophe reinsurance which is renewed annually. Catastrophe reinsurance is consolidated across business units and is in place to reduce the risk of many claims arising from the same event. Various events are excluded from the catastrophe reinsurance (e.g. epidemics and radioactive contamination).

31.13 Longevity risks

Longevity risk is the risk of adverse financial impact due to actual annuitant mortality being lower than anticipated, that is annuitants living longer than expected. For life annuities, the loss arises as a result of the Group having undertaken to make regular payments to policyholders for their remaining lives, and possibly to the policyholders' spouses for their remaining lives. The most significant risks on these liabilities are continued medical advances and improvements in social conditions that lead to longevity improvements being better than expected. The Group manages the longevity risk by:

• annually monitoring the actual longevity experience and identifying trends over time;

• making allowance for future mortality rates falling in the pricing of new business and the measurement of policyholder liabilities. This allowance will be based on the trends identified in experience investigations and external data; and

• regularly verifying annuitants are still alive

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

31.14 Life insurance contract liability sensitivity analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before income tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period. Below is the impact on profit and net assets and liabilities of changes in the life insurance contract liability as a result of changes in key inputs used to calculate the liability.

	Change in assumptions increase) decrease)	Impact on liabilities	Impact on profit before tax	Impact on profit after tax
Base				
2021				
Mortality	+10%	(13 271 410)	13 271 410	622 776
Morbidity	-10%	(13 672 373)	13 672 373	641 592
Lapse	-10%	21 427 475	(21 427 475)	(1 005 509)
Expense	+10%	4 369 249	(4 369 249)	(205 032)
Discount rate	+1%	35 192 610	(35 192 610)	(1 651 454)
Investment return	+1%	(1 091 054)	1 091 054	51 199
2020				
Mortality	+10%	3 486 286	(3 486 286)	(226 128)
Morbidity	-10%	1 348 953	(1 348 953)	(87 496)
Lapse	-10%	(1 771 225)	1 771 225	114 886
Expense	+10%	15 780 707	(15 780 707)	(1 023 572)
Discount rate	+1%	(9 704 875)	9 704 875	629 480
Investment return	+1%	670 184	(670 184)	(43 470)

The above risk exposure is mitigated by the following strategies:

31 ASSURANCE RISK MANAGEMENT

31.14 Life insurance contract liability sensitivity analysis (continued)

(i) Underwriting strategy

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

(ii) Pricing strategy

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

(iii) Valuation process

The Group and Company engaged an independent Actuary for the valuation of actuarial liabilities as at 31 December 2021.
Management provides the independent Actuary with the following information for the current valuation:
-In force policy data as at 31 December 2021
-Product descriptions
-Audited financial statements as at 31 December 2021
-Written and oral communication from management regarding queries that arose on the information provided.

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

Key assumptions

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

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

Mortality rates

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

The valuation basis carries an extra mortality loading of 10% which is in line with the 10% Covid loading being used in the region.
An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated) which will increase the expenditure and reduce profits for the shareholders.

Longevity

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

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

Investment return and inflation

Economic assumptions are based on the existing investment portfolio, and take account of the expected future medium to long-term economic environment. These estimates are based on current market returns as well as expectations about future economic and financial developments. An increase in investment return would lead to an increase in profits for the shareholders.

Expenses

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

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

31.15 Concentration risk

The Group and Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and number of contracts written per product type. The following tables show the concentration of life insurance liabilities and investment contract liabilities by type of contract.

31 ASSURANCE RISK MANAGEMENT (continued)

31.15 Concentration risk (continued)

	Insurance contract liabilities ZWL	Investment contract liabilities without DPF ZWL	Investment contract liabilities with DPF ZWL
As at 31 December 2021			
Individual life business			
Conventional	683 265 000	-	-
Investments	342 032 591	-	-
Funeral	404 000 000	-	-
Group Life business			
Funeral	69 000	-	-
Risk business	28 790 000	-	-
Deposit administration	-	609 126 334	898 938 666
Annuity business	74 300 000	-	-
Total	**1 532 456 591**	**609 126 334**	**898 938 666**
As at 31 December 2020			
Individual life business			
Conventional	161 004 006	-	-
Investments	-	320 818 556	-
Funeral	274 563 217	-	-
Group Life business			
Funeral	110 909	-	-
Risk business	14 467 954	-	-
Deposit administration	-	318 056 340	734 388 040
Annuity business	76 171 743	-	-
Total	**526 317 829**	**638 874 896**	734 388 040

Lapse and surrender rates

Lapse relates rates to the termination of policies on premiums not paid up. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group and Company's experience and vary by product type, policy duration and sales trends. For lapses, the Group and Company's actual lapse experience is investigated. The lapse assumption is set based on this assumption but at a level that is expected to be consistent from year to year. An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

Discount rate

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

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

32 FAIR VALUE DISCLOSURES

The Group and Company measure investment property, land and buildings, which are disclosed as part of property and equipment, and investments in listed equities at fair value.

Valuation process - listed equities

The Group and Company obtain values of listed equities based on the prices quoted on the Zimbabwe Stock Exchange for counters listed in Zimbabwe and the Malawi Stock Exchange for counters listed in Malawi.

Valuation process - properties

The Group and Company's properties (investment property, land and buildings) are valued by independent external valuers in order to determine their fair values. Valuations were performed by Bard Real Estate, an accredited independent property valuer, as at 31 December 2021.

Valuations of the Group and Company's commercial and industrial properties were based on comparative and investment methods .The investment method involves the capitalization of expected rental income by an appropriate yield. The comparative approach seeks to ascribe to the subject property a value similar to that achieved in transactions for comparable properties. The comparative method makes use of assessed rental value rates and capitalization rates for similar properties sold and

32 VALUE DISCLOSURES (Continued)

Valuation process - properties (continued)

after appropriate adjustments, such rates are applied to each property to determine its value. The valuation is based on market evidence. 32 FAIR Residential stands and small pieces of undeveloped stands were valued based on sales evidence on similar properties situated in comparable residential suburbs as those of the subject properties. For large tranches of undeveloped land, the valuer adopted the development/residual value method. The assessment was based on the assumption that it is subdivided into smaller stands and fully serviced. The total estimated costs of development and disposal, which include servicing costs, agency fees, interest on servicing costs, contingency costs and the developer's profit, were then deducted from the value determined. Depending on the valuation method applied, valuations are based upon assumptions that

Fair value hierarchy - Group	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	TOTAL ZWL	Total gain(loss) for the period in statement of profit or loss and other comprehensive income ZWL	Total gain/(loss) for the period in through investment contract liabilities ZWL
31 December 2021						
Commercial	-	-	856 677 596	856 677 596	182 779 437	-
Residential	-	-	491 068 613	491 068 613	104 773 657	-
Land	-	-	4 718 542 846	4 718 542 846	1 006 741 169	248 971 461
Total investment properties	**-**	**-**	**6 066 289 055**	**6 066 289 055**	**1 294 294 263**	**248 971 461**
Equities at fair value through profit or loss	**1 180 137 666**	**-**	**-**	**1 180 137 666**	**318 537 772**	**-**
Land and buildings	**-**	**-**	**772 802 724**	**772 802 724**	**219 553 415**	**(173 050 519)**
31 December 2020						
Commercial	-	-	807 634 571	807 634 571	47 833 840	-
Residential	-	-	1 215 160 855	1 215 160 855	71 970 433	-
Land	-	-	2 988 591 112	2 988 591 112	177 005 535	35 555 475
Total investment properties	**-**	**-**	**5 011 386 538**	**5 011 386 538**	**296 809 808**	**35 555 475**
Equities at fair value through profit or loss	**1 065 279 081**	**-**	**-**	**1 065 279 081**	**644 340 112**	**-**
Land and buildings	**-**	**-**	**565 445 797**	**565 445 797**	**72 344 562**	**-**

Gains recorded in the statement of profit or loss and other comprehensive income for recurring fair value measurements categorised within level 3 of the fair value hierarchy amount to ZWL1,294,292,263 (December 2020: ZWL296,809,808). Fair value gains of ZWL248,971,461 (December 2020:ZWL35,555,475) allocated to investment contract liabilities. All gains recorded in the statement of profit or loss and other comprehensive income for recurring fair value measurements categorised within level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to equities at fair value through profit or loss and other properties held at the end of the reporting period.

Valuation techniques and key unobservable inputs used to derive level 3 fair values

The table below presents the following for each class of the investment property:
- The fair value measurements at the end of the reporting period;
- The level of the fair value hierarchy (in this case level 3) within which the fair value measurements are categorised in their entirety;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement
- Quantitative information about the significant observable inputs used in the fair value measurement

32 FAIR VALUE DISCLOSURES (Continued)

Valuation technique	Key unobservable inputs	Range (Weighted average) 2021	Range (Weighted average) 2020	Class of property valued using this technique	Fair value 31-Dec-2021 ZWL	Fair value 31-Dec-2020 ZWL	Inter-relationship between unobservable inputs and key fair value measurement
Income capitalisation	- Rental per square metre	ZWL760-1210	ZWL327-490	CBD retail	15 300 000	12 639 393	Increase or decrease in fair value would result from the following movements in these inputs respectively:
	-Capitalisation rate	7%	7%				- decrease or increase in prime yield
	- Void rate	2%	2%	CBD offices	886 789 795	732 580 726	- decrease or increase in void rates.
Market comparison method	- Rate per square metre	ZWL27500-133100	ZWL24500-36800	Residential properties	445 656 415	368 158 612	The estimated fair value would increase if prices for comparable properties increased, and decrease if prices for comparable properties decreased.
		ZWL27500-134200	ZWL270-5500	Land	4 718 542 846	3 898 007 807	
Total					**6 066 289 056**	**5 011 386 538**	

Descriptions and definitions

The table above includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values:

I. Income capitalisation method

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

ii. Market comparison method

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

iii. Rent per square metre

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

iv. Void rate

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

v. Capitalisation rate

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

Sensitivity analysis to significant changes in unobservable inputs within level 3 of the hierarchy.

The significant unobservable inputs used in the fair value measurement categorised within level 3 of the value hierarchy of the Group's portfolio of investment properties and land and buildings were as follows:

- Capitalisation rate;
- Void rate;
- Rental per square metre; and
- Comparable transacted properties.

32 FAIR VALUE DISCLOSURES (Continued)

Sensitivity analysis

2021	Impact on property value 10% increase ZWL	Impact on property value 10% decrease ZWL	Impact on profit for the year 10% increase ZWL	Impact on profit for the year 10% decrease ZWL	Impact on equity 10% increase ZWL	Impact on equity 10% decrease ZWL
Rental per square metre	1 592 743 085	(1 303 153 434)	144 794 826	(144 794 826)	144 794 826	(144 794 826)
Capitalisation rate	(1 317 632 916)	1 607 222 568	(130 315 343)	159 274 309	(130 315 343)	159 274 309
Void rate	(1 445 052 363)	1 449 685 797	(2 895 897)	1 737 538	(2 895 897)	1 737 538

2020	Impact on property value 10% increase ZWL	Impact on property value 10% decrease ZWL	Impact on profit for the year 10% increase ZWL	Impact on profit for the year 10% decrease ZWL	Impact on equity 10% increase ZWL	Impact on equity 10% decrease ZWL
Rental per square metre	1 353 831 623	(1 107 680 419)	123 075 602	(123 075 602)	123 075 602	(123 075 602)
Capitalisation rate	(1 119 987 979)	1 366 139 183	(110 768 042)	135 383 162	(110 768 042)	135 383 162
Void rate	(1 228 294 509)	1 232 232 928	(2 461 512)	1 476 907	(2 461 512)	1 476 907

Increases/(decreases) in the transaction prices on comparable properties and rental per square metre in isolation would result in a higher/(lower) fair value measurement. Increases/(decreases) in the long-term void rate and prime yield in isolation would result in a lower/(higher) fair value measurement.

Analysis of property portfolio	**Lettable space m2 December 2021**	**Lettable space m2 December 2020**
Sector		
CBD retail and offices	9,031	9,031
Total	**9,031**	**9,031**

33 RETIREMENT BENEFITS

33.1 Fidelity Life Pension Fund

All eligible employees are members of the Fidelity Life Defined Benefit Pension Scheme which is administered by the Company. Employees in the subsidiary in Malawi are members of the Vanguard Life Assurance Pension Scheme which is administered by the Company.The fund is financed by Group and employee contributions.

Contributions were made as follows during the year:

	GROUP 2021 ZWL	2020 ZWL	COMPANY 2021 ZWL	2020 ZWL
Employer's contribution	32 630 124	6 215 008	17 180 525	4 426 768

33.2 National Social Security Scheme

The Group employees in Zimbabwe contribute to the National Social Security Scheme, a Defined Contribution Pension Scheme promulgated under the National Social Security Act of 1989. The obligation under the scheme is limited to specific contributions legislated from time to time.
The contribution rates were reviewed following the gazetting of Statutory Instrument 108 and 109 of 2020 on 15 May 2020 increasing the contributions from 3.5% to 4.5% of basic salary per employee per month limited to ZWL1,351.
Contributions were made as follows during the year:

	GROUP 2021 ZWL	2020 ZWL	COMPANY 2021 ZWL	2020 ZWL
Employer's contribution	1 295 311	342 216	861 930	335 013

34 RELATED PARTY INFORMATION (continued)

34.1 Related parties

The following are the related parties of the Company:

Related party	Nature of relationship	
Fidelity Life Financial Services (Private) Limited	Wholly owned subsidiary	
Zimbabwe Actuarial Consultants (Private) Limited	Wholly owned subsidiary	
Vanguard Life Assurance Company Limited	Subsidiary	
Fidelity Funeral Assurance (Private) Limited	Subsidiary	
Fidelity Life Asset Management Company (Private) Limited	Subsidiary	
Fidelity Life Medical Services Company (Private) Limited	Subsidiary	
Langford Estates 1962 (Private) Limited	Subsidiary	
Fidelity Life Medical Aid Society	Society managed by Fidelity Life Medical Services Company (Private) Limited	
Zimre Holdings Limited	Shareholder	
Turismo Investments (Private) Limited	Shareholder	
Zimre Property Investments Limited	Common shareholder	
Emeritus Reinsurance (Private) Limited	Common shareholder	
Zimbabwe Insurance Brokers Limited	Common shareholder	
F. Ruwende	Non Executive Chairman	Retired 31 January 2022
L.T Gwata	Non Executive Chairman	Appointed 1 February 2022
Langton Mabhanga	Independent Non Executive Director	Appointed 1 February 2022
Takudzwa Chitsike	Independent Non Executive Director	Appointed 1 February 2022
S. Kudenga	Non Executive Director	
I. Mvere	Non Executive Director	
F. Dzanya	Non Executive Director	
G. Dhombo	Independent Non Executive Director	
H. Nemaire	Independent Non Executive Director	
R. Java	Chief Executive Officer	Resigned 30 September 2021
B. Wesley	Key management	
S. Mudzengi	Key management	
N. Mupfurutsa	Key management	
R. Chihota	Managing Director	Appointed 1 March 2022
M. Gumbo	Key management	
K. Dube	Key management	
C. Matongo	Key management	
E. Masvavike	Key management	
Z.Zvenyika	Chief Finance Officer	

34.2 Related party payables

The following represent transactions with related parties during the year:-

Related party	Nature of transaction	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
Income					
Vanguard Life Assurance Company Limited	Management fee income	-	-	-	11 505 947
Fidelity Life Financial Services (Private) Limited	Dividend income	-	-	-	-
Fidelity Life Medical Services Company (Private) Limited	Dividend income	-	-	24 548 057	15 538 805
Zimbabwe Insurance Brokers Limited	Pension contributions	1 291 783	199 122	1 291 783	199 122
Zimre Property Investments Limited	Pension contributions	7 821 268	3 293 913	7 821 268	3 293 913
Emeritus Reinsurance (Private) Limited	Pension contributions	11 840 742	132 610	11 840 742	132 610
Expenses					
Fidelity Life Medical Aid Society	Medical aid contributions	(8 520 483)	(3 557 107)	(6 670 560)	(2 798 659)
Zimbabwe Actuarial Consultants (Private) Limited	Actuarial fees	-	-	(29 535 207)	(2 992 347)
Fidelity Life Asset Management Company (Private) Limited	Management fees	-	-	(3 300 572)	(971 594)
Emeritus Reinsurance (Private) Limited	Reassurance premiums	(87 370 244)	(19 862 652)	(87 370 244)	(19 862 652)

34.3 Related party balances

34.3.1 Related party receivables

Included in trade and other receivables are the following balances:-

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
Fidelity Life Asset Management Company (Private) Limited	-	-	4 553 408	3 967 089
Langford Estates 1962 (Private) Limited	-	-	12 537 874	2 407 363
Fidelity Life Financial Services (Private) Limited	-	-	29 726 555	6 911 613
Fidelity Funeral Services Company (Private) Limited	-	-	6 795 764	2 075 176
Fidelity Life Medical Aid Society	2 759 644	6 394 223	1 071 985	6 899 293
Zimbabwe Actuarial Consultants (Private) Limited	-	-	6 611 676	1 199 559
Vanguard Life Assurance Company Limited	-	-	5 531	1 315 393
	2 759 644	6 394 223	61 302 793	24 775 486

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34.3.2 Related party payables

	GROUP		COMPANY	
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
Included in related party payables				
Fidelity Life Medical Aid Society	11 285 218	1 912 136	2 475 818	776 087
Fidelity Funeral Services Company (Private) Limited	-	-	-	-
Fidelity Life Financial Services (Private) Limited	-	-	598 141	36 474
Langford Estates 1962 (Private) Limited	-	-	-	-
Fidelity Life Asset Management Company (Private) Limited			953 768	
Vanguard Life Assurance Company Limited	-	-	2 976 686	-
Zimbabwe Actuarial Consultants (Private) Limited	-	-	12 319 752	12 372 671
	11 285 218	1 912 136	19 324 165	13 185 232

The related party payables are interest free and have no fixed repayment terms. Related party payables are unsecured.

34.3.3 Related party loans

Fidelity Life Financial Services(Private) Limited	-	-	29 664 674	1 128 040

The related party loan accrues interest at 50% and expires on 30 June 2022.

34.4 Compensation to key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The compensation to key management was as follows during the year:-

Short term benefits	103 085 195	60 987 476	47 925 076	42 564 702
Post employment benefits	9 970 972	4 115 966	4 628 186	2 082 244
Total	**113 056 167**	**65 103 442**	**52 553 262**	**44 646 946**

The remuneration of directors and key management is determined by the Human Resources and Corporate Governance Committee of the Board having regard to the performance of the individuals and market trends.

34.5 Loans to key management

Included in trade and other receivables as at year end are loans to key management as follows:-

Loans receivable	150 764	242 334	16 892	27 152

The loans are payable over 5 years, attract interest at 15% per annum and are secured against the properties and motor vehicles that were acquired by the employees.

34.6 Directors' shareholding

The following director have shareholding in the company as follows:-

	Number of shares	
	2021	2020
F. Ruwende	348	348

35 SUBSIDIARIES

The principal business of each of the subsidiaries of Fidelity Life Assurance of Zimbabwe, all of which have been included in the consolidated financial statements, is as follows:-

Description	Business	Location
Fidelity Life Asset Management Company (Private) Limited	Asset management	Zimbabwe
Vanguard Life Assurance Company Limited	Life assurance	Malawi
Zimbabwe Actuarial Consultants (Private) Limited	Actuarial consultants	Zimbabwe
Fidelity Life Financial Services (Private) Limited	Micro-lending	Zimbabwe
Fidelity Funeral Services Company (Private) Limited	Funeral services	Zimbabwe
Fidelity Life Medical Services Company (Private) Limited	Medical Management Services	Zimbabwe
Langford Estates 1962 (Private) Limited	Property development	Zimbabwe

The shareholding of the company in each of the subsidiaries is as follows:-

Description	Shareholding	
Fidelity Life Asset Management Company (Private) Limited	96%	96%
	2021	**2020**
Vanguard Life Assurance Company Limited	62%	62%
Zimbabwe Actuarial Consultants (Private) Limited	100%	100%
Fidelity Life Financial Services (Private) Limited	100%	100%
Fidelity Funeral Services Company (Private) Limited	91%	91%
Fidelity Life Medical Services Company (Private) Limited	100%	100%
Langford Estates 1962 (Private) Limited	81%	81%

36 NON-CONTROLLING INTERESTS

Vanguard Life Assurance Company Limited and Langford Estates1962 (Private) Limited are the only subsidiaries of the Company that have material non-controlling interests (''NCI''). The NCI of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial. Summarised financial information in relation to the NCI of Vanguard Life Assurance Company Limited and Langford Estates (Private) Limited before intra-group eliminations, is presented below:

36 NON-CONTROLLING INTERESTS (Cont'd)

	Vanguard Life		Langford Estates	
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
For the period ended 31 December				
Revenue				
Gross premiums written	633 531 887	358 960 732	-	-
Outward reinsurance premiums	(15 542 184)	(9 620 110)	-	-
Net premiums earned	617 989 703	349 340 622	-	-
Fees from fund management and investment contracts	7 834 106	2 902 268	-	-
Interest income on money market investments	91 502 932	63 927 808	-	-
Fair value gains on equities at fair value through profit or loss	94 254 154	41 954 805	-	-
Fair value gains on investment properties	19 893 954	8 786 469	964 923 337	263 648 888
Other income	19 123 471	2 801 982	183 117	2 470 271
Total income	**850 598 320**	**469 713 954**	**965 106 454**	**266 119 159**
Expenses				
Claims and benefits	(268 038 628)	(122 653 302)	-	-
Reinsurance recoveries	22 912 483	6 526 618	-	-
Net claims and benefits incurred	**(245 126 145)**	**(116 126 684)**	**-**	**-**
Change in life assurance policyholder liabilities	(371 109 384)	(186 724 392)	-	-
Fee and commission expenses, and other acquisition costs	(32 872 288)	(18 422 479)	-	-
Other operating and administrative expenses	(197 536 619)	(115 141 111)	(11 603 462)	(1 849 392)
Total expenses	(866 414 743)	(436 414 666)	(11 603 462)	(1 849 392)
Profit from operations	**(15 816 423)**	**33 299 288**	**953 502 992**	**264 269 767**
Finance costs	(3 463 647)	(2 638 100)	-	-
Profit before tax	(19 280 070)	30 661 188	953 502 992	264 269 767
Income tax expense	(12 419 607)	(7 184 415)	(48 246 167)	-
Profit after tax	**(31 699 677)**	**23 476 773**	**905 256 825**	**264 269 767**

36 NON-CONTROLLING INTERESTS (Cont'd)

	Vanguard Life		Langford Estates	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
For the period ended 31 December				
Profit attributable to NCI	(12 118 787)	7 306 961	174 093 472	50 822 750
Other comprehensive income allocated to NCI	(25 393 822)	14 187 932	-	-
Total comprehensive income allocated to NCI	**(37 512 609)**	**21 494 893**	**174 093 472**	**50 822 750**
Cash flows from operating activities	(155 157 285)	143 780 438	-	-
Cash flows from investing activities	54 578 008	(94 944 648)	-	-
Cash flows generated from/ utilised from financing activities	(14 191 836)	11 535 591	-	-
Net cash flows attributable to NCI	**(114 771 113)**	**60 371 381**	**-**	**-**
Assets:				
Property and equipment	34 147 933	89 808 449	-	-
Investment property	308 057 504	362 566 351	4 255 270 000	3 290 346 663
Intangible assets	51 971 040	55 266 728	-	-
Right of use assets	**27 690 319**	-	-	-
Trade and other receivables	334 444 235	403 924 266	-	-
Financial assets at fair value through profit or loss	587 287 304	563 462 649	-	-
Debt securities at amortised cost	624 749 287	508 933 535	-	-
Cash and cash equivalents	300 313 258	499 291 206	-	-
	2 268 660 880	2 483 253 184	4 255 270 000	3 290 346 663
Liabilities:				
Life assurance policyholder liabilities	1 929 682 741	1 893 781 345	-	-
Deferred tax	49 900 381	68 474 509	-	-
Trade and other payables	67 175 919	178 104 978	225 664 653	167 508 620
Lease obligation	18 694 598	40 276 678	-	-
Income tax liability	-	-	-	-
	2 065 453 639	**2 180 637 510**	**225 664 653**	**167 508 620**
Accumulated non-controlling interests	**70 810 326**	**108 322 935**	**806 299 114**	**632 205 643**

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37 SEGMENT REPORTING

Segment information

The Group has three main reportable segments as follows:

Insurance

This segment is involved in life assurance and pensions. The segment accounts for 38% (2020: 37%) of the Group's external income.

Microlending

This segment is involved in consumer loans, business loans and loans to farmers. It accounts for 2% (2020: 4%) of the Group's external income. The segment has experienced steady growth since its formation in 2010.

Property Investment

This segment holds a land bank as investment property and the total income in this segment arises from fair value adjustments on property held.

Other

ncluded in this segment are the actuarial, asset management and funeral services units. These are individually immaterial and reported as other income.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer more or less similar services. The segment described as other comprises business units that have combined income significantly less than 10% of the combined revenue of all operating segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the executive management team including the Managing Director and the Chief Finance Officer.

Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates performance on the basis of profit or loss from operations but excluding non-recurring losses, such as goodwill impairment.

Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of Group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior year. The Group has no transactions with a single external customer that exceeds 10% of its total revenue.

37 SEGMENT REPORTING (continued)
SEGMENT INFORMATION

	Insurance ZWL	Microlending ZWL	Property 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)	-	40 492 515	-	(14 058 904)

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SEGMENT REPORTING (Cont'd)

GEOGRAPHICAL INFORMATION	Zimbabwe ZWL	Malawi ZWL	Consolidation adjustments ZWL	ZWL
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	6 631 369 938	1 009 154 098	-	7 640 524 036
Reportable segment current assets	385 533 691	1 252 942 889	-	1 638 476 580
Reportable segment liabilities	6 618 013 933	2 065 453 641	-	8 683 467 573
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

38 PRESCRIBED ASSETS

The Pension and Provident Funds Act (Chapter 24:09) as amended by the Government of Zimbabwe Statutory Instrument 206 of 2019 requires companies in the life assurance industry to hold 15% of their assets as investments in prescribed stocks and bonds. The Company's investment in such assets is summarised below:-

	2021 ZWL	2020 ZWL
Counterparty		
Inventories-South View Stands	1 756 591	96 624 204
Residential Stand Debtors	2 431 331	3 261 382
Development Bonds	52 325	480 398
Investment Properties	896 223 952	1 107 424 473
	900 464 199	**1 207 790 457**
Total assets	**6 622 527 186**	**6 261 177 239**
Percentage of total assets	**14%**	**19%**

The Company is not fully compliant with the prescribed assets requirements in the current year.
The Company intends to invest more in the prescribed assets in 2022 to ensure compliance.

39 Statutory Instrument 95 of 2017, Insurance (Amendment) Regulations 2017 (19)

The financial statements of the Company must comply with the provisions of Insurance Regulations 1989, promulgated as Statutory Instrument 95 of 2017 read with Instrument 59 of 2020, section (3).

The following are the details on compliance with the said provisions of the statute:

Section 3 (1) (a)

The minimum unencumbered capital requirement for an insurer for registration or ongoing operations shall be the equivalent of Seventy Five Million Zimbabwe Dollars in the case of an insurer which carries on life assurance business including funeral assurance.

	2021 ZWL	2020 ZWL
Investments	6 523 696 000	5 675 827 571
Allowance for inadmissible assets	(3 748 781 000)	(3 169 539 522)
Value of Assets	2 774 915 000	2 506 288 049
Actuarial values of policy liabilities	2 390 121 000	1 654 962 885
Other liabilities	236 780 000	665 803 948
Total	2 626 901 000	2 320 766 833
FLA statutory capital per SI95 requirement	148 014 000	185 521 216
SI95 minimum statutory capital requirement	75 000 000	120 552 887
Statutory capital surplus	73 014 000	64 968 329

The Company is fully compliant with the minimum capital requirements. Although this solvency position is healthy by international standards in a normal economy, the economic instability in Zimbabwe demands even higher solvency levels. To improve underwriting capacity and strengthen financial soundness of the Company, Management are still pursuing balance sheet restructuring initiatives of the equity and property portfolios to unlock value.

40 CONTINGENCIES

40.1Contingent 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.

40.2 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. Fidelity 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.

41 IMPACT OF COVID 19

The disruption of economic and business activities by the Covid-19 pandemic induced lockdowns continued into 2021 with new variants of the corona virus emerging one after the other. As with most businesses, Group 's Board and Management focused on building on the resilience acquired in the past year to navigate in the new normal environment and focus on growth. Though marketing activities were disrupted by restrictions on human movement, the business development team was able to meet its targets through premium reviews in addition to new business acquisition. During the period under review, the group settled a few Covid-19 related death claims. On the positive side, there was a quantum leap in technological development and digitalisation solutions thereby improving operational efficiency. Employees could work from anywhere as remote workstations were established. The biggest threat remained cyber security as there was an accelerated usage of internet and online working. However, Fidelity Life did not have any reported incident of cyber-attacks or intrusion and took a cyber security insurance policy. Another opportunity in regional business development resulting from covid related retrenchments was a spike in annuity business as retrenches invested their lumpsum payments in annuities.

Covid-19 Response Measures

The Group ensured compliance with covid 19 WHO and Zimbabwean Government protocols and/or guidelines that created a safe operating business environment to minimise infections on its customers, staff, and all stakeholders. The globally recommended WHO and Government responses to covid-19 included vaccination, physical distancing, restrictions on physical movement wearing of masks and use of sanitizers. Fidelity Group adopted all these wide range of measures and supplied the paraphernalia for use by customers and employees at the work premises. The Group continued to implement strict protocols for hygiene, physical distancing maintenance of skeletal staff during lockdown and post lockdowns, whilst most employees were working from home. Through the Group Medical Aid facility with Fidelity Life Medical Aid Society (''FLIMAS''), management made special arrangements with service providers to encourage vaccination of employees and clients to the extent that vaccination rate for employees was 97.3% by close of year 2021. In addition, Fidelity Life Group continued its Business Continuity Framework that allowed the company to successfully continue all its operations, allowing clients and stakeholders to remotely access our services and systems online through various digital and electronic platforms. During the period, the Group further continued to receive premiums and incoming client payments and was able to settle claims and financial obligations as they fell due.

Exposure monitoring, planning, and scenario modellingThe Covid-19 pandemic continues to cause disruption and its impact on the business in the short to medium term is uncertain. Nonetheless, there is hope in the long term with the introduction of vaccines. Management has implemented measures to ensure business continuity and viability in the uncertain environment and will continuously review these measures. Scenario and stress testing planning framework to support decision making over now, next, and beyond time horizon is being enhanced.

Financial Impact

The Group conducted a worse-case scenario financial impact analysis of COVID-19 on the business in 2021 and in the next 12 months.

The impact on the current and future financial statements is shown below:

41 IMPACT OF COVID 19 (continued)

Area of negative impact	Estimated impact in 2020 financial statements	Estimated impact in the next 12 months	Management Actions
Insurance revenue	Low	Low	Uncontrollable
Claims experience	Low	Low	Uncontrollable
FLFS Loan disbursements	Medium	Low	Manageable
Non-insurance revenue	Low	Low	Manageable
Investment income	Medium	Medium	Uncontrollable
Operating expenses	Medium	Low	Controllable
Credit risk	Low	Low	Controllable
Solvency Risk	Low	Low	Uncontrollable

42 EVENTS AFTER THE REPORTING DATE

42.1 Dividend

At a board meeting held on 28 May 2022, the directors recommended not to declare a dividend for the year ended 31 December 2021. This decision was reached due to a need to preserve internal resources to fund the Group's growth strategy. No dividend was declared for the year ended 31 December 2021.

42.2 Approval of the consolidated financial Statements

The consolidated financial statements were approved by the Board of Directors for issue on 29 July 2022 and the directors have power to amend and/or reissue the financial statements should circumstances requiring that arise.

REGULATORY DISCLOSURES

1 Policyholder and shareholder funds

Fidelity Life Assurance of Zimbabwe conducted an asset separation between policyholders and shareholders in compliance with the requirements of the Insurance Act (Chapter 24:07) and the Pension and Provident funds Act (Chapter 24:09). Investments returns and assets allocation are disclosed as shown below representing policyholder and shareholder funds separately.

	GROUP		COMPANY
	2021	2021	2021
	ZWL	ZWL	ZWL
2021	Policyholder	Policyholder	Policyholder
Assets and liabilities allocation			
Assets			
Land and buildings	-	16 093 462	16 093 462
Intangible assets	-	34 925 506	34 925 506
Investment property	2 129 605 051	-	2 129 605 051
Inventories	96 371 837	-	96 371 837
Investments in subsidiaries	3 334 907 987	212 866 466	3 547 774 453
Other assets	157 177 209	-	157 177 209
Equities at fair value through profit or loss	511 080 265	-	511 080 265
Debt securities at amortised cost	52 325	-	52 325
Cash and deposits with banks	97 407 030	32 040 048	129 447 078
Total assets	**6 326 601 704**	**295 925 482**	**6 622 527 186**
Liabilities			
Borrowings	-	-	-
Trade and other payables	378 907 707	24 185 598	403 093 305
Total liabilities	378 907 707	24 185 598	403 093 305
Net assets value			6 219 433 881
Allocated closing fund balance	**5 947 693 997**	**271 739 884**	**6 219 433 881**
Policyholder and shareholder funds			
Assets and liabilities allocation (continued)			
2020			
Assets and liabilities allocation			
Assets			
Land and buildings	446 932 950	32 372 613	479 305 563
Intangible assets	-	34 925 506	34 925 506
Investment property	1 351 194 695	-	1 351 194 695
Inventories	96 624 202	-	96 624 202
Investments in subsidiaries	2 606 034 293	174 824 358	2 780 858 651
Other assets	51 037 724	-	51 037 724
Equities at fair value through profit or loss	336 250 273	-	336 250 273
Debt securities at amortised cost	480 400	-	480 400
Cash and deposits with banks	305 471 081	72 689 643	378 160 724
Total assets	**5 194 025 618**	**314 812 120**	**5 508 837 738**

	GROUP		COMPANY
	2021	2021	2021
	ZWL	ZWL	ZWL
	Policyholder	Policyholder	Policyholder
Liabilities			
Borrowings	25 473 620	1 625 976	27 099 596
Trade and other payables	751 524 395	47 969 642	799 494 037
Total liabilities	776 998 015	49 595 618	826 593 633
Net assets value			
Allocated closing fund balance	**4 417 027 603**	**265 216 502**	**4 682 244 105**

1.3 Investment returns allocation	2021	2020
Direct revenue	ZWL	ZWL
Net premiums earned	452 127 854	262 435 287
Brokerage commissions and management fees	108 341 900	65 619 066
Other operating income	230 643 775	(35 349 780)
Net claims and benefits incurred	(212 127 532)	(55 963 204)
Fees and commission expenses and other acquisition costs	(21 766 753)	(7 596 221)
Other operating and administrative expenses	(406 749 533)	(260 378 119)
Net direct growth in fund	150 469 711	(31 232 971)
Fair value gains	496 058 774	489 137 214
Share of profit subsidiaries	807 945 788	173 540 062
Other investment income	24 217 761	34 576 021
Southview project operating expenses	(44 141 990)	(128 532 309)
Finance costs	(7 183 510)	(17 358 776)
Income tax expense	(22 614 866)	(4 127 685)
Gains on property and equipment revaluations	173 344 511	62 832 054
Share of revaluation gains on property	2 085 396	721 040
Exchange differences arising on translation of foreign operations	(43 115 382)	22 203 067
Net investment returns	1 386 596 481	632 990 688
Net profit before change in policyholder liability	1 537 066 192	601 757 717
Allocation of profit (94:6)		
Policyholder	**1 444 842 221**	**565 652 254**
Shareholder	**92 223 972**	**36 105 463**

2 IPEC Currency reform guideline compliance

The Insurance and Pensions Commission (IPEC) issued currency reform guidelines in 2020 to compensate policyholders for the loss of value due to the change in currency from USD to ZWL. The following describe the steps taken by the Company to comply with the guideline for each product class andthe split of assets and operating profits per each sub account thereof. Insurance contract liabilities and investment contract liabilities with discretionary participation features Policyholders who were present as at the determination date were identified and the policies have been made paid up as at the determination date. The paid-up values become the Sum Assured of the member as at 31 December 2018.

Assets were split into Sub Account 1 and Sub Account 2 in compliance with the IPEC Guideline. The paid-up members participate in Sub Account 1 and benefit from bonuses allocated to participants in Sub Account 1.

Contributions that were remitted post the Determination Date went towards purchasing a new policy at the policyholders' current age and the remaining term. The policyholders will benefit from bonuses allocated to Sub Account 2.

Policyholders who bought policies before the Determination Date will participate in both Sub Accounts whilst those who bought policies after the Determination Date participates only in Sub Account 2.

2 IPEC Currency reform guideline compliance (continued)

2.1 Insurance contract liabilities and investment contract liabilities without discretionary participation features.

The investment products have been split between Sub Account 1 and Sub Account 2. The members who were participating in the Fund before the determination date participate in Sub Account 1 and benefit from interest awarded to Sub Account 1. Contributions that were remitted post the Determination Date went invested in a separate Fund that is in Sub Account 2. The policyholders will benefit from interest awarded to Sub Account 2.

2.2 Below is an illustration of the split of assets into the respective sub-accounts

	Sub- Account 1 ZWL	Sub- Account 2 ZWL	Sub- Account 3 ZWL	Total
2021				
Assets				
Prescribed assets	52 000	-	-	52 000
Land and buildings	17 980 000	423 000	-	18 403 000
Investment property	2 014 492 000	115 113 000	-	2 129 605 000
Listed equities	378 901 000	8 916 000	-	387 817 000
Unlisted equities	2 851 165 000	341 304 000	-	3 192 469 000
Money market investments	44 336 000	6 470 000	8 175 000	58 981 000
Inventories(Land and projects)	1 542 000	215 000	-	1 757 000
Loans and receivables	82 396 000	9 875 000	-	92 271 000
Non current trade receivables	-	-		-
Other	-	-		-
Total	**5 390 864 000**	**482 316 000**	**8 175 000**	**5 881 355 000**
2020				
Assets				
Prescribed assets	469 028	11 370	-	480 398
Land and buildings	465 558 050	10 956 220	-	476 514 270
Investment property	1 166 165 937	185 028 758	-	1 351 194 695
Listed equities	171 413 346	4 032 896	-	175 446 242
Unlisted equities	2 356 328 327	282 069 644	-	2 638 397 971
Money market investments	44 900 324	5 318 793	-	50 219 117
Inventories(Land and projects)	2 883 625	345 585	-	3 229 210
Loans and receivables	2 611 979	313 438	-	2 925 417
Non current trade receivables	26 582 605	3 182 115	-	29 764 720
Other	-	-		-
Total	**4 236 913 221**	**491 258 819**	**-**	**4 728 172 040**

2.3 Below is an illustration of the split of profit into the respective sub-accounts

	Sub- Account 1 ZWL	Sub- Account 2 ZWL	Sub- Account 3 ZWL	Total
2021				
Operating profit				
Premiums net of reinsurance	-	290 717 815	73 386 185	364 104 000
Fee and commission income	76 182 300	8 464 700	-	84 647 000
Interest income from residential stands receivables	5 702 000	-	-	5 702 000
Investment income	16 003 800	1 778 200	-	17 782 000
Fair value gains/(losses)	276 792 300	30 754 700	-	307 547 000
Income from sale of stands	-	-	-	-
Gains/losses on property revaluation	714 592 800	79 399 200	-	793 992 000
Other income	1 819 899 840	158 252 160	-	1 978 152 000

	Sub- Account 1 ZWL	Sub- Account 2 ZWL	Sub- Account 3 ZWL	Total
Income	2 909 173 040	569 366 775	73 386 185	3 551 926 000
				-
Benefits and claims after reinsurance	(165 680 945)	(16 862 935)	(755 120)	(183 299 000)
Change in liabilities	(2 464 865 777)	(273 873 975)	-	(2 738 739 752)
				-
Policyholder benefits	(2 630 546 722)	(290 736 910)	(755 120)	(2 922 038 752)
Cost of sales of stands	(252 375)	-	-	(252 375)
Fee, commission and acquisition costs	(14 213 600)	(3 553 400)	-	(17 767 000)
Finance costs	(5 112 900)	(568 100)	-	(5 681 000)
Projects development	(24 500 800)	(6 125 200)	-	(30 626 000)
Operating expenses	(193 873 200)	(103 399 040)	(25 849 760)	(323 122 000)
Non-operating income	-	-	-	-
Other expenses	(237 952 875)	(113 645 740)	(25 849 760)	(377 448 375)
Profit before tax	40 673 443	164 984 125	46 781 305	252 438 873
Income tax	-	(22 228 000)	-	(22 228 000)
Profit after tax	**40 673 443**	**142 756 125**	**46 781 305**	**230 210 873**

2.4 Below is an illustration of the split of profit into the respective sub-accounts (continued)

2020	Account 1	Sub- Account 2	Total
Operating profit	ZWL	ZWL	ZWL
Premiums net of reinsurance	-	194 670 409	194 670 409
Fee and commission income	37 602 856	4 053 792	41 656 648
Interest income from residential stands receivables	13 172 412	-	13 172 412
Investment income	1 064 080	114 123	1 178 203
Fair value gains/(losses)	376 695 623	40 611 856	417 307 479
Income from sale of stands	7 173 700	-	7 173 700
Gains/losses on property revaluation	830 620 640	89 551 506	920 172 146
Other income	2 060 523 691	179 175 344	2 239 699 035
Income	3 326 853 002	508 177 030	3 835 030 032
Benefits and claims after reinsurance	(37 381 070)	(3 975 031)	(41 356 101)
Change in liabilities	(2 705 718 256)	(291 710 660)	(2 997 428 916)
Policyholder benefits	**(2 743 099 326)**	**(295 685 691)**	**(3 038 785 017)**
Cost of sales of stands	(220 491)	-	(220 491)
Fee, commission and acquisition costs	(4 882 220)	(525 611)	(5 407 831)
Finance costs	(9 562 981)	(1 030 325)	(10 593 306)
Projects development	(436 284 221)	(47 036 522)	483 320 743)
Operating expenses	(147 815 681)	(63 349 738)	(211 165 419)
Non-operating income	143 864 926	15 985 313	159 850 239
Other expenses	(454 900 668)	(95 956 883)	(550 857 551)
Profit before tax	**128 853 009**	**116 534 457**	**245 387 466**
Income tax	-	(15 687 949)	(15 687 949)
Profit after tax	**128 853 009**	**100 846 508**	**229 699 517**

REGULATORY DISCLOSURES

1 Policyholder and shareholder funds

Fidelity Life Assurance of Zimbabwe conducted an asset separation between policyholders and shareholders in compliance with the requirements of the Insurance Act (Chapter 24:07) and the Pension and Provident funds Act (Chapter 24:09). Investments returns andassets allocation are disclosed as shown below representing policyholder and shareholder funds separately.

	GROUP		COMPANY
2021	2021	2021	2021
Assets and liabilities allocation	ZWL	ZWL	ZWL
	Policyholder	Policyholder	Policyholder
Assets			
Land and buildings	-	16 093 462	16 093 462
Intangible assets	-	34 925 506	34 925 506
Investment property	2 129 605 051	-	2 129 605 051
Inventories	96 371 837	-	96 371 837
Investments in subsidiaries	3 334 907 987	212 866 466	3 547 774 453
Other assets	157 177 209	-	157 177 209
Equities at fair value through profit or loss	511 080 265	-	511 080 265
Debt securities at amortised cost	52 325	-	52 325
Cash and deposits with banks	97 407 030	32 040 048	129 447 078
Total assets	**6 326 601 704**	**295 925 482**	**6 622 527 186**
Liabilities			
Borrowings	-	-	-
Trade and other payables	378 907 707	24 185 598	403 093 305
Total liabilities	**378 907 707**	**24 185 598**	**403 093 305**
Net assets value	-	**-**	**6 219 433 881**
Allocated closing fund balance	**5 947 693 997**	**271 739 884**	**6 219 433 881**

1 Policyholder and shareholder funds

1.2 Assets and liabilities allocation (continued)

	GROUP		COMPANY
Assets	2021	2021	2021
	ZWL	ZWL	ZWL
2020	Policyholder	Policyholder	Policyholder
Assets and liabilities allocation			
Assets			
Land and buildings	446 932 950	32 372 613	479 305 563
Intangible assets	-	34 925 506	34 925 506
Investment property	1 351 194 695	-	1 351 194 695
Inventories	96 624 202	-	96 624 202
Investments in subsidiaries	2 606 034 293	174 824 358	2 780 858 651
Other assets	51 037 724	-	51 037 724
Equities at fair value through profit or loss	336 250 273	-	336 250 273
Debt securities at amortised cost	480 400	-	480 400
Cash and deposits with banks	305 471 081	72 689 643	378 160 724
Total assets	**5 194 025 618**	**314 812 120**	**5 508 837 738**
Liabilities	-	-	-
Borrowings	25 473 620	1 625 976	27 099 596
Trade and other payables	751 524 395	47 969 642	799 494 037
Total liabilities	**776 998 015**	**49 595 618**	**826 593 633**
Net assets value	**-**	**-**	**4 682 244 105**
Allocated closing fund balance	**4 417 027 603**	**265 216 502**	**4 682 244 105**

FIDELITY LIFE
ASSURANCE OF ZIMBABWE

REGULATORY DISCLOSURES

1 Policyholder and shareholder funds

Fidelity Life Assurance of Zimbabwe conducted an asset separation between policyholders and shareholders in compliance with the requirements of the Insurance Act (Chapter 24:07) and the Pension and Provident funds Act (Chapter 24:09). Investments returns andassets allocation are disclosed as shown below representing policyholder and shareholder funds separately.

	2021 ZWL	2020 ZWL
1.3 Investment returns allocation		
Direct revenue		
Net premiums earned	452 127 854	262 435 287
Brokerage commissions and management fees	108 341 900	65 619 066
Other operating income	230 643 775	(5 349 780)
Net claims and benefits incurred	(212 127 532)	(55 963 204)
Fees and commission expenses and other acquisition costs	(21 766 753)	(7 596 221)
Other operating and administrative expenses	(406 749 533)	(260 378 119)
Net direct growth in fund	150 469 711	(31 232 971)
Fair value gains	496 058 774	489 137 214
Share of profit subsidiaries	807 945 788	173 540 062
Other investment income	24 217 761	34 576 021
Southview project operating expenses	(44 141 990)	(128 532 309)
Finance costs	(7 183 510)	(17 358 776)
Income tax expense	(22 614 866)	(4 127 685)
Gains on property and equipment revaluations	173 344 511	62 832 054
Share of revaluation gains on property	2 085 396	721 040
Exchange differences arising on translation of foreign operations	(43 115 382)	22 203 067
Net investment returns	1 386 596 481	632 990 688
Net profit before change in policyholder liability	1 537 066 192	601 757 717
Allocation of profit (94:6)		
Policyholder	1 444 842 221	565 652 254
Shareholder	92 223 972	36 105 463

IPEC Currency reform guideline compliance

The Insurance and Pensions Commission (IPEC) issued currency reform guidelines in 2020 to compensate policyholders for the loss of value due to the change in currency from USD to ZWL. The following describe the steps taken by the Company to comply with theguideline for each product class and the split of assets and operating profits per each sub account thereof.

Insurance contract liabilities and investment contract liabilities with discretionary participation features

Policyholders who were present as at the determination date were identified and the policies have been made paid up as at the determination date. The paid-up values become the Sum Assured of the member as at 31 December 2018.

Assets were split into Sub Account 1 and Sub Account 2 in compliance with the IPEC Guideline. The paid-up members participate in Sub Account 1 and benefit from bonuses allocated to participants in Sub Account 1. Contributions that were remitted post the Determination Date went towards purchasing a new policy at the policyholders' current age and the remaining term. The policyholders will benefit from bonuses allocated to Sub Account 2. Policyholders who bought policies before the Determination Date will participate in both Sub Accounts whilst those who bought policies after the Determination Date participates only in Sub Account 2.

2 IPEC Currency reform guideline compliance (continued)

2.1 Insurance contract liabilities and investment contract liabilities without discretionary participation features

The investment products have been split between Sub Account 1 and Sub Account 2. The members who were participating in the Fund before the determination date participate in Sub Account 1 and benefit from interest awarded to Sub Account 1.

Contributions that were remitted post the Determination Date went invested in a separate Fund that is in Sub Account 2. The policyholders will benefit from interest awarded to Sub Account 2.

2.2 Below is an illustration of the split of assets into the respective sub-accounts

	2021 Sub- Account 1	Sub- Account 2	Sub- Account 3	Total
2021	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Assets				
Prescribed assets	52 000	-	-	52 000
Land and buildings	17 980 000	423 000	-	18 403 000
Investment property	2 014 492 000	115 113 000	-	2 129 605 000
Listed equities	378 901 000	8 916 000	-	387 817 000
Unlisted equities	2 851 165 000	341 304 000	-	3 192 469 000
Money market investments	44 336 000	6 470 000	8 175 000	58 981 000
Inventories(Land and projects)	1 542 000	215 000	-	1 757 000
Loans and receivables	82 396 000	9 875 000	-	92 271 000
Non current trade receivables	-	-		-
Other	-	-		-
Total	**5 390 864 000**	**482 316 000**	**8 175 000**	**5 881 355 000**
2020				
Assets				
Prescribed assets	469 028	11 370	-	480 398
Land and buildings	465 558 050	10 956 220	-	476 514 270
Investment property	1 166 165 937	185 028 758	-	1 351 194 695
Listed equities	171 413 346	4 032 896	-	175 446 242
Unlisted equities	2 356 328 327	282 069 644	-	2 638 397 971
Money market investments	44 900 324	5 318 793	-	50 219 117
Inventories(Land and projects)	2 883 625	345 585	-	3 229 210
Loans and receivables	2 611 979	313 438	-	2 925 417
Non current trade receivables	26 582 605	3 182 115	-	29 764 720
Other	-	-		-
Total	**4 236 913 221**	**491 258 819**	**-**	**4 728 172 040**

2.3 Below is an illustration of the split of profit into the respective sub-accounts

	2021 Sub- Account 1	Sub- Account 2	Sub- Account 3 ZWL	Total ZWL
Operating profit				
Premiums net of reinsurance	-	290 717 815	73 386 185	364 104 000
Fee and commission income	76 182 300	8 464 700	-	84 647 000
Interest income from residential stands receivables	5 702 000	-	-	5 702 000
Investment income	16 003 800	1 778 200	-	17 782 000
Fair value gains/(losses)	276 792 300	30 754 700	-	307 547 000
Income from sale of stands	-	-	-	-
Gains/losses on property revaluation	714 592 800	79 399 200	-	793 992 000
Other income	1 819 899 840	158 252 160	-	1 978 152 000
Income	2 909 173 040	569 366 775	73 386 185	3 551 926 000
Benefits and claims after reinsurance	(165 680 945)	(16 862 935)	(755 120)	(183 299 000)
Change in liabilities	(2 464 865 777)	**(273 873 975)**	**-**	**(2 738 739 752)**
Policyholder benefits	**(2 630 546 722)**	**(290 736 910)**	**(755 120)**	**(2 922 038 752)**
Cost of sales of stands	(252 375)	-	-	(252 375)
Fee, commission and acquisition costs	(14 213 600)	(3 553 400)	-	(17 767 000)
Finance costs	(5 112 900)	(568 100)	-	(5 681 000)
Projects development	(24 500 800)	(6 125 200)	-	(30 626 000)
Operating expenses	(193 873 200)	(103 399 040)	(25 849 760)	(323 122 000)
Non-operating income	-	-	-	**-**
Other expenses	(237 952 875)	(113 645 740)	(25 849 760)	(377 448 375)
Profit before tax	**40 673 443**	**164 984 125**	**46 781 305**	**252 438 873**
Income tax	-	(22 228 000)	-	(22 228 000)
Profit after tax	**40 673 443**	**142 756 125**	**46 781 305**	**230 210 873**

2 IPEC Currency reform guideline compliance (continued)

2.4 Below is an illustration of the split of profit into the respective sub-accounts (continued)

2020	**2021 Sub- Account 1**	**Sub- Account 2**	**Total**
Operating profit	**ZWL**	**ZWL**	**ZWL**
Premiums net of reinsurance	-	194 670 409	194 670 409
Fee and commission income	37 602 856	4 053 792	41 656 648
Interest income from residential stands receivables	13 172 412	-	13 172 412
Investment income	1 064 080	114 123	1 178 203
Fair value gains/(losses)	376 695 623	40 611 856	417 307 479
Income from sale of stands	7 173 700	-	7 173 700
Gains/losses on property revaluation	830 620 640	89 551 506	920 172 146
Other income	2 060 523 691	179 175 344	2 239 699 035
Income	3 326 853 002	508 177 030	3 835 030 032
Benefits and claims after reinsurance	(37 381 070)	(3 975 031)	(41 356 101)
Change in liabilities	(2 705 718 256)	(291 710 660)	(2 997 428 916)
Policyholder benefits	(2 743 099 326)	(295 685 691)	(3 038 785 017)
Cost of sales of stands	(220 491)	-	(220 491)
Fee, commission and acquisition costs	(4 882 220)	(25 611)	(5 407 831)
Finance costs	(9 562 981)	(1 030 325)	10 593 306)
Projects development	(436 284 221)	(47 036 522)	(483 320 743)
Operating expenses	(147 815 681)	(63 349 738)	(211 165 419)
Non-operating income	143 864 926	15 985 313	159 850 239
Other expenses	(454 900 668)	(95 956 883)	(550 857 551)
Profit before tax	128 853 009	116 534 457	245 387 466
Income tax	-	(15 687 949)	(15 687 949)
Profit after tax	**128 853 009**	**100 846 508**	**229 699 517**

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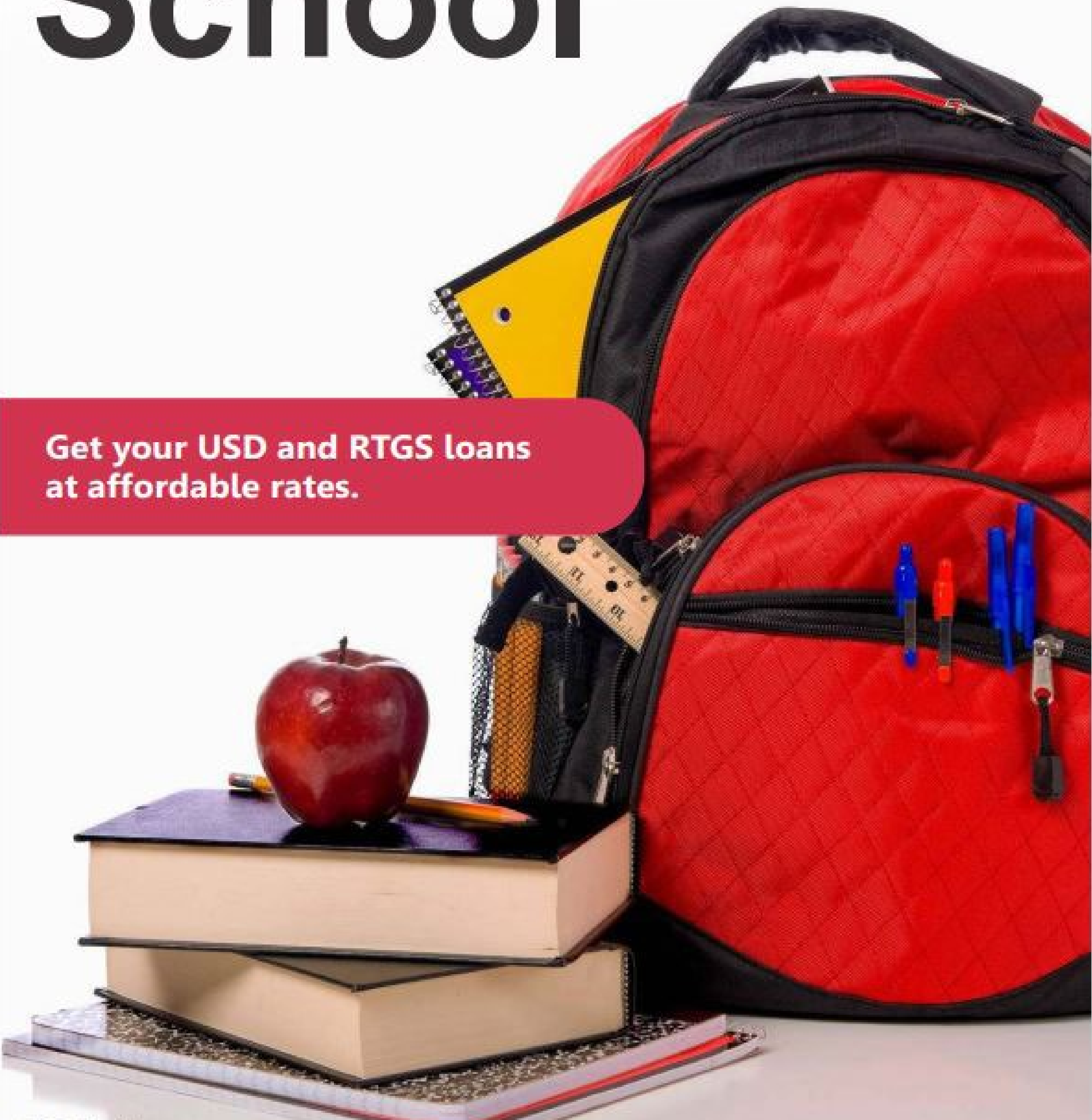

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ASSURANCE OF ZIMBABWE

Consolidated statement of financial position

For The Year Ended 31 December 2021 (Continued)

		GROUP		
ASSETS	Note	31-Dec-21 ZWL	31-Dec-20 Restated ZWL	1-Jan-20 ZWL ZWL
Property and equipment	5	774,216,149	358,855,762	74,878,741
Right of use asset	7	27,690,317	29,559,329	3,433,421
Investment property	6	6,066,289,056	3,117,751,895	661,999,241
Intangible assets	4	70,405,507	52,865,342	5,579,065
Inventories	10	2,759,402	2,122,266	2,244,041
Deferred tax asset		-	-	72,533
Income tax asset		-	-	1,404,184
Trade and other receivables	9	560,732,635	293,017,745	63,703,690
Equities at fair value through profit or loss	11.1	1,180,137,666	578,988,050	69,882,774
Debt securities at amortised cost	11.2	624,801,606	316,923,519	51,239,503
Cash and deposits with banks	12	449,923,714	550,557,240	73,247,335
Total assets		**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	13	1,089,233	1,089,233	1,089,233
Share premium		671,409	671,409	671,409
Treasury shares		(10,037)	(10,037)	(10,037)
Retained earnings		157,627,445	52,500,791	15,231,460
Revaluation reserve		100,464,382	24,409,705	1,744,187
Foreign currency translation reserve		125,436,207	100,594,732	15,256,032
Total ordinary shareholder's equity		**385,278,639**	**179,255,833**	**33,982,284**
Non-controlling interests		852,750,657	445,259,222	89,584,459
Total equity		**1,238,029,296**	**624,515,055**	**123,566,743**
Liabilities				
Insurance contract liabilities with discretionary participation features	14.1	5,993,684,045	3,093,928,925	550,034,582
Investment contract liabilities with discretionary participation features	14.2	866,203,666	456,886,102	131,490,000
Investment contracts without discretionary participation features	14.3	951,149,833	397,468,983	39,411,707
Borrowings	15	66,534,852	32,464,290	23,685,254
Deferred tax liabilities	17.2	270,868,738	147,457,165	29,597,882
Lease obligation	16	18,694,598	25,057,474	3,429,537
Trade and other payables	18	318,097,585	513,432,231	104,978,446
Income tax liability	17.4	33,693,439	9,430,923	1,490,377
Total liabilities		**8,518,926,756**	**4,676,126,093**	**884,117,785**
Total equity and liabilities		**9,756,956,052**	**5,300,641,148**	**1,007,684,528**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.
* Further information on the restatement is included in Note 11 to the financial statements.

....
L.T Gwata
CHAIRMAN

....
R. Chihota
MANAGING DIRECTOR

Separate statement of financial position

As at 31 December 2021

HISTORICAL		COMPANY		
		31-Dec-21	31-Dec-20 Restated	1-Jan-20
ASSETS	**Note**	**ZWL**	**ZWL**	**ZWL**
Investment in subsidiaries	8	3,578,106,055	1,746,584,828	361,929,978
Property and equipment	5	2,091,882	280,564,504	58,628,375
Investment property	6	2,129,605,049	840,623,605	195,633,060
Intangible assets	4	18,403,533	18,403,533	358,302
Deferred tax assets		-	-	6,228
Inventories	10	1,756,608	2,008,966	2,185,931
Trade and other receivables	9	156,042,127	31,752,281	20,588,470
Equities at fair value through profit or loss	11.1	511,080,261	209,192,588	26,886,440
Debt securities at amortised cost	11.2	52,323	298,872	417,516
Cash and deposits with banks	12	129,447,077	235,266,489	6,844,915
Total assets	**12**	**6,526,584,915**	**3,364,695,666**	**673,479,215**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Issued share capital	13	1,089,233	1,089,233	1,089,233
Share premium		671,409	671,409	671,409
Treasury shares		(10,037)	(10,037)	(10,037)
Retained earnings		259,601,198	62,635,962	15,197,581
Revaluation reserve		16,153,669	14,068,266	-
Foreign currency translation reserve		128,055,666	101,923,517	16,543,425
Total ordinary shareholder's equity		405,561,138	180,378,350	33,491,611
Non-controlling interests		-	-	-
Total equity		**405,561,138**	**180,378,350**	**33,491,611**
Liabilities				
Insurance contract liabilities with discretionary participation features	14.1	4,064,000,946	1,915,743,433	353,688,050
Investment contract liabilities with discretionary participation features	14.2	866,203,666	456,886,102	131,490,000
Investment contracts without discretionary participation features	14.3	951,149,833	397,468,982	39,411,707
Borrowings	15	-	16,859,568	20,235,254
Deferred tax liabilities	17.2	919,034	-	-
Trade and other payables	18	218,143,055	388,673,627	94,080,800
Income tax liability		20,607,243	8,685,604	1,081,793
Total liabilities		**6,121,023,777**	**3,184,317,316**	**639,987,604**
Total equity and liabilities		**6,526,584,915**	**3,364,695,666**	**673,479,215**

The above separate statement of financial position should be read in conjunction with the accompanying notes.
* Further information on the restatement is included in Note 11 to the financial statements.

....

L.T Gwata
CHAIRMAN

....

R. Chihota
MANAGING DIRECTOR

Consolidated and separate statements of profit or loss and other comprehensive income

As at 31 December 2021

		GROUP		COMPANY	
				HISTORICAL COST	
		2021	2020 Restated	2021	2020 Restated
	Note	ZWL	ZWL	ZWL	ZWL
Gross premiums	19	1,066,935,975	359,093,888	433,404,029	135,772,360
Premiums ceded to reinsurers		(84,843,213)	(20,646,432)	(69,301,028)	(14,661,438)
Net premiums		**982,092,762**	**338,447,456**	**364,103,001**	**121,110,922**
Fees and commission income	20	92,480,664	28,571,619	84,646,558	25,915,509
Investment income	21	109,486,493	40,916,478	17,781,732	1,124,245
Interest income from residential stands receivables		5,702,277	8,194,589	5,702,277	8,194,589
Fair value gains and losses from equities		468,430,775	392,984,222	307,546,740	350,391,768
Fair value gains and losses from investment property	6	3,005,523,574	2,344,411,704	793,992,464	711,574,846
Interest income from microlending		102,314,597	18,940,383	-	-
Non insurance revenue	22	213,145,790	27,546,725	174,848,341	28,654,113
Income from sale of residential stands		-	7 172 970	-	4 462 545
Total Income		**4,979,176,932**	**3,204,475,721**	**3,551,924,788**	**2,550,449,408**
Gross benefits and claims paid		(489,423,884)	(111,217,750)	(233,140,652)	(38,666,679)
Claims ceded to reinsurers		72,754,414	16,997,756	49,841,930	12,937,327
Net benefits and claims		**(416,669,470)**	**(94,219,994)**	**(183,298,722)**	**(25,729,352)**
Gross change in insurance contract liabilities with DPF	14.1	(2,180,269,106)	(1,478,650,339)	(1,809,159,826)	(1,395,481,900)
Gross change in investment contract liabilities with DPF		(409,317,564)	(325,396,102)	(409,317,564)	(325,396,102)
Gross change in investment contract liabilities without DPF		(553,507,748)	(307,701,800)	(553,507,748)	(307,701,800)
Fee and commission expenses, and other acquisition costs	23	(54,084,459)	(15,250,362)	(17,766,619)	(3,364,863)
Operating and administration expenses	24	(622,205,345)	(225,894,742)	(331,997,371)	(127,936,298)
Allowance for expected credit losses on receivables	9	(12,958,413)	(2,057,762)	8,875,549	(222,537)
Cost of sales of residential stands	10	(252,375)	(137,175)	(252,375)	(137,175)
Project development costs	24.1	(30,625,763)	(300,690,300)	(30,625,763)	(300,690,300)
Finance costs	25	(38,063,023)	(11,740,163)	(5,680,813)	(6,590,877)
Net monetary gain/(loss)		-	-	-	-
Total benefits, claims and other expenses		**(4,317,953,266)**	**(2,761,738,739)**	**(3,332,731,252)**	**(2,493,251,204)**
Profit before tax		**661,223,666**	**442,736,982**	**219,193,536**	**57,198,204**
Income tax expense	26	(166,069,670)	(103,059,226)	(22,228,300)	(9,759,823)
Profit for the year		**495,153,996**	**339,677,756**	**196,965,236**	**47,438,381**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gross gains on property revaluation		416,599,249	272,401,111	339,097,687	230,239,638
Share of revaluation gains on property		-	-	2,085,403	253,887
Income tax related to items that will not be reclassified to profit or loss		(1,446,885)	(311,258)	-	-
Gross change in insurance liabilities through OCI		(339,097,687)	(249,424,335)	(339,097,687)	(216,425,259)
Gains on property revaluation, net of tax		**76,054,677**	**22,665,518**	**2,085,403**	**14,068,266**

FIDELITY LIFE
ASSURANCE OF ZIMBABWE

Consolidated and separate statements of profit or loss and other comprehensive income

As at 31 December 2021 (CONT'D)

		GROUP		COMPANY	
				HISTORICAL COST	
		2021	2020 Restated	2021	2020 Restated
Items that will or may be reclassified to profit or loss:	**Note**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Exchange differences arising on translation of foreign operations		42,305,568	138,605,038	26,132,149	85,380,092
Other comprehensive income for the year, net of income tax		118,360,245	161,270,556	28,217,552	99,448,358
Comprehensive profit for the year		**613,514,241**	**500,948,312**	**225,182,788**	**146,886,739**
Profit for the year attributable to:					
Owners of the parent		105,126,654	37,269,331	196,965,236	47,438,381
Non-controlling interests		390,027,342	302,408,425	-	-
Profit for the year		**495,153,996**	**339,677,756**	**196,965,236**	**47,438,381**
Comprehensive profit attributable to:					
Owners of the parent		206,022,806	129,627,395	225,182,788	146,886,739
Non-controlling interests		407,491,435	371,320,917	-	-
Comprehensive profit for the year		**613,514,241**	**500,948,312**	**225,182,788**	**146,886,739**
Earnings per share attributable to the ordinary **equity holders of the parent**					
Basic and diluted earnings per share (cents)	27.1	97.41	30.84	182.51	40.27

The above consolidated and separate statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

* Further information on the restatement is included in Note 11 to the financial statements.

Consolidated statement of changes in equity

As at 31 December 2021

		GROUP								
								HISTORICAL COST		
		Share capital	Treasury shares	Share premium	Retained earnings	Revaluation reserve	Foreign currency translation reserve	Attributable to	Non-controlling interest	"Total equity"
	Note	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Balance at 1 January 2020, as previously stated		1,089,233	(10,037)	671,409	14,187,162	1,744,187	15,256,032	32,937,986	93,620,546	126,558,532
Prior period error					1,044,298			1,044,298	(4,036,087)	(2,991,789)
Restated balance at 1 January 2020		1,089,233	(10,037)	671,409	15,231,460	1,744,187	15,256,032	33,982,284	89,584,459	123,566,743
Profit for the year		-	-	-	37,269,331	-	-	37,269,331	302,408,425	339,677,756
Other comprehensive income for the year		-	-	-	-	22,665,518	85,338,700	108,004,218	53,266,338	161,270,556
Comprehensive income for the year		-	-	-	37,269,331	22,665,518	85,338,700	145,273,549	355,674,763	500,948,312
Balance at 31 December 2020		**1,089,233**	**(10,037)**	**671,409**	**52,500,791**	**24,409,705**	**100,594,732**	**179,255,833**	**445,259,222**	**624,515,055**
Year ended 31 December 2021										
Balance at 1 January 2021		1,089,233	(10,037)	671,409	52,500,791	24,409,705	100,594,732	179,255,833	445,259,222	624,515,055
Profit for the year		-	-	-	105,126,654	-	-	105,126,654	390,027,342	495,153,996
Other comprehensive income for the year		-	-	-	-	76,054,677	24,841,475	100,896,152	17,464,093	118,360,245
Comprehensive income for the year		-	-	-	105,126,654	76,054,677	24,841,475	206,022,806	407,491,435	613,514,241
Balance at 31 December 2021		1,089,233	(10,037)	671,409	157,627,445	100,464,382	125,436,207	385,278,639	852,750,657	

The above separate statement of changes in equity should be read in conjunction with the accompanying notes.

Separate statement of changes in equity

As at 31 December 2021

		COMPANY						
		HISTORICAL COST						
		Share capital	Treasury shares	Share premium	Retained earnings	Revaluation reserve	Foreign currency translation reserve	Attributable to shareholders of parent
	Note	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Balance at 1 January 2020, as previously stated		1,089,233	(10,037)	671,409	14,822,561	(669,448)	16,543,425	32,447,143
Prior period error		-	-	-	375,020	669,448	-	1,044,468
Restated balance at 1 January 2020		1,089,233	(10,037)	671,409	15,197,581	-	16,543,425	33,491,611
Profit for the year		-	-	-	47,438,381		-	47,438,381
Other comprehensive income for the year		-	-	-	-	14,068,266	85,380,092	99,448,358
Comprehensive income for the year		-	-	-	47,438,381	14,068,266	85,380,092	146,886,739
Balance at 31 December 2020		**1,089,233**	**(10,037)**	**671,409**	**62,635,962**	**14,068,266**	**101,923,517**	**180,378,350**
Year ended 31 December 2021								
Balance at 1 January 2021		**1,089,233**	**(10,037)**	**671,409**	**62,635,962**	**14,068,266**	**101,923,517**	**180,378,350**
Profit for the year		-	-	-	196,965,236	-	-	196,965,236
Other comprehensive income for the year		-	-	-	-	2,085,403	26,132,149	28,217,552
Comprehensive income for the year		-	-	-	196,965,236	2,085,403	26,132,149	225,182,788
Balance at 31 December 2021		**1,089,233**	**(10,037)**	**671,409**	**259,601,198**	**16,153,669**	**128,055,666**	**405,561,138**

The above separate statement of changes in equity should be read in conjunction with the accompanying notes.

The following describes the nature and purpose of each reserve within equity

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Treasury shares	Cost of own shares held in treasury
Revaluation reserve	Gains/losses arising on the revaluation of property (other than investment property)
Foreign currency translation reserve	Gains/losses arising on retranslating the net assets of foreign operations into Zimbabwe Dollars.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Consolidated and separate statements of cash flows

As at 31 December 2021

CASH FLOWS FROM OPERATING ACTIVITIES BEFORE INCOME TAX	Note	GROUP 2021 ZWL	GROUP 2020 Restated ZWL	COMPANY HISTORICAL COST 2021 ZWL	COMPANY HISTORICAL COST 2020 Restated ZWL
Profit before income tax		**661,223,666**	**442,736,982**	**219,193,536**	**57,198,204**
Adjustments:		(285,170,311)	(260,629,182)	(11,263,793)	213,787,346
Fair value gains on equities at fair value through profit or loss		(468,430,775)	(392,984,222)	(307,546,740)	(350,391,768)
Additions to financial assets at fair value through profit or loss		(87,467,628)	-	(35,217,879)	(1,254,991)
Disposals of financial assets at fair value through profit or loss		70,116,580	169,340,611	40,876,946	169,340,611
Fair value gains on investment property	6	(3,005,523,574)	(2,344,411,704)	(793,992,464)	(711,574,846)
Amortisation of intangible assets	4	89,184	137,526	-	-
depreciation of right of use asset	7.1	7,959,826	2,403,907	-	-
Finance costs		38,063,023	11,740,163	5,680,813	6,590,877
Depreciation of property and equipment	5	13,512,104	12,585,201	5,874,734	9,538,089
Gross change in insurance contract liabilities with DPF		2,180,269,106	1,478,650,339	1,809,159,826	1,395,481,900
Gross change in investment contract liabilities with DPF		409,317,564	325,396,102	409,317,564	325,396,102
Gross change in investment contract liabilities without DPF		553,680,850	307,701,800	553,680,851	307,701,800
Interest income		(90,217,366)	(36,337,873)	(11,130,489)	(184,064)
Dividend income		(19,269,127)	(4,578,605)	(6,651,243)	(940,181)
Equity accounted earnings		-	-	(1,803,303,675)	(1,299,020,871)
Non cash adjustment-IAS29		-	-	-	-
Unrealised exchange gains/ (losses)		162,907,210	(87,967,259)	172,165,251	65,409,857
Projects development costs		30,625,763	300,565,761	30,625,763	300,565,761
Profit on disposal of investment property		(65,218,089)	(1,924,551)	(65,218,089)	(1,924,551)
Profit/(loss) on disposal of property, plant and equipment		(15,584,962)	(946,378)	(15,584,962)	(946,378)
Changes in working capital		**(507,270,849)**	**181,319,270**	**(316,318,274)**	**(16,737,245)**
Decrease/ (increase) in inventories		(637,136)	121,778	252,358	176,964
Increase/(decrease) in trade and other receivables		(280,673,304)	(227,256,293)	(115,414,297)	(10,941,274)
Increase/(decrease) in trade and other payables		(225,960,409)	408,453,785	(201,156,335)	(5,972,935)
Cash (utilised)/ generated from operations		**(131,217,494)**	**363,427,070**	**(108,388,531)**	**254,248,304**
Income taxes paid		(31,395,413)	(8,402,048)	(10,306,662)	(2,156,009)
Net cash (utilised)/ generated from operations		**(162,612,907)**	**355,025,022**	**(118,695,193)**	**252,092,296**

FIDELITY LIFE
ASSURANCE OF ZIMBABWE

Consolidated and separate statements of cash flows

As at 31 December 2021 (CONT'D)

		GROUP		COMPANY	
				HISTORICAL COST	
		2021	2020 Restated	2021	2020 Restated
Cash flows from investing activities	**Note**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Additions to and replacement of property and equipment	5	(6,593,981)	(17,718,295)	(1,565,446)	(2,161,961)
Additions and improvements to investment property	6	-	-	-	-
Additions to intangible assets	4	(7,252,030)	(22,824,977)	-	(18,045,232)
Interest income		90,217,366	36,337,873	11,130,489	184,064
Dividend income		19,269,127	4,578,605	6,651,243	940,181
Proceeds from sale of investment property		19,035,806	10,889,755	19,035,806	10,889,755
Proceeds from sale of property and equipment		670,446	8,496,543	-	6,946,334
Additions to debt securities held at amortised cost		(284,355,222)	(35,173,680)	-	-
Maturities debt securities held at amortised cost		112,265,372	118,645	246,549	118,644
Net cash generated from in investing activities		**(56,743,116)**	**(15,295,531)**	**35,498,641**	**(1,128,215)**
Cash flows from financing activities					
Finance costs		(38,063,023)	(11,740,163)	(5,680,813)	(6,590,877)
Repayments of lease obligations		(14,193,565)	(757,789)	-	-
Repayments of borrowings	15.3	(3,708,652)	(13,893,055)	(16,942,046)	(15,951,630)
Proceeds from borrowings	15.3	88,857,012	17,731,265	-	-
Net cash (utilised)/ generated from financing activities		**32,891,772**	**(8,659,742)**	**(22,622,859)**	**(22,542,507)**
Net (decrease)/increase in cash equivalents for the year		**(186,464,251)**	**331,069,749**	**(105,819,411)**	**228,421,574**
Cash and cash equivalents at the beginning of the year		**542,922,122**	**73,247,335**	**235,266,489**	**6,844,915**
Exchange differences on translation of a foreign operation		42,305,568	138,605,038	-	-
Cash and cash equivalents at the end of the year	**12**	**398,763,439**	**542,922,122**	**129,447,078**	**235,266,489**

The above consolidated and separate statements of cash flows should be read in conjunction with the accompanying notes.
* Further information on the restatement is included in Note 11 to the financial statements.

Notes to the consolidated and separate financial statements

	2021	2020	2021	2020
4 INTANGIBLE ASSETS	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Net carrying amount at the beginning of the year	52,865,342	5,579,065	18,403,533	412,577
Gross carrying amount - Cost	53,581,392	6,157,589	18,457,809	(54,276)
Accumulated amortisation	(716,050)	(578,524)	(54,276)	18,045,232
Additions	7,252,030	22,824,977	-	-
Exchange rate movement on foreign operations	10,377,320	24,598,826	-	-
Impairement	-	-	-	-
Amortisation charge for the year	(89,184)	(137,526)	-	-
Net carrying amount at the end of the year	**70,405,507**	**52,865,342**	**18,403,533**	**18,403,533**
Gross carrying amount - Cost	71,210,741	53,581,392	18,457,809	18,457,809
Accumulated amortisation	(805,234)	(716,050)	(54,276)	(54,276)

Software with a cost of ZWL$7,252,030and 2020 ZWL22,824,977 acquired has an estimated useful life of 4 years. Intangible asset work in progress amounting to ZWL$18,405,231 capitalised in 2020 was not amortised since the intangible asset project implimentation is yet to be completed.

5. PROPERTY AND EQUIPMENT

	GROUP				
	Land and buildings ZWL	Motor vehicles ZWL	Equipment and computers ZWL$	Furniture and fittings ZWL$	Total ZWL$
Net carrying amount at 1 January 2020	**71,095,556**	**980,955**	**2,035,431**	**766,799**	**74,878,741**
Gross carrying amount - cost/valuation	71,227,282	2,906,314	3,482,419	1,105,130	78,721,145
Accumulated depreciation	(131,726)	(1,925,359)	(1,446,988)	(338,331)	(3,842,404)
Additions	34,141	1,403,459	2,577,409	519,130	4,534,139
Exchange rate movement on foreign operations	10,266,289	2,354,140	6,445,041	1,534,718	20,600,188
Disposals	(927,381)	(43,735)	(2,098)	-	(973,214)
Gross carrying amount - cost/valuation	(927,381)	(1,562,277)	(66,207)	-	(2,555,865)
Accumulated depreciation	-	1,518,542	64,109	-	1,582,651
Depreciation charge for the year	(9,242,157)	(705,055)	(2,087,406)	(550,583)	(12,585,201)
Revaluation surplus	272,401,111	-	-	-	272,401,111
Net carrying amount at 31 December 2020	**343,627,557**	**3,989,764**	**8,968,377**	**2,270,064**	**358,855,762**
Gross carrying amount - cost/valuation	343,795,804	5,101,636	12,438,662	3,158,978	364,495,080
Accumulated depreciation	(168,247)	(1,111,872)	(3,470,285)	(888,914)	(5,639,318)
Additions	-	868,606	5,089,928	635,447	6,593,981
Exchange rate movement on foreign operations	4,520,302	642,441	1,524,786	316,970	7,004,499
Disposals	-	(1,059,723)	(54,154)	(211,350)	(1,325,227)
Gross carrying amount - cost/valuation	-	(3,672,162)	(279,838)	(211,350)	(4,163,350)
Accumulated depreciation	-	2,612,439	225,684	-	2,838,123
Depreciation charge for the year	(5,237,257)	(1,539,986)	(5,560,745)	(1,174,116)	(13,512,104)
Revaluation surplus	416,599,238	-	-	-	416,599,238
Net carrying amount at 31 December 2021	759,509,840	2,901,102	9,968,192	1,837,015	774,216,149
Gross carrying amount - cost/valuation	759,765,657	2,940,521	18,773,538	3,900,045	785,379,761
Accumulated depreciation	(255,817)	(39,419)	(8,805,346)	(2,063,030)	(11,163,612)

Land and buildings are carried at fair value determined on an open market value basis by independent professional valuers. The latest fair values were estimated as at 31 December 2021. The borrowing facility with NMB Zimbabwe disclosed in Note 15.1 was settled during the year. 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, as disclosed in Note 32.

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.

	COMPANY				
	Land and buildings	Motor vehicles	Equipment and computers	Furniture and fittings	Total
5. PROPERTY AND EQUIPMENT	ZWL	ZWL	ZWL$	ZWL$	ZWL$
Net carrying amount at 1 January 2020	**57,945,381**	**332,651**	**177,026**	**173,317**	**58,628,375**
Gross carrying amount - cost/valuation	57,945,381	1,518,362	789,351	243,868	60,496,962
Prior period	-	-	-	-	-
Accumulated depreciation	-	(1,185,711)	(612,325)	(70,551)	(1,868,587)
Additions	-	981,781	955,835	224,345	2,161,961
Disposals	(927,381)	-	-	-	(927,381)
Gross carrying amount - cost/valuation	(927,381)	(71,028)	-	-	(998,409)
Accumulated depreciation	-	71,028	-	-	71,028
Depreciation charge for the year	(9,205,638)	(134,018)	(160,421)	(38,012)	(9,538,089)
Revaluation surplus	230,239,638	-	-	-	230,239,638
		-	-	-	
Net carrying amount at 31 December 2020	**278,052,000**	**1,180,414**	**972,440**	**359,650**	**280,564,504**
Gross carrying amount - cost/valuation	278,052,000	2,429,115	1,745,186	468,213	282,694,514
Accumulated depreciation	-	(1,248,701)	(772,746)	(108,563)	(2,130,010)
Additions	-	-	1,475,336	90,110	1,565,446
Disposals	-	(1,049,669)	-	(211,350)	(1,261,019)
Gross carrying amount - cost/valuation		(1,858,711)	-	(211,350)	(2,070,061)
Accumulated depreciation		809,042	-	-	809,042
Depreciation charge for the year	(5,149,687)	(113,415)	(574,170)	(37,463)	(5,874,734)
Transfer to investment property	(612,000,000)				(612,000,000)
Revaluation surplus	339,097,687	-	-	-	339,097,687
Net carrying amount at 31 December 2021	**-**	**17,329**	**1,873,605**	**200,948**	**2,091,882**
Gross carrying amount - cost/valuation	-	570,403	3,220,521	346,973	4,137,898
Accumulated depreciation	-	(553,074)	(1,346,916)	(146,025)	(2,046,016)

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. The borrowing facility with NMB Zimbabwe disclosed in Note 15.1 was settled during the year. 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, as disclosed in Note 32.

The carrying amount of land and buildings had the assets been measured at cost as at 31 December 2021 ZWL3,141,670 and ZWL3,383,681 in 2020.

		GROUP		COMPANY	
				HISTORICAL COST	
		2021	2020	2021	2020 Restated
6. INVESTMENT PROPERTY	Note	ZWL	ZWL	ZWL	ZWL
Balance at the beginning of the year		**3,117,751,895**	**661,999,240**	**840,623,605**	**195,633,060**
Additions		-	-	-	-
Improvements		-	-	-	-
Transfer from inventory		-	-	-	-
Reclassification from property and equipment		-	-	612,000,000	-
Disposals		(119,585,256)	(62,921,976)	(117,011,020)	(66,584,301)
Exchange rate movement on foreign operations		62,598,843	174,262,927	-	-
Fair value gains through profit or loss		3,005,523,574	2,344,411,704	793,992,464	711,574,846
Balance at the end of the year		**6,066,289,056**	**3,117,751,895**	**2,129,605,049**	**840,623,605**

Management determined that the investment properties consist of four classes of property – office and retail buildings, residential houses, developed residential stands, undeveloped land and developed commercial and institutional stands. Investment properties are held for long term rental yields and capital appreciation.

Included in disposals are non cash disposals amounting to ZWL$97,429,211 in 2021 and ZWL$52,032,221 in 2020.

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 3Refer to Note 32 for relevant fair values. 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 .

During the year ZWL$28,596,130 (2020: ZWL$4,496,616) was recognised in the consolidated statement of profit or loss and other comprehensive income in relation to rental income from the investment properties. For the Company, rental income arising from investment properties amounted ZWL$30,200,284 (2020: ZWL$5,932,420). Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to ZWL$914,344 (2020: ZWL$5,082,118). Direct operating expenses, including repairs and maintenance, arising from investment property that did not generate rental income during the year amounted to ZWL$Nil (2020: ZWL$Nil). These expenses were mostly incurred on properties held by the Company.

7. Right of Use Asset

The Group leases several offices in major towns and cities in Zimbabwe and Malawi and motor vehicles. Each lease is negotiated separately and will have terms and conditions that vary widely from those agreed for other lease arrangements. The lease agreements do not impose any covenants, and leased assets may not be used as security for borrowings. Lease contracts are usually signed for fixed periods of 1 to 5 years. The Group disclosed the office building under lease separately from property and equipment. In the 2020 year of assessement the Subsidiary in Malawi negotiated the lease from the five year period to one year resulting in the derecognition of the right of use asset as the lease is now being accounted as a short term lease.The motor vehicles lease periods approximated the estimated useful economic lives of the motor vehicles and the Group has a right to purchase the motor vehicles outright at the end of the minimum lease term by paying a nominal amount.The lease liability is disclosed on note 16.

	GROUP		
	Office buildings	Motor Vehicles	Total
	ZWL	ZWL	ZWL
Net carrying amount at 1 January 2020	2,373,492	1,059,929	3,433,421
Cost	2,730,666	1,266,460	3,997,126
Accumulated armotisation	(357,174)	(206,531)	(563,705)
Additions	-	13,184,156	13,184,156
Exchange rate movement on foreign operations	2,548,472	17,719,150	20,267,622
Derecognition of right of use asset	(4,921,965)	-	(4,921,965)
Cost	(5,279,139)	-	(5,279,139)
Amortisation	357,174	-	357,174
Amortisation for the year	-	(2,403,907)	(2,403,907)
Net carrying amount at 31 December 2020	**-**	**29,559,328**	**29,559,328**
Cost	-	32,169,766	32,169,766
Accumulated amortization	-	(2,610,438)	(2,610,438)
Additions	-	-	-
Exchange rate movement on foreign operations	-	6,090,815	6,090,815
Amortisation	-	(7,959,826)	(7,959,826)
Net carrying amount at 31 December 2021	**-**	**27,690,317**	**27,690,317**
Cost	-	38,260,581	38,260,581
Accumulated amortization	-	(10,570,264)	(10,570,264)

7. Right of Use Asset(continued)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

7.1 Movement analysis to 31 December 2021

Movements in right of use assets and lease liabilities as included in note 7.1 and note 16 during the year were as follows:

	2021 Right-Of-Use Asset	2020 Right-Of-Use Asset
Balance as at 01 January 2021	29,559,327	3,433,421
Additions	-	13,184,156
Amortization	(7,959,826)	(2,403,907)
Derecognition of right of use asset	-	(4,921,965)
Exchange rate movement on foreign operations	6,090,815	20,267,622
Balance at 31 December 2021	**27,690,316**	**29,559,327**

	GROUP		COMPANY	
			HISTORICAL COST	
	2021	2020	2021	2020
7.2. The following amounts are recognised in profit and loss	ZWL	ZWL	ZWL	ZWL
Amortization of right of use assets	7,959,826	2,403,907	-	-
Interest expense on lease liabilities	3,463,647	1,642,235	-	-
Expense relating to short term leases	34,176,193	10,295,311	19,324,457	2,771,467

The Group had total cash outflows for leases amounted to ZWL$45,599,666 in 2021 and ZWL$14,341,452 in 2020.

	2021	2020	2021	2020
8. INVESTMENT IN SUBSIDIARIES	ZWL	ZWL	ZWL	ZWL

The Company accounts for Investment in subsidiaries applying the equity method. The share of losses in Fidelity Funeral Services Company (Private) Limited exceeded the Company's interest in the subsidiary resulting in the accounting of share of losses to the extent of profit made in the current year.

Fidelity Life Asset Management Company (Private) Limited	-	-	108,693,253	34,488,743
Fidelity Funeral Services Company (Private) Limited	-	-	-	-
Fidelity Life Financial Services (Private) Limited	-	-	41,518,288	13,844,531
Zimbabwe Actuarial Consultants (Private) Limited	-	-	51,085,916	15,574,225
Langford Estates 1962 (Private) Limited	-	-	3,254,276,646	1,568,782,092
Vanguard Life Assurance Company Limited	-	-	122,531,952	113,895,237
	-	**-**	**3,578,106,055**	**1,746,584,828**

8.1 RECONCILIATION OF CARRYING AMOUNT

Opening balance	**-**	**-**	**1,746,584,828**	**361,929,978**
Equity accounted earnings	-	-	1,803,303,675	1,299,020,871
Share of revaluation gains on property	-	-	2,085,403	253,887
Share of Exchange differences arising on translation of foreign operations	-	-	26,132,149	85,380,092
Dividends	-	-	-	-
closing balance	**-**	**-**	**3,578,106,055**	**1,746,584,828**

FIDELITY LIFE
ASSURANCE OF ZIMBABWE

9. TRADE AND OTHER RECEIVABLES	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Residential stand sales debtors	2,431,331	2,519,767	2,431,331	2,519,767
Micro-finance loans receivable	111,648,680	24,139,563	-	-
Insurance debtors	250,920,787	178,796,841	24,359,039	4,982,767
Other trade debtors	57,936,790	3,704,723	30,181,596	-
Trade receivables - gross	**422,937,588**	**209,160,894**	**56,971,966**	**7,502,534**
Allowance for impairement- insurance debtors	**(42,181,136)**	**(13,176,561)**	**(2,061,654)**	**(2,386,713)**
Expected credit loss on trade receivables- other debtors	(35,207,737)	(1,449,422)	(1,103,032)	(1,288,825)
	(6,973,399)	(11,727,139)	(958,622)	(1,097,888)
Trade receivables - net	**380,756,453**	**195,984,333**	**54,910,313**	**5,115,821**
Receivables from related parties, net of ECL **(Note 34.3.1)**	2,759,644	3,978,061	61,302,060	15,413,662
Loans to employees, net of ECL	23,424	23,451	23,424	23,451
Total receivables classified as financial assets at amortised cost	**383,539,520**	**199,985,845**	**116,235,796**	**20,552,934**
Prepayments	137,511,285	76,911,559	9,245,791	4,632,980
Other receivables, net of ECL	39,681,830	16,120,341	30,560,540	6,566,367
Total trade and other receivables	**560,732,635**	**293,017,745**	**156,042,127**	**31,752,281**
Non-current portion	-	18,517,632	-	18,517,632
Current portion	**560,732,635**	**274,500,113**	**156,042,127**	**13,234,649**
Total trade and other receivables	**560,732,635**	**293,017,745**	**156,042,127**	**31,752,281**

There was a significant decline in stand 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 expected credit losses. The amount of expected credit losses for these receivables are shown in the table below.

The total expected credit loss is made up of the following:	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Expected credit loss on trade receivables	42,181,136	13,176,561	2,061,654	2,386,713
Expected credit loss on loans to employees	-	-	-	-
Expected credit loss on other receivables	47,614	47,614	47,614	47,614
Expected credit loss on related party receivables	-	-	-	-
	42,228,750	**13,224,175**	**2,109,268**	**2,434,327**

Movements in expected credit losses were as follows:

	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Opening credit loss allowance as at 1 January 2020	13,224,175	6,165,808	2,434,327	2,964,518
Receivables written off during the year as uncollectable	-	(784,742)	-	-
Net (decrease)/ increase during the year through profit or loss	12,958,413	(2,057,762)	(8,875,549)	(222,537)
Impact on year end ECL exposures transferred between stages during the year	16,046,162	9,900,871	8,550,490	(307,654)
Balance at the end of the year	**42,228,750**	**13,224,175**	**2,109,268**	**2,434,327**

The increase in expected credit losses has been disclosed separately on the face of the statement of profit or loss and other comprehensive income. Reversal of unutilised amounts is included in other operating income.

9.1 Impairment - Expected Credit Loss Models

With the adoption of IFRS 9, the Group revised its impairment methodology for each class of assets held at amortised cost that bear similar credit risk characteristics. The IFRS 9 methodology requires the use of forward looking probability weighted expected credit loss models to determine the impairment allowance on the financial assets held at amortised cost. The impairment methodology applied for each material class of financial assets is indicated below.

9. TRADE AND OTHER RECEIVABLES (continued)

(i) Trade receivables: micro-finance loans receivable

In determining impairment allowances for micro-finance loans and advances, the Group applies the full expected credit loss model under IFRS 9. This model starts with establishing a 3 stage loan grading model, which grades each loan based on whether there has been a significant increase in the credit risk and/or a default event observed since the initial recognition of that loan. Under the current model, credit risk of each loan is tracked using the ageing of the receivable. The loan is graded into stage 1, stage 2 or stage 3 based on the age of the oldest outstanding instalment. The grade into which the loan is categorised determines how the impairment loss on the loan is calculated. The stages are as defined below:

Stage 1 - Performing loans - all micro-finance loans advanced by the Group start off in this stage. In the absence of a significant deterioration in credit risk, the loans remain in Stage 1. For loans in Stage 1, ECL is estimated based on the loan's risk of default in the twelve months after the year end (12-month ECL).

Stage 2 - Non-performing loans - a micro-finance loan advances into Stage 2 if it experiences a significant increase in credit risk. For the Group, a micro-finance loan is assessed as having experienced a significant increase in credit risk when one or more instalment is overdue at the point of measuring the ECL. This is consistent with the rebuttable presumption in IFRS 9 that suggests that a debtor has experienced a significant increase in credit risk when it carries a balances that is 30 days overdue. For Stage 2 loans, the ECL represents losses expected over the remaining contractual life of the loan (lifetime expected credit loss).

Stage 3 - Loans in default - the loan reaches default when it carries an instalment older than 120days. IFRS 9 carries a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due. The Group has rebutted this presumption. For the micro-finance loans, default occurs from the 121 days overdue mark as the Group's debt collection procedures indicate that it is at this point that the debtor would have failed to fulfil their obligations without reasonable doubt. For Stage 3 loans, the ECL represents losses expected over the remaining contractual life of the loan (lifetime expected credit loss). After staging, the model then calculates the expected credit loss as a product of Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD). The methods applied by the Group to determine these inputs are described below:

PD - Probability of default is the estimation of the likelihood of a loan reaching default state over a given time horizon. The determination of PD considers all reasonable and supportable information relating to the loan book that the Group can obtain without undue cost or effort. This includes information about past performance of the loan portfolio, current conditions and forecasts of future conditions that may affect the loans. This information is a combination of information that is internal and external to the Group. PDs were calculated for the 3 stages using Markov Chains. No adjustments for economic factors were made to the calculated PDs as no plausible correlation could be established between macro-economic factors and the probability of a person defaulting under this loan portfolio.

LGD - Loss given default is the financial loss that the Group could suffer when a borrower defaults on their loan. The Group used run-off triangles to model the progression of loans in default state from the year they were disbursed. The run-off triangles were tabulated starting with loans disbursed in 2012, tracking the ultimate loss on defaulted loans through to 2021. A weighted average LGD ratio was calculated for the entire portfolio, adjusted for macro-economic factors and discounted at the original effective interest rate applicable to the micro-finance loans.

(i) Trade receivables: microfinance loans receivable

A small percentage of the micro-finance loan book is secured. LGD for the secured loans was estimated separately for each loan, rather than at portfolio level. For secured loans, the LGD is defined as the expected ultimate loss on the loan expressed as a proportion of the outstanding loan balance at the point of default. The ultimate loss is the difference between outstanding loan balance at default and the amount recovered from sale of the security held. The fair value of the assets held as security is determined through management estimates. Where the estimated fair value of the asset equals or exceeds the outstanding loan amount, LGD is estimated as zero.

The calculated LGDs were adjusted for inflation based on the correlation that was established between LGD and inflation indices.

EAD - Exposure at default is an estimation of the expected financial exposure to the Group at the point a loan reaches default state. EAD has been calculated as the amortised cost of each loan at the end of the minimum number of months that would be required for the loan to reach default state from its current state, assuming no collections are made on the loan.

ECL is then calculated as a probability weighted average of a range of possible loss outcomes, with the key variables being PD and LGD.

The ECL calculated on the loans in the 3 stages is as follows:

As at 31 December 2021	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Micro-finance loans receivable	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Performing	86,907,562	-	-	86,907,562
Overdue	-	7,372,590	-	7,372,590
Default	-	-	17,368,527	17,368,527
Gross carrying amount	**86,907,562**	**7,372,590**	**17,368,527**	**111,648,680**
Expected credit loss on micro-finance loans receivable	(248,744)	(642,166)	(4,732,865)	(5,623,775)
Net carrying amount	**86,658,818**	**6,730,424**	**12,635,662**	**106,024,904**

9 TRADE AND OTHER RECEIVABLES (continued)
9.1 Impairment - Expected Credit Loss Models (continued)

As at 31 December 2020	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Micro-finance loans receivable	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Performing	17,012,476	-	-	17,012,476
Overdue	-	3,255,797	-	3,255,797
Default	-	-	3,871,290	3,871,290
Gross carrying amount	**17,012,476**	**3,255,797**	**3,871,290**	**24,139,563**
Expected credit loss on micro-finance loans receivable	(372,835)	(185,616)	(3,392,669)	(3,951,120)
Net carrying amount	**16,639,641**	**3,070,181**	**478,621**	**20,188,443**

Analysis of changes in the gross carrying amount in relation to micro-finance loans receivable is as follows:

As at 31 December 2021				
Gross carrying amount at beginning of the year	**18,365,238**	**3,507,218**	**2,267,107**	**24,139,563**
New receivables originated	72,592,634	6,685,236	11,237,369	90,515,239
Receivables derecognised or matured (excluding written off)	(1,524,667)	(687,124)	(5,382,233)	(7,594,024)
Receivables written off	-	-	-	-
Receivables transferred between stages during the year	3,847,505	402,899	337,498	4,587,902
Gross loan and advances to customers at year end	**93,280,710**	**9,908,229**	**8,459,741**	**111,648,680**
As at 31 December 2020				
Gross carrying amount at beginning of the year	**9,391,227**	**1,883,376**	**1,325,093**	**12,599,696**
New receivables originated	14,112,096	3,086,625	3,289,318	20,488,039
Receivables derecognised or matured (excluding written off)	(761,307)	(648,054)	(497,683)	(1,907,045)
Receivables written off	-	-	-	-
Receivables transferred between stages during the year	(4,376,776)	(814,731)	(1,849,621)	(7,041,127)
Gross loan and advances to customers at year end	**18,365,240**	**3,507,216**	**2,267,107**	**24,139,563**

Movements in expected credit losses for micro-finance loans receivable were as follows:

As at 31 December 2021				
Balance at the beginning of the year	**390,427**	**2,158,428**	**1,402,265**	**3,951,120**
Allowances written off on uncollectable receivables	-	-	-	-
New allowances originated	215,262	113,447	2,845,415	3,174,124
Allowances derecognised or matured (excluding written off)	(13,866)	(11,727)	(129,460)	(155,052)
Impact on year end ECL of exposures transferred between stages during the year	(325,487)	354,830	(1,375,758)	(1,346,415)
Balance at the end of the year	**266,336**	**2,614,978**	**2,742,462**	**5,623,777**
As at 31 December 2020				
Balance at the beginning of the year	522,434	591,348	1,002,114	2,115,896
Allowances written off on uncollectable receivables	-	-	-	-
New allowances originated	125,753	656,404	20,221	802,378
Allowances derecognised or matured (excluding written off)	**(815,058)**	**(32,270)**	**(355,072)**	**(1,202,400)**
Impact on year end ECL of exposures transferred between stages during the year	557,298	942,946	735,002	2,235,246
Balance at the end of the year	**390,427**	**2,158,428**	**1,402,265**	**3,951,120**

9. TRADE AND OTHER RECEIVABLES (continued)

9.1 Impairment - Expected Credit Loss Models (continued)

(ii) Trade receivables: residential stand sales

The stand sales debtors represent trade debtors with a significant financing component. The IFRS 9 practical expedient for trade debtors requires that for such debtors, a policy choice be taken to either apply the simplified approach under the practical expedient, or the full three-stage approach under the general model. The Group elected to apply the simplified approach on its stands sales debtors. Under this approach, lifetime expected credit losses are recognised from initial recognition of the receivables, on a portfolio basis. The residential stand debtors are secured by the respective residential stands sold, significantly reducing the risk of outright loss. Credit loss is however expected from delayed payment of instalments by these debtors.

The expected loss rate is a significant estimate and has been calculated as a probability weighted average of a range of possible loss outcomes estimated based on historic, current and forward looking internal and macro-economic information that is readily available without undue cost or effort. Each scenario was adjusted to factor in time value of money at the original effective interest rate of the debtors, and inflation based on its correlation with the performance of the debtors' book.

There was no material change in the impairment allowances on these debtors from prior year . However ,due to significant increases in inflation rates at the end of the year, there was a significant reduction in the expected loss rate due to the inverse relationship established between inflation and expected losses on the stand sales debtors' book.

The residential stand sales debtors are analysed below:

As at 31 December 2021	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Residential stand sales debtors	**ZWL**	**ZWL**	**ZWL**
Performing	964,243	-	964,243
Overdue	339,231	-	339,231
Default	-	1,216,293	1,216,293
Gross carrying amount	**1,303,474**	**1,216,293**	**2,519,767**
Expected credit loss on residential stand sales debtors	(205,443)	(1,164,174)	(1,369,616)
Net carrying amount	**1,098,031**	**52,119**	**1,150,151**
As at 31 December 2020			
Residential stand sales debtors			
Performing	964,243	-	964,243
Overdue	339,231	-	339,231
Default	-	1,216,293	1,216,293
Gross carrying amount	1,303,474	1,216,293	2,519,767
Expected credit loss on residential stand sales debtors	(205,443)	(1,164,174)	(1,369,616)
Net carrying amount	**1,098,031**	**-**	**1,150,151**
Analysis of changes in the gross carrying amount in relation to stand sales receivables is as follows:			
As at 31 December 2021			
Balance at the beginning of the year	**16,475,645**	**414,099**	**16,889,744**
New receivables originated	-	-	-
Receivables derecognised or matured (excluding written off)	(15,248,850)	(398,475)	(15,647,325)
Receivables written off	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	1,245,862	31,486	1,277,348
Balance at the end of the year	**2,472,657**	**47,110**	**2,519,767**

9. TRADE AND OTHER RECEIVABLES (continued)
9.1 Impairment - Expected Credit Loss Models (continued)
(ii) Trade receivables: residential stand sales (continued)

As at 31 December 2020	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Balance at the beginning of the year	16,475,645	414,099	16,889,744
New receivables	-	-	-
Receivables derecognised or matured (excluding written off)	(15,248,850)	(398,475)	(15,647,325)
Receivables written off	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	1,245,862	31,486	1,277,348
Balance at the end of the year	**2,472,657**	**47,110**	**2,519,767**

Further disclosures on the debtors impairment allowance are included in Note 9.

Movements in expected credit losses for stand sales receivables are as follows:	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Opening loss allowance as at 1 January 2020	**989,889**	**157,190**	**1,147,079**
Allowances written off on uncollectable receivables	-	-	-
New allowances originated	-	-	-
Allowances derecognised or matured (excluding written off)	(840,244)	75,243	(765,001)
Impact on year end ECL of exposures transferred between stages during the year	55,798	931,741	987,539
Balance at the end of the year	**205,443**	**1,164,174**	**1,369,617**

Further disclosures on the debtors impairment allowance are included in Note 9.

Movements in expected credit losses for stand sales receivables are as follows:

As at 31 December 2021	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Opening loss allowance as at 1 January 2020	**989,889**	**157,190**	**1,147,079**
Allowances written off on uncollectable receivables	-	-	-
New allowances originated	-	-	-
Allowances derecognised or matured (excluding written off)	(840,244)	75,243	(765,001)
Impact on year end ECL of exposures transferred between stages during the year	55,798	931,741	987,539
Balance at the end of the year	**205,443**	**1,164,174**	**1,369,617**

(iii) Cash and short term deposits

The general expected credit loss model under the IFRS 9 also applies to the Group's cash and short term deposits. Credit risk associated with counterparties on short term and demand deposits is assessed based on credit ratings determined by the Global Credit Rating Company, which ratings are external to the Group. Were these ratings are not available, counterparty credit risk is assessed through internal mechanisms designed to assess the strength of the counterparty's capacity to meet their contractual cash obligations in the near term.

As the deposits are for periods less than 3 months, no significant increases in credit risk were noted as at 1 January 2020 and over the course of the year. As such, the cash and short term deposits were classified within Stage 1, prompting a 12 month expected credit loss assessment per IFRS 9. The probability of default on these instruments was assessed as insignificant due to their short tenure, resulting in an immaterial ECL which has not been recognised.

(iv) Debt securities at amortised cost

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

9. TRADE AND OTHER RECEIVABLES (continued)

(v) Insurance debtors

Insurance debtors were assessed to be outside the scope of IFRS 9's requirements. As such, the impairment allowance for insurance debtors continues to be measured on an incurred loss model. The Group elected to provide in full all insurance debtors in the 120+ days and 10% on all insurance debtors in the 60 to 90+ days category. There were therefore no changes in the measurement of the impairment allowance on insurance debtors.

(vi) Related party receivables

Expected credit losses on related party receivables were assessed as immaterial.There has been no indication of lack of capacity by the related parties to settle the balances when they fall due. As such the PD is estimated to approximate zero. No impairment allowance has been recognised on these balancies

10. INVENTORIES

	GROUP		COMPANY	
				HISTORICAL COST
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
Projects under development	1,736,115	1,736,115	1,736,115	1,736,115
Land inventory	-	-	-	-
Residential stands	20,493	272,853	20,493	272,851
Consumables	1,002,794	113,298	-	-
	2,759,402	2,122,266	1,756,608	2,008,966

Inventories recognised as an expense during the year ended 31 December 2021 amounted to ZWL252,375 (2020: ZWL137,175). During the year related costs amounting to ZWL30,625,763 were written off due to completion of sale of stands arising from project Southview development activities. A balance of ZWL30,625,763 million of the project development costs relates to exchange lossess on the underlying liability. These are shown in the statement of profit or loss and other comprehensive income as project development costs.

There were no borrowing costs capitalised during the current financial year.

11.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Prior period error

Fidelity Life Assurance of Zimbabwe 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 retrospectiely, and comparative information for 2020 has been restated. The effect of the change is a decrease of ZWL83,757,849 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 below

Prior period change in presentation of Investment contract liabilities

Fidelity life Asurance of Zimbabwe the Company restated fair value gains equities and properties, investment income, operating expenses, gross premiums and gross benefits and claims paid as a result of a change in presentation of the Investment contract liabilities income statement items to be presented on the face of the statement of profit or loss and other comprehensive income. In prior year the Investment contracts were determined applying deposit accounting where the contributions, claims and benefits paid, 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 income statement. 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 numbers will result in an increase in fair value gains equities by ZWL174,920,029, increase in fair value gains on properties by ZWL139,104,749 and increase in operating expenses ZWL6,322,978.

The restatement is shown in the note below

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 the restatement will result in a reduction in investment in subsidiary by ZWL65,717,110 and insurance contract liabilities by ZWL11,064,387 for the Company.

11. Restatements (continued)

IMPACT OF RESTATEMENTS

	Group			COMPANY		
	INFLATION ADJUSTED			HISTORICAL COST		
Impact on statement of profit or loss and other	**As previously stated 2020**	**Effect of restatement 2020**	**Restated 2020**	**As previously stated 2020**	**Effect of restatement 2020**	**Restated 2020**
Comprehensive income - year ended 31 December 2020	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Gross change in insurance and investment contract liabilities	(1,632,108,562)	153,458,223	(1,478,650,339)	(1,548,940,123)	153,458,223	(1,395,481,900)
Fair value gains from equities	301,822,042	**91,162,180**	392,984,222	259,229,588	91,162,180	350,391,768
Fair value gains from properties	2,205,306,955	139,104,749	2,344,411,704	572,470,097	139,104,749	711,574,846
Operating expenses	(219,571,764)	(6,322,978)	(225,894,742)	(121,613,320)	(6,322,978)	(127,936,298)
Gross change in investment						
Contract liabilities without discretionary participation features	-	307,701,800	307,701,800	-	307,701,800	307,701,800
Income tax expense	**(21,695,960)**	**(81,363,266)**	**(103,059,226)**			
Equity accounted earnings	**-**	**-**	**-**	**1,364,737,981**	**(65,717,110)**	**1,299,020,871**
Impact on earnings per share						
Basic/diluted earnings per share (cents)	30.84	-	30.84	40.27	-	40.27
Headline earnings per share (cents)	29.48	-	29.48	38.26	-	38.26
Impact on statement of cash flow						
Profit before tax	373,036,608		373,036,608	53,214,940	-	53,214,940
Gross change in insurance contract liabilities with DPF	1,957,504,664	(153,458,223)	1,804,046,441	1,874,336,225	(153,458,223)	1,720,878,002
Fair value gains from equities	(301,822,042)	(91,162,180)	(392,984,222)	(259,229,588)	(91,162,180)	(350,391,768)
Fair value from properties	(2,205,306,955)	(139,104,749)	(2,344,411,704)	(572,470,097)	(139,104,749)	(711,574,846)
Equity accounted earnings	-	-	-			
Impact on statement of financial position						
December 2020						
Insurance contract liabilities with discretionary participation features	3,265,383,852	(171,454,927)	3,093,928,925	2,087,198,531	(171,454,927)	1,915,743,604
Equities at fair value through profit or loss	662,745,899	(153,458,223)	509,287,676	292,950,437	(153,458,223)	139,492,214
Investment contract liabilities with discretionary participation features						
Deferred tax liabilities	45,105,405	102,351,760	147,457,165			
Investment in subsidiaries	-	-	-	1,829,254,344	(82,669,516)	1,746,584,828
Non controlling interests	464,941,464	(19,682,242)	445,259,222			
Impact on statement of financial position	**As previously stated 2019**	**Effect of restatement 2019**	**Restated 2019**	**As previously stated 2019**	**Effect of restatement 2019**	**Restated 2019**
	ZWL	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
1 January 2020						
Retained earnings	14,187,162	(2,991,790)	11,195,372	14,822,561	375,020	15,197,581
Deferred tax liabilities	8,609,388	20,988,493	29,597,881	-	-	-
Investment in subsidiaries	-	-	-	378,882,384	(16,952,406)	361,929,978
Insurance contract liabilities with discretionary participation features	568,031,286	(17,996,704)	550,034,582	371,684,924	(17,996,704)	353,688,220
Non controlling interests	93,620,546	(4,036,087)	89,584,459			

FINANCIAL INSTRUMENTS
11.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP		COMPANY HISTORICAL COST	
	2021 ZWL	2020 Restated ZWL	2021 ZWL	2020 Restated ZWL
Balance at the beginning of the year	**578,988,050**	**69,882,774**	**209,192,588**	**26,886,440**
Additions	87,467,628	46,169,093	35,217,879	1,254,991
Fair value adjustments - through profit or loss	468,430,713	392,984,222	307,546,740	350,391,768
Exchange gain/(loss)	115,367,855	239,991,375	-	-
Disposals	(70,116,580)	(170,039,414)	(40,876,946)	(169,340,611)
Balance at the end of the year	**1,180,137,666**	**578,988,050**	**511,080,261**	**209,192,588**

Financial assets at fair value through profit and loss relate to shares held in various listed counters. Refer to note 30 for relevant fair value hierarchy disclosures.

11.2 DEBT SECURITIES AT AMORTISED COST

	GROUP		COMPANY HISTORICAL COST	
	2021 ZWL	2020 Restated ZWL	2021 ZWL	2020 Restated ZWL
Balance at the beginning of the year	**316,923,519**	**51,239,503**	**298,872**	**417,516**
Additions	284,355,222	35,173,680	-	-
Interest	54,773,130	-	-	-
Exchange gain	81,015,107	230,628,981	-	-
Maturities	(112,265,372)	(118,645)	(246,549)	(118,644)
Balance at the end of the year	**624,801,606**	**316,923,519**	**52,323**	**298,872**

Debt securities at amortised cost include development bonds and treasury bills that carry prescribed asset status. Interest rates on these instruments range from 5% to 16%. 99% of the bonds will have matured by 31 December 2022, and the remaining 1% extend as far as 2026. Further disclosure on prescribed assets is provided in Note 38.

12. CASH AND DEPOSITS WITH BANKS

	GROUP		COMPANY HISTORICAL COST	
	2021 ZWL	2020 Restated ZWL	2021 ZWL	2020 Restated ZWL
Money market investments	282,811,181	451,793,278	30,710,466	164,059,965
Bank and cash	167,112,533	98,386,212	98,736,611	70,828,774
Restricted cash	-	377,750	-	377,750
Cash and deposits with banks	**449,923,714**	**550,557,240**	**129,447,077**	**235,266,489**
Bank overdraft	(51,160,275)	(7,635,118)	-	-
Cash and cash equivalents	**398,763,439**	**542,922,122**	**129,447,077**	**235,266,489**

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 15.

The credit quality of cash and cash equivalents held is disclosed in Note 30.

13. SHARE CAPITAL

	GROUP		COMPANY	
			HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Authorised share capital				
200,000,000 ordinary shares of ZWL0.01 each	2,000,000	2,000,000	2,000,000	2,000,000
Issued and fully paid share capital				
108,923,291 ordinary shares of ZWL0.01 each	1,089,233	1,089,233	1,089,233	1,089,233

91 076 709 Unissued shares and 1 003 743 treasury shares are under the control of the Directors subject to the limitations imposed by the Articles and Memorandum of Association of the Company, the Zimbabwe Companies and Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listing Requirements.

14. INSURANCE AND INVESTMENT CONTRACT LIABILITIES

14.1 Insurance contract liabilities with discretionary participation features

	Group 2021 ZWL	Group 2020 ZWL	Company 2021 ZWL	Company 2020 ZWL
Balance at the beginning of the year	**3,093,928,925**	**550,034,582**	**1,915,743,433**	**353,688,050**
Split out of investment contract liabilities without DPF	-	(49,851,776)	-	(49,851,776)
Change in life assurance policyholder liabilities for the year	2,899,755,120	2,593,746,119	2,148,257,513	1,611,907,159
Movement through profit or loss-Insurance contracts with DPF	2,180,269,106	1,478,650,339	1,809,159,826	1,395,481,900
Movement through other comprehensive income	339,097,687	249,424,335	339,097,687	216,425,259
Exchange rate movement on foreign operations	380,388,327	865,671,445	-	-
Balance at the end of the year	**5,993,684,045**	**3,093,928,925**	**4,064,000,946**	**1,915,743,433**

14.2 Investment contract liabilities with discretionary participation features

	Group 2021 ZWL	Group 2020 ZWL	Company 2021 ZWL	Company 2020 ZWL
Balance at the beginning of the year	**456,886,102**	**131,490,000**	**456,886,102**	**131,490,000**
Movement through profit or loss-Investment contract liabilities with DPF	409,317,564	325,396,102	409,317,564	325,396,102
Balance at the end of the year	**866,203,666**	**456,886,102**	**866,203,666**	**456,886,102**

14.3 Investment contracts without discretionary participation features

	Group 2021 ZWL	Group 2020 ZWL	Company 2021 ZWL	Company 2020 ZWL
Balance at the beginning of the year	**397,468,983**	**39,411,707**	**397,468,983**	**39,411,707**
Split out from insurance contract liabilities	-	49,851,776	-	49,851,776
Other investment income	29,348	40,914	29,348	40,914
Gross premium income	3,391,219	1,115,601	3,391,219	1,115,601
Gross benefits and claims paid	(3,247,465)	(652,815)	(3,247,465)	(652,815)
Movement through profit or loss	553,507,748	307,701,800	553,507,748	307,701,800
Fair value gains from equities	118,305,592	174,920,029	118,305,592	174,920,029
Fair value gains from investment properties	445,474,762	139,104,749	445,474,762	139,104,749
Investment expenses	(10,272,606)	(6,322,978)	(10,272,606)	(6,322,978)
Balance at the end of the year	**951,149,833**	**397,468,983**	**951,149,833**	**397,468,983**

There was a reclassifiaction of Investment contract liabilities without DPF amounting to ZWL49,851,776 from reclassified from Insurance contract liabilites in 2020. All Insurance liabilities are non current. Refer to Note 31 for further disclosures on insurance and investment contract liabilities.

15. BORROWINGS

15.1 LONG-TERM BORROWINGS

	GROUP		COMPANY	
				HISTORICAL COST
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
NMB Bank Limited	-	6,708,558	-	6,708,558
First Capital Bank Malawi	-	10,151,010	-	10,151,010
	-	**16,859,568**	**-**	**16,859,568**
Current portion of long-term borrowings	-	(12,301,770)	-	(12,301,770)
Non-current portion of long term borrowings	**-**	**4,557,798**	**-**	**4,557,798**

NMB Bank Limited Facility

The loan with NMB Bank Limited was obtained by Fidelity Life 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 in prior year.

First Capital Bank Malawi

The loan with First Capital Bank Malawi Limited was obtained by Fidelity Life 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 Zimbabwe for the duration of the facility. The facility was fully settled in prior 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.

15.2 CURRENT BORROWINGS

	Group 2021 ZWL	Group 2020 ZWL	Company 2021 ZWL	Company 2020 ZWL
ZB Bank Limited	51,160,275	7,635,118	-	-
Ecobank	15,374,577	7,969,604	-	-
Current portion of non-current borrowings	-	12,301,770	-	12,301,770
	66,534,852	**27,906,492**	**-**	**12,301,770**

Ecobank loan

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.

ZB Bank Loan

The overdraft facility with ZB 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.

15. 3 MOVEMENT IN BORROWINGS

Movements in borrowings during the year were as follows for both the Group and the Company:

	Group 2021 ZWL	Group 2020 ZWL	Company 2021 ZWL	Company 2020 ZWL
Balance at the beginning of the year	**32,464,290**	**23,685,254**	**16,859,568**	**20,235,254**
Net cash out flow on borrowings	33,988,085	(3,796,908)	(16,942,046)	(15,951,630)
Proceeds from borrowings	88,857,012	17,731,265	-	-
Repayment of borrowings	(54,868,927)	(21,528,173)	(16,942,046)	(15,951,630)
Finance costs capitalised	32,925,645	11,740,163	4,007,082	6,590,877
Finance costs paid	(32,925,645)	(11,740,163)	(4,007,082)	(6,590,877)
Exchange differences on foreign currency denominated loans	82,477	12,575,944	82,477	12,575,944
Balance at the end of the year	**66,534,852**	**32,464,290**	**-**	**16,859,568**
Current borrowings	66,534,852	27,906,492	-	12,301,770
Non-current borrowings	-	4,557,798	-	4,557,798
Borrowings as at 31 December	**66,534,852**	**32,464,290**	**-**	**16,859,568**

16. LEASE OBLIGATIONS

The Group leased motor vehicles with a net carrying value of ZWL$18,694,597 (2020: ZWL$25,057,474). The transaction was generally classified as a lease liability in accordance with IFRS 16. The lease periods approximated the estimated useful economic lives of the motor vehicles and the Group has a right to purchase the motor vehicles outright at the end of the minimum lease term by paying a nominal amount.

Set out below are the carrying amounts of the lease liability and the movements during the year

	GROUP		COMPANY	
			HISTORICAL COST	
16. LEASE OBLIGATIONS	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
Balance as at 1 January	**25,057,474**	**3,429,537**	**-**	**-**
additions	-	13,184,157	-	-
Derecognition of right of use asset	-	(5,279,139)	-	-
Interest	3,463,647	1,642,235	-	-
Payments	(14,193,565)	(5,557,237)	-	-
Exchange rate movement on foreign operations	4,367,042	17,637,921	-	-
Balance as at 31 December	**18,694,598**	**25,057,474**	**-**	**-**

	Minimum lease payments	Interest payments	Present value
2021	ZWL	ZWL	ZWL
Not later than one year	15,903,098	2,041,933	13,861,164
Between one year and five years	4,999,319	165,884	4,833,434
Later than five years	-	-	-
	20,902,417	2,207,817	18,694,598
			13,861,164
Current liabilities			4,833,434
Non-current liabilities			**18,694,598**
2020			
Not later than one year	13,383,064	3,101,616	10,281,447
Between one year and five years	16,388,775	1,612,748	14,776,027
Later than five years	-	-	-
	29,771,839	**4,714,364**	**25,057,474**
Current liabilities			10,281,447
Non-current liabilities			14,776,027
			25,057,474

17.1 DEFERRED TAX ASSET	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
Other temporary differences	-	-	-	6,228
Total	**-**	**-**	**-**	**6,228**
Analysis of movements in deferred tax assets:				
Balance at the beginning of the year	**-**	**72,534**	**-**	**6,228**
Movement through profit or loss	-	(72,534)	-	(6,228)
Movement through other comprehensive income	-	-	-	-
Exchange rate movements	-	-	-	-
Balance at the end of the year	**-**	**-**	**-**	**-**
17.2 DEFERRED TAX LIABILITY				
Property and equipment	4,774,711	40,829,842	22,254	-
Investment property	267,366,524	108,642,031	-	-
Provisions	(1,272,497)	(2,014,709)	1,413,960	-
Total	**270,868,738**	**147,457,164**	**1,436,214**	**-**

	GROUP			COMPANY
	INFLATION ADJUSTED			HISTORICAL COST
17.2 DEFERRED TAX LIABILITY (continued)	2021	2020	2021	2020
Reconciliation	ZWL	ZWL	ZWL	ZWL
Balance at the beginning of the year	147,457,165	29,597,882	-	-
Movement through profit or loss	111,414,313	85,239,912	1,436,214	-
Movement through other comprehensive income	1,446,885	311,267	-	-
Other temporary differences	-	-	-	-
IFRS 9 adjustment	-	-	-	-
Exchange rate movements	10,550,375	32,308,104	-	-
Balance at the end of the year	**270,868,738**	**147,457,165**	**1,436,214**	**-**
17.3 DEFERRED INCOME TAX IMPACT ON PROFIT OR LOSS				
Decrease/(Increase) in deferred tax asset through profit or loss	-	**72,534**	-	-
Increase in deferred tax liability through profit or loss	111,414,313	85,239,912	1,436,214	6,246
Deferred income tax charge/(credit) included in profit or loss	111,414,313	85,312,446	1,436,214	6,246
17.4 Income tax liability				
Balance as at 1 January	9,430,923	6,685,571	8,685,604	1,081,791
Charge for the year	166,069,670	103,059,226	22,228,300	9,759,823
Paid during the year	(31,395,413)	(8,402,048)	(10,306,662)	(2,156,009)
Exchange rate movements	(110,411,741)	(6,599,381)	-	-
Balance as at 31 December 2021	**33,693,439**	**9,430,923**	**20,607,243**	**8,685,604**
18. TRADE AND OTHER PAYABLES				
Trade payables	121,525,222	96,767,875	72,454,758	18,797,335
South View offsite works liability	52,273,724	308,941,729	52,273,724	308,941,729
Related party payables (Note 34.3.2)	11,285,218	1,189,604	19,324,165	8,202,976
Deferred income from sale of residential stands	4,533,864	4,533,864	4,533,864	4,533,864
Statutory liabilities	17,998,305	2,579,631	17,998,305	2,579,631
Accrued expenses	51,379,213	44,738,788	4,420,769	20,528,141
Other payables	59,102,040	54,680,740	47,137,470	25,089,950
	318,097,585	**513,432,231**	**218,143,055**	**388,673,626**
18.1 Deferred income reconciliation				
Balance at the beginning of the year	**4,533,864**	**4,214,724**	**4,533,864**	**3,851,444**
Capitalised	-	1,031,174	-	1,394,454
Movement through profit and loss	-	(712,034)	-	(712,034)
Balance at the end of the year	**4,533,864**	**4,533,864**	**4,533,864**	**4,533,864**

Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually due within 30 days of invoice or statement date.

Other payables mainly relate to accrued finance costs, accrued value added tax, accrued staff expenses and accrued audit fees.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. As these are mostly payable within twelve months of provision of the goods or services, the impact of discounting is not expected to be material. Their carrying amounts are considered to be the same as their fair values, due to their short-term nature."

	GROUP		COMPANY	
			HISTORICAL COST	
19. GROSS PREMIUMS WRITTEN	2021	2020	2021	2020
Employee benefits income	ZWL	ZWL	ZWL	ZWL
Annuity consideration	116,054,085	72,749,073	42,192,753	10,320,074
Recurring premiums	392,065,459	95,644,714	194,899,307	44,423,354
New business premiums	14,377,653	15,565,221	1,197,295	7,596,196
Single premiums	108,291,187	53,719,027	27,706,479	37,110,548
	630,788,384	**237,678,035**	**265,995,834**	**99,450,172**
Individual life income				
Life premiums	133,728,269	30,512,461	85,843,497	20,050,694
Funeral premiums	81,564,696	16,271,493	81,564,697	16,271,494
Single premiums	220,854,626	74,631,899	-	-
	436,147,591	**121,415,853**	**167,408,195**	**36,322,188**
Gross premiums	**1,066,935,975**	**359,093,888**	**433,404,029**	**135,772,360**
20. FEES AND COMMISSION INCOME				
Brokerage fees-recognised at a point in time	3,190,847	748,672	3,190,847	748,672
Reinsurance commission- recognised over time	11,933,065	1,912,704	11,933,065	1,912,704
Management fees-recognised at a point in time	77,356,752	25,910,243	69,522,646	23,254,133
	92,480,664	**28,571,619**	**84,646,558**	**25,915,509**
21. INVESTMENT INCOME				
Interest income	90,217,366	28,916,375	11,130,489	184,064
Dividend income	19,269,127	4,578,605	6,651,243	940,181
Other investment income	-	7,421,498	-	-
	109,486,493	40,916,478	17,781,732	1,124,245
21 NON INSURANCE REVENUE				
Actuarial fees-recognised over time	23,675,220	6,903,272	-	-
Management fees-recognised at a point in time	9,669,549	291,794	47,831,988	17,430,006
Sale of funeral services- recognised at a point in time	18,254,855	6,080,999	-	-
Income recognised under IFRS 15	51,599,624	13,276,065	47,831,988	17,430,006
Rental and other property income	45,292,887	4,496,616	30,200,284	5,932,420
Profit on disposal of property and equipment	15,584,962	946,378	15,584,962	946,378
Profit on disposal of investment property	65,218,089	1,924,551	65,218,089	1,924,551
Bad debts recovered	-	-	-	-
Debtors impairment allowance reduction	1,780,091	653,415	1,780,091	653,415
Loan establishment and administration fee income	9,663,365	2,662,114	-	-
Sundry	24,006,772	3,587,586	14,232,927	1,767,343
	213,145,790	27,546,725	174,848,341	28,654,113

Sundry income includes land sale agreement withdrawal charges, charges for funeral services provided to parties not insured by the Group and other miscellaneous income.

23. FEE AND COMMISSION EXPENSES AND OTHER ACQUISITION COSTS

	GROUP		COMPANY	
			HISTORICAL COST	
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
Fee and commission expenses	54,084,459	15,249,661	17,766,618	3,364,162
Other acquisition costs	-	701	-	701
	54,084,459	**15,250,362**	**17,766,619**	**3,364,863**

24. OPERATING AND ADMINISTRATIVE EXPENSES

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
Staff costs	306,994,261	109,640,359	182,653,707	68,185,963
Auditors' remuneration	21,931,736	16,794,930	14,653,541	10,757,296
Directors' remuneration - fees	10,692,668	4,318,114	7,084,193	3,166,937
- other services	257,779	102,533	-	-
Depreciation of property and equipment	13,512,103	12,585,201	5,874,733	9,538,365
Computer and data expenses	8,109,826	3,138,219	3,674,725	786,996
Marketing expenses	15,935,090	4,658,501	5,127,626	347,003
Actuarial, legal and other professional fees	36,055,498	26,778,333	35,644,944	14,147,622
Motor vehicle maintenance costs	12,009,359	3,242,286	7,218,081	1,672,219
Amortisation and impairement of intangibles	89,152	137,526	-	-
Depreciation right of use asset	7,959,826	2,403,907	-	-
Allowance for credit losses	-	-	-	-
Bad debts written off	1,347,565	784,742		-
Net exchange (losses)/gains on foreign translations	7,865,099	(4,473,563)	6,596,571	(4,413,360)
Rental from short term leases	34,176,193	10,295,311	19,324,457	2,771,467
Other operating expenses	145,269,190	29,165,365	44,144,793	20,975,790
	622,205,345	**219,571,764**	**331,997,371**	**127,936,298**

Other operating expenses comprise mainly of electricity charges, rates, telephone expenses, printing and stationery costs.

Net exchange losses on foreign translations arose from exchange differences on foreign denominated assets and liabilities held by the Group. Refer to Note 30(d).

24.1 PROJECT DEVELOPMENT COSTS

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
Direct development costs	-	124,539	-	124,539
Foreign exchange loss	30,625,763	300,565,761	30,625,763	300,565,761
	30,625,763	300,690,300	30,625,763	300,690,300

25. FINANCE COSTS

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
Interest expense - debt assumed on Langford acquisition (Note 15.3)	-	536,188	-	536,188
Interest expense - debt related to Southview project (Note 15.3)	3,120,538	4,101,485	3,120,538	4,101,485
Loan drawdown fees	-	-	-	-
Interest on lease liabilities	-	-		
Other interest expenses	34,942,485	7,102,490	2,560,275	1,953,204
Total finance costs	**38,063,023**	**11,740,163**	**5,680,813**	**6,590,877**

Included in the other interest expenses are finance costs relating to the company's foreign loan obligation from Malawi amounting to ZWL$886,543.81, Micro lending subsidiary ZWL$28,918,563 and the Malawi subsidiary interest on lease liabilities ZWL$3,463,647.

	GROUP			COMPANY
	INFLATION ADJUSTED			HISTORICAL COST
26. INCOME TAX EXPENSE/(CREDIT)	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
Current	54,655,357	17,746,780	20,792,086	9,753,577
Deferred	111,414,313	85,312,446	1,436,214	6,246
	166,069,670	**103,059,226**	**22,228,300**	**9,759,823**
Tax rate reconciliation				
Profit for the year	661,223,666	2,197,521,058	219,193,536	1,877,699,390
Tax at Zimbabwe statutory rate of 24.72%	163,454,490	543,227,205	54,184,642	464,167,289
Tax effect of amounts not deductible/(taxable) in calculating taxable income:				
Items not deductible for tax:				
Allowance for credit losses	(945,120)	453,668	(1,455,256)	-
Asset write-offs not allowable for tax	-	-	-	-
Other disallowable expenses	142,729,547	28,370,926	4,488,023	1,278,278
Non-taxable items:	-	-	-	-
Differences arising from movements in unrealised fair value (gains)/losses	(54,505,465)	(2,994,320)	-	(1,100)
Dividend income	-	-	-	-
Other non-taxable income	(102,978,768)	(30,815,793)	(832,312)	(708,482)
Other adjustments:	-	-	-	-
Impairment of Section 17 allowances not claimed	-	-	-	-
Differences arising from 8th schedule tax for life assurance	(34,156,797)	(373,612,897)	(34,156,797)	(454,976,163)
Deferral of unutilised tax losses	53,489,765	(62,576,790)	-	-
Difference in tax rate applied in foreign jurisdiction	(1,017,983)	1,007,226	-	-
Income tax penalties provisions	-	-	-	-
	166,069,670	**103,059,226**	**22,228,300**	**9,759,823**
27. 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 & profit used in EPS	105,126,654	33,286,068	196,965,236	43,455,117
Add/(deduct) non recurring items				
Impairment of intangible assets	89,152	137,526	-	-
Profit on disposal of property	(15,584,962)	(2,870,929)	(15,584,962)	(2,870,929)
Profit on disposal of investment property	(65,218,089)	-	(65,218,089)	-
Other non recurring items	-	784,742	-	-
Taxation on headline earnings adjustable items	19,952,476	481,709	19,974,514	709,694
Headline earnings attributable to ordinary shareholders	**44,365,231**	**31,819,116**	**136,136,699**	**41,293,882**
Denominator				
Weighted number of ordinary shares in issue	**108,923,291**	**108,923,291**	**108,923,291**	**108,923,291**
Less: Shares purchased for the Employee Share Ownership Plan	(1,003,743)	(1,003,743)	(1,003,743)	(1,003,743)
Weighted average number of shares used in basic EPS	107,919,548	107,919,548	107,919,548	107,919,548
Less: Dilutive adjusting effects	-	-	-	-
Weighted average number of shares used in diluted EPS				
	107,919,548	**107,919,548**	**107,919,548**	**107,919,548**

	GROUP		COMPANY	
			HISTORICAL COST	
	2021	2020	2021	2020
27 EARNINGS PER SHARE (EPS)(continued)	ZWL	ZWL	ZWL	ZWL
27.1 Basic and diluted earnings per share (cents)	97.41	30.84	182.51	40.27
27.2 Headline earnings per share (cents)	41.11	29.48	126.15	38.26

Basic earnings per share

Basic earnings per share is basic earnings attributable to ordinary shareholders divided by the weighted average number of ordinart shares in issue during the year.

Headline earnings per share

Headline earnings per share is a disclosure requirement in terms of Statutory Instrument 134 of 2019 of the Zimbabwe Stock Exchange (ZSE) listing requirements for companies listed on the ZSE. Headline earnings per share is calculated by dividing the headline earnings by the weighted average number of shares in issue during the year. Disclosure of headline earnings is not a requirement of International Financial Reporting Standards (IFRS).

28. CAPITAL EXPENDITURE COMMITMENTS				
Authorised and contracted for	-	-	-	-
Authorised but not contracted for	37,856,180	16,813,362	29,034,469	1,349,479
	37,856,180	**16,813,362**	**29,034,469**	**1,349,479**

Capital expenditure will be financed from the Group's own resources and borrowings.

29. MANAGEMENT OF CAPITAL

The Group's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits to other stakeholders. The capital of the Group comprises of reserves and share capital. The Group's strategy has been to maintain capital that is higher than the minimum required by the regulatory authorities. The Group's compliance with the capital requirements as set out by the regulatory authorities is as follows :

	Capital	Minimum capital requirement	Surplus / (Deficit)
31 December 2021			
Fidelity Life Assurance of Zimbabwe Limited	148,013,000	75,000,000	73,013,000
Vanguard Life Assurance Company Limited	159,221,188	106,686,581	52,534,607
Fidelity Life Asset Management Company (Private) Limited	199,592,464	42,025,667	157,566,797
Fidelity Life Financial Services (Private) Limited	40,946,718	2,716,650	38,230,068
31 December 2020			
Fidelity Life Assurance of Zimbabwe Limited	115,477,000	75,000,000	40,477,000
Vanguard Life Assurance Company Limited	112,835,277	84,679,383	28,155,895
Fidelity Life Asset Management Company (Private) Limited	26,675,193	10,000,000	16,675,193
Fidelity Life Financial Services (Private) Limited	15,587,457	1,635,732	13,951,725

The regulatory capital position for Fidelity Life Assurance, as defined in Section 24 of the Insurance Act (Chapter 24:07) (the "Insurance Act"), amended by Statutory Instrument 95 of 2017, Insurance (Amendment) Regulations, 2017 (No. 19) ("SI 95 of 2017") read with Instrument 59 of 2020, section (3) requires a provider of life and funeral assurance in Zimbabwe to maintain a minimum unencumbered statutory capital (as defined in the Statutory Instrument) of ZWL$75million. Further disclosure on FLA's capital position is included in Note 39. The Company is fully compliant with the minimum capital requirements. The Company continues to pursue plans disclosed in Note 39 to improve the solvency position of the Company.

The Group endeavours to preserve a strong cash base and achieve a debt to capital ratio of approximately 100%. The objective of this strategy is to secure access to finance at reasonable cost by maintaining a high credit rating. The Group also constantly scouts for opportunities that enable it to acquire strategic assets such as land banks. Such opportunities may entail an increase in the debt to capital ratio. Under such circumstances, the Group's cap on the debt to capital ratio will be 200%. The debt to capital ratios at 31 December were as follows:-

	GROUP		COMPANY	
			HISTORICAL COST	
29. MANAGEMENT OF CAPITAL (Cont'd)	2021	2020 Restated	2021	2020 Restated
Debt	ZWL	ZWL	ZWL	ZWL
Borrowings	66,534,852	32,464,290	-	16,859,568
Equity				
Capital	1,238,029,296	639,169,736	405,561,138	175,350,618
Debt to capital ratio (%)	5%	5%	0%	10%

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:-

a. Credit risk
b. Fair value or cash flow interest rate risk
c. Liquidity risk
d. Foreign exchange risk
e. Equity price risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated and separate financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments held by the Group, from which financial instrument risk arises, are as follows:-

i) Trade and other receivables (excluding prepayments and statutory assets)
ii) Debt securities at amortised
iii) Bank and cash
iv) Money market investments
v) Equities at fair value through profit or loss
vi) Trade and other payables (excluding deferred income and statutory liabilities)
vii) Borrowings

(i) Financial instruments by category

A summary of the financial instruments held by category is provided below:-

Financial assets	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at amortised cost
2021	ZWL	ZWL	ZWL	ZWL
Trade and other receivables (excluding prepayments and statutory assets)	-	383,539,520	-	116,235,796
Equities at fair value through profit or loss	1,180,137,666	-	511,080,261	-
Debt securities at amortised cost	-	624,801,606	-	52,323
Cash and deposits with banks	-	449,923,714	-	129,447,077
	1,180,137,666	**1,458,264,841**	**511,080,261**	**245,735,196**
2020				
Trade and other receivables (excluding prepayments and statutory assets)	-	199,985,844	-	20,552,934
Equities at fair value through profit or loss	662,745,899	-	292,950,437	-
Debt securities at amortised cost	-	316,923,519	-	298,872
Cash and deposits with banks	-	550,557,240	-	235,266,489
	662,745,899	**1,067,466,603**	**292,950,437**	**256,118,295**

30. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont'd)

(i) Financial instruments by category (continued)

	GROUP		COMPANY	
			HISTORICAL COST	
	2021	2020 Restated	2021	2020 Restated
Financial liabilities	ZWL	ZWL	ZWL	ZWL
Trade and other payables (excluding statutory liabilities and deferred income)	295,565,417	506,318,737	195,610,886	381,560,131
Borrowings	66,534,852	32,464,290	-	16,859,568
	362,100,268	**538,783,027**	**195,610,886**	**398,419,699**

(ii) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, debt securities at amortised cost , trade and other receivables (excluding prepayments and statutory assets), trade and other payables (excluding deferred income and statutory liabilities) and borrowings. Due to their nature, their carrying values approximate their fair values.

(iii) Financial instruments measured at fair value

Financial instruments were measured at fair value at 31 December using:-

	Group					
	Level 1		Level 2		Level 3	
	2021	2020	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Financial assets						
Equities at fair value through profit or loss	1,180,137,666	662,745,899	-	-	-	-
Company						
Financial assets						
Equities at fair value through profit or loss	511,080,261	292,950,437	-	-	-	-

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to Management. The Board receives quarterly reports from the Chief Executive Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's internal audit and risk and compliance departments also review the risk management policies and processes and report their findings to the Audit, Risk and Compliance Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:-

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from trade and other receivables , debt securities at amortised cost and cash and deposits with banks.

Credit risk from trade and other receivables mainly emanates from residential stand sales debtors and microfinance loans receivable. The residential stand debtors are secured by the properties sold on credit by the Group to the respective customers. The microfinance loan book is predominantly comprised of customers in formal employment. A pre-condition of extending such loans is the establishment of an agreement with the employer wherein the employer is obliged to deduct the loans repayments through their monthly payroll process from any of their employees to whom such loans are extended. Further disclosures regarding the credit quality of trade and other receivables are provided in Note 9.

30. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont'd)

(a) Credit risk (continued)

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Credit quality of cash and cash equivalents is reflected in the table below, based on credit ratings determined by the Global Credit Rating Company:

Counterparties with external credit rating (Global Credit Rating Company):	GROUP		COMPANY	
			HISTORICAL COST	
	2021	2020 Restated	2021	2020 Restated
	ZWL	ZWL	ZWL	ZWL
A	-	40,298,231	-	39,401,182
A+	-	8,059,725	-	9,963,494
AA	6,557,505		4,261,234	
AA-	8,843,947	3,273,978	7,841,390	3,273,978
B+	-	2,307,442	-	2,324,761
BB	-	-	-	-
BB-	-	1,130,402	-	1,130,763
BB+	-	6,974,844	-	6,677,099
BBB	11,015,015	300,376	10,786,681	117,375
BBB-	-	-	-	-
BBB+	4,371,219	785,799	4,371,219	785,799
Cash	31,634,827	2,959,374	19,247,093	2,667,750
Unrated	387,501,202	484,467,068	82,939,460	168,924,287
	449,923,714	**550,557,239**	**129,447,077**	**235,266,488**

Included in the unrated balance of ZWL387,502,125 is ZWL282,811,181 money market investments deposited with asset managers that are not rated.

The Group only trades with and receives service from banking institutions that meet regulatory requirements including minimum regulatory capital.
Key considerations include:-
- compliance with minimum capital requirements as set by the Reserve Bank of Zimbabwe ("RBZ"), and the Reserve Bank of Malawi ("RBM").
- RBZ and RBM periodic capital adequacy, asset quality, management, earnings, liquidity, and sensitivity ("CAMELS") ratings,
- total shareholder equity,
- total assets,
- ratios such as loan to deposit ratio, cost to income and non-performing loans ("NPLs") to total loans ratio,
- overall profitability and cash generation,
- historical performance and outlook,
- ability of the bank to provide financial support, Quantitative disclosures of the risk exposure in relation to financial assets are set out below:-

	Carrying value	Maximum exposure	Carrying value	Maximum exposure
At 31 December 2021	ZWL	ZWL	ZWL	ZWL
Trade and other receivables (excluding prepayments and statutory assets)	423,221,350	423,221,350	146,910,854	146,910,854
Debt securities at amortised cost	624,801,606	624,801,606	52,323	52,323
Cash and cash equivalents	449,923,714	449,923,714	129,447,077	129,447,077
	1,497,946,671	**1,497,946,671**	**276,410,254**	**276,410,254**
At 31 December 2020				
Trade and other receivables (excluding prepayments and statutory assets)	216,106,186	216,106,186	36,878,553	36,878,553
Debt securities at amortised cost	316,923,519	316,923,519	298,872	298,872
Cash and cash equivalents	550,557,240	550,557,240	235,266,489	235,266,489
	1,083,586,945	**1,083,586,945**	**272,443,914**	**272,443,914**

(b) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its borrowings. It is the risk that the Group will encounter difficulties in meeting its financial obligations as they fall due. In order to mitigate any liquidity risk that the Group faces, the Group's policy has been throughout the year ended 31 December 2021, to maintain substantial facilities and reserves as well as significant liquid resources. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:-

30. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont'd)

(b) Liquidity risk (continued)

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Over 2 years	Total
At 31 December 2021	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Trade and other payables (excluding deferred income and statutory liabilities)	295,565,416	-	-	-	295,565,416
Borrowings	-	84,438,587	-	-	84,438,587
	295,565,416	**84,438,587**	**-**	**-**	**380,004,003**
At 31 December 2020					
Trade and other payables (excluding deferred income and statutory liabilities)	506,318,737	-	-	-	506,318,737
Borrowings	429,408	27,477,085	4,085,220	472,579	32,464,292
	506,748,145	**27,477,085**	**4,085,220**	**472,579**	**538,783,027**

	GROUP		
	Between 1 and 12 months	Over 1 years	Total
At 31 December 2021			
ASSETS	**ZWL**	**ZWL**	**ZWL**
Inventories	1,002,794	1,756,608	2,759,402
Trade and other receivables	560,732,635	-	560,732,635
Equities at fair value through profit or loss	-	1,180,137,666	1,180,137,666
Debt securities at amortised cost	618,553,590	6,248,016	624,801,606
Cash and deposits with banks	449,923,714	-	449,923,714
	1,630,212,734	**1,188,142,290**	**2,818,355,023**
LIABILITIES			
Insurance contract liabilities and investment contract liabilities with discretionary participation features	-	5,993,684,045	5,993,684,045
Investment contracts without discretionary participation features	-	951,149,833	951,149,833
Borrowings	84,438,587	-	84,438,587
Deferred tax liabilities	-	270,868,738	270,868,738
Lease obligations	15,903,098	4,999,319	20,902,417
Trade and other payables	318,097,585	-	318,097,585
Income tax liability	33,693,439	-	33,693,439
	452,132,709	**7,220,701,934**	**7,672,834,643**
At 31 December 2020			
ASSETS			
Inventories	113,297	2,008,966	2,122,263
Trade and other receivables	274,500,113	18,517,632	293,017,745
Income tax asset	-	-	-
Deferred tax assets	-	-	-
Deferred acquisition costs	-	-	-
Equities at fair value through profit or loss	-	662,745,899	662,745,899
Debt securities at amortised cost	313,754,283	3,169,235	316,923,518
Cash and deposits with banks	550,557,240	-	550,557,240
	1,138,924,933	**686,441,732**	**1,825,366,665**

30. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont'd)

(b) Liquidity risk (continued)

	GROUP		
	Between 1 and 12 months	Over 1 years	Total
LIABILITIES	ZWL	ZWL	ZWL
Insurance contract liabilities and investment contract liabilities with discretionary participation features	-	3,722,269,955	3,722,269,955
Investment contracts without discretionary participation features	-	397,468,982	397,468,982
Borrowings	27,906,492	4,557,798	32,464,290
Deferred tax liabilities	-	45,105,405	45,105,405
Lease obligations	13,383,064	16,388,775	29,771,839
Trade and other payables	513,432,232	-	513,432,232
Income tax liability	9,430,922	-	9,430,922
	564,152,710	**4,185,790,915**	**4,749,943,625**

	COMPANY				
	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Over years	Total
At 31 December 2021	ZWL	ZWL	ZWL	ZWL	ZWL
Trade and other payables (excluding deferred income and statutory liabilities)	195,610,886	-	-	-	195,610,886
Insurance contract liabilities with discretionary participation features	-	-	-	5,993,684,045	5,993,684,045
Investment contracts without discretionary participation features	-	-	-	951,149,833	951,149,833
Borrowings	-	-	-	-	-
	195,610,886	**-**	**-**	**6,944,833,877**	**7,140,444,764**
At 31 December 2020					
Trade and other payables (excluding deferred income and statutory liabilities)	381,560,130	-	-	-	381,560,130
Insurance contract liabilities with discretionary participation features	-	-	-	3,093,928,925	3,093,928,925
Investment contracts without discretionary participation features	-	-	-	397,468,983	397,468,983
Borrowings	429,408	11,872,362	4,085,220	472,579	16,859,569
	381,989,538	**11,872,362**	**4,085,220**	**3,491,870,487**	**3,889,817,607**

(c) Market risk

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

Equity price risk

The Group holds some strategic equity investments in other companies these include development bonds and treasury bills that carry prescribed asset status. Directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances. A 10% increase in value of the equity instruments held at the reporting date would, all other variables held constant, have resulted in an increase in profit before tax and net assets of ZWL$118,013,767 (2020: ZWL$66,274,589) for the Group and ZWL$51,108,026 (2020: ZWL$29,295,043) for the Company. A 10% decrease in their value would on the same basis have decreased retained earnings and assets by the same amount.

(ci) Fair value or cash flow interest rate risk

The fair value risk is the risk of changes in the fair value assets and liabilities that are sensitive to changes in market interest rates. Cashflow interest risk is a risk that results when the cash flow timing or amount is altered due to interest rate changes. The Group seeks to manage this risk through the monitoring of adherence to established set of investment guidelines, which are reviewed and updated periodically by the Investments Committee. The Group's borrowings are at fixed interest rates.

30. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont'd)

(d) Foreign exchange risk

The risk that the fair value of the cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Foreign exchange risks arise from recognised monetary financial assets and liabilities future commercial transactions, that are not denominated in the functional currency of the Group.

The Group also operates in Malawi and is exposed to foreign exchange risk arising from exposure to the fluctuation of the Malawian Kwacha (MWK), with respect to the Zimbabwe dollar ZWL. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The following table details the Group's sensitivity to a 10% increase or decrease in the Zimbabwe dollar ZWL against the Malawian Kwacha and USD with all other variables held constant. 10% represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and is calculated by adjusting the translation of foreign currency amounts at the period end for a 10% change in foreign currency rates.

Consolidated foreign exchange gap analysis as at 31 December

Base Currency	2021 USD	2020 USD	2021 USD	2020 USD
Assets	ZWL equivalent	ZWL equivalent	ZWL equivalent	ZWL equivalent
Cash and deposits with banks	2,763,789	2,382,197	300,313,326	310,625,830
Loans and receivables	3,077,897	4,788,864	334,444,310	251,294,854
Total assets	**5,841,686**	**7,171,061**	**634,757,636**	**561,920,684**
Liabilities				
Trade and other payables	618,198	87,999,237	67,173,385	110,805,089
Total liabilities	**618,198**	**87,999,237**	**67,173,385**	**110,805,089**
Net currency position	**5,223,488**	**(80,828,176)**	**567,584,251**	**451,115,595**
Exchange rates as at 31 December	108.66	81.79	7.50	0.11
Impact of 10% increase in exchange rates				
Assets	531,062	651,914.64	57,705,240	51,083,698
Liabilities	(56,200)	(7,999,931)	(6,106,671)	(10,073,190)
Net position	**474,862**	**(7,348,017)**	**51,598,569**	**41,010,508**

	2021 10% increase ZWL	2021 10% decrease ZWL	2020 10% increase ZWL	2020 10% decrease ZWL
Impact of profit before tax	46,536,124	(38,075,011)	152,465,542	(124,744,535)
Impact on equity	646,016,034	(528,558,574)	385,603,944	(315,494,136)

This method used for deriving sensitivity information and significant variables did not change from previous period.

31. ASSURANCE RISK MANAGEMENT

31.1 Insurance Risk

Insurance risk is the risk that actual future underwriting, policyholder behaviour and expense experience will differ from that assumed in measuring policyholder liabilities and assets and in pricing products. Insurance risk arises due to uncertainty regarding the timing and amount of future cash flows from insurance contracts. This could be due to variations in mortality, morbidity, policyholder behaviour or expense experience in the case of life products, and claims incidence, claim severity or expense experience in the case of short-term insurance products. These could have adverse impacts on the Group'searnings and capital if different from those assumed. The Group is exposed to insurance risk arising from its insurance contracts with policyholders and other beneficiaries. The main risk that the Group faces is that the actual claims and benefits payments or the timing thereof differ from expectations. The risk exposure is mitigated by the use of careful selection procedures and implementation of underwriting procedures, use of actuarial models which calculate premiums and monitor claims patterns, as well as the use of reinsurance arrangements.

The insurance risks that the Group is exposed to that have the greatest impact on the financial position and comprehensive income are covered below.

31.2 General mangement of insurance risk

The insurance subsidiaries are responsible for the day to day identification, monitoring and assessment of insurance risk. In addition to the management of risk by the subsidiary companies, the Group has the following insurance risk management controls:

31.3 Group Risk and Compliance Committee

The Committee advises Group's overall risk strategy, current risk exposures, and risk governance. The Committee considers and approves the remit of the risk management function and reviews reports on material breaches of risk limits, as well as the adequacy of remedial action. The Committee also advises the Board on the risks aspects of proposed strategic transactions.

31.4 Audit Committee

The audit committee deals with insurance companies within the Group. The committee serves to satisfy the Group and operational boards of directors that adequate internal and financial controls are in place and that material risks are managed appropriately. More specifically, this committee is responsible for reviewing the financial statements and accounting policies, the effectiveness of the management information and systems of internal control, compliance with statutory and regulatory requirements, including actuarial input thereon, interim and final reports, the effectiveness of the internal audit function, external audit plans and findings on their respective reports. This committee reports directly to the Group board of directors. The committee meetings are attended by the external and internal auditors and are held at least quarterly.

31.5 Statutory actuary

The statutory actuary of the insurance subsidiaries reports on the capital adequacy and the financial soundness at the year-end date and for the foreseeable future. All new premium rates or premium rates where changes are required are reviewed by the statutory actuary. Dividend declarations are recommended to the audit committee for approval by the statutory actuary prior to payment to ensure that the insurance subsidiaries remain financially sound thereafter.

31.6 Capital adequacy requirements

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

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

- Mortality risk – risk of loss arising due to policyholder death experience being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the annuitant living longer than expected
- Investment return risk – risk of loss arising from actual returns being different than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

31.7 Mortality and morbidity risk

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

31.8 Pricing

Premium rates are differentiated by factors which historical experience has shown are significant determinants of mortality and morbidity claim experience. Prior to taking on individual risk policies, appropriate underwriting processes are conducted, which influence pricing on the policy prior to acceptance. The actual claims experience is monitored on a monthly basis so that deteriorating experience can be timeously identified. At the point of issuing new policies, consideration is given to update product pricing if the change in the experience, as evidenced by the commissioned periodic investigations, has become sustained and cannot be mitigated. Further, the valuation of liabilities is periodically updated with the new parameters arising from the periodic investigations. Detailed mortality and morbidity investigations are conducted on a bi-annual basis for key products. Allowance for special effects of specified medical conditions is made in product pricing as well as in the measurement of policyholder liabilities and assets.

31. ASSURANCE RISK MANAGEMENT (Cont'd)

31.9 Terms and conditions

The policy terms and conditions contain exclusions for nonstandard and unpredictable risks that may result in severe financial loss. Terms are built into the policy contracts that permit risk premiums to be reviewed on expiry of a guarantee period. In particular:
• for individual risk business, most in-force risk premiums are subject to review; and
• for institutional risk business, the risk premiums can be reviewed annually.

31.10 Underwriting

Underwriting guidelines concerning authority limits and procedures to be followed in accepting new business are in place. For individual and institutional business, larger sums assured in excess of specified limits are subjected to underwriting and evaluated against established guidelines for accepting new business. The annually reviewable terms on institutional business enable premiums to keep pace with emerging claim experience. Part of the underwriting process involves assessing the health condition and family medical history of applicants. Terms and conditions are varied accordingly. Non-standard risks such as hazardous pursuits and medical conditions are assessed at underwriting stage. The expertise of reinsurers is used in the rating of non-standard risks. Financial underwriting is used where necessary to determine insurable interest.

31.11 Claims management

For mortality, claims are validated against policy terms and conditions. For morbidity, experienced claims assessors determine the merits of the claim in relation to the policy terms and conditions. In the case of disability annuitants, claim management ensures the continued eligibility for monthly income and includes interventions that may result in the full or partial medical recovery of the claimant. The actual disability experience is highly dependent on the quality of the claim assessment.

31.12 Reinsurance

Reinsurance is used by the Group to reduce exposure to a particular line of business, a particular individual, a single event, and to benefit from the risk management support services and technical expertise offered by reinsurers. The Group has a centralised reinsurance function that works closely with business units and subsidiaries to optimise and monitor reinsurance at a group level and to ensure consistent governance and execution of the Group's reinsurance strategy. Regular reviews, which consider risk appetite, are conducted on reinsurance arrangements for new business. Given that large proportions of the Group's business is long term individual risk business, where the proportion of the risk that is reinsured is fixed for life at the inception of the policy, the Group's overall reinsurance result is heavily influenced by historical reinsurance arrangements. In some instances where underlying policyholder benefits are annually renewable, for example institutional business, reinsurance is annually renewable. Existing reinsurance arrangements include proportional reinsurance (quota share and surplus type arrangements) on both a treaty and facultative basis and catastrophe reinsurance which is renewed annually. Catastrophe reinsurance is consolidated across business units and is in place to reduce the risk of many claims arising from the same event. Various events are excluded from the catastrophe reinsurance (e.g. epidemics and radioactive contamination).

31.13 Longevity risks

Longevity risk is the risk of adverse financial impact due to actual annuitant mortality being lower than anticipated, that is annuitants living longer than expected. For life annuities, the loss arises as a result of the Group having undertaken to make regular payments to policyholders for their remaining lives, and possibly to the policyholders' spouses for their remaining lives.

The most significant risks on these liabilities are continued medical advances and improvements in social conditions that lead to longevity improvements being better than expected. The Group manages the longevity risk by:
• annually monitoring the actual longevity experience and identifying trends over time;
• making allowance for future mortality rates falling in the pricing of new business and the measurement of policyholder liabilities. This allowance will be based on the trends identified in experience investigations and external data; and
• regularly verifying annuitants are still alive

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

31.14 Life insurance contract liability sensitivity analysis

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

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

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

31. ASSURANCE RISK MANAGEMENT (continued)
Life insurance contract liability sensitivity analysis (continued)

Base	Change in assumptions (increase decrease)	Impact on liabilities	liabilities Impact on profit	Impact on profit Impact on profit
2021				
Mortality	+10%	(13 271 410)	13 271 410	566 433
Morbidity	-10%	(13 672 373)	13 672 373	583 546
Lapse	-10%	21 427 475	(21 427 475)	(914 539)
Expense	+10%	4 369 249	(4 369 249)	(186 483)
Discount rate	+1%	35 192 610	(35 192 610)	(1 502 045)
Investment return	+1%	(1 086 053)	1 086 053	46 353
2020				
Mortality	+10%	2 168 935	(2 168 935)	(140 682)
Morbidity	-10%	839 229	(839 229)	(54 434)
Lapse	-10%	(1 101 938)	1 101 938	71 474
Expense	+10%	9 817 708	(9 817 708)	(636 799)
Discount rate	+1%	(6 037 729)	6 037 729	391 621
Investment return	+1%	416 944	(416 944)	(27 044)

The above risk exposure is mitigated by the following strategies:

(i) Underwriting strategy

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

(ii) Pricing strategy

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

Key assumptions

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

31. ASSURANCE RISK MANAGEMENT (continued)

Life insurance contract liability sensitivity analysis (continued

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

Mortality rates

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

The valuation basis carries an extra mortality loading of 10% which is in line with the 10% Covid loading being used in the region. An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated) which will increase the expenditure and reduce profits for the shareholders.

Longevity

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

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

Investment return and inflation

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

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

Expenses

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

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

31.15 Concentration risk

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and number of contracts written per product type. The following tables show the concentration of life insurance liabilities and investment contract liabilities by type of contract.

As at 31 December 2021

	Insurance contract liabilities with DPF	Investment contract liabilities without DPF	Investment contract liabilities with DPF
Individual life business	ZWL	ZWL	ZWL
Conventional	683 265 000	-	-
Investments	-	342 032 591	-
Funeral	404 000 000	-	-
Group Life business			
Funeral	69 000	-	-
Risk business	28 790 000	-	-
Deposit administration	-	609 126 334	898 938 666
Annuity business	74 300 000	-	-
Total	**1 190 424 000**	**951 158 925**	**898 938 666**

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ASSURANCE OF ZIMBABWE

31. ASSURANCE RISK MANAGEMENT (continued)

31.15 Concentration risk (continued)

As at 31 December 2020

	Insurance contract liabilities with DPF	Investment contract liabilities without DPF	Investment contract liabilities with DPF
Individual life business	ZWL	ZWL	ZWL
Conventional	100 166 000	-	-
Investments	-	199 592 000	-
Funeral	170 815 000	-	-
Group Life business			
Funeral	69 000	-	-
Risk business	9 001 000	-	-
Deposit administration	-	197 873 532	456 887 468
	47 389 000	-	-
Annuity business			
Total	**327 440 000**	**397 465 532**	**456 887 468**

Lapse and surrender rates

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

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

Discount rate

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

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

32 FAIR VALUE DISCLOSURES

The Group measures investment property, land and buildings, which are disclosed as part of property and equipment, and investments in listed equities at fair value.

Valuation process - listed equities

The Group obtains values of listed equities based on the prices quoted on the Zimbabwe Stock Exchange for counters listed in Zimbabwe and the Malawi Stock Exchange for counters listed in Malawi.

Valuation process - properties

The Group's properties (investment property, land and buildings) are valued by independent external valuers in order to determine their fair values. Valuations were performed by Bard Real Estate, an accredited independent property valuer, as at 31 December 2021.

Valuations of the Group's commercial and industrial properties were based on comparative and investment methods .The investment method involves the capitalization of expected rental income by an appropriate yield. The comparative approach seeks to ascribe to the subject property a value similar to that achieved in transactions for comparable properties. The comparative method makes use of assessed rental value rates and capitalization rates for similar properties sold and after appropriate adjustments, such rates are applied to each property to determine its value. The valuation is based on market evidence.

Residential stands and small pieces of undeveloped stands were valued based on sales evidence on similar properties situated in comparable residential suburbs as those of the subject properties.

31. FAIR VALUE DISCLOSURES (continued)

Valuation process - properties (continued)

For large tranches of undeveloped land, the valuer adopted the development/residual value method. The assessment was based on the assumption that it is subdivided into smaller stands and fully serviced. The total estimated costs of development and disposal, which include servicing costs, agency fees, interest on servicing costs, contingency costs and the developer's profit, were then deducted from the value determined.

Depending on the valuation method applied, valuations are based upon assumptions that include transaction prices on similar properties, market related rental income and market yields.

Fair value hierarchy - Group

	Level 1	Level 2	Level 3	Total	Total gain/(loss) for the period in statement of profit or loss and other comprehensive income	Total gain (loss) for the period in through investment contract liabilities
31 December 2021	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Commercial	-	-	856,677,596	856,677,596	424,438,184	-
Residential	-	-	491,068,613	491,068,613	243,298,379	-
Land	-	-	4,718,542,846	4,718,542,846	2,337,787,010	445,474,762
Total investment properties	**-**	**-**	**6,066,289,055**	**6,066,289,055**	**3,005,523,573**	**445,474,762**
Equities at fair value through profit or loss	**1,180,137,666**	**-**	**-**	**1,180,137,666**	**468,430,775**	**-**
Land and buildings	**-**	**-**	**759,509,840**	**759,509,840**	**416,599,238**	**-**
31 December 2020						
Commercial	-	-	502,456,533	502,456,533	355,407,013	-
Residential	-	-	755,992,424	755,992,424	534,742,791	-
Land	-	-	1,859,302,938	1,859,302,938	1,315,157,152	139,104,749
Total investment properties	**-**	**-**	**3,117,751,895**	**3,117,751,895**	**2,205,306,956**	**139,104,749**
Equities at fair value through profit or loss	**662,745,899**	**-**	**-**	**662,745,899**	**301,822,042**	**-**
Land and buildings	**-**	**-**	**343,627,559**	**343,627,559**	**272,401,111**	**-**

Gains recorded in the statement of profit or loss and other comprehensive income for recurring fair value measurements categorised within level 3 of the fair value hierarchy amount to ZWL2,205,306,955 (December 2019: ZWL527,920,940). Fair value gains of ZWL139,104,749 were recorded directly in investment contract liabilities.

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

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32. FAIR VALUE DISCLOSURES (Cont'd)

Valuation techniques and key unobservable inputs used to derive level 3 fair values

The table below presents the following for each class of the investment property:

- The fair value measurements at the end of the reporting period;
- The level of the fair value hierarchy (in this case level 3) within which the fair value measurements are categorised in their entirety;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement
- Quantitative information about the significant observable inputs used in the fair value measurement

Valuation technique	Key unobservable inputs	Class of property valued using this technique	Fair value 31-Dec-2021 ZWL	Fair value 31-Dec-2020 ZWL	Inter-relationship between unobservable inputs and key fair value measurement
Income capitalisation	- Rental per square metre	Commercial	856,677,596	502,456,533	Increase or decrease in fair value would result from the following movements in these inputs respectively:
	- Prime yield				
	- Void rate	Land and buildings (PPE)	759,509,840	343,627,557	- decrease or increase in prime yield - decrease or increase in void rates
Comparative method	- Rate per square metre	Residential	491,068,613	755,992,424	The estimated fair value would increase if prices for comparable properties increased, and decrease if prices for comparable properties decreased.
		Land	3,959,033,007	1,515,675,381	
Total			**6,066,289,055**	**3,117,751,895**	

Descriptions and definitions

The table above includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values.

i. Income capitalisation method

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

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

iii. Rent per square metre

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

iv. Void rate

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

v. Prime yield

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

Sensitivity analysis to significant changes in unobservable inputs within level 3 of the hierarchy.

The significant unobservable inputs used in the fair value measurement categorised within level 3 of the value hierarchy of the Group's portfolio of investment properties and land and buildings were as follows:

- Prime yield;
- Void rate;
- Rental per square metre; and
- Comparable transacted properties.

32. FAIR VALUE DISCLOSURES (Cont'd)

	Impact on property value	Impact on property value	Impact on profit for the year	Impact on profit for the year	TImpact on equity	Impact on equity
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
Sensitivity analysis	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Rental per square metre	1,592,743,085	(1,303,153,434)	144,794,826	(144,794,826)	144,794,826	(144,794,826)
Capitalisation rate	(1,317,632,916)	1,607,222,568	(130,315,343)	159,274,309	(130,315,343)	159,274,309
Void rate	(1,445,052,363)	1,449,685,797	(2,895,897)	1,737,538	(2,895,897)	1,737,538

Increases/(decreases) in the transaction prices on comparable properties and rental per square metre in isolation would result in a higher/(lower) fair value measurement.

Increases/(decreases) in the long-term void rate and prime yield in isolation would result in a lower/(higher) fair value measurement.

	Lettable space m2		% of portfolio	
	December	December	December	December
Analysis of property portfolio	2021	2020	2021	2021
Sector				
Commercial	9,031	9,031	100.00%	100.00%
Total	**9,031**	**9,031**	**100.00%**	**100.00%**

33. RETIREMENT BENEFITS

33.1 Fidelity Life Pension Fund

All eligible employees are members of the Fidelity Life Defined Contribution Pension Scheme which is administered by the Company. Employees in the subsidiary in Malawi are members of the Vanguard Life Assurance Pension Scheme which is administered by the Company.The fund is financed by Group and employee contributions.

Contributions were made as follows during the year:

	GROUP		COMPANY	
	HISTORICAL COST			
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
Employer's contribution	22,916,500	3,866,565	13,652,589	2,754,041

33.2 National Social Security Scheme

The Group employees in Zimbabwe contribute to the National Social Security Scheme, a Defined Contribution Pension Scheme promulgated under the National Social Security Act of 1989. The obligation under the scheme is limited to specific contributions legislated from time to time.The contribution rates were reviewed following the gazetting of Statutory Instrument 108 and 109 of 2020 on 15 May 2020 increasing the contributions from 3.5% to 4.5% of basic salary per employee per month limited to ZWL$225.

Contributions were made as follows during the year:

	GROUP		COMPANY	
	HISTORICAL COST			
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
Employer's contribution	1,075,107	212,904	714,335	53,455

34. RELATED PARTY INFORMATION

34.1 Related parties

The following are the related parties of the Company:

Related party	Nature of relationship	
Fidelity Life Financial Services (Private) Limited	Wholly owned subsidiary	
Zimbabwe Actuarial Consultants (Private) Limited	Wholly owned subsidiary	
Vanguard Life Assurance Company Limited	Subsidiary	
Fidelity Funeral Assurance (Private) Limited	Subsidiary	
Fidelity Life Asset Management Company (Private) Limited	Subsidiary	
Fidelity Life Medical Services Company (Private) Limited	Subsidiary	
Langford Estates 1962 (Private) Limited	Subsidiary	
Fidelity Life Medical Aid Society	Society managed by Fidelity Life Medical Services Company (Private) Limited	
Zimre Holdings Limited	Shareholder	
Turismo Investments (Private) Limited	Shareholder	
Zimre Property Investments Limited	Common shareholder	
Emeritus Reinsurance (Private) Limited	Common shareholder	
Zimbabwe Insurance Brokers Limited	Common shareholder	
F. Ruwende	Non Executive Chairman	Retired 31 January 2022
L.T Gwata	Non Executive Chairman	Appointed 1 February 2022
Langton Mabhanga	Independent Non Executive Director	Appointed 1 February 2022
Takudzwa Chitsike	Independent Non Executive Director	Appointed 1 February 2022
S. Kudenga	Non Executive Director	
I. Mvere	Non Executive Director	
F. Dzanya	Non Executive Director	
G. Dhombo	Independent Non Executive Director	
H. Nemaire	Independent Non Executive Director	
R. Java	Chief Executive Officer	Resigned 30 September 2021
B. Wesley	Key management	
S. Mudzengi	Key management	
N. Mupfurutsa	Key management	
R. Chihota	Managing Director	Appointed 1 March 2022
M. Gumbo	Key management	
K. Dube	Key management	
C. Matongo	Key management	
E. Masvavike	Key management	
Z.Zvenyika	Chief Finance Officer	

34.2 Related party transactions

The following represent transactions with related parties during the year:-

		GROUP		COMPANY	
		HISTORICAL COST			
		2021	2020	2021	2020
		ZWL	ZWL	ZWL	ZWL
Related party	**Nature of transaction**				
Income					
Vanguard Life Assurance Company Limited	Management fee income	-	-	-	7,158,236
Fidelity Life Financial Services (Private) Limited	Dividend income	-	-	-	-
Fidelity Life Medical Services Company (Private) Limited	Dividend income	-	-	24,672,544	8,308,228
Zimbabwe Insurance Brokers Limited	Pension contributions	1,001,072	106,793	1,001,072	106,793
Zimre Property Investments Limited	Pension contributions	6,061,119	466,991	6,061,119	466,991
Emeritus Reinsurance (Private) Limited	Pension contributions	9,176,025	46,776	9,176,025	46,776
Expenses					
Fidelity Life Medical Aid Society	Medical aid contributions	(6,602,978)	(1,246,688)	(5,169,374)	(987,236)
Zimbabwe Actuarial Consultants (Private) Limited	Actuarial fees	-	-	(22,209,174)	(3,224,126)
Fidelity Life Asset Management Company (Private) Limited	Management fees	-	-	(2,665,749)	(188,784)
Emeritus Reinsurance (Private) Limited	Reassurance premiums	(67,707,876)	(6,961,939)	(67,707,876)	(6,961,939)

34.3 Related party balances

34.3.1 Related party receivables

Included in trade and other receivables are the following balances:-

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
Fidelity Life Asset Management Company (Private) Limited	-	-	4,553,408	2,468,059
Langford Estates 1962 (Private) Limited			12,537,874	1,497,701
Fidelity Life Financial Services (Private) Limited	-	-	29,726,555	4,299,947
Fidelity Funeral Services Company (Private) Limited	-	-	6,795,764	1,291,037
Fidelity Life Medical Aid Society	2,759,644	3,978,061	1,071,252	4,292,282
Zimbabwe Actuarial Consultants (Private) Limited	-	-	6,611,676	746,286
Vanguard Life Assurance Company Limited	-	-	5,532	818,350
	2,759,644	**3,978,061**	**61,302,061**	**15,413,662**

34.3.2 Related party payables

Included in related party payables

	GROUP 2021 ZWL	GROUP 2020 ZWL	COMPANY 2021 ZWL	COMPANY 2020 ZWL
Fidelity Life Medical Aid Society	11,285,218	1,189,604	2,475,575	482,830
Fidelity Funeral Services Company (Private) Limited	-	-	-	-
Fidelity Life Financial Services (Private) Limited	-	-	598,141	22,692
Fidelity Life Asset Management Company (Private) Limited	-	-	953,768	-
Langford Estates 1962 (Private) Limited	-	-	-	-
Vanguard Life Assurance Company Limited	-	-	2,976,686	-
Zimbabwe Actuarial Consultants	-	-	12,319,996	7,697,455
	11,285,218	**1,189,604**	**19,324,165**	**8,202,975**

The related party payables are interest free and have no fixed repayment terms. Related party payables are unsecured.

34. RELATED PARTY INFORMATION (Cont'd)

	GROUP		COMPANY	
			HISTORICAL COST	
	2021	2020	2021	2020
34.3.3 Related party loans	ZWL	ZWL	ZWL	ZWL
Fidelity Life Financial Services (Private) Limited	-	-	29,664,674	701,779
	-	-	29,664,674	701,779

The related party loan accrues interest at 50% and expires on 30 June 2022.

34.4 Compensation to key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The compensation to key management was as follows during the year:-

Short term benefits	83,034,203	27,638,691	42,799,745	18,234,520
Post employment benefits	8,067,337	2,011,641	4,170,068	860,420
Total	**91,101,540**	**29,650,332**	**46,969,813**	**19,094,940**

The remuneration of directors and key management is determined by the Human Resources and Corporate Governance Committee of the Board having regard to the performance of the individuals and market trends.

34.5 Loans to key management

Included in trade and other receivables as at year end are loans to key management as follows:-

Loans receivable	129,638	150,764	115,404	16,892

The loans are payable over 5 years, attract interest at 6% per annum and are secured against the properties that were acquired by the employees.

34.6 Directors' shareholding

The following director have shareholding in the company as follows:-

	Number of shares	
	2021	2020
F. Ruwende	348	348

35 SUBSIDIARIES

The principal business of each of the subsidiaries of Fidelity Life Assurance of Zimbabwe, all of which have been included in the consolidated financial statements, is as follows:-

Description	Business	Location
Fidelity Life Asset Management Company (Private) Limited	Asset management	Zimbabwe
Vanguard Life Assurance Company Limited	Life assurance	Malawi
Zimbabwe Actuarial Consultants (Private) Limited	Actuarial consultants	Zimbabwe
Fidelity Life Financial Services (Private) Limited	Micro-lending	Zimbabwe
Fidelity Funeral Services Company (Private) Limited	Funeral services	Zimbabwe
Fidelity Life Medical Services Company (Private) Limited	Medical Management Services	Zimbabwe
Langford Estates 1962 (Private) Limited	Property development	Zimbabwe

35 SUBSIDIARIES (Cont'd)

The shareholding of the company in each of the subsidiaries is as follows:-

	Shareholding	
Description	**2021**	**2020**
Fidelity Life Asset Management Company (Private) Limited	96%	96%
Vanguard Life Assurance Company Limited	62%	62%
Zimbabwe Actuarial Consultants (Private) Limited	100%	100%
Fidelity Life Financial Services (Private) Limited	100%	100%
Fidelity Funeral Services Company (Private) Limited	91%	91%
Fidelity Life Medical Services Company (Private) Limited	100%	100%
Langford Estates 1962 (Private) Limited	81%	81%

36. NON-CONTROLLING INTERESTS

Vanguard Life Assurance Company Limited and Langford Estates 1962 (Private) Limited are the only subsidiaries of the Company that have material non-controlling interests (NCI). The NCI of all other subsidiaries that are not 100% owned by the group are considered to be immaterial.

Summarised financial information in relation to the NCI of Vanguard Life Assurance Company Limited and Langford Estates (Private) Limited before intra-group eliminations, is presented below:

	Vanguard Life		Langford Estates	
	2021	2020	2021	2020
For the period ended 31 December	ZWL	ZWL	ZWL	ZWL
Revenue				
Gross premiums written	633,531,946	223,321,527	-	-
Outward reinsurance premiums	(15,542,184)	(5,984,994)	-	-
Net premiums earned	**617,989,762**	**217,336,533**	**-**	**-**
Fees from fund management and investment contracts	7,834,106	1,805,598	-	-
Interest income on money market investments	91,502,978	39,771,656	-	-
Fair value gains on equities at fair value through profit or loss	94,254,216	26,101,493	-	-
Fair value gains on investment properties	19,893,954	5,466,357	2,208,234,820	1,627,265,310
Other income	19,123,471	1,743,207	-	-
Total income	**850,598,487**	**292,224,844**	**2,208,234,820**	**1,627,265,310**
Expenses				
Claims and benefits	(268,038,628)	(76,306,739)	-	-
Reinsurance recoveries	22,912,483	4,060,428	-	-
Net claims and benefits incurred	**(245,126,145)**	**(72,246,311)**	**-**	**-**
Change in life assurance policyholder liabilities	(371,109,281)	(116,167,517)	-	-
Fee and commission expenses, and other acquisition costs	(32,872,288)	(11,461,243)	-	-
Other operating and administrative expenses	(217,307,106)	(71,633,153)	(11,040,172)	(1,360,012)
Total expenses	**(866,414,820)**	**(271,508,224)**	**(11,040,172)**	**(1,360,012)**
Profit from operations	**(15,816,333)**	**20,716,623**	**2,197,194,648**	**1,625,905,298**
Finance costs	(3,463,647)	(1,641,249)	-	-
Profit before tax	**(19,279,980)**	**19,075,374**	**2,197,194,648**	**1,625,905,298**
Income tax expense	(12,419,609)	(7,184,415)	-	-
Profit after tax	**(31,699,589)**	**11,890,959**	**2,197,194,648**	**1,625,905,298**

36. NON-CONTROLLING INTERESTS (Cont'd)

	Vanguard Life		Langford Estates	
	2021	2020	2021	2020
For the year ended 31 December	ZWL	ZWL	ZWL	ZWL
Profit attributable to NCI	(12,118,753)	4,545,914	401,317,362	312,684,191
Other comprehensive income allocated to NCI	17,464,093	53,266,338	-	-
Total comprehensive income allocated to NCI	**5,345,340**	**57,812,252**	**401,317,362**	**312,684,191**
Cash flows from operating activities	(155,157,285)	89,450,640	-	-
Cash flows from investing activities	54,578,008	(59,068,255)	-	-
Cash flows from financing activities	(14,191,836)	7,176,679	-	-
Net cash flows attributable to NCI	**(114,771,113)**	**37,559,064**	**-**	**-**
Assets:				
Property and equipment	34,148,239	26,313,524	-	-
Investment property	308,057,504	225,564,706	4,255,270,000	2,047,035,180
Intangible assets	51,971,040	34,383,288	-	-
Right of use assets	27,690,317	29,559,329		
Trade and other receivables	334,444,310	251,294,854	-	-
Financial assets at fair value through profit or loss	587,287,304	350,549,040		
Debt securities at armotised cost	624,749,328	316,624,647	-	-
Cash and cash equivalents	300,313,326	310,625,830		
	2,268,661,368	**1,544,915,218**	**4,255,270,000**	**2,047,035,180**
Liabilities:				
Life assurance policyholder liabilities	1,929,682,595	1,178,184,986		
Deferred tax	49,900,405	42,600,292		
Trade and other payables	67,173,385	110,805,089	225,664,653	104,212,739
Lease obligation	18,694,598	25,057,474		
Income tax liability	-	-		
	2,065,450,983	**1,356,647,841**	**225,664,653**	**1,860,980**
Accumulated non-controlling interests	18,718,929	71,185,884	794,614,185	393,296,823

37. SEGMENT REPORTING

Segment information
The Group has three main reportable segments as follows:

Insurance Insurance
This segment is involved in life assurance and pensions. The segment accounts for 61% (2019: 59%) of the Group's external revenue.

Microlending
This segment is involved in consumer loans, business loans and loans to farmers. It accounts for 1% (2019: 1%) of the Group's external revenue. The segment has experienced steady growth since its formation in 2010.

Property Investment
This segment holds a land bank as investment property and the total revenue in this segment arises from fair value adjustments on property held.

Other
Included in this segment are the actuarial, asset management and funeral services units. These are individually immaterial and reported as other income.

37 SEGMENT REPORTING (continued)

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer more or less similar services. The segment described as other comprises of business units that have combined income significantly less than 10% of the combined revenue of all operating segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the executive management team including the Chief Executive Officer and the Chief Finance Officer.

Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates performance on the basis of profit or loss from operations but excluding non-recurring losses, such as goodwill impairment.

Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of Group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior year.

The Group has no transactions with a single external customer that exceeds 10% of its total revenue.

2021	Insurance	Microlending	Property Investment	Other	Consolidation adjustments	Group
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
IFRS 4 Income	982 092 762	-	-	-	-	982 092 762
IFRS 9 Income	109 486 493	118 222 870	-	-	-	227 709 363
IFRS 15 Revenue-at a point in time	128 379 587	-	-	27 924 404	(52 253 837)	104 050 154
IFRS 15 Revenue-over time	77 356 752	-	-	23 675 220	(28 207 070)	72 824 902
Other revenue	3 105 207 678	29 885 365	2 208 234 820	139 197 965	(1 890 026 077)	3 592 499 751
Total income	4,402,523,272	148,108,235	2,208,234,820	190,797,589	(1,970,486,984)	4 979 176 932
Total benefits, claims and other expenses	(4,202,609,715)	(105,437,192)	(11,040,172)	(93,532,144)	94,665,957	(4,317,953,266)
Profit before income tax	**199,913,557**	**42,671,043**	**2,197,194,648**	**97,265,445**	**(1,875,821,027)**	**661,223,666**
Depreciation of property and equipment	13,094,845	167,142	-	250,117	-	13,512,104
Amortisation of intangible assets	41,599	40,663	-	6,922	-	89,184
Finance costs	9,144,459	28,918,564	-	-	-	38,063,023
Fair value gains on equities	401,800,956	13,564,665	-	53,065,154	-	468,430,775
Fair value gains on investment property	813,886,418	16,320,700	2,208,234,820	39,760,236	(72,678,600)	3,005,523,574
Income tax expense	34,647,910	14,997,287	110,411,741	6,012,732	-	166,069,670
Additions to non-current assets	12,044,574	776,818	-	1,024,619	-	13,846,011
Reportable segment non-current assets	3,457,723,913	46,160,342	4,255,270,000	362,761,359	-	8,121,915,614
Reportable segment current assets	1,462,985,532	118,971,773	-	53,083,135	-	1,635,040,440
Reportable segment liabilities	7,884,183,833	124,185,401	225,664,653	284,892,869	-	8,518,926,756
Cash flows from operating activities	(273,852,478)	37,747,170		73,492,402	-	(162,612,907)
Cash flows from investing activities	90,076,650	(1,052,971)	-	(145,766,795)	-	(56,743,116)
Cash flows from financing activities	(36,814,695)	(38,932,354)	-	108,638,821	-	32,891,772

37. SEGMENT REPORTING (continued)

2020	Insurance ZWL	Microlending ZWL	Property Investment ZWL	Other ZWL	Consolidation adjustments ZWL	Group ZWL
IFRS 4 Income	338,447,456	-	-	-	-	338,447,456
IFRS 9 Income	40,916,478	18,940,383	-	-	-	59,856,861
IFRS 15 Revenue-at a point in time	44,088,921	-	-	6,372,793	(17,138,213)	33,323,501
IFRS 15 Revenue-over time	11,933,065	-	-	6,903,272	(4,829,633)	14,006,704
Other revenue	2,557,919,807	19,452,583	1,627,265,310	52,215,600	(1,498,012,102)	2,758,841,198
Total income	2,993,305,727	38,392,966	1,627,265,310	65,491,665	(1,519,979,948)	3,204,475,721
Total benefits claims and other expenses	(2,921,015,413)	(32,287,549)	(1,360,012)	(23,703,069)	216,627,304	(2,761,738,739)
Profit before tax	**72,290,315**	**6,105,417**	**1,625,905,298**	**41,788,596**	**(1,303,352,644)**	**442,736,982**
Depreciation of property and equipment	12,457,917	49,795	-	77,489	-	12,585,201
Amortisation of intangible assets	83,163	47,440	-	6,923	-	137,526
Finance costs	8,232,125	3,508,038	-	-	-	11,740,163
Fair value gains on equities	376,493,262	3,145,504	-	13,345,456	-	392,984,222
Fair value gains on investment property	717,041,203	12,026,850	1,627,265,310	29,202,341	(41,124,000)	2,344,411,704
Income tax expense	16,944,238	2,622,973	81,363,266	2,128,749	-	103,059,226
Additions to non-current assets	27,018,906	116,419	-	223,791	-	27,359,116
Reportable segment non-current assets	2,118,110,270	20,182,809	2,047,035,180	57,507,381	-	4,242,835,640
Reportable segment current assets	1,104,729,588	22,041,777	-	14,791,990	-	1,141,563,355
Reportable segment liabilities	4,693,387,933	28,951,629	104,212,739	22,889,698	-	4,849,441,999
Cash flows from operating activities	489,992,820	37,747,170	-	(172,714,968)	-	355,025,022
Cash flows from investing activities	(61,451,461)	(1,052,971)	-	47,208,901	-	(15,295,531)
Cash flows from financing activities	(7,730,710)	(38,932,354)	-	38,003,322	-	(8,659,742)

37. SEGMENT REPORTING

GEOGRAPHICAL INFORMATION

2021	Zimbabwe ZWL	Malawi ZWL	Consolidation adjustments ZWL	Total ZWL
Income				
IFRS 4 Income	364,103,061	617,989,701	-	982,092,762
IFRS 9 Income	136,206,431	91,502,932	-	227,709,363
IFRS 15 Revenue-at a point in time	148,469,885	7,834,106	(52,253,837)	104,050,154
IFRS 15 Revenue-over time	101,031,973	-	(28,207,070)	72,824,903
Other revenue	5,349,254,246	133,271,581	(1,890,026,077)	3,592,499,750
Total income	6,099,065,596	850,598,320	(1,970,486,984)	4,979,176,932
Group's income per statement of profit or loss and other comprehensive income				**4,979,176,932**

2021				
Depreciation of property and equipment	6,291,992	7,220,112		13,512,104
Amortisation of intangible assets	47,585	41,599		89,184
Finance costs	34,599,376	3,463,647		38,063,023
Fair value adjustments on equities	374,176,559	94,254,216		468,430,775
Fair value adjustments on investment property	2,985,629,620	19,893,954		3,005,523,574
Income tax expense	153,650,061	12,419,609		166,069,670
Segment profit before tax	**680,503,647**	**(19,279,981)**		**661,223,665**
Cash flows from operating activities	(7,455,621)	(155,157,285)		(162,612,907)
Cash flows from investing activities	(111,321,124)	54,578,008		(56,743,116)
Cash flows from financing activities	47,083,608	(14,191,836)		32,891,772
Additions to non-current assets	3,366,883	10,479,128		13,846,011
Reportable segment non current assets	7,112,761,209	1,009,154,405		8,121,915,614
Reportable segment current assets	382,097,478	1,252,942,962		1,635,040,440
Reportable segment liabilities	6,453,475,773	2,065,450,984		8,518,926,757
2020				
Income				
IFRS 4 Income	121,110,922	217,336,533		338,447,455
IFRS 9 Income	20,085,205	39,771,656		59,856,861
IFRS 15 Revenue-at a point in time	48,656,116	1,805,598	(17,138,213)	33,323,501
IFRS 15 Revenue-over time	18,836,337	-	(4,829,633)	14,006,704
Other revenue	4,223,542,244	33,311,058	(1,498,012,102)	2,758,841,200
Total income	4,432,230,824	292,224,845	(1,519,979,948)	3,204,475,721

37. SEGMENT REPORTING (continued)
GEOGRAPHICAL INFORMATION (continued)

	Zimbabwe ZWL	Malawi ZWL	Consolidation adjustments ZWL	Total ZWL
Depreciation of property and equipment	9,665,926	2,919,275		12,585,201
Amortisation of intangible assets	54,363	83,163		137,526
Finance costs	10,098,914	1,641,249		11,740,163
Fair value adjustments on equities	366,882,729	26,101,493		392,984,222
Fair value adjustments on investment property	2,338,945,347	5,466,357		2,344,411,704
Tax expense	95,874,811	7,184,415		103,059,226
Segment profit before tax	**320,602,382**	**19,075,374**		**339,677,756**
Cash flows from operating activities	265,574,382	89,450,640		355,025,022
Cash flows from investing activities	43,772,724	(59,068,255)		(15,295,531)
Cash flows from financing activities	(15,836,421)	7,176,679		(8,659,742)
Additions to non-current assets	2,502,171	24,856,945		27,359,116
Reportable segment non current assets	3,576,465,753	666,369,887		4,242,835,640
Reportable segment current assets	271,780,647	869,782,708		1,141,563,355
Reportable segment liabilities	3,388,581,419	1,356,647,841		4,745,229,260

38. PRESCRIBED ASSETS

The Pension and Provident Funds Act (Chapter 24:09) as amended by the Government of Zimbabwe Statutory Instrument 206 of 2019 requires companies in the life assurance industry to hold 15% of their assets as investments in prescribed stocks and bonds. The Company's investment in such assets is summarised below:-

Counterparty	2021 ZWL	2020 ZWL
Inventories-South View stands	1,756,608	2,008,966
Residential stand debtors	2,431,331	2,029,016
Development bonds	52,323	298,872
Investment properties	896,223,952	688,965,962
	900,464,214	**693,302,816**
Total assets	**6,526,584,915**	**3,531,123,031**
Percentage of total assets	**14%**	**20%**

The Company is not fully compliant with the prescribed assets requirements in the current year. The Company intends to invest more in the prescribed assets in 2022 to ensure compliance.

39. Compliance with Insurance Regulations 1989 (Section 3 and 8)

Statutory Instrument 95 of 2017, Insurance (Amendment) Regulations 2017 (19)

The financial statements of the Company must comply with the provisions of Insurance Regulations 1989, promulgated as Statutory Instrument 95 of 2017 read with Instrument 59 of 2020, section (3).

The following are the details on compliance with the said provisions of the statute:

Section 3 (1) (a)

The minimum unencumbered capital requirement for an insurer for registration or ongoing operations shall be the equivalent of Seventy Five Million Zimbabwe Dollars in the case of an insurer which carries on life assurance business including funeral assurance.

	2021	2020
	ZWL	ZWL
Investments	6,523,696,000	3,531,122,980
Allowance for inadmissible assets	(3,748,781,000)	(1,971,877,000)
Value of Assets	**2,774,915,000**	**1,559,245,980**
Actuarial values of policy liabilities	2,390,121,000	1,029,608,000
Other liabilities	236,780,000	414,219,000
Total	**2,626,901,000**	**1,443,827,000**
FLA statutory capital per SI95 requirement	**148,014,000**	**115,418,980**
SI95 minimum statutory capital requirement	**75,000,000**	**75,000,000**
Statutory capital surplus /(deficit)	**73,014,000**	**40,418,980**

The Company is fully compliant with the minimum capital requirements. Although this solvency position is healthy by international standards in a normal economy, the economic instability in Zimbabwe demands even higher solvency levels. In order to improve underwriting capacity and strengthen financial soundness of the Company management are currently pursuing balance sheet restructuring initiatives through equity and property portfolios diversification to unlock value.

40. CONTINGENCIES

40.1 Contingent liability

Fidelity Life Assurance of Zimbabwe 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.

40.2 Litigations against the Company

Fidelity Life Assurance of Zimbabwe acquired Langford Estates (1962) (Private) Limited in 2015 through a land for debt swap arrangement from CFI Holdings Limited. CFI Holdings Limited ("CFI") filed Summons in the High Court challenging the disposal of its 80.77% shareholding in Langford Estates to Fidelity Life Assurance of Zimbabwe Limited which was concluded through a Debt Assumption and Compromise Agreement in 2015.
The matter is pending resolution in the High Court. The directors have engaged external legal counsel to defend the interests of Fidelity Life.

41. IMPACT OF COVID 19

The Covid-19 pandemic had a major impact on the economy and the business with the resultant lockdowns and movement restrictions affecting trading activity. As for most businesses, Fidelity Life Group was not immune to the effects of the Covid-19 pandemic and the emergence of Covid-19 in early March 2020 diverted the Board and Management's focus to navigating through the impact on our business and prepare for growth in a new normal. The Group implemented the appropriate regulatory measures and guidelines to ensure that the business operates in a safe environment for its customers, staff, and all stakeholders.

Covid-19 Response Measures

Fidelity Life Group introduced a wide-ranging set of measures to support global and national efforts to tackle the Covid-19 pandemic. Strict protocols for hygiene and physical distancing were put in place at Fidelity Life Group offices including maintaining skeletal staff during lockdown and post lockdowns, whilst the majority of employees were working from home. In addition, Fidelity Life Group implemented a robust Business Continuity Framework that allowed the company to successfully continue all its operations, allowing clients and stakeholders to remotely access our services and systems online through various digital and electronic platforms. During the period, the Group continued to receive premiums and incoming client payments and was also able to settle claims and outbound payments.

Exposure monitoring, planning, and scenario modeling

The Covid-19 pandemic continues to cause disruption and its impact on the business in the short to medium term is uncertain. Nonetheless, there is hope in the long term with the introduction of vaccines. Management has implemented measures to ensure business continuity and viability in the uncertain environment and will continuously review these measures. Scenario and stress testing planning framework to support decision making over now, next, and beyond time horizon is being enhanced.

Financial Impact

The Group conducted a worse-case scenario financial impact analysis of COVID-19 on the business in 2020 and in the next 12 months. The impact on the current and future financial statements is shown below:

Area of negative impact	Estimated impact in 2020 financial statements	Estimated impact in the next 12 months	Management Actions
Insurance revenue	Low	Low	Uncontrollable
Claims experience	Low	Low	Uncontrollable
FLFS Loan disbursements	Medium	Low	Manageable
Non-insurance revenue	Low	Low	Manageable
Investment income	Medium	Medium	Uncontrollable
Operating expenses	Medium	Low	Controllable
Credit risk	Low	Low	Controllable
Solvency Risk	Low	Low	Uncontrollable

42. EVENTS AFTER THE REPORTING DATE

42.1 Dividend

At a board meeting held on 28 May 2022, the directors recommended not to declare a dividend for the year ended 31 December 2021. This decision was reached due to a need to preserve internal resources to fund the Group's growth strategy. No dividend was declared for the year ended 31 December 2021.

42.2 Approval of the consolidated financial Statements

The consolidated financial statements were approved by the Board of Directors for issue on ….29 July 2022 and the directors have power to amend and/or reissue the financial statements should circumstances requiring that arise.

FIDELITY LIFE

ASSURANCE OF ZIMBABWE

ANNUAL GENERAL MEETING

PROXY FORM

I/ We, …….................................

being a member of ……...............................

holding …………………………………….... shares, hereby appoint ……………………………………………………………………….......................................

……………………………………. of ……………………………… ……………………………………………………………………………….................................

Or failing him/ her ……………………………………………………….. of ………………………………………………...

As my / our proxy to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on 29th of September 2022 at 10:00 hours electronically via Zoom, and at any adjournment thereof.

Signed this ……………………………………...................…………………day of ……………..................……………………………………………. 2022

Signature of member: ………..

NOTE:

In terms of the Companies and Other Business Entities Act [Chapter 24:31] a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend, vote a poll and speak in his stead. A proxy need not be a member of the Company.

FIDELITY LIFE

ASSURANCE OF ZIMBABWE

Notice of Annual General Meeting 2022

Notice is hereby given that the **43rd Annual General Meeting** of the Members of Fidelity Life Assurance Company Limited will be held virtually on **Thursday, 29 September 2022 at 10:00 hours** on the following link ……. for the purpose of transacting the following business:

Ordinary Business

1. Financial Statements

To receive and adopt the financial statements and report of the Directors and Auditors for the financial year ended 31 December 2021.

2. Corporate Governance

To receive, consider and approve the Corporate Governance Statement for the period 1 January 2021 to 31 December 2021.

3. Directorate

a) To re-elect Mr. Livingstone Gwata who was appointed on 1 February 2022 in terms of article 83 of the Articles of Association of the Company. (Livingstone Gwata holds a Bachelor of Administration from the University of Zimbabwe. He is a Certificated Associate of the Institute of Bankers in South Africa by examination, and an Associate of the Institute of Bankers of Zimbabwe. He is also a Fellow of the Institute of Bankers of Zimbabwe. Livingstone's career in corporate, retail and merchant banking spans 37 years).

b) To re-elect Ms. Takudzwa Chitsike who was appointed on 1 February 2022 in terms of article 83 of the Articles of Association of the Company. (Takudzwa Chitsike is a legal professional with 15 years of corporate experience. She is well versed in legal advisory, legal drafting, commercial litigation and legal interpretation. She holds a LLM in International Trade Law.)

c) To re-elect Mr. Langton Mabhanga who was appointed on 1 February 2022 in terms of article 83 of the Articles of Association of the Company. (Langton Mabhanga is an electrical engineer by profession with a passion for business strategy, corporate governance and business and economic intelligence. He is a holder of the Master's Degree in Business and Economic Intelligence and a PhD Student in Business Administration, majoring in Strategy and Competitiveness)

d) To re-elect Mr. Stanley Kudenga who retires by rotation in terms of Article 77 and 78 of the Company's Articles of Association, and being eligible, offers himself for re-election.
(Stanley Kudenga is a Chartered Accountant (Zimbabwe) and an investment banker with over 20 years experience. He has handled major privatization mandates, investment promotions and corporate restructuring during his career. He also a holder of a Masters in Business Leadership.)

e) To re-elect Mr. Garikai Dhombo who retires by rotation in terms of Article 77 and 78 of the Company's Articles of Association, and being eligible, offers himself for re-election.
(Garikai Dhombo has experience in insurance broking spanning over 20 years both in Zimbabwe and the region. He has held senior positions for Allianz Group, Santam and Alexander Forbes, including MD of Alexander Forbes Insurance South Africa and Executive for retail and sales and service for the Alexander Forbes Group)

f) To re-elect Mr. Francis Dzanya who retires by rotation in terms of Article 77 and 78 of the Company's Articles of Association, and being eligible, offers himself for re-election.
(Francis Dzanya is seasoned banker with experience in both Zimbabwe and Botswana specializing in risk management, Corporate and International banking as well as currency swaps.)

4. Directors' Remuneration

To approve the remuneration of the Directors for the year ended 31 December 2021 amounting to ZWL10,692,668
(In terms of Practice Note 4 issued by the Zimbabwe Stock Exchange on the 17th of January 2020, the FLA Directors Remuneration Report shall be available for inspection at the Company's registered office during the Annual General Meeting.)

5. Auditor's Fees

To approve the remuneration of the External Auditor, PricewaterhouseCoopers (PwC) Zimbabwe, for the past audit for the year ended 31 December 2021, amounting to ZWL21,931,736.

6. To appoint Grant Thornton Zimbabwe as the External Auditors for the Company for the ensuing year until the conclusion of the next Annual General Meeting.

(In terms of the Insurance and Pension Commission (IPEC) Guidelines insurers are required to change their audit firm every five years. PricewaterhouseCoopers Chartered Accountants (Zimbabwe) retire as the Company's External Auditor)

7. To transact any other business that may be transacted at an Annual General Meeting.

Proxies

A member entitled to attend and vote at the meeting may appoint any person or persons to attend and vote on his or her behalf. A proxy need not be a member of the Company. Proxy forms together with a copy of the notice can be obtained at the registered office of the Company or on the Fidelity Life Assurance of Zimbabwe website on the following link www.fidelitylife.co.zw/dowloads or at the office of the Transfer Secretaries, ZB Transfer Secretaries (Private) Limited, 21 Natal Road, Avondale, Harare, Zimbabwe. Proxy forms must be lodged with the Company Secretary or Transfer Secretary not less than 48 hours before the meeting.

Meeting Details

Shareholders are advised to contact ZB Transfer Secretaries for meeting ID details. Robert Mutakwa (rmutakwa@zb.co.zw) and (schatitima@zb.co.zw) or phone on 08677002001 or 0242 2934 585

BY ORDER OF THE BOARD
R Chidora

Group Company Secretary
8 September 2022

TOP 20 FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED SHAREHOLDERS AS AT 20-12-2021

HOLDER NUMBER	HOLDER NAME	TOTAL HOLDING	PERCENTAGE OF TOTAL ISSUED SHARES
3857	ZIMRE HOLDINGS LIMITED	72,925,578	66.95
957824	TURISMO INVESTMENTS (PVT) LTD	24,980,900	22.93
960745	SUMMERTON RHYS DRENNAN	1,493,377	1.37
959514	MEGA MARKET (PVT) LTD	1,433,566	1.32
940747	FLAM MANAGEMENT SPECIAL FUND	886,653	0.81
957339	FARID EL-KHOURY PHILLPPE ELIAS	360,000	0.33
959574	MORGAN AND COMPANY (PVT) LTD	328,888	0.30
956762	STANBIC NOMINEES (PVT)LTD-A/C 140043470003	238,288	0.22
692948	FIDELITY FINANCIAL SERVICES FUND	235,484	0.22
957423	OLD MUTUAL LIFE ASSURANCE OF ZIMBABWE LIMIT	204,392	0.19
618208	FIDELITY LIFE ASSURANCE NOMINEES (PRIVATE) LT	113,811	0.10
559812	ENG ASSET MANAGEMENT	112,836	0.10
456757	NATIONAL INVESTMENT TRUST	101,152	0.09
851838	REMO INVESTMENT BROKERS (PVT) LTD	88,317	0.08
667163	MACHIWENYIKA LODY	85,456	0.08
957371	STANBIC NOMINEES (PVT) LTD AC 110008040007	83,829	0.08
957915	KUNYONGANA LOICE	81,673	0.07
402284	ZIMBABWE INSURANCE BROKERS LIMITED	79,438	0.07
941385	MATARANYIKA PHILLIP	69,760	0.06
464089	ROOPUN SURENDER SHARMA	63,900	0.06
	TOTAL HOLDING OF TOP SHAREHOLDERS	**103,967,298**	**95.45**
	REMAINING HOLDING	**4,955,993**	**4.55**
	TOTAL ISSUED SHARES	**108,923,291**	**100**

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FIDELITY LIFE

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