

AUDITED FINANCIAL RESULTS

for the year ended
31 December 2020



FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

Chairman's statement for the year ended 31 December 2020

I am pleased to present the audited financial results of Fidelity Life Assurance of Zimbabwe Limited Group (the Group) for the year ended 31 December 2020. The commentary on financials is based on the inflation adjusted numbers.

Operating Environment

The year 2020 was a challenging year not just for Fidelity Life Assurance of Zimbabwe (FLA) but for Zimbabwe and the world at large as we all grappled with the impact of the Covid 19 pandemic. We have all been affected personally in one way or another by this pandemic. As the Fidelity Life family our thoughts go out to all the families and especially our customers who lost loved ones during this time.

Zimbabwe's economy suffered a second consecutive year of economic decline as the COVID-19 pandemic disrupted economic activity for the better part of the year. The year was a tale of two halves. The first half was characterised by the rapid deterioration of the local currency and runaway inflation. The official foreign currency exchange platform became dysfunctional and the economy defaulted to the parallel exchange rate for the pricing of goods and services. Inflation was on the rampage and averaged more than 20% per month. Rising inflation posed a danger to the relevance of insurance products as it rekindled the sad memories of the devastating loss of value that was suffered in the period preceding the adoption of the multiple currency regime in 2009.

A raft of measures by the Central Bank aimed at curbing foreign currency trading on the thriving parallel market, particularly the introduction of the Foreign Currency Auction System and the ban on Mobile Money Transfer Agents stabilised the Zimbabwe dollar resulting in inflation showing a downward trend in the second half of the year and ending the year at 349% from a peak of 837% in July 2020. The parallel market exchange rate premium reduced from a peak of 300% at half year to around 20% by the end of the year. Foreign currency allotments under the auction system continued to improve as the year progressed and the current exchange rate regime has been a relative success.

Lockdown restrictions that were introduced in April 2020 were gradually eased in the last quarter of the year but the end of December witnessed an upsurge in COVID-19 infections and emergence of more virulent strains. This came at a time a number of countries had announced COVID-19 vaccines breakthrough and were set for massive vaccination programmes. Zimbabwe has since kick-started its own vaccination programme amid reluctance and pessimism in some quarters. Expectations are that a successful vaccination programme will lead to herd immunity and possible eradication of the pandemic.

Our business remained operational throughout the lockdown period as part of the essential services providers. The digitalisation drive that the business embarked on prior to the onset of COVID-19 made it possible to continue offering the full range of products and services with more than 90% of the staff complement working from their homes. While COVID-19 is still in our midst, the business has weathered the worst of the pandemic and is poised to continue providing relevant financial solutions to its customers

Completion of the Regulatory Asset Separation Exercise

As shareholders are aware, Fidelity Life Assurance Company (FLA) conducted an exercise to separate its Pooled Fund assets between policyholders and shareholders to ensure compliance with the requirements of the Insurance Act (Chapter 24:07) and the Pensions and Provident Act (Chapter 24:09).

I am pleased to advise shareholders that the Insurance and Pensions Commission (IPEC) approved the asset separation proposed by FLA, with an effective implementation date of 31 December 2018. The Board and Management of FLA are required to ensure that relevant financial statements and actuarial reports are restated in line with the results of the asset separation exercise and the IPEC Guidelines on Adjusting Insurance and Pensions Values in Response to the 2019 Currency reforms. Management is in the process of implementing the asset separation in line with IPEC Guidelines.

Group financial results

Despite the negative impact of COVID 19 during the year under review, the Group managed to post positive results recording profit before tax of ZWL\$69.2 million on an inflation adjusted basis for the year ended 31 December 2020.

Inflation adjusted Group total revenue decreased by 47% from ZWL\$2,180.7 million recorded in prior year to ZWL\$1,150.0 million recorded in the current year. The decrease in total revenue was as a result of a slump in investment income which decreased by 88%. Investment income is mainly driven by fair value gains on investment properties which are driven by the movement in exchange rate. The subsidiary in Malawi continues to provide diversification relief to the Group against the unstable currency movements in Zimbabwe.

Inflation adjusted Group total expenses decreased by 41% from ZWL\$1,822.0 million recorded in prior year to ZWL\$1,080.7 million in the current year. The Group recorded major savings on the Southview water pipeline works which resulted in project development costs decreasing by 82% from ZWL\$488.9 million prior year to ZWL\$79.7 million current year. However, operating expenses decreased by a much lower 31% from ZWL\$366.0 million to ZWL\$252.4 million recorded in the current year.

The Group's total assets increased by 19% in real terms from ZWL\$4,600.7 million as at 31 December 2019 to ZWL\$5,473.6 million as at 31 December 2020. The asset growth was driven by investment property and equity investments which account for 70% of the group's total assets. This real growth evidences management efforts to protect value of investments for our key stakeholders, policyholders and shareholders.

Solvency

Statutory Instrument 95 (SI 95) requires Insurance companies to hold minimum regulatory capital of ZWL\$75 million. The Company has excess assets of ZWL\$115.4 million as at 31 December 2020 representing a solvency ratio of 154%.

Successful Execution of Strategy

We believe the strategy that we followed over the last few years is proving to be resilient and adaptive. In particular, the COVID-19 pandemic has demonstrated the value of our drive to

digitalise our business. This technology drive has helped us navigate in a remote world, being technologically adept has never been more apparent. In 2020, we achieved the goals that we set for ourselves for the year and delivered on our financial goals. Below are some of the highlights of the major achievements.

Digital Transformation

With the Board mandate that management fully enhance the digital value chain to support the new systems of work and the emerging digital future, the company has taken several steps towards achieving this strategy. Our sustained Digital transformation journey, which began in 2018, has cushioned the business from the full impact of Covid-19, in terms of business continuity and service delivery. FLA managed to provide seamless and cost effective services to its clients and stakeholders through the support of a robust work-from-home program, automated systems and various self-help platforms for customers.

Management made good strides in implementing our Contact Centre; this will be open to serve customers in 2021. In addition to the existing digital self-service portfolio which includes Fidelity Life App for assurance customers, Health/Lifestyle Management App for our medical aid members, online payment functionality and a suite of social media platforms which allow for real-time communication with clients; FLA enhanced its WhatsApp for business platform to allow customers to make payments and apply for new policies and services.

Our Malawi based subsidiary, Vanguard Life, successfully implemented a mobile-based funeral product in partnership with one of the country's leading mobile network providers. This product allows customers to apply and get funeral cover using a USSD code on their mobile phone. The product was launched in the last quarter of 2020. This development will be truly transformational for the Malawi business and plans are well underway for similar developments in Zimbabwe.

Growth

The business continues to carefully select markets in order to earn the right colour of revenue. Work is still ongoing to de-risk from the Zimbabwe market by exploring investment opportunities in the region and beyond. Despite the delays we have experienced due to various lockdowns both in Zimbabwe and in the region the group remains resolute to add to its regional presence as soon as possible.

During the period under review the group embarked on various initiatives to ensure continued growth. These include the setting up of a Bureau de Change to increase USD earnings for the Group as well as finalising an agreement to become a money transfer agent with a reputable partner. In our medical aid business we have ensured that we continue to offer relevant services by introducing Covid cover, while the life business looks to remain relevant to our customers by reviewing both premiums and policy benefits and offering USD denominated products.

The Group began a balance sheet restructuring program at the beginning of the year to fully optimise key assets, improve solvency and performance. Over the year we have made good progress in our various initiatives to restore the balance sheet and the impact of this is now being felt.

Sound Governance Framework

The Board is pleased with the progress made in creating a robust governance framework that is underpinned by effective internal controls for all operations. We have effectively dealt with any legacy governance issues and we are pleased with the defence lines that are now in place.

Dividend

The Board resolved not to declare a dividend to ensure internal resources are preserved for the strengthening of the Group's underwriting capacity and capital position in these turbulent times.

Looking to the Future

While national lockdowns related to Covid-19 have been relaxed to varying degrees, the threat and subsequent arrival of a second wave in the early part of 2021 reminds us that Covid 19 will continue to be challenge to our business and the economic environment remains uncertain and fragile. Whilst our technology-driven platforms and processes offer significant advantages, it remains challenging for us all. The outlook for 2021 is therefore difficult to forecast, however I am optimistic that the management team has put in place strategies that will see us prevailing despite these challenges. Importantly, our strong balance sheet and diversified income streams provide offsetting stability and growth. Our ability to de-risk from Zimbabwe by actively seeking opportunities in the region and beyond will also play a major role in our prospects for the coming year.

We are continuing to invest for the future through the on-going development into technology to drive our business, make the lives of our customers better and create a leaner more efficient organisation.

Board Changes and Executive appointments

During the year Mrs R.G. Maramba retired from the Board as a non-executive director with effect from 1 July 2020. I take this opportunity to thank her for her valued service and contribution to the board and wish her well in her future endeavours. We also appointed a new Chief Finance officer, Zvenyika Zvenyika, from February 2020. We welcome Zvenyika to the Group. The Group continues to maintain high standards of corporate governance, by ensuring the board has the requisite skills and experience that is expected in the industry and markets in which it operates.

Appreciation

Finally, I would like to thank our CEO and Executive Team for their efforts. Many thanks to my Board colleagues for their considerable contribution and support. We all appreciate the dedication, skills and professionalism of our employees in all our businesses. Above all, I would like to thank our loyal policyholders and shareholders for your ongoing support.

We all are committed to continue creating substantial value for our key stakeholders, the policyholders and shareholders, and I look forward to reporting on our progress.

F. Ruwende
Chairman
2 June 2021

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for the year ended 31 December 2020



FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

Chief Executive Officer's Statement for the year ended 31 December 2020

Trading environment

As with many businesses across the country, the Covid-19 pandemic presented significant challenges to our operations. I am pleased to report that Fidelity Life Assurance adapted well to those challenges. In late March 2020, almost all of our staff moved to working from home, with no significant impact on our customer service delivery.

During this period, our investments in technology were able to provide flexible solutions to both internal operations and outward-facing new business activities. Under difficult circumstances we have delivered a resilient profit result for the year. However, the wider effects of Covid-19 on the world and local economies and investor confidence are likely to continue well into 2021. Zimbabwe's economy suffered a second year of economic decline as the COVID-19 pandemic disrupted economic activity for the better part of the year. The year was made up of two distinct halves, the first half was one that was characterized by a deteriorating currency and high and rising inflation. As the second half dawned and after a host of interventions by the Government, the economic field began to stabilize. Towards the end of the year inflation took a downward turn ending the year at 349% from a peak of 837% in July 2020.

Group performance overview

Summary of performance (Inflation Adjusted)

	Fidelity Life Assurance		Vanguard Life Assurance		Fidelity Life Financial Services		Other Operating Subsidiaries		Adjustments	Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019		2020	2019
(Millions)	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$		ZWL\$	ZWL\$
Core Revenue	266.1	259.7	220.9	259.3	41.1	103.6	37.6	52.0	(47.4)	518.3	674.7
Non-Core Revenue	506.2	1,139.5	71.3	64.6	2.1	12.6	7.4	-	44.6	631.7	1,584.8
Total Revenue	772.3	1,399.3	292.2	323.9	43.2	116.2	45.0	52.0	(2.8)	1,150.0	2,180.7
Profit Before Tax	23.4	64.6	19.1	33.2	(30.3)	(108.6)	8.6	18.8	48.5	69.2	358.7

Fidelity Life Assurance - Zimbabwe (FLA, the Company)

Fidelity Life Assurance of Zimbabwe (the Company) is the largest subsidiary of the Group, contributing 51% (ZWL\$266.1 million) to Core revenue of the Group. Inflation adjusted Core revenue grew by 2% on the back of product modifications, reviews of premiums (and policy benefits), pushing sales of US\$ products and exploring new market segments. Inflation adjusted total revenue for the Company decreased by 45% from ZWL\$1,399.3 million in 2019 to ZWL\$772.3 million recorded in the current period. A decrease in investment income of 89% from ZWL\$1,203.7 million to ZWL\$134.9 million in 2020 resulted in the decline in the total revenue of the Company. Total expenses decreased by 44% from ZWL\$1,334.6 million in 2019 to ZWL\$749.0 million in current year. The decrease in expenses was mostly driven by the reduction of the Southview water works project development costs by 82% from ZWL\$448.9 million to ZWL\$79.7million in the current year as the project is nearing completion. Changes in insurance liabilities increased by 25% from ZWL\$379.9 million in 2019 to ZWL\$473.8 million as a result of two things; transfers arising from conclusion of the Asset Separation Exercise and aligning with IPEC Guidelines on policy adjustments following the currency reforms of 2019.

The Company recorded inflation adjusted profit before tax of ZWL\$23.4 million compared to profit before tax of ZWL\$64.6 million in 2019.

Vanguard Life Assurance Company (VLA) – Malawi

VLA continues to complement the Group's total core revenue, with a 43% contribution (ZWL\$220.9) to core revenue in the current year. VLA recorded total revenue of ZWL\$292.2 million in 2020 compared to ZWL\$323.9 million in 2019. The biggest driver to VLA's total revenue was investment income which grew by 88% in 2020. VLA posted a profit before tax of ZWL\$19.1 million compared to profit before tax of ZWL\$33.2 million in 2019, this was due to an increase in total expenses which grew by 19% from prior year, driven by the changes in actuarial liabilities which account for 43% of the total expenses of the subsidiary. This subsidiary is a foreign asset and therefore a good hedge against the negative impact of the fluctuating currency in Zimbabwe.

Fidelity Life Financial Services (FLFS)

FLFS was mostly affected by the impact of COVID 19 lockdowns which resulted in a decrease in loan disbursements during the year. Due to the nature of its product, a monetary asset, FLFS was largely impacted by the hyperinflationary environment. This resulted in a significant decline in core revenue of 60% from ZWL\$103.6 million in 2019 to ZWL\$41.1 million in the current year. The subsidiary's existing loan book continued to grow organically which was aided by improved interest rates that were in line with inflation. The subsidiary closed the year with a loss before tax of ZWL\$30.3 million, an improvement from a loss before tax of ZWL\$108.6 million posted in 2019.

Other non-insurance subsidiaries

The non-insurance subsidiaries (Actuarial Consulting Services, Asset Management and Funeral Services companies) continue to post fair profits. The entities remain important to the Group's strategic thrust as they provide services to internal and external customers. Growth from these entities will be unlocked further locally and in the regional market, in line with the Group's regional expansion strategy.

Operations

Customer service during Covid-19 Outbreak

The COVID-19 pandemic has brought to the fore the importance of technology in all our lives. Technology has become one of the most important tools for ensuring that we continue to service our valued customers despite lockdown restrictions.

The Impact of Covid-19 and the economic challenges in Zimbabwe has and will continue to create a dynamic and fluid operating future and as FLA, our ability to adapt to the evolving landscape is key to ensuring that the business remains future fit. The key strategic responses by the organisation during the period were as follows;

To protect the value of our policyholder funds;

- Asset Preservation through investing in hyperinflation resilient investment options.

- Cost management initiatives to contain the financial impact of Covid-19.
- Revenue protection achieved through careful selection of markets in order to target the right color of money.

To improve quality of customer service and ensure remote accessibility;

- Accelerating our Digitalisation journey in order to exploit the benefits of end to end automation of the value chain. This will also involve implementation of a fully-fledged Contact Centre to give us a single view of the customer while creating endless possibilities for the customers to engage with FLA across its bouquet of financial solutions, from anywhere and at any time.
- Adapting the business to be future fit includes evolving our systems of work, adjusting our current processes and enriching bandwidth of our digitally savvy skills to support innovation in the new space.

Country diversification;

- Continued pursuit of the regionalisation thrust to de-risk from Zimbabwe's economic challenges.

Our clients are at the heart of all that we do;

During these challenging but evolving times, our customers' immediate and future financial wellbeing is at the heart of our operations. Further, it is important that we are able to respond to changing customer needs and circumstances as influenced by the changing economic environment. To that end, we have deployed a number of customer solutions and Policyholder Protection initiatives.

Funeral Services during Covid-19

In our Funeral Services Unit, we have trained and equipped our team to be able to fully service our customers during this pandemic. We strictly follow and adhere to the full set of guidelines relating to numbers who gather, social distancing, sanitization, mask wearing, and body-removal protocols. All our staff have been trained on what is expected of them when dealing with funerals during the Covid-19 pandemic to ensure the safety of our customers and their loved ones.

Medical Aid – Covid-19 Cover

Whilst Covid-19 is categorized as a pandemic and not ordinarily applicable for cover under Medical Aid, in response to mounting requests from members for Covid-19 cover, Fidelity Life Medical Aid Services (FLIMAS) introduced cover against Covid-19 for its members. This cover was effective from 1 June 2020. Covid-19 cover is available after one has tested positive to a Polymerase Chain Reaction (PCR) test. Members are covered for medication, medical management including hospitalization and treatment of complications, as well as rehabilitation.

Medi-Express Drug Delivery Service

FLIMAS also reintroduced the Medi-Express Drug delivery service. This is a service that allows customers to have their chronic medication delivered directly to their homes. The service is open to FLIMAS members only and members must register for the service first by simply sending a request to a FLIMAS WhatsApp number.

Enhanced Life and Funeral Assurance

In line with an ever changing environment we continue to review our products to ensure that they remain appropriate and continue to add value to customers' lives. With increases in costs associated with providing good funeral services it has become necessary that we phase in price adjustments to enable us to continue providing services that meet the expectations of our clients. In addition to these changes in our ZWL product portfolio and in response to the ever changing economic environment we introduced US dollar denominated life and funeral assurance products in both our individual life and pensions segments.

Bureau de change

In the last quarter of 2020 the group opened a Bureau De Change under the Financial Services subsidiary as part of our ongoing alternative revenue creation strategy. This will be an additional source of income for the group. While the Bureau De Change is currently operating in Harare only there are plans to roll this out to our other branches. Our clients will enjoy convenience of wholesome financial services of micro-lending, currency swap/change in a safe and secure trading environment, under one roof.

Money Transfer Services

Our strategic thrust to diversify our income streams will be further supported by targeting such markets as the diaspora with the implementation of our money transfer agency. In the later part of 2020, Fidelity Life Financial Services finalized an agreement to become an agent of Western Union, the roll out of the agency agreement will begin in earnest in 2021. This brings convenience to our customers in the diaspora and to our locally based customers as well.

Mobile Funeral Cover in Malawi

In December 2020 Vanguard Life Assurance introduced mobile based funeral cover in partnership with one of the country's mobile network providers. This product allows customers to apply and get funeral cover using their mobile phone. The product, a first of its kind in Malawi, was launched in the later part of 2020. The platform is based on a simple USSD code that allows customer to follow a few simple steps and get Funeral Cover on any mobile phone at any time. This innovation is expected to add customer volumes to VLA and help reduce unit cost.

WhatsApp Chat Bot

In 2020 we introduced a WhatsApp Chat bot that allows customers to apply, update and pay for their funeral policies on WhatsApp. This convenient tool is easy to use and has easy to follow step by step instructions.

Performance and values based culture

Our ambition is to drive a high-performance culture, putting technology at the heart of Fidelity Life while remaining true to our vision: of being a lifelong partner to a great financial legacy. It is our commitment to deliver value to all our stakeholders through responsive financial solutions, superior customer service and stable and consistent stakeholder returns.

Our people and their commitment are foundational to FLA's culture. During the year, we conducted several staff welfare interventions to ensure value is shared with our staff as well; this helps with staff buy-in and alignment to our strategic priorities. I am pleased to see a steady improvement in employee engagement and performance, which are important drivers of performance.

AUDITED FINANCIAL RESULTS

for the year ended 31 December 2020



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Outlook and Appreciation

While the year ahead will be challenging, Fidelity Life is well positioned to achieve its set targets, through the continued development of innovative products and services combined with our technology drive and stability in operations.

R. Java
Chief Executive Officer
2 June 2021

I would like to thank the Board for their support and guidance throughout the year. My sincere appreciation also goes to the executive leadership team and our valuable staff for their focus on work that generates value. Finally to our customers, thank you for entrusting us with your business and for your unwavering support in 2020, we look forward to being of service to you in the future.

Condensed consolidated statement of financial position as at 31 December 2020

	Notes	INFLATION ADJUSTED			HISTORICAL COST*		
		31-Dec-20 ZWL\$	Restated * 31-Dec-19 ZWL\$	Restated * 1-Jan-19 ZWL\$	31-Dec-20 ZWL\$	Restated * 31-Dec-19 ZWL\$	Restated * 1-Jan-19 ZWL\$
ASSETS							
Property and equipment		382,062,711	357,791,418	208,356,651	358,855,767	74,878,741	13,367,901
Investment property	5	3,117,751,896	2,969,606,711	628,287,024	3,117,751,896	661,999,241	37,246,615
Right of use asset		29,559,329	15,401,697	-	29,559,329	3,433,422	-
Intangible assets		59,538,428	29,850,795	9,674,155	52,865,344	5,579,065	347,202
Inventories		60,345,478	61,222,765	687,907,236	2,122,257	2,244,041	24,688,741
Deferred tax assets		-	95,839	173,537	-	72,531	6,228
Trade and other receivables	7	294,119,268	288,573,231	1,225,104,032	293,017,745	63,703,690	43,968,538
Corporate tax asset		-	6,298,902	12,033,428	-	1,404,186	431,878
Deferred acquisition costs		-	-	-	-	-	-
Equities at fair value through profit or loss	8	662,745,899	313,481,258	423,629,152	662,745,899	69,882,774	15,203,896
Debt securities at amortised cost		316,923,519	229,850,976	64,670,734	316,923,519	51,239,503	2,321,009
Cash and deposits with banks	9	550,557,240	328,574,059	265,325,302	550,557,240	73,247,335	9,522,429
Total assets		5,473,603,768	4,600,747,651	3,525,161,251	5,384,398,996	1,007,684,529	147,104,437
EQUITY AND LIABILITIES							
Equity attributable to equity holders of the parent							
Issued share capital		30,349,514	30,349,514	30,349,514	1,089,233	1,089,233	1,089,233
Share premium		18,707,602	18,707,602	18,707,602	671,409	671,409	671,409
Treasury shares		(279,664)	(279,664)	(279,664)	(10,037)	(10,037)	(10,037)
Retained earnings		171,266,095	153,023,477	75,325,470	47,473,228	14,187,160	(1,146,313)
Revaluation reserve		4,801,593	175,641	-	24,409,705	1,744,187	1,064,833
Foreign currency translation reserve		32,921,132	19,385,491	(33,752,055)	100,594,732	15,256,032	(1,211,349)
Total ordinary shareholder's equity		257,766,272	221,362,061	90,350,867	174,228,270	32,937,984	457,776
Non-controlling interests		469,311,886	424,542,695	139,072,557	464,941,464	93,620,546	4,991,264
Total equity		727,078,158	645,904,756	229,423,424	639,169,734	126,558,530	5,449,040
Liabilities							
Insurance contract liabilities and investment contract liabilities with discretionary participation features	10	3,722,269,955	3,137,923,700	1,993,726,002	3,722,269,955	699,521,286	94,926,664
Investment contracts without discretionary participation features	10	397,468,982	176,793,661	156,714,113	397,468,982	39,411,707	5,624,413
Borrowings	11	32,464,291	106,247,689	603,480,606	32,464,291	23,685,254	21,658,700
Deferred tax liabilities		46,401,753	40,848,346	16,248,433	45,105,405	8,609,388	583,150
Lease obligations		25,057,474	15,384,272	2,252,602	25,057,474	3,429,537	80,845
Trade and other payables	12	513,432,233	470,959,660	474,110,528	513,432,233	104,978,445	17,015,657
Corporate tax liability		9,430,922	6,685,567	49,205,543	9,430,922	1,490,382	1,765,968
Total liabilities		4,746,525,610	3,954,842,895	3,295,737,827	4,745,229,262	881,125,999	141,655,397
Total equity and liabilities		5,473,603,768	4,600,747,651	3,525,161,251	5,384,398,996	1,007,684,529	147,104,437

*The historical cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies". The auditors have not expressed an opinion on the historical cost information.

Bureau de Change

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FINANCIAL SERVICES

AUDITED FINANCIAL RESULTS

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Condensed consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020

	INFLATION ADJUSTED		HISTORICAL COST*	
	31-Dec-20 ZWL\$	Restated * 31-Dec-19 ZWL\$	Restated * 31-Dec-20 ZWL\$	Restated * 31-Dec-19 ZWL\$
Gross premiums	406,279,394	544,216,940	359,093,886	82,222,395
Premiums ceded to reinsurers	(25,673,051)	(25,471,997)	(20,646,432)	(3,436,909)
Net premiums	380,606,343	518,744,944	338,447,454	78,785,486
Fees and commission income	43,872,886	39,862,171	28,571,619	4,310,141
Investment income	41,694,381	43,981,124	40,916,478	6,847,142
Interest income from residential stands receivables	15,180,066	46,949,765	8,194,589	3,682,559
Fair value gains and losses from equities	400,865,627	(274,548,350)	301,822,042	15,532,471
Fair value gains and losses from investment property	184,655,351	1,589,378,187	2,205,306,955	527,920,940
Interest income from microlending	33,991,862	88,024,717	18,940,383	6,602,074
Other operating income	44,632,902	126,956,444	27,546,723	14,059,666
Income from sale of residential stands	4,462,545	1,333,763	4,462,545	56,261
Total revenue	1,149,961,963	2,180,682,764	2,974,208,788	657,796,740
Gross benefits and claims paid	(119,667,135)	(182,534,649)	(111,217,750)	(26,560,189)
Claims ceded to reinsurers	18,354,954	2,090,242	16,997,756	464,337
Net benefits and claims	(101,312,181)	(180,444,407)	(94,219,994)	(26,095,852)
Gross change in insurance and investment contract liabilities	(586,657,204)	(471,351,260)	(1,957,504,664)	(386,036,426)
Fee and commission expenses, and other acquisition costs	(17,132,745)	(35,497,400)	(15,250,361)	(5,406,014)
Operating and administration expenses	(252,443,899)	(366,027,912)	(221,614,452)	(39,131,398)
Allowance for expected credit losses on receivables	9,316,370	26,966,271	(2,057,762)	(1,059,071)
Cost of sales of residential stands	(216,881)	(1,446,667)	(137,175)	(183,884)
Project development costs	(79,747,386)	(448,947,501)	(300,690,300)	(94,746,574)
Finance costs	(18,277,134)	(35,390,903)	(11,740,164)	(4,776,682)
Net monetary gain/ (loss)	(34,259,226)	(309,880,861)	-	-
Total benefits, claims and other expenses	(1,080,730,286)	(1,822,020,640)	(2,601,172,180)	(557,435,901)
Profit before tax	69,231,677	358,662,124	373,036,608	100,360,839
Income tax expense	(15,046,657)	(28,811,041)	(21,695,960)	(6,685,698)
Profit for the period	54,185,020	329,851,083	351,340,648	93,675,141
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Gross gains on property revaluation	45,007,981	156,244,237	272,401,111	56,574,843
Income tax related to items that will not be reclassified	(311,258)	(297,594)	(311,258)	(66,342)
Gross change in insurance liabilities through OCI	(40,070,771)	(155,771,002)	(249,424,335)	(55,829,147)
Gains on property revaluation, net of tax	4,625,952	175,641	22,665,518	679,354
Items that will or may be reclassified to profit or loss:				
Exchange differences arising on translation of foreign operations	22,362,430	86,454,608	138,605,038	26,754,995
Other comprehensive income for the period, net of tax	26,988,382	86,630,249	161,270,556	27,434,349
Total comprehensive profit for the period	81,173,403	416,481,332	512,611,204	121,109,490
Profit for the period attributable to:				
Owners of the parent	18,242,618	77,698,007	33,286,068	15,333,473
Non-controlling interests	35,942,402	252,153,076	318,054,580	78,341,668
Total profit for the period	54,185,020	329,851,083	351,340,648	93,675,141
Total comprehensive income attributable to:				
Owners of the parent	36,404,211	131,011,194	141,290,286	32,480,208
Non-controlling interests	44,769,192	285,470,138	371,320,918	88,629,282
Total comprehensive income for the period	81,173,403	416,481,332	512,611,204	121,109,490
Earnings per share attributable to the ordinary equity holders of the parent				
Basic and diluted earnings per share (cents)	4	16.90	72.00	30.84
Headline earnings per share (cents)	4	8.19	37.95	29.48



*The historical cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies". The auditors have not expressed an opinion on the historical cost information.



Harare Office
Fidelity House 66 Julius Nyerere Way
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AUDITED FINANCIAL RESULTS

for the year ended
31 December 2020



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FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

Condensed consolidated statement of changes in equity for the year ended 31 December 2020

INFLATION ADJUSTED

Year ended 31 December 2019

Balance at 1 January 2019
IAS 29 restatement
Prior period regulatory and currency reforms adjustment
Balance at 1 January 2019-restated*
Profit for the year
Other comprehensive income for the year
Total comprehensive income for the year

Balance at 31 December 2019

Year ended 31 December 2020

Balance at 1 January 2020
Profit for the year
Other comprehensive income for the year
Total comprehensive income for the year

Balance at 31 December 2020

	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 2019									
Balance at 1 January 2019	30,349,514	(279,664)	18,707,602	64,983,422	29,669,662	(33,752,055)	109,678,481	139,072,557	248,751,038
IAS 29 restatement	-	-	-	29,669,662	(29,669,662)	-	-	-	-
Prior period regulatory and currency reforms adjustment	-	-	-	(19,327,614)	-	-	(19,327,614)	-	(19,327,614)
Balance at 1 January 2019-restated*	30,349,514	(279,664)	18,707,602	75,325,470	-	(33,752,055)	90,350,867	139,072,557	229,423,424
Profit for the year	-	-	-	77,698,007	-	-	77,698,007	252,153,076	329,851,083
Other comprehensive income for the year	-	-	-	-	175,641	53,137,546	53,313,187	33,317,062	86,630,249
Total comprehensive income for the year	-	-	-	77,698,007	175,641	53,137,546	131,011,194	285,470,138	416,481,332
Balance at 31 December 2019	30,349,514	(279,664)	18,707,602	153,023,477	175,641	19,385,491	221,362,061	424,542,695	645,904,756
Year ended 31 December 2020									
Balance at 1 January 2020	30,349,514	(279,664)	18,707,602	153,023,477	175,641	19,385,491	221,362,061	424,542,695	645,904,756
Profit for the year	-	-	-	18,242,618	-	-	18,242,618	35,942,402	54,185,020
Other comprehensive income for the year	-	-	-	-	4,625,952	13,535,641	18,161,593	8,826,789	26,988,382
Total comprehensive income for the year	-	-	-	18,242,618	4,625,952	13,535,641	36,404,211	44,769,191	81,173,402
Balance at 31 December 2020	30,349,514	(279,664)	18,707,602	171,266,095	4,801,593	32,921,132	257,766,272	469,311,886	727,078,158

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

Condensed consolidated statement of changes in equity for the year ended 31 December 2020

HISTORICAL COST*

Year ended 31 December 2019

Balance at 1 January 2019 previously stated
Prior period regulatory and currency reforms adjustment
Balance at 1 January 2019 restated*
Profit for the year-restated
Other comprehensive income for the year
Total comprehensive income for the year

Balance at 31 December 2019

Year ended 31 December 2020

Balance at 1 January 2020
Profit for the year
Other comprehensive income/(loss) for the year
Total comprehensive income/(loss) for the year

Balance at 31 December 2020

	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 2019									
Balance at 1 January 2019 previously stated	1,089,233	(10,037)	671,409	2,332,232	1,064,833	(1,211,349)	3,936,321	4,991,264	8,927,585
Prior period regulatory and currency reforms adjustment	-	-	-	(3,478,545)	-	-	(3,478,545)	-	(3,478,545)
Balance at 1 January 2019 restated*	1,089,233	(10,037)	671,409	(1,146,313)	1,064,833	(1,211,349)	457,776	4,991,264	5,449,040
Profit for the year-restated	-	-	-	15,333,473	-	-	15,333,473	78,341,668	93,675,141
Other comprehensive income for the year	-	-	-	-	679,354	16,467,381	17,146,735	10,287,614	27,434,349
Total comprehensive income for the year	-	-	-	15,333,473	679,354	16,467,381	32,480,208	88,629,282	121,109,490
Balance at 31 December 2019	1,089,233	(10,037)	671,409	14,187,160	1,744,187	15,256,032	32,937,984	93,620,546	126,558,530
Year ended 31 December 2020									
Balance at 1 January 2020	1,089,233	(10,037)	671,409	14,187,160	1,744,187	15,256,032	32,937,984	93,620,546	126,558,530
Profit for the year	-	-	-	33,286,068	-	-	33,286,068	318,054,580	351,340,648
Other comprehensive income/(loss) for the year	-	-	-	-	22,665,518	85,338,700	108,004,218	53,266,338	161,270,556
Total comprehensive income/(loss) for the year	-	-	-	33,286,068	22,665,518	85,338,700	141,290,285	371,320,918	512,611,204
Balance at 31 December 2020	1,089,233	(10,037)	671,409	47,473,228	24,409,705	100,594,732	174,228,270	464,941,464	639,169,734

*The historical cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies". The auditors have not expressed an opinion on the historical cost information.

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AUDITED FINANCIAL RESULTS

for the year ended
31 December 2020



FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

Condensed consolidated statement of cash flows for the year ended 31 December 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Profit/(Loss) before tax

Adjustments:

Fair value gains on equities at fair value through profit or loss	(400,865,627)	274,548,350	(301,822,042)	(15,532,471)
Fair value gains on investment property	(184,655,351)	(1,589,378,187)	(2,205,306,955)	(527,920,940)
Amortisation of intangible assets	359,062	1,497,621	137,526	85,903
Impairment of intangible asset	-	491,278	-	17,632
Amortisation of right of use asset	2,403,907	2,454,269	2,403,907	547,118
Amortisation of deferred acquisition costs	-	-	-	-
Finance costs	18,277,134	35,390,903	11,740,164	4,776,682
Depreciation of property and equipment	29,906,759	29,157,800	12,585,201	2,031,429
Gross change in insurance and investment contract liabilities with DPF	586,657,204	471,351,260	1,957,504,664	386,036,426
Cash inflow/(out flow) on investment contracts liabilities without DPF	5,728,021	3,281,244	39,411,706	5,624,414
Non cash claim and other expenses	-	48,092,769	-	3,889,805
Interest income	(36,780,380)	(40,966,121)	(36,337,873)	(6,480,836)
Dividend income	(4,914,001)	(3,015,002)	(4,578,605)	(366,306)
Share of profit of investments accounted using the equity method	-	-	-	-
Non cash adjustment- IAS29	34,259,226	(539,597,206)	-	-
Unrealised exchange gains/ (losses)	-	-	19,675,172	(2,580,659)
Other projects development costs written off	32,258,607	381,556,551	300,565,761	85,058,451
Profit on disposal of investment property	(12,573,103)	-	(1,924,551)	-
Profit/(loss) on disposal of property, plant & equipment	(1,124,549)	(66,089,853)	(946,378)	(5,210,783)

Changes in working capital

Decrease/ (increase) in inventories	877,287	5,335,196	121,785	144,700
(Increase) in deferred acquisition costs	-	(13,864,360)	-	(3,090,711)
(Increase)/decrease in trade and other receivables	(14,862,407)	936,530,800	(227,256,293)	(19,735,151)
Increase/(decrease) in trade and other payables	10,213,966	(384,707,410)	107,888,027	2,904,337

Cash generated from operations

Income taxes paid

NET CASH GENERATED FROM OPERATING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES

Additions to and replacement of property and equipment	(18,352,769)	(4,140,700)	(17,718,296)	(614,355)
Additions and improvements to investment property	-	(2,451,431)	-	(171,000)
Additions to intangible assets	(23,183,280)	(10,065,431)	(22,824,977)	(1,860,957)
Interest income	36,780,380	40,966,121	36,337,873	6,480,836
Dividend income	4,914,001	3,015,002	4,578,605	366,306
Additions to financial assets at fair value through profit or loss	(50,322,840)	(77,205,812)	-	(14,827,813)
Disposals of financial assets at fair value through profit or loss	178,114,163	29,725,752	169,340,611	1,568,100
Proceeds from sale of investment property	11,620,227	-	10,889,755	-
Proceeds from sale of property and equipment	13,074,571	66,025,185	8,496,543	5,224,898
Additions to debt securities held at amortised cost	(35,173,680)	(99,817,734)	(35,173,680)	(22,251,857)
Disposals of debt securities held at amortised cost	1,574,030	-	118,644	-
NET CASH GENERATED FROM / (UTILISED) IN INVESTING ACTIVITIES	119,044,803	(53,949,046)	154,045,080	(26,085,841)

CASH FLOWS FROM FINANCING ACTIVITIES

Finance costs	(18,277,134)	(35,390,903)	(11,740,164)	(4,776,682)
Repayments lease obligations	(757,789)	(3,399,302)	(757,789)	(757,789)
Repayments of borrowings	(32,930,192)	(166,459,974)	(21,528,173)	(11,136,120)
Proceeds from borrowings	28,035,596	125,762,522	17,731,265	9,747,115
NET CASH UTILISED IN FINANCING ACTIVITIES	(23,929,519)	(79,487,657)	(16,294,860)	(6,923,476)

NET INCREASE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR

Exchange differences on translation of a foreign operation

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

INFLATION ADJUSTED		HISTORICAL COST*	
31-Dec-20 ZWL\$	Restated * 31-Dec-19 ZWL\$	31-Dec-20 ZWL\$	Restated * 31-Dec-19 ZWL\$
69,231,677	358,662,124	373,036,608	100,360,839
65,936,909	(991,224,325)	(206,892,303)	(70,024,135)
(400,865,627)	274,548,350	(301,822,042)	(15,532,471)
(184,655,351)	(1,589,378,187)	(2,205,306,955)	(527,920,940)
359,062	1,497,621	137,526	85,903
-	491,278	-	17,632
2,403,907	2,454,269	2,403,907	547,118
-	-	-	-
18,277,134	35,390,903	11,740,164	4,776,682
29,906,759	29,157,800	12,585,201	2,031,429
586,657,204	471,351,260	1,957,504,664	386,036,426
5,728,021	3,281,244	39,411,706	5,624,414
-	48,092,769	-	3,889,805
(36,780,380)	(40,966,121)	(36,337,873)	(6,480,836)
(4,914,001)	(3,015,002)	(4,578,605)	(366,306)
-	-	-	-
34,259,226	(539,597,206)	-	-
-	-	19,675,172	(2,580,659)
32,258,607	381,556,551	300,565,761	85,058,451
(12,573,103)	-	(1,924,551)	-
(1,124,549)	(66,089,853)	(946,378)	(5,210,783)
(3,771,154)	543,294,226	(119,246,481)	(19,776,825)
877,287	5,335,196	121,785	144,700
-	(13,864,360)	-	(3,090,711)
(14,862,407)	936,530,800	(227,256,293)	(19,735,151)
10,213,966	(384,707,410)	107,888,027	2,904,337
131,397,431	(89,267,975)	46,897,824	10,559,879
(8,488,491)	(23,657,933)	(8,408,253)	(6,658,244)
122,908,940	(112,925,908)	38,489,571	3,901,635
(18,352,769)	(4,140,700)	(17,718,296)	(614,355)
-	(2,451,431)	-	(171,000)
(23,183,280)	(10,065,431)	(22,824,977)	(1,860,957)
36,780,380	40,966,121	36,337,873	6,480,836
4,914,001	3,015,002	4,578,605	366,306
(50,322,840)	(77,205,812)	-	(14,827,813)
178,114,163	29,725,752	169,340,611	1,568,100
11,620,227	-	10,889,755	-
13,074,571	66,025,185	8,496,543	5,224,898
(35,173,680)	(99,817,734)	(35,173,680)	(22,251,857)
1,574,030	-	118,644	-
119,044,803	(53,949,046)	154,045,080	(26,085,841)
(18,277,134)	(35,390,903)	(11,740,164)	(4,776,682)
(757,789)	(3,399,302)	(757,789)	(757,789)
(32,930,192)	(166,459,974)	(21,528,173)	(11,136,120)
28,035,596	125,762,522	17,731,265	9,747,115
(23,929,519)	(79,487,657)	(16,294,860)	(6,923,476)
218,024,225	(246,362,611)	176,239,791	(29,107,682)
328,574,059	254,799,990	73,247,335	9,144,679
3,958,956	320,136,680	301,070,114	93,210,339
550,557,240	328,574,059	550,557,240	73,247,335

*The historical cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies". The auditors have not expressed an opinion on the historical cost information.

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. AUDITOR'S STATEMENT

The condensed audited inflation adjusted financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2020, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe). An adverse opinion has been issued thereon in respect of non-compliance with the requirements of International Accounting Standard 21 (IAS 21) "The Effects of Foreign Exchange Rates" as well as non-compliance with International Accounting Standard 8 (IAS8) "Accounting for Policy Changes in Accounting

Estimates and Errors". The auditors' report on the inflation adjusted consolidated financial statements is available for inspection at the Company's registered office. The engagement partner for the review is Mr David Gwande (PAAB Practising Number 0132).

3.1. Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), International Financial Reporting Committee Interpretations ("IFRIC") as issued by the International Financial Reporting Interpretations Committee ("IFRS IC") and in a manner required by the Zimbabwe Companies and other Business Entities Act (Chapter 24:31), except for non-compliance with IAS 21 'The effects of changes in foreign exchange rates' and IAS 8 'Accounting policies - Changes in accounting policies, estimates and errors' in 2019. 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

Fidelity Funeral Services



AUDITED FINANCIAL RESULTS

for the year ended
31 December 2020



FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

Reporting in Hyperinflationary Economies” as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board “PAAB”.

Historical financial statements have been presented as supplementary information.

The condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report of Fidelity Life Assurance of Zimbabwe Limited for the year ended 31 December 2020 and any public announcements made by Company during the period.

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

3.2 Functional Currency

The Group’s condensed consolidated financial statements are expressed in the Zimbabwe dollars (ZWL\$) which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

Exchange gains and losses on translation of the results and financial positions of the Group’s foreign operations continue to be recognised in other comprehensive income.

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

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

The restatement has been calculated by means of conversion factors derived from the Consumer Price Index (CPI) reported on the Reserve Bank of Zimbabwe website. The indices and adjustment factors used to restate the financial statements at 31 December 2020 are as given below:

Index		Conversion factor
CPI as at 31 December 2018	88.81	27.863
CPI as at 31 December 2019	551.63	4.4858
CPI as at 31 December 2020	2474.51	1.0000

The financial statements of the subsidiary in Malawi which does not report in the currencies of hyper-inflationary economies 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.

Notes to the condensed consolidated financial statements (Cont’d) for the year ended 31 December 2020

4. EARNINGS PER SHARE (EPS)

Reconciliation of total earnings to headline earnings attributable to shareholders

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$
Numerator				
Profit/ (Loss) for the year attributable to owners of the parent and profit used in EPS	18,242,618	77,698,009	33,286,068	15,333,473
Add/(deduct) non recurring items				
Impairment of intangible assets	359,062	-	137,526	-
Profit on disposal of property	(13,634,983)	-	(2,870,929)	-
Bad debts written off	784,742	-	784,742	-
Other non recurring items	-	(36,747,562)	-	(3,426,187)
Taxation on headline earnings adjustable items	3,087,820	-	481,711	-
Headline earnings attributable to ordinary shareholders	8,839,259	40,950,447	31,819,118	11,907,286
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
Basic and diluted earnings per share (cents)	16.90	72.00	30.84	14.21
Headline earnings per share (cents)	8.19	37.95	29.48	11.03

5. INVESTMENT PROPERTY

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL\$	2019 ZWL\$	2020 ZWL\$	2019 ZWL\$
Balance at the beginning of the year	2,969,606,711	628,287,024	661,999,241	37,246,615
Additions	-	11,949,971	-	2,663,946
Improvements	-	2,451,427	-	171,000
Reclassification from inventory	-	621,349,279	-	22,300,000
Disposals	(73,119,512)	(29,904,970)	(62,921,976)	(2,524,840)
Exchange rate movement on foreign operations	14,489,091	124,329,183	174,262,928	40,058,197
Fair value gains - properties held for investment contracts	22,120,255	21,766,610	139,104,749	34,163,383
Fair value gains through profit or loss	184,655,351	1,589,378,187	2,205,306,954	527,920,940
Balance at the end of the year	3,117,751,896	2,969,606,711	3,117,751,896	661,999,241

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

The key assumptions in coming up with fair values are future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. Owing to the hyperinflationary environment, there were two rent reviews systems that are being used on the market, some rentals were pegged in US\$ with either the official rate or the parallel rate being applied to establish the ZWL\$ rentals or three month-based rentals in ZWL\$. This has created some market distortions, the US\$ pegged rentals tend to keep up with the exchange rate movement whilst the un-pegged rentals have fallen behind by far.

There were no transfers between Levels 1 or 2 to Level 3 during the year. Investment properties are at Level 3. Significant judgements and assumptions were applied for the Group’s Investment property portfolio.

Land banks and residential properties were valued in US\$ using the comparison method and/or market evidence and an interbank exchange rate was applied converting the US\$ values to ZWL\$ for financial reporting purposes.



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AUDITED FINANCIAL RESULTS

for the year ended
31 December 2020



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FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

Notes to the condensed consolidated financial statements (Cont'd) for the year ended 31 December 2020

	INFLATION ADJUSTED			
	Insurance ZWL\$	Microlending ZWL\$	Other ZWL\$	Group ZWL\$
6. SEGMENT INFORMATION				
Total revenue	1,064,558,754	43,237,983	1,672,277,937	2,780,074,674
Inter-segment revenue	(26,157,628)	-	(1,603,955,083)	(1,630,112,711)
Total revenue from external customers	1,038,401,127	43,237,983	68,322,854	1,149,961,963
Total benefits, claims and other expenses	(977,109,194)	(73,553,478)	(30,067,615)	(1,080,730,286)
Profit before tax	61,291,932	(30,315,495)	38,255,239	69,231,677
Depreciation of property and equipment	28,014,716	152,258	1,143,692	29,310,666
Amortisation of intangible assets	83,163	83,145	192,754	359,062
Amortisation of deferred acquisition costs	-	-	-	-
Finance costs	12,440,728	5,836,405	-	18,277,134
Fair value gains on equities	391,116,967	905,550	8,843,109	400,865,627
Fair value gains on investment property	22,238,556	1,212,281	161,204,514	184,655,351
Income tax expense	9,752,387	1,867,370	3,426,900	15,046,657
Additions to non-current assets	40,981,879	119,371	360,932	41,536,049
Reportable segment non-current assets	4,262,525,085	21,817,511	46,596,283	4,330,938,880
Reportable segment current assets	1,104,610,570	23,143,301	14,911,008	1,142,664,880
Reportable segment liabilities	4,693,387,937	29,373,355	23,764,318	4,746,525,610
Cash flows from operating activities	205,630,685	(28,477,752)	(54,243,984)	122,908,950
Cash flows from investing activities	96,168,632	(2,315,579)	25,191,750	119,044,803
Cash flows from financing activities	(24,508,302)	25,116,930	(24,538,147)	(23,929,519)
2019				
Total revenue	1,751,901,562	115,608,864	1,310,582,200	3,178,092,626
Inter-segment revenue	(983,644,481)	(892,911)	(12,872,470)	(997,409,862)
Total revenue from external customers	768,257,081	114,715,953	1,297,709,730	2,180,682,764
Total benefits claims and other expenses	(1,573,566,308)	(224,194,017)	(24,260,315)	(1,822,020,640)
Profit before tax	(805,309,227)	(109,478,064)	1,273,449,415	358,662,124
Depreciation of property and equipment	27,317,632	833,424	1,859,106	30,010,162
Amortisation of intangible assets	171,883	1,132,983	192,756	1,497,621
Amortisation of deferred acquisition costs	-	-	-	-
Finance costs	28,942,278	6,448,625	-	35,390,903
Fair value gains on equities	(259,930,745)	(2,721,944)	(11,895,662)	(274,548,350)
Fair value gains on investment property	379,859,490	6,951,274	1,281,149,515	1,667,960,279
Income tax expense	18,283,818	6,197,370	4,329,853	28,811,041
Additions to non-current assets	118,312,519	1,052,974	52,632	119,418,125
Reportable segment non-current assets	1,907,461,856	19,671,236	1,931,306,363	3,858,439,454

6.1 SEGMENT INFORMATION

	HISTORICAL COST			
	Insurance ZWL\$	Microlending ZWL\$	Other ZWL\$	Group ZWL\$
Total revenue	2,678,124,432	38,392,966	1,692,756,974	4,409,284,962
Inter-segment revenue	(1,429,265,631)	-	(5,799,953)	(1,435,065,584)
Total revenue from external customers	1,248,858,801	38,392,966	1,686,957,021	2,974,208,788
Total benefits, claims and other expenses	(2,543,821,550)	(32,287,549)	(25,063,081)	(2,601,172,180)
Profit before tax	(1,294,962,749)	6,105,417	1,661,893,940	373,036,608
Depreciation of property and equipment	14,861,546	49,795	77,766	14,989,107
Amortisation of intangible assets	83,163	47,440	6,923	137,526
Amortisation of deferred acquisition costs	-	-	-	-
Finance costs	8,232,125	3,508,038	-	11,740,164
Fair value gains on equities	285,331,082	3,145,504	13,345,457	301,822,042
Fair value gains on investment property	536,812,454	12,026,850	1,656,467,651	2,205,306,955
Income tax expense	16,944,238	2,622,973	2,128,749	21,695,960
Additions to non-current assets	40,203,063	116,419	223,791	40,543,273
Reportable segment non-current assets	4,194,704,782	20,182,809	27,948,046	4,242,835,637
Reportable segment current assets	1,104,729,589	22,041,777	14,791,990	1,141,563,356
Reportable segment liabilities	4,693,387,932	28,951,629	22,889,698	4,745,229,258
Cash flows from operating activities	173,457,316	37,747,170	(172,714,915)	38,489,571
Cash flows from investing activities	107,889,151	(1,052,971)	47,208,900	154,045,080
Cash flows from financing activities	(15,365,828)	(38,932,354)	38,003,322	(16,294,860)
2019				
Total revenue	585,738,341	11,158,389	409,657,803	1,006,554,533
Inter-segment revenue	(345,610,509)	(121,243)	(3,026,041)	(348,757,793)
Total revenue from external customers	240,127,832	11,037,146	406,631,762	657,796,740
Total benefits claims and other expenses	(548,615,842)	(5,402,761)	(3,417,298)	(557,435,901)
Profit before tax	(308,488,010)	5,634,385	403,214,464	100,360,839
Depreciation of property and equipment	2,134,381	23,750	63,243	2,221,374
Amortisation of intangible assets	38,318	40,663	6,923	85,903
Amortisation of deferred acquisition costs	-	-	-	-
Finance costs	4,166,451	610,230	-	4,776,682
Fair value gains on equities	15,001,601	71,689	459,182	15,532,471
Fair value gains on investment property	120,140,290	2,852,451	404,928,199	527,920,940
Income tax expense	4,405,996	1,397,694	882,008	6,685,698
Additions to non-current assets	23,577,870	168,251	11,733	23,757,854
Reportable segment non-current assets	409,837,620	3,607,931	429,386,476	842,832,028
Reportable segment current assets	154,988,515	12,225,700	3,445,347	170,659,563
Reportable segment liabilities	864,100,069	6,037,738	3,732,900	873,870,707

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AUDITED FINANCIAL RESULTS

for the year ended
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FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

Notes to the condensed consolidated financial statements (Cont'd) for the year ended 31 December 2020

6.2. SEGMENT INFORMATION (Cont'd)

GEOGRAPHICAL INFORMATION

2020

	INFLATION ADJUSTED		
	Zimbabwe ZWL\$	Malawi ZWL\$	Total ZWL\$
Revenue			
Total revenue	2,487,849,846	292,224,828	2,780,074,674
Inter-segment revenue	(1,630,112,711)	-	(1,630,112,711)
Total revenue from external customers	857,737,135	292,224,828	1,149,961,963
Group's revenue per statement of profit or loss and other comprehensive income	857,737,135	292,224,828	1,149,961,963
Depreciation of property and equipment	23,987,207	5,323,459	29,310,666
Amortisation of intangible assets	275,898	83,163	359,062
Amortisation of deferred acquisition costs	-	-	-
Finance costs	16,635,883	1,641,251	18,277,134
Fair value adjustments on equities	374,764,133	26,101,493	400,865,627
Fair value adjustments on investment property	179,188,994	5,466,357	184,655,351
Income tax expense	(7,862,240)	(7,184,415)	(15,046,656)
Segment profit before tax	50,156,323	19,075,354	69,231,677
Cash flows from operating activities	33,458,310	89,450,640	122,908,950
Cash flows from investing activities	178,113,057	(59,068,255)	119,044,803
Cash flows from financing activities	(31,106,198)	7,176,679	(23,929,519)

2019

	INFLATION ADJUSTED		
	Zimbabwe ZWL\$	Malawi ZWL\$	Total ZWL\$
Revenue			
Total revenue	2,854,205,428	323,887,198	3,178,092,626
Inter-segment revenue	(997,409,862)	-	(997,409,862)
Total revenue from external customers	1,856,795,566	323,887,198	2,180,682,764
Group's revenue per statement of profit or loss and other Comprehensive income	1,856,795,566	323,887,198	2,180,682,764
Depreciation of property and equipment	25,066,847	4,943,010	30,009,857
Amortisation of intangible assets	1,325,734	171,887	1,497,621
Amortisation of deferred acquisition costs	-	-	-
Finance costs	33,480,730	1,910,173	35,390,903
Fair value adjustments on equities	(281,973,336)	7,424,985	(274,548,350)
Fair value adjustments on investment property	1,574,086,346	15,291,841	1,589,378,187
Tax expense	15,715,042	13,096,003	(28,811,041)
Segment profit before tax	322,436,977	36,225,147	358,662,124
Cash flows from operating activities	(221,293,960)	114,268,619	(112,925,907)
Cash flows from investing activities	12,365,111	(66,314,157)	(53,949,046)
Cash flows from financing activities	(75,236,763)	(4,250,894)	(79,487,657)

2020

	INFLATION ADJUSTED		
	Zimbabwe ZWL\$	Malawi ZWL\$	Total ZWL\$
Additions to non-current assets	21,540,178	19,995,871	41,536,049
Reportable segment non current assets	3,664,568,993	666,369,887	4,330,938,880
Reportable segment current assets	272,882,172	869,782,708	1,142,664,880
Reportable segment liabilities	3,389,877,768	1,356,647,841	4,746,525,610

2019

	INFLATION ADJUSTED		
	Zimbabwe ZWL\$	Malawi ZWL\$	Total ZWL\$
Additions to non-current assets	37,164,267	82,253,858	119,418,125
Reportable segment non current assets	3,377,541,429	480,898,025	3,858,439,454
Reportable segment current assets	92,345,593	676,011,983	768,357,577
Reportable segment liabilities	2,925,754,981	996,542,018	3,922,296,999

6.3 SEGMENT INFORMATION (Cont'd)

GEOGRAPHICAL INFORMATION

2020

	HISTORICAL COST		
	Zimbabwe ZWL\$	Malawi ZWL\$	Total ZWL\$
Revenue			
Total revenue	4,117,049,526	292,224,846	4,409,274,372
Inter-segment revenue	(1,435,065,584)	-	(1,435,065,584)
Total revenue from external customers	2,681,983,942	292,224,846	2,974,208,788
Group's revenue per statement of profit or loss and other comprehensive income	2,681,983,942	292,224,846	2,974,208,788
Depreciation of property and equipment	9,665,649	5,323,459	14,989,107
Amortisation of intangible assets	54,362	83,163	137,526
Amortisation of deferred acquisition costs	-	-	-
Finance costs	10,098,915	1,641,249	11,740,164
Fair value adjustments on equities	275,720,549	26,101,493	301,822,042
Fair value adjustments on investment property	2,199,840,598	5,466,357	2,205,306,955
Income tax expense	14,511,545	7,167,273	21,678,818
Segment profit before tax	353,961,234	19,075,374	373,036,608
Cash flows from operating activities	(50,961,069)	89,450,640	38,489,571
Cash flows from investing activities	213,113,335	(59,068,255)	154,045,080
Cash flows from financing activities	(23,471,539)	7,176,679	(16,294,860)

2019

	HISTORICAL COST		
	Zimbabwe ZWL\$	Malawi ZWL\$	Total ZWL\$
Revenue			
Total revenue	934,352,017	72,202,517	1,006,554,534
Inter-segment revenue	(348,757,794)	-	(348,757,794)
Total revenue from external customers	585,594,223	72,202,517	657,796,740
Group's revenue per statement of profit or loss and other Comprehensive income	585,594,223	72,202,517	657,796,740
Depreciation of property and equipment	1,119,454	1,101,920	2,221,374
Amortisation of intangible assets	47,585	38,318	85,903
Amortisation of deferred acquisition costs	-	-	-
Finance costs	4,350,857	425,825	4,776,682
Fair value adjustments on equities	13,877,258	1,655,214	15,532,471
Fair value adjustments on investment property	542,029,913	3,408,932	545,438,845
Tax expense	3,766,273	2,919,425	6,685,698
Segment profit before tax	92,981,194	7,379,645	100,360,839
Cash flows from operating activities	(20,285,700)	25,502,721	3,901,635
Cash flows from investing activities	(11,302,766)	(14,783,075)	(26,085,841)
Cash flows from financing activities	(5,975,846)	(947,630)	(6,923,476)

2020

	HISTORICAL COST		
	Zimbabwe ZWL\$	Malawi ZWL\$	Total ZWL\$
Additions to non-current assets	2,502,171	38,041,102	40,543,273
Reportable segment non current assets	3,576,465,750	666,369,887	4,242,835,637
Reportable segment current assets	271,780,648	869,782,708	1,141,563,356
Reportable segment liabilities			

2019

	HISTORICAL COST		
	Zimbabwe ZWL\$	Malawi ZWL\$	Total ZWL\$
Additions to non-current assets	5,421,423	18,336,431	23,757,854
Reportable segment non current assets	735,627,890	107,204,138	842,832,028
Reportable segment current assets	19,959,667	150,699,896	170,659,563
Reportable segment liabilities	651,716,690	222,154,016	873,870,707

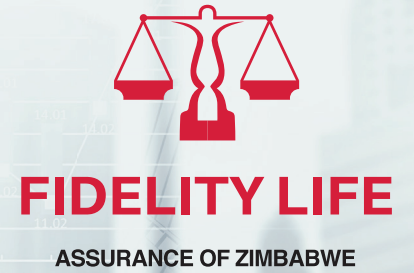


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AUDITED FINANCIAL RESULTS

for the year ended
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FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

Notes to the condensed consolidated financial statements (Cont'd) for the year ended 31 December 2020

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$
7. TRADE AND OTHER RECEIVABLES				
Residential stand sales debtors	2,519,767	75,764,282	2,519,767	16,889,744
Micro-finance loans receivable	24,139,563	56,519,916	24,139,563	12,599,696
Insurance debtors	178,796,841	108,973,508	178,796,841	24,292,907
Other trade debtors	3,704,723	2,243,635	3,704,723	518,932
Trade receivables - gross	209,160,894	243,501,341	209,160,894	54,301,279
Less: expected credit loss on trade receivables	(13,176,561)	(24,068,488)	(13,176,561)	(5,365,464)
Trade receivables - net	195,984,333	219,432,853	195,984,333	48,935,815
Receivables from related parties, net of ECL	3,978,061	4,167,709	3,978,061	929,087
Loans to employees, net of ECL	23,451	362,472	23,451	80,803
Total receivables classified as financial assets at amortised cost	199,985,845	223,963,034	199,985,845	49,945,705
Prepayments	78,013,081	12,598,006	76,911,559	2,181,943
Other receivables, net of ECL	16,120,342	52,012,191	16,120,341	11,576,042
Total trade and other receivables	294,119,268	288,573,231	293,017,745	63,703,690
Non-current portion	18,517,632	83,066,688	18,517,632	18,517,632
Current portion	275,601,636	205,506,543	274,500,113	45,186,058
Total trade and other receivables	294,119,268	288,573,231	293,017,745	63,703,690

The carrying value of trade and other receivables classified as financial assets at amortised cost approximates their fair value.

There was a significant decline in residential stand sales debtors in the current period as most of the debtors settled their accounts and no new debtors were recognised as the Southview development project has reached its tail end.

Included in other receivables balance are debtors arising from non core business activities such as rental debtors and debtors arising from disposal of non core assets from the Southview development project.

	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$
The total impairment allowance is made up of the following:				
Expected credit loss on trade receivables	13,176,561	24,068,488	13,176,561	5,365,464
Expected credit loss on loans to employees	-	480,615	-	107,141
Expected credit loss on other receivables	47,614	213,588	47,614	47,614
Expected credit loss on related party receivables	-	2,895,984	-	645,589
	13,224,175	27,658,675	13,224,175	6,165,808

Movements in expected credit loss are as follows:

	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$
Opening loss allowance as at the beginning of the period	27,658,675	120,332,038	6,165,808	4,318,673
Receivables written off during the period as uncollectable	(784,742)	(569,869)	(784,742)	(127,038)
Net decrease/(increase) during the period through profit or loss	9,316,370	(26,966,271)	(2,057,762)	1,059,071
Reversal of unutilised amount through profit or loss	(23,480)	(9,927,703)	-	-
Impact on period end ECL exposures transferred between stages during the period	(22,942,648)	(55,209,519)	9,900,871	915,102
Balance at the end of the period	13,224,175	27,658,675	13,224,175	6,165,808

8. EQUITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Listed equities are the only financial instruments held by the Group that are measured at fair value. These are shown as equities at fair value through profit or loss in the statement of financial position. The fair values of the equities are determined as Level 1 fair values in the fair value hierarchy. Level 1 fair values are determined based on observable quoted prices in active markets for identical assets that the entity can access at the measurement date. The Group holds equities listed on the Zimbabwe and Malawi Stock Exchanges and these amounted to ZWL\$ 662,745,899 as at 31 December 2020 (31 December 2019: ZWL\$313,481,258).

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$
9. CASH AND DEPOSITS WITH BANKS				
Money market investments	451,793,079	280,756,060	451,793,278	62,587,513
Bank and cash	98,386,411	46,123,482	98,386,212	10,282,072
Cash and cash equivalents	550,179,490	326,879,542	550,179,490	72,869,585
Restricted cash	377,750	1,694,517	377,750	377,750
Cash and deposits with banks	550,557,240	328,574,059	550,557,240	73,247,335

Restricted cash refers to a fixed deposit kept by First Capital Bank Zimbabwe as security for a loan received from First Capital Bank Malawi. The lien over the cash deposit runs for the tenure of the loan, which is expiring on 30 November 2021, as disclosed in Note 11.

10. INSURANCE AND INVESTMENT CONTRACT LIABILITIES

Prior period regulatory and currency reforms adjustments

Fidelity Life Assurance of Zimbabwe conducted an asset separation between policyholders and shareholders to ensure compliance with the requirements of the Insurance Act (Chapter 24:07) and the Pension and Provident funds Act (Chapter 24:09). The results of the exercise as per the Company's calculations disclosed a 94:6 split between policyholders and shareholders respectively, previously the Company was applying the 90:10 split. The results were approved by the Insurance and Pensions Commission (IPEC).

Asset separation

Fidelity Life Assurance of Zimbabwe maintained its assets and liabilities on a combined basis operating a pooled fund. Profits of the company were therefore shared between policyholders and shareholders in accordance with the provisions of the Company's articles of association.

In addition to having a shareholder fund, Fidelity Life Assurance of Zimbabwe had to separate and maintain distinct asset portfolios (Funds) at least for the three broad categories of insurance funds that it operates which includes investment contracts, insurance contracts with profit and insurance contracts without profits.

This necessitated a project to establish a basis on which to achieve such separation and administer the funds separately in compliance with the Insurance Act (Chapter 24:7) and the Pension and Provident funds Act (Chapter 24:09).

In addition to the IPEC approved 94:6 split of assets for policyholders and shareholders, Fidelity Life Assurance of Zimbabwe was also required to address the requirements of the Guideline for the Insurance and Pensions Industry on adjusting Insurance and Pension values in response to currency reforms issued in terms of Section 3 (1) (a) of Statutory Instrument 69 of 2020.

Following the approval of Fidelity Life Assurance of Zimbabwe proposed Asset Separation report by IPEC, the company has implemented the notional 94:6 split between Shareholders and Policyholders. Consequently, the actuarial liability has been restated in line with the results of the asset split and the 2019 currency reforms.

This prior period regulatory and currency reforms adjustments has been accounted for retrospectively, and the comparative information for 2019 has been restated. The effect of the change is a decrease of ZWL\$72,887,035 in profit and an increase in the gross change in insurance and investment contract liabilities by the same amount for the year ended 31 December 2019. Furthermore, opening retained earnings for 2019 have been increased by ZWL\$13,871,260 and Insurance and Investment contract liabilities have been increased by ZWL\$124,963,410 which is the amount of the adjustment relating to periods before 2019. The restatement is in the note below

Prior period error

The Subsidiary in Malawi restated the deferred acquisition costs asset, operating expenses and insurance liabilities in the financial statements to reflect the change in treatment of deferred acquisition cost in terms of calculating insurance liabilities and data omitted in the 2019 valuation exercise. Previously the insurance liabilities were calculated using net premium value method which does not consider future expenses. The Fidelity Life Assurance Group changed the treatment to calculating the insurance liabilities using gross premium value method which consider future expenses discounted at the present value in 2016 and the Subsidiary in Malawi had not implemented for this change to ensure consistency in the presentation of the group's financial statements, The Subsidiary in Malawi is correcting for this in the current period. The effect of the change is a decrease in gross change in insurance and investment contract liabilities by ZWL\$11,084,067 and an increase in profit for the year ended 31 December 2019 by the same amount. The restatement is shown in the note below.

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL\$	2019 Restated ZWL\$	2020 ZWL\$	2019 Restated ZWL\$
Insurance contract liabilities and investment contract liabilities with discretionary participation features				
Balance at the beginning of the year	3,137,923,700	1,868,762,592	699,521,286	67,069,210
Prior period regulatory and currency reforms adjustments	-	124,963,410	-	27,857,454
	3,137,923,700	1,993,726,002	699,521,286	94,926,664
Split out of investment contract liabilities without DPF	(223,625,887)	-	(49,851,776)	-
Change in life assurance policyholder liabilities for the year	807,972,142	1,144,197,698	3,072,600,445	604,594,622
Movement through profit or loss	586,657,204	471,351,260	1,957,504,664	386,036,426
Movement through other comprehensive income	40,070,771	155,771,002	249,424,335	55,829,147
Exchange rate movement on foreign operations	181,244,167	517,075,436	865,671,446	162,729,049
Balance at the end of the year	3,722,269,955	3,137,923,700	3,722,269,955	699,521,286

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FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

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Notes to the condensed consolidated financial statements (Cont'd)
for the year ended 31 December 2020

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL\$	2019 Restated ZWL\$	2020 ZWL\$	2019 Restated ZWL\$
Investment contracts without discretionary participation features				
Balance at the beginning of the year	176,793,661	156,714,113	39,411,707	5,624,413
Split out from insurance contract liabilities	223,625,887	-	49,851,776	-
Fair value gains from equities	(19,379,938)	1,564,738	174,920,029	348,819
Fair value gains from investment properties	22,120,255	21,766,610	139,104,749	34,163,383
Other investment income	37,139	29,443	40,913	6,563
Net cash flow	(5,728,022)	(3,281,243)	(5,860,192)	(731,471)
Gross premium income	1,513,515	1,458,227	1,115,601	325,075
Gross benefits and claims paid	(918,559)	(953,204)	(652,815)	(212,493)
Investment expenses	(6,322,978)	(3,786,266)	(6,322,978)	(844,053)
Balance at the end of the year	397,468,982	176,793,661	397,468,982	39,411,707

11. BORROWINGS

11.1 LONG-TERM BORROWINGS

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$
FBC Bank Limited	-	22,598,872	-	5,037,851
Infrastructure Development Bank of Zimbabwe	-	7,046,037	-	1,570,737
Standard Chartered Bank of Zimbabwe Limited	-	4,376,452	-	975,620
Agribank Limited	-	1,804,469	-	402,261
NMB Bank Limited	6,708,558	36,466,391	6,708,558	8,129,266
First Capital Bank Malawi	10,151,010	18,479,402	10,151,010	4,119,519
Current portion of long-term borrowings	16,859,568	90,771,623	16,859,568	20,235,254
Non-current portion of long term borrowings	(12,301,770)	(30,529,534)	(12,301,770)	(6,805,793)
	4,557,798	60,242,089	4,557,798	13,429,461

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

The Group assumed CFI Holdings Limited's loans, issued by these banks amounting to USD\$16 million, when it acquired Langford Estates (1962) (Private) Limited through a land-for-debt swap arrangement in 2015. The borrowings accrued interest at 10% per annum and had a tenor of 7 years ending 30 June 2022. The loan facility was fully settled during the year.

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

NMB Bank Limited

The loan with NMB Bank was acquired to enable settlement of Redeemable Bonds that were settled in 2018. The NMB loan accrues interest at 10% per annum and has fixed monthly repayments to 31 January 2023. The facility is secured through a first mortgage bond over property valued at ZWL\$195 million and cession of residential stand sales receivables worth ZWL\$12 million.

First Capital Bank Malawi

The loan with FCB Malawi was used to refinance Vanguard Life Assurance through a rights issue. The loan is denominated in Malawi Kwacha and accrued interest at 23% per annum. The interest rate was revised to 18.9% as at 31 December 2020 and is subject to variation at the bank's discretion as influenced by bank rates advised by the Reserve Bank of Malawi from time to time. The facility is repayable in equal monthly instalments to 30 November 2021. The terms of the loan require security of 110% of the facility amount to be kept in deposit with First Capital Bank Zimbabwe for the duration of the facility, which would amount to US\$377,750.

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.

11.2 SHORT-TERM BORROWINGS

	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$
ZB Bank Limited	7,635,118	-	7,635,118	-
Ecobank Zimbabwe Limited	7,969,604	15,476,065	7,969,604	3,450,000
Current portion of non-current borrowings	12,301,770	30,529,534	12,301,770	6,805,793
	27,906,492	46,005,599	27,906,492	10,255,793

ZB bank Limited

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 2021.

Ecobank Zimbabwe Limited

The micro-finance business acquired a ZWL\$7.9 million loan facility with Ecobank Zimbabwe Limited to increase its lending capacity. The facility amount is drawn down in tranches in line with the business' needs. Drawdowns on the facility accrue interest at varying interest rates depending on the prevailing interest rate on each drawdown date. Currently, ZWL\$7,969,604 of the outstanding amount accrues interest at 45% per annum. The facility is available for one year, expiring on 31 July 2021.

11.3 MOVEMENT IN BORROWINGS

Movements in borrowings during the period were as follows:

	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$
Balance at the beginning of the year	106,247,689	603,480,628	23,685,254	21,658,700
Net cash out flow on borrowings	(4,894,596)	(40,697,452)	(3,796,908)	(1,389,005)
Proceeds from borrowings	28,035,596	125,762,522	17,731,265	9,747,115
Repayment of borrowings	(32,930,192)	(166,459,974)	(21,528,173)	(11,136,120)
Finance costs capitalised	18,277,134	35,390,903	11,740,164	4,776,682
Finance costs paid	(18,277,134)	(35,390,903)	(11,740,164)	(4,776,682)
Exchange differences on foreign currency denominated loans	3,415,558	15,321,569	12,575,945	3,415,559
Reduction of borrowings due to inflation	(72,304,360)	(471,857,056)	-	-
Balance at the end of the year	32,464,291	106,247,689	32,464,291	23,685,254
Current borrowings	27,906,493	46,005,599	27,906,492	10,255,793
Non-current borrowings	4,557,798	60,242,089	4,557,799	13,429,462
Borrowings as at 31 December	32,464,291	106,247,689	32,464,291	23,685,254

12. TRADE AND OTHER PAYABLES

	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$
Trade payables	96,767,875	11,314,588	96,767,875	3,464,436
South View offsite works liability	308,941,729	363,217,457	308,941,729	80,970,211
Related party payables	1,189,601	6,067,730	1,189,601	563,659
Deferred income from sale of residential stands	4,533,864	18,906,471	4,533,864	4,214,724
Statutory liabilities	2,579,631	2,715,305	2,579,631	605,309
Other payables	99,419,533	68,738,109	99,419,533	15,160,105
	513,432,233	470,959,660	513,432,233	104,978,445

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