

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

**Grant Thornton**  
Camelsa Business Park  
135 Enterprise Road, Highlands  
PO Box CY 2619  
Causeway, Harare  
Zimbabwe  
T +263 0242 442511-4  
F +263 0242 442517 / 496985  
E [info@zw.gt.com](mailto:info@zw.gt.com)  
[www.grantthornton.co.zw](http://www.grantthornton.co.zw)

### **To the members of Fidelity Life Assurance of Zimbabwe Limited and its subsidiaries**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Fidelity Life Assurance of Zimbabwe Limited and its subsidiaries (the "Group") as at 30 June 2022 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-months then ended, and a summary of significant group accounting policies and other explanatory notes.

### **Responsibilities of Management and Those Charged with Governance for the interim condensed consolidated financial statements**

Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and the Group's accounting policies, this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of interim condensed consolidated financial statements that are free of material misstatement whether due to fraud or error.

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Basis for Adverse Conclusion

### *Non-compliance with International Accounting Standard 21 -The Effects of Changes in Foreign Exchange Rates*

During the current financial period, the foreign currency denominated transactions and balances of the Zimbabwe operations and the Group's foreign operations were translated into ZWL using the interbank exchange rates/foreign currency auction rates, which were not considered appropriate spot rates for the Group as required by International Accounting Standard 21 (IAS 21). IAS 21 defines the spot exchange rate as the exchange rate for immediate delivery. During the period, the Group did not participate on the Foreign Exchange Auction Trading System, and was not in a position to exchange ZWL for immediate delivery of other foreign currencies to settle its obligations through the Foreign Exchange Auction Trading System.

During the same period, there were disparities between the auction exchange rates and the rates derived from comparing the market prices of goods and services quoted in both USD and ZWL. These conditions point to the existence of multiple exchange rates. In terms of IAS 21, when several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date.

Had the interim condensed consolidated financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material and pervasive to the interim condensed consolidated financial statements as a whole.

### Valuation of investment property

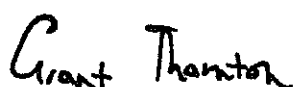
The investment property balances of the Group as at 31 December 2021, recognised in the consolidated statement of financial position were misstated as management could not provide sufficient appropriate audit evidence to support the assumptions applied by the professional valuers in the valuation of the properties. As a result of the misstatement of opening balances as at 1 January 2022, the fair value gains on properties recognised in the consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2022 are misstated.

The opinion for the year ended 31 December 2021 was modified in respect of this matter, and the misstatement has not been corrected in these interim condensed consolidated financial statements in accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

### **Adverse Conclusion**

Based on our review, because of the significance of the matters described in the Basis for Adverse Conclusion section above, the accompanying interim condensed consolidated financial statements do not present fairly, in all material respects the financial position of Fidelity Life Assurance of Zimbabwe Limited and its subsidiaries as at 30 June 2022, and of its financial performance and its cash flows for the six months ended in accordance with International Financial Reporting Standards (IFRSs).

The engagement partner on the review engagement resulting in this independent review conclusion is Farai Chibisa.



Farai Chibisa

Partner

Registered Public Auditor (PAAB No: 0547)

**Grant Thornton**

Chartered Accountants (Zimbabwe)

Registered Public Auditors

**14 September 2022**

**HARARE**