

2019

ANNUAL REPORT



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Fidelity House
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A BRIEF HISTORY

1836

Legal and General (Private) Limited is incorporated in the United Kingdom.

1936

Legal and General opens a branch in Bulawayo, in the then Southern Rhodesia.

1977

Legal & General is incorporated in Rhodesia

1988

A local consortium buys the long term assurance division of Legal and General and it changed its name to Fidelity Life Assurance of Zimbabwe (Private) Limited

1996

Fidelity Life Assurance forms Zimbabwe Actuarial Consultancy (Private) Limited.

1998

Fidelity Life Assurance forms Fidelity Life Asset Management (Private) Limited to spearhead third party fund mobilization for investment management.

2004

Fidelity Life Assurance forms KU Financial Services (Private) Limited – a microfinance company to develop consumer financing business.

2005

Vanguard Life Malawi becomes a subsidiary of Fidelity Life Assurance.

2006

Fidelity Funeral Assurance is formed to spearhead funeral services provision.

2010

Fidelity Life Assurance attains ISO 9001:2008 certification becoming the first Life Assurance Company with ISO certification.

2014

The Fidelity Life Southview Park project is commissioned.

2015

The Company acquires 81% of Langford Estates (1962) (Private) Limited



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THE
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TODAY

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	Chairman	
R. Java	Chief Executive Officer	
P. Zvandasara	Chief Finance Officer	(Resigned October 2019)
R. G. Maramba	Non-Executive Director	
G. Dhombo	Non-Executive Director	
F. Dzanya	Non-Executive Director	
I. Mvere	Non-Executive Director	
S. Kudenga	Non-Executive Director	
H. Nemaire	Non-Executive Director	

REGISTERED OFFICE

Fidelity House
66 Julius Nyerere Way, Harare

AUDITORS

Ernst & Young Chartered Accountants Zimbabwe
Cnr Julius Nyerere/Kwame Nkrumah Avenue, Harare

MAIN BANKERS

CBZ Bank Limited

60 Kwame Nkrumah Avenue, Harare

Standard Chartered Bank Limited

Africa Unity Square, 68 Nelson Mandela Avenue, Harare

Stanbic Bank Limited

64 Nelson Mandela Avenue, Harare

First Capital Bank Limited

Kurima House, Nelson Mandela Avenue, Harare

COMPANY SECRETARY

Chipo Matongo (Appointed 16 April 2019)
S. Nhende (Resigned 31 January 2019)
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



Fungai Ruwende
Chairman



Rueben Java
Chief Executive Officer (CEO)



Ruwadzano Maramba
Non - Executive Director



Gary Dhombo
Non - Executive Director



Ignatius Mvere
Non - Executive Director



Stanley Kudenga
Non - Executive Director



Francis Dzanya
Non - Executive Director



Henry Nemaire
Non - Executive Director

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 **AFYA PAP**



FIDELITY LIFE
MEDICAL AID SOCIETY

Chairman's Statement

for the year ended 31 December 2019

I am pleased to present the audited financial results of Fidelity Life Assurance of Zimbabwe Limited Group for the year ended 31 December 2019. The commentary on financials is based on the inflation adjusted numbers.

Operating environment in the country

The economy contracted in 2019 and macroeconomic stability remained a challenge. The year was characterised by policy shifts that had significant impact on the business environment. One such policy change with significant impact was the introduction of the foreign currency interbank market that ended the Zimbabwe dollar's 1:1 parity with the United States dollar. The multi-currency regime came to an end in June 2019 with the re-introduction of the Zimbabwe dollar as the sole legal tender in the country. Foreign currency shortages persisted leading to a rapid depreciation of the Zimbabwe dollar against major currencies. The hyperinflation which ensued resulted in businesses facing spiralling operating costs while revenues were negatively impacted by shrinking disposable incomes leading to decline in aggregate demand.

On the regulatory front, the minimum capital requirement for Life Assurers was reviewed from ZWL\$5 million to ZWL\$75 million.

The financial services industry has not been spared from the above mentioned adverse economic conditions. However, the Group remained resilient against significant headwinds and our 2019 financial performance reflects positive results anchored by strong strategic choices.

Group financial results

The Group's strategic choice to focus on inflation protection assets and core business resulted in positive results, with the Group recording profit after tax of ZWL\$74.1 million on an inflation adjusted basis for the year ended 31 December 2019.

The 2019 inflation adjusted total revenue of ZWL\$503.6 million increased by 52% from ZWL\$332.0 million in the prior year. Revenue was boosted by fair value gains on investment properties which increased from ZWL\$3.1 million in 2018 to ZWL\$371.8 million in 2019.

The policy change to a mono-currency and subsequent depreciation of the ZWL\$ negatively

impacted the Group's inflation adjusted expenses which ended the year at ZWL\$423.1 million growing by 33% from ZWL\$317.7 million in the previous year. The significant re-rating of investment properties in line with the depreciation of the ZWL\$ was the largest contributor to the increase in insurance and investment contract liabilities, which increased from ZWL\$43.1 million in 2018 to ZWL\$123.7 million in 2019. Further, the heavy depreciation of ZWL\$ against US\$ led to the provision on the Southview water pipeline increasing from ZWL\$44.3 million to ZWL\$100.1 million.

Solvency

The solvency of the Company improved significantly in 2019. This was largely due to the significant increase in the value of assets relative to the liabilities. The increase in assets was mainly attributed to change in valuation treatment of Langford Estates from cost to fair value.

Insurance companies are now required to hold minimum regulatory capital of ZWL\$75 million. The Company had excess assets of ZWL\$132.7 million as at 31 December 2019, implying a healthy minimal capital solvency level of 177%.

Disciplined execution of our Strategy

We continue to deliver against the strategic objectives laid out in 2017. The Group's strategy remains grounded on the three strategic pillars of Sound Corporate Governance, Brand Repositioning and Growth.

Digital Transformation

The year saw major strides in the digitalization of business processes in order to deliver service excellence to our customers more seamlessly and cost-effectively. The Group introduced several technology-driven initiatives, which include the Fidelity Life App for assurance customers, and a Health/Lifestyle Management App for our medical aid members. Other customer-focused digital initiatives included online payment functionality, WhatsApp for business and a suite of social media platforms that allow for real-time communication with clients.

The Board has mandated management to accelerate the pace of our digital strides so that we can reap the benefits of operating a fully digitalized business.

Chairman's Statement

for the year ended 31 December 2019

Growth

2019 was characterised by hyperinflation. Lessons from 2006-2008 loss of value era and our appreciation of the nature of the liabilities that we carry, influenced our choice to deliberately bulk up on inflation protection assets and scale down on monetary assets. Historical investment wisdom is reflected in the excellent investment performance of the Group which has helped to protect and grow value for our policyholders and shareholders.

Following two years in which emphasis was on cleaning up the organization, the financial performance of all the subsidiaries is very pleasing and signals that the Group is now on a clean growth path. This growth continues to be supported by a well-positioned brand that continues to be a trusted, relevant partner to our chosen customer segments and their evolving needs.

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. The nature of our core products is that of promises, to be delivered in future times; this makes them intangible. Institutionalisation of our documented governance framework and generally executing actions which are consistent with our stated framework is what gives our clients the assurance that we will keep our promises to them now and into the future.

In a challenging macro-environment, our focus remains on creating a robust and agile business that will retain its stability and sustainability while remaining open to new opportunities and developments in local and regional markets. We remain optimistic about the future prospects of our Group.

Dividend

Due to the need to preserve internal resources to strengthen the Group's underwriting capacity and capital position in these turbulent times, the Board resolved not to declare a dividend.

Outlook

In the absence of market confidence that the country's foreign currency inflows will improve, pressure on the local currency unit is expected to remain in the short to medium term. We thus

expect the current harsh economic environment to persist in the short to medium term. The persisting hyperinflation environment makes it imperative that we execute strategic initiatives that preserve value for policyholders and shareholders. This remains our top priority as we look ahead.

Corporate governance

The Company continues to maintain high standards of corporate governance, ensuring that it complies with the regulatory requirements of the industry in which it operates in and the country at large. The Board has the right mix of competencies to enable rich deliberations.

Mrs Patricia Zvandasara resigned as Chief Finance officer from the Company with effect from 1 November 2019.

Appreciation

The unwavering support of the Group's shareholders and clients forms the pillar on which the Group's success is anchored. I am grateful to the Board for its diligence and continued dedication as we navigated through yet another difficult financial year. I extend my most sincere appreciation to our management and staff for their high level of dedication to duty and professionalism in an increasingly difficult operating environment.



F. Ruwende
Chairman
27 April 2020

Chief Executive Officer's statement for the year ended 31 December 2019

Trading environment

The trading environment in Zimbabwe was characterized by foreign currency shortages, exchange rate depreciation, hyperinflationary pressures, decline in real wages and salaries leading to dampened consumer demand. The promulgation of SI33 in February 2019 ushered in the RTGS/Bond currency and the introduction of the interbank foreign currency market. The introduction of SI142 in June 2019 abolished the multicurrency system and ushered in a mono currency regime. This statutory instrument reintroduced the Zimbabwe Dollar (ZWL\$) as sole currency, which currency proceeded to depreciate from 2.5 in February 2019 to 16.8 against the USD in December 2019. The depreciation of the Zimbabwe Dollar on the official and alternative grey markets led to the general increase in prices of goods and services in Zimbabwe. Compared to Zimbabwe, the operating context in our regional operations was relatively stable. Despite these challenges, the Group has remained resilient and continues to improve performance in the existing businesses.

Group performance overview

Summary of performance (Inflation Adjusted)

	Fidelity life Assurance		Vanguard life Assurance		Fidelity life Financial Services		Other Operating Subsidiaries		Langford Investments		Adjustments	Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		2019	2018
(Millions)	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$		ZWL\$	ZWL\$
Core Revenue	57.9	89.5	57.8	34.4	23.1	25.3	11.7	6.0	-	-	-	150.4	155.2
Non-Core Revenue	278.0	177.2	14.4	6.7	2.8	1.2	-	1.8	281.3	-	(223.3)	353.2	176.8
Total Revenue	335.9	266.7	72.2	41.1	25.9	26.5	11.7	7.8	281.3	-	(223.4)	503.6	332.0
Profit Before Tax	22.1	7.1	7.4	0.8	(24.2)	13.1	4.2	0.10	281.4	(0.60)	(210.3)	80.5	14.3

Fidelity Life Assurance - Zimbabwe (FLA, the Company)

Fidelity Life Assurance of Zimbabwe (the Company) is the flagship subsidiary of the Group, contributing 38% (ZWL\$57.9m) to core revenue of the Group. Overall, inflation adjusted total revenue for the Company increased by 26% (ZWL\$335.9m in 2019 against a 2018 comparative of ZWL\$266.7m). A key contributor to the revenue growth is share of profits from investments in subsidiaries amounting to ZWL\$205.1 million. This resulted from a change in accounting policy of investments in subsidiaries from cost to equity method. The Company recorded an inflation adjusted decline of 35% in premium income in the year under review; the key reason for this is that the main source of premium revenue (pension contributions and life insurance) is salary increases to the working population, which were on average below price inflation. The Company recorded \$87.1 million in fair value gains on its property portfolio (contributing 26% to the Company's total revenue); largely reflective of the self-adjusting nature of these asset classes in response to rising inflation. Inflation adjusted total expenses increased from ZWL\$259.5 million in 2018 to ZWL\$313.8 million in the current year, a growth of 21% mainly driven by the increase in insurance and investment contract liabilities of 343% to ZWL\$100.9 million from ZWL\$22.8 million in the prior year.

The Company closed the year with an inflation adjusted profit before tax of ZWL\$22.1 million compared to profit before tax of ZWL\$7.1 million in 2018. FLA is expected to continue to anchor the Group in 2020 and into the future.

Vanguard Life Assurance Company (VLA) – Malawi

VLA recorded a 75% growth in total revenue. At ZWL\$57.8 million, VLA contributed 38% to core revenue of the Group. The growth in revenue for the Malawi subsidiary was largely driven by a 68% increase in premium income, which increased to ZWL\$57.8 million, up from ZWL\$34.4 million in 2018. The growth was a result of the devaluation of the ZWL\$ against Malawi Kwacha due to the change in currency in Zimbabwe. As expected, this was also accompanied by a significant actuarial provision in the form of increase in insurance and investment contract liabilities. VLA closed the year with a profit before tax of ZWL\$7.4 million, up 823% from a profit before tax of ZWL\$799,546 in 2018. The subsidiary remains a key strategic asset to the Group because its positioning

Chief Executive Officer's statement for the year ended 31 December 2019

is consistent with our strategic thrust to de-risk Zimbabwe by bulking up on regional assets. Its country diversification value will come to the fore in 2020 as the Zimbabwe economy continues to deteriorate under hyperinflation effects.

Fidelity Life Financial Services (FLFS)

FLFS continues to be a significant contributor of realized profit to the Group. FLFS recorded inflation adjusted core revenue of ZWL\$23.1 million compared to ZWL\$25.3 million in prior year, contributing 15% to core revenue of the Group. The subsidiary is largely impacted by the hyperinflation environment due to the nature of its product which is a monetary asset. For this reason, the subsidiary closed the year with a loss before tax of ZWL\$24.2 million on an inflation adjusted basis.

Langford Estates

The Group holds an 847 hectare land bank through its subsidiary, Langford Estates. This land bank is a key strategic asset of the Group for a number of reasons. Viewed against the hyperinflationary environment Zimbabwe is in, this asset provides a reasonable match to the Group's inflation linked liabilities due to its inherent inflation protection characteristics. During the year, the Board of directors resolved to reclassify the land bank from land inventory to investment property, a decision consistent with the long term strategy of the Group.

Other non-insurance subsidiaries

The actuarial consulting and asset management companies continue to post modest profits. The entities remain important to the Group's strategic thrust. There is growth potential which is still to be unlocked in these entities, in servicing clients outside the Group. Tapping into new markets through product innovation remains an area of focus for the subsidiaries. The funeral services business continues to support the funeral assurance portfolio underwritten by FLA.

Operations

Achieving superior customer experiences through technology

The Group achieved significant milestones in our digitalization journey, where our strategy is to provide a superior customer experience, through the use of technology. We have introduced several platforms and initiatives that will make the customer journey more enjoyable and user friendly. Customers are now able to conduct business with us on various online and electronic platforms. Payments can now be made via the online payment platforms which permit clients to

pay for their products and services from anywhere in the world. In addition, the Group launched WhatsApp for business platform; which enables Fidelity Life customers to communicate with us through a cost-effective service making us more accessible to our clients.

In line with global trends, Fidelity Life has launched two apps to help customers access our services online. The FLA App is a one stop shop application where customers from across the group have access to our products and services in one place. Customers can pay for products and apply for additional products, all online. The application also includes self-service tools such as a premium calculator.

In addition the Group, through our medical aid subsidiary (FLIMAS), launched a lifestyle management application that is aimed at those suffering with Hypertension and Diabetes. The App, which was launched in conjunction with UK based firm called Baobab Circle, is known as the FLIMAS AFYAPAP. It provides the patient with an interactive and personalized chatting platform that delivers health coaching focused on nutrition, exercise and mental wellness through the use of Artificial Intelligence thereby eliminating the need for human intervention. The application also enables a 24/7 link to a doctor, nutritionist and sports therapist should that be required.

Repositioning of the Fidelity Life Brand through Sponsorship

Within the context of our Brand Repositioning Pillar and a genuine desire to support the communities we operate in, Fidelity Life signed an agreement with the Premier Soccer League of Zimbabwe (PSL), making Fidelity Life the official Life and Health partner to the PSL. This initiative has seen the Group offer life cover, funeral cover and medical aid cover to all the players in the PSL. This partnership has seen our brand grow in terms of awareness and affinity with our target market; further this has opened up new markets for the Group to sell its products and services. To date several players have benefited from treatment ranging from basic medical care to fairly complex surgery.

New Products

Fidelity Life Assurance launched a first in Zimbabwe Funeral Cash Back Plan product that offers customers cash back after five claim-free years. The product was launched in May 2019 as a response to customer outcry to get something back from their policy before eventual death, and this is our way of offering customers more value for their money.

Chief Executive Officer's statement for the year ended 31 December 2019

In addition, the Group has recently introduced into the local market products denominated in United States Dollars for those customers that have free funds. This reiterates our commitment to offering our customers products that preserve value.

Outlook

The Group expects the economic challenges in Zimbabwe to persist in the medium term. The deteriorating economic environment characterized by currency volatility and hyperinflation is expected to significantly erode the value created by local business operations and to threaten the viability of local businesses. The Group will continue to implement proactive strategic initiatives to preserve value for our stakeholders, as guided by our three strategic pillars; Sound Corporate Governance, Brand Repositioning and Growth.

Some of the strategic initiatives include unlocking value through balance sheet restructuring activities, re-engineering the operating model of the Malawi business to improve financial performance and deliberate preservation efforts of existing assets against Zimbabwe hyperinflation. As part of the digitalization strategy, the Group will focus on completing the development of a synchronized data warehouse platform to enable 360° view of the customer which will enable customers to access all products on a single platform as well as increase alternative electronic and online access platforms to fully digitalize the customer journey.

FLA will improve the quality and colour of its revenue through careful choice of target markets. De-risking Zimbabwe through further country diversification is a key strategic priority for us.

While the full negative effects of Covid-19 are not immediately quantifiable, it is expected that the financial services industry, will not be spared from the expected adverse impact of the Coronavirus. Our view though, is that this crisis and the national lockdown present opportunities for us to review our Systems of Work. We believe that post this crisis, the future of work systems will evolve and look to be more digitalized than before, along the value chain. The steps we have made this far in our digitalization journey, position the Group well in this emerging future.

Appreciation

I am greatly thankful to our management and staff for their priceless dedication and commitment and to

our valued customers and other stakeholders for their continued support during the period. I am sincerely grateful to the Fidelity Life Group Board of Directors for its unwavering support and guidance during the year as we navigated yet another challenging operating environment.



R. Java
Chief Executive Officer
27 April 2020

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 Act (Chapter 24:03). 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 Act (Chapter 24:03).

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.

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 19. 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 24 to 90, were approved by the Board on 27 April 2020 and were signed on its behalf by:



F. Ruwende
Chairman



R. Java
Chief Executive Officer

Prepared by:



and

**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 2019**, of **FIDELITY LIFE ASSURANCE Limited** exceed the amount of **\$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

FASSA

For and on behalf of
Independent Actuaries &
Consultants

28 April 2020

assisted by



Sonwell Mudzengi

Head of Actuarial Services

For and on behalf of Zimbabwe
Actuarial Consultants

Independent Auditor's Report

To the Members of Fidelity Life Assurance of Zimbabwe Limited

Report on the Audit of the inflation adjusted Consolidated and Separate Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated and separate financial statements of Fidelity Life Assurance Limited, as set out on pages 24 to 90, which comprise the inflation adjusted statements of financial position as at 31 December 2019, and the inflation adjusted statements of profit or loss and other comprehensive income, the inflation adjusted statements of changes in equity and the inflation adjusted statements of cash flows for the year then ended, and notes to the inflation adjusted financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated and separate financial statements do not present fairly the financial position of the Group and Company respectively as at 31 December 2019, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

As explained in note 2.2 to the inflation adjusted consolidated and separate financial statements, the Group and Company applied the United States Dollar (US\$) as the functional currency up to 22 February 2019 and the Zimbabwe Dollar (ZWL) for the period 23 February 2019 to 31 December 2019. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the Group and Company's functional currency changed with effect from this date. We however believe that the change in currency occurred prior to that date. The inflation adjusted consolidated and separate financial statements are presented in ZWL.

Non-compliance with International Financial Reporting Standards: IAS 21- The Effects of Changes in Foreign Exchange Rates in prior period and inappropriate application of IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry

of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCARTGS Accounts from the FCA Nostro US\$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US\$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTG\$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS\$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group and Company to assess whether there was a change in functional currency (from US\$ to RTGS\$/ZWL) and to determine an appropriate spot rate as required by IAS 21.

We believe that events in the market and subsequent promulgation of the RTGS\$/ZWL as formal currencies supports that there was a change in functional currency from US\$ to RTGS\$/ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 RTGS\$/ZWL: US\$ exchange rate and this occurred effective 1 October 2018.

Accordingly, the consolidated and separate financial statements included balances and transactions denominated in US\$ that were not converted to RTGS\$/ZWL at a RTGS\$/ZWL: US\$ exchange rate that reflects the economic substance of its value as required by IFRS. The directors have provided more information on their approach in Note 2.2 to the inflation adjusted consolidated and separate financial statements.

In respect of the above matter we issued an adverse opinion in the prior year as the effects of the departure from IFRS were pervasive to the financial statements but could not be quantified owing to the nature of the matter.

Independent Auditor's Report –Continued

Management's approach in the current year, for reasons explained on Note 2, was to prospectively apply the change in functional currency from US\$ to RTGS\$/ZWL from 23 February which is incorrect. The correct approach would have been a retrospective restatement as a prior period error in terms of International Financial Reporting Standards – IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

Therefore, management has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period and therefore the matter is continuing.

As a consequential impact, the application of IAS 29 is inappropriate.

Furthermore, notwithstanding that IAS 29 - Financial Reporting in Hyperinflationary Economies has been applied from 1 January 2019 to 31 December 2019, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers and start date been used, most elements of the financial statements would have been materially different.

As a result of these matters:

- All corresponding numbers are misstated on the Statements of Financial Position, Statements of Profit or Loss and other comprehensive income; Statements of Changes in Equity and Statements of Cash Flows; this also impacts comparability of the current period's figures.
- As opening balances enter into the determination of cash flows and performance, our current year opinion is modified in respect of the impact of this matter on the Statements of Cash Flows, Statements of Profit or Loss and Other Comprehensive Income and Statements of Changes in Equity.

Our conclusion on the current period's consolidated and separate financial statements is also modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

In addition to the impacts on the corresponding numbers, current year performance and cash-flows the matter continues to impact the balances on the Statements of Financial Position as many of these still comprise of amounts from opening balances. Whilst this matter might not affect all accounts in the statement of financial position the specific accounts and the portions affected by this matter have not been identified / quantified here.

Exchange rates used in the current year (Non-compliance with IAS 21)

As outlined in Note 2.2 to the consolidated and separate financial statements, for the year ended 31 December 2019, the Group and Company's foreign denominated transactions and balances were translated using interbank rates. Furthermore, properties were revalued in US\$ and translated to ZWL at the interbank rate. The exchange rates used for the translation do not meet the definition of a spot exchange rate as per IAS 21. We therefore believe that the exchange rates for transactions and balances between the US\$ and the ZWL used by the Group and Company did not meet the criteria for appropriate exchange rates in terms of IFRS. Had the correct rate been used a number of significant accounts would have been affected in a material manner.

The effects of the above departures from IFRS are material and pervasive to the inflation adjusted consolidated and separate financial statements.

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 Inflation adjusted Consolidated and separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Independent Auditor's Report –Continued

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, The Chief Executive Officer's Statement and the Directors' Report but does not include the inflation adjusted consolidated and separate financial statements and our auditor's report thereon. Our opinion on the inflation adjusted 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. The Chairman's Statement, The Chief Executive Officer's Statement and the Directors' Report are expected to be made available to us after the date of this auditor's report.

In connection with our audit of the inflation adjusted consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated 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 Group and Company did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates and we could not obtain sufficient appropriate evidence regarding the valuation of properties. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated and separate financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the inflation adjusted Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted 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 inflation adjusted 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 inflation adjusted 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 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 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 inflation adjusted 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted 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

Independent Auditor's Report –Continued

the Group and Company to express an opinion on the inflation adjusted consolidated and Separate financial statements. We are responsible for the direction, supervision and performance of the Group and Company 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, related safeguards.

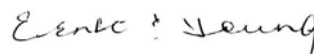
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report 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.

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated and separate financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Mr Fungai Kuipa (PAAB Practicing Certificate Number 335).



ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS
HARARE

30 April 2020

Sponsorship of the Zimbabwe Premier Soccer League

In March, 2019 Fidelity Life Assurance became a key partner to the premier soccer league of Zimbabwe. Fidelity Life Assurance entered the football sphere as the Official Life and Health partner to all teams under PSL. This was in response to the prevailing challenges around Player wellness and welfare and to help ensure that we look after those that bring so much joy to many Zimbabweans, through their skill on the pitch.



In Zimbabwe, soccer is the most widely accepted and supported sporting discipline with millions of fans watching the different leagues. The sport has also morphed beyond a “for the love of the game” into a social scene staple with many fans and casual supporters alike using it as an opportunity to meet and catch up with friends and stay fit.

The support that FLA brings to PSL is set to change the way players prepare and maintain their physical, mental, emotional and financial well-being to allow the best possible outcome for both player and team, as well as the League.

The FLA sponsorship for the 2019 season covered benefits such as Life Assurance, Medical Aid, Funeral Benefit, and Income Protection Scheme on Injury and Disability cover for all registered players as well as key Technical Staff.

Life Cover for Players

Fidelity Life Assurance becomes the official Life Assurance and Health partner to the PSL. The offering was fully paid

for by Fidelity Life Assurance at no cost to the teams. Funeral cover to cover all funeral expenses on the top end funeral package offering, Casket, Hearse, Bus. Other funeral services provisions included are tents, chairs, and cash for groceries. Disability cover is activated when a player gets permanently disabled and unable to continue playing. While income protection offers a monthly payment when players are injured and out of play for a period of 12 months.

Medical Aid cover

The free medical aid offered to players includes hospitalization in private ward at Government hospitals and selected private institutions, general practitioner and specialist services, medication, wellness programs, dental and optical cover and the much needed emergency medical services. The cover that has been given to the PSL covers all players as well as up to 5 technical team members.





Fidelity Life Staff cleaning Harare Street and the surrounding areas.



Bindura

In Bindura Fidelity Life Assurance staff joined handswith one of the PSL teams Mushowani Stars who hail from Bindura and the surrounding rural areas. FLA conducted a clean-up in the mining town of Bindura and were joined by players and team management. Fidelity Life Staff cleaned the Bindura town main bus stop, flea markets and local shopping centres.



Donations to the Victims of Cyclone Idai

In early 2019 an estimated 3 million people were affected by Cyclone Idai in Mozambique, Malawi and Zimbabwe. At least 750 people were killed and some 400,000 have lost their homes, or became displaced as a result of the Cyclone.

Those affected – especially those in remote areas – were in desperate need of food, water, clothing, shelter and medicine. As such there was a huge need to raise immediate relief provisions for those affected. As Fidelity Life we responded to this call for assistance. Our approach was two pronged; we appealed for donations from our staff, other stakeholders and business partners, in cash or in kind. The Company then purchased various items which included clothes, cooking utensils, nappies, sanitary ware, detergents and kitchenware for distribution to the victims of Cyclone Idai.

Our collections and purchased items were donated through the Red Cross for further distribution to those in need.



FLA Marketing Team Handing over consignment at Red Cross Centre in Harare



FLA staff members with part of the consignment shortly before dispatching it to Chimanimani.



Your future is in safe hands

Ariel Sibanda

PSL Goal keeper of the year 2019



FIDELITY LIFE

ASSURANCE OF ZIMBABWE



www.fidelitylife.co.zw

Fidelity House
66 Julius Nyerere Way, Harare,
Zimbabwe
Tel: 024 2 750 927 - 37

Consolidated statement of financial position

As at 31 December 2019

		GROUP			
		INFLATION ADJUSTED		UNAUDITED HISTORICAL *	
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
ASSETS	Note	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Property and equipment	6	80,820,535	39,427,601	75,938,672	6,347,619
Investment property	7	661,999,241	122,542,909	661,999,241	19,728,710
Right of use asset	7.1	2,373,492	-	2,373,492	-
Intangible assets	4	6,654,485	2,156,610	5,579,065	347,202
Inventories	10	13,648,078	153,351,644	2,244,041	24,688,741
Investment in subsidiaries	8	-	-	-	-
Trade and other receivables	9	64,330,155	273,106,179	63,703,690	43,968,538
Corporate tax asset		1,404,182	2,682,550	1,404,182	431,878
Deferred tax assets	17.1	21,365	38,686	72,534	6,228
Deferred acquisition costs	5	5,807,061	989,339	5,807,061	159,278
Equities at fair value through profit or loss	11.1	69,882,774	94,437,480	69,882,774	15,203,896
Debt securities at amortised cost	11.2	51,239,503	14,416,716	51,239,503	2,321,009
Cash and deposits with banks	12	73,247,335	59,147,614	73,247,335	9,522,429
Total assets		1,031,428,206	762,297,328	1,013,491,590	122,725,528
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued share capital	13	6,765,662	6,765,662	1,089,233	1,089,233
Share premium		4,170,390	4,170,390	671,409	671,409
Treasury shares		(62,344)	(62,344)	(10,037)	(10,037)
Retained earnings		38,995,322	14,486,422	18,239,691	2,332,232
Revaluation reserve		7,059,437	6,614,106	8,764,469	1,064,833
Foreign currency translation reserve		5,037,719	(7,524,176)	16,484,971	(1,211,349)
Total ordinary shareholder's equity		61,966,186	24,450,060	45,239,736	3,936,321
Non-controlling interests		95,084,404	31,002,734	94,381,147	4,991,264
Total equity		157,050,590	55,452,794	139,620,883	8,927,585
Liabilities					
Insurance contract liabilities and investment contract liabilities with discretionary participation features	14.1	692,265,994	416,593,690	692,265,994	67,069,210
Investment contracts without discretionary participation features	14.2	39,411,707	34,935,476	39,411,707	5,624,413
Borrowings	15	23,685,254	134,530,851	23,685,254	21,658,700
Deferred tax liabilities	17.2	9,106,113	3,622,179	8,609,388	583,150
Lease obligations	16	3,429,537	502,161	3,429,537	80,845
Trade and other payables	18	104,988,629	105,691,040	104,978,445	17,015,657
Corporate tax liability		1,490,382	10,969,137	1,490,382	1,765,968
Total liabilities		874,377,616	706,844,534	873,870,707	113,797,943
Total equity and liabilities		1,031,428,206	762,297,328	1,013,491,590	122,725,528

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



CHAIRMAN
27 April 2020



CHIEF EXECUTIVE OFFICER
27 April 2020

The historical amounts are shown as supplementary information. The information does not comply with the requirements of International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29-Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on historical information.

Separate statement of financial position

As at 31 December 2019

COMPANY

	Note	INFLATION ADJUSTED			UNAUDITED HISTORICAL *		
		31-Dec-19	Restated *	Restated *	31-Dec-19	Restated *	
		ZWL\$	31-Dec-18	1-Jan-18	ZWL\$	1-Jan-18	
ASSETS							
Property and equipment	6	62,243,068	30,162,726	32,468,953	58,628,375	4,856,027	5,227,316
Investment property	7	195,633,060	107,040,479	105,079,664	195,633,060	17,232,907	16,917,227
Intangible assets	4	741,180	-	1,758	358,302	-	283
Inventories	10	13,577,686	14,709,767	82,735,854	2,185,931	2,368,189	13,320,001
Investment in subsidiaries	8	375,379,648	158,863,750	148,800,197	378,882,384	25,576,159	23,955,984
Trade and other receivables	9	20,946,773	221,085,313	191,885,545	20,588,470	35,593,475	30,892,480
Corporate tax asset		-	1,778,341	189,509	-	286,303	30,511
Deferred tax assets	17.1	-	38,686	-	6,228	6,228	-
Deferred acquisition costs	5	-	-	-	-	-	-
Equities at fair value through profit or loss	11.1	26,886,440	84,716,248	73,283,959	26,886,440	13,638,833	11,798,300
Debt securities at amortised cost	11.2	417,517	10,128,445	5,156,083	417,516	1,630,622	830,100
Cash and deposits with banks	12	6,844,916	22,686,648	18,259,355	6,844,915	3,652,421	2,939,652
Total assets		702,670,288	651,210,403	657,860,877	690,431,621	104,841,164	105,911,854
EQUITY AND LIABILITIES							
Equity attributable to equity holders of the parent							
Issued share capital	13	6,765,662	6,765,662	6,765,662	1,089,233	1,089,233	1,089,233
Share premium		4,170,390	4,170,390	4,170,390	671,409	671,409	671,409
Treasury shares		(62,344)	(62,344)	(62,344)	(10,037)	(10,037)	(10,037)
Retained earnings		35,128,532	8,694,064	12,086,779	19,411,401	1,399,694	1,945,902
Revaluation reserve		5,200,299	5,500,551	5,348,544	6,350,835	885,557	861,085
Foreign currency translation reserve		5,092,392	(7,528,682)	(5,567,880)	16,543,425	(1,212,075)	(896,397)
Total ordinary shareholder's equity		56,294,931	17,539,641	22,741,151	44,056,266	2,823,781	3,661,195
Non-controlling interests		-	-	-	-	-	-
Total equity		56,294,931	17,539,641	22,741,151	44,056,266	2,823,781	3,661,195
Liabilities							
Insurance contract liabilities and investment contract liabilities with discretionary participation features	14.1	491,565,803	360,026,653	335,906,748	491,565,803	57,962,239	54,079,072
Investment contracts without discretionary participation features	14.2	39,411,707	34,935,476	31,530,189	39,411,707	5,624,413	5,076,181
Borrowings	15	20,235,254	131,683,962	150,608,810	20,235,254	21,200,367	24,247,160
Deferred tax liabilities	17.2	-	783,546	783,546	-	126,146	126,146
Trade and other payables	18	94,080,802	96,947,543	116,290,433	94,080,800	15,608,002	18,722,100
Corporate tax liability		1,081,791	9,293,582	-	1,081,791	1,496,216	-
Total liabilities		646,375,357	633,670,762	635,119,726	646,375,355	102,017,383	102,250,659
Total equity and liabilities		702,670,288	651,210,403	657,860,877	690,431,621	104,841,164	105,911,854

The above separate statement of financial position should be read in conjunction with the accompanying notes.

*The statement of financial position was restated applying IAS 29 and as per Note 8 to the financial statements.


CHAIRMAN
27 April 2020


CHIEF EXECUTIVE OFFICER
27 April 2020

The historical amounts are shown as supplementary information. The information does not comply with the requirements of International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29-Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on historical information.

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019

GROUP

	Note	INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
		2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	Restated * 2018 ZWL\$
Gross premiums	19	121,319,500	127,256,480	82,222,395	20,487,568
Premiums ceded to reinsurers		(5,678,342)	(3,385,077)	(3,436,909)	(544,978)
Net premiums		115,641,158	123,871,403	78,785,486	19,942,590
Fees and commission income	20	8,886,270	8,843,786	4,310,141	1,423,799
Investment income	21	9,804,487	4,664,261	6,847,142	750,919
Interest income from residential stands receivables		10,466,265	18,637,663	3,682,559	3,000,558
Fair value gains and losses from equities		(61,203,660)	19,706,331	15,532,471	3,172,607
Fair value gains and losses from investment property	32	371,829,858	3,100,284	545,438,845	499,128
Interest income from microlending		19,622,900	20,702,220	6,602,074	3,332,940
Other operating income	22	28,301,751	37,027,183	14,059,666	5,961,165
Income from sale of residential stands		297,329	95,439,088	56,261	15,365,149
Total revenue		503,646,358	331,992,219	675,314,645	53,448,855
Gross benefits and claims paid		(40,691,516)	(46,138,352)	(26,560,189)	(7,428,012)
Claims ceded to reinsurers		465,967	136,372	464,337	21,955
Net benefits and claims		(40,225,549)	(46,001,980)	(26,095,852)	(7,406,057)
Gross change in insurance and investment contract liabilities	14.1	(123,795,175)	(43,065,204)	(404,755,675)	(6,933,252)
Fee and commission expenses, and other acquisition costs	23	(6,137,930)	(6,247,070)	(3,630,682)	(1,005,743)
Operating and administration expenses	24	(81,596,731)	(83,891,617)	(39,131,398)	(13,506,072)
Allowance for expected credit losses on receivables		6,011,453	(11,285,857)	(1,059,071)	(1,816,959)
Cost of sales of residential stands	10	(322,498)	(67,066,742)	(183,884)	(10,797,363)
Project development costs	24.1	(100,081,571)	(44,288,462)	(94,746,574)	(7,130,190)
Finance costs	25	(7,889,513)	(15,882,071)	(4,776,682)	(2,556,923)
Net monetary loss		(69,080,156)	-	-	-
Total benefits, claims and other expenses		(423,117,670)	(317,729,003)	(574,379,818)	(51,152,559)
Profit/(Loss) before tax		80,528,688	14,263,216	100,934,827	2,296,296
Income tax expense	26	(6,422,698)	(18,080,382)	(6,685,698)	(2,910,838)
Profit/(Loss) for the year		74,105,990	(3,817,166)	94,249,129	(614,542)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gross gains on property revaluation		41,851,011	1,574,317	63,595,125	253,456
Share of revaluation gains on property		-	-	-	-
Income tax related to items that will not be reclassified to profit or loss		(66,341)	(303)	(66,342)	(49)
Gross change in insurance liabilities through OCI		(34,725,233)	(1,415,046)	(55,829,147)	(227,814)
Gains on property revaluation, net of tax		7,059,437	158,968	7,699,636	25,593
Items that will or may be reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations		20,432,369	(17,565)	28,744,533	(2,828)
Other comprehensive income/(loss) for the year, net of tax		27,491,806	141,403	36,444,169	22,765
Total comprehensive profit/ (loss) for the year		101,597,796	(3,675,763)	130,693,298	(591,777)
Profit/(Loss) for the year attributable to:					
Owners of the parent		17,894,794	(3,730,710)	15,907,459	(600,623)
Non-controlling interests		56,211,196	(86,456)	78,341,668	(13,919)
Total profit/ (loss) for the year		74,105,990	(3,817,166)	94,249,127	(614,542)
Total comprehensive profit/ (loss) attributable to:					
Owners of the parent		37,516,126	(3,582,501)	41,303,415	(576,762)
Non-controlling interests		64,081,670	(93,262)	89,389,883	(15,015)
Total comprehensive profit/ (loss) for the year		101,597,796	(3,675,763)	130,693,298	(591,777)
Earnings per share attributable to the ordinary equity holders of the parent					
Basic profit/(loss) per share (cents)	27.1	16.58	(3.46)	14.74	(0.56)
Headline profit/(loss) per share (cents)	27.1	8.99	(10.97)	11.57	(1.77)
Diluted profit/(loss) per share (cents)	27.2	16.58	(3.46)	14.74	(0.56)
Headline profit/ (loss) per share (cents)	27.2	8.99	(10.97)	11.57	(1.77)

The historical amounts are shown as supplementary information. The information does not comply with the requirements of International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29-Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on historical information.

Separate statement of profit or loss and other comprehensive income for the year ended 31 December 2019

COMPANY

	Note	INFLATION ADJUSTED		UNAUDITED HISTORICAL *	
		2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	Restated * 2018 ZWL\$
Gross premiums	19	61,877,666	91,971,827	22,780,561	14,806,940
Premiums ceded to reinsurers		(4,017,251)	(2,452,667)	(1,775,819)	(394,865)
Net premiums		57,860,415	89,519,160	21,004,742	14,412,075
Fees and commission income	20	7,713,794	6,871,765	3,413,232	1,106,315
Investment income	21	601,616	1,671,520	237,326	269,105
Interest income from residential stands receivables		10,466,267	18,637,665	3,682,559	3,000,558
Fair value gains and losses from equities		(54,845,442)	17,620,857	13,346,387	2,836,858
Fair value gains and losses from investment property	32	87,196,394	1,373,949	143,926,664	221,198
Interest income from microlending		-	-	-	-
Other operating income	22	21,506,161	28,298,331	9,453,450	4,555,870
Share of profit of investments in Subsidiaries	8	205,061,313	7,292,340	335,933,107	1,284,064
Income from sale of residential stands		297,329	95,439,088	56,261	15,365,149
Total revenue		335,857,847	266,724,675	531,053,728	43,051,192
Gross benefits and claims paid		(27,001,650)	(36,415,474)	(12,101,052)	(5,862,684)
Claims ceded to reinsurers		3,442	-	1,813	-
Net benefits and claims		(26,998,208)	(36,415,474)	(12,099,239)	(5,862,684)
Gross change in insurance and investment contract liabilities	14.1	(100,939,150)	(22,760,762)	(385,276,637)	(3,664,353)
Fee and commission expenses, and other acquisition costs	23	(2,687,473)	(3,710,385)	(819,068)	(597,351)
Operating and administration expenses	24	(48,046,228)	(61,970,253)	(14,567,656)	(9,976,858)
Allowance for expected credit losses on receivables		(2,878)	(7,907,554)	(522)	(1,273,071)
Cost of sales of residential stands	10	(322,498)	(67,066,743)	(183,884)	(10,797,363)
Project development costs	24.1	(100,081,571)	(44,288,462)	(94,746,574)	(7,130,190)
Finance costs	25	(6,225,181)	(15,471,445)	(3,861,870)	(2,490,814)
Net monetary loss		(28,464,251)	-	-	-
Total benefits, claims and other expenses		(313,767,438)	(259,591,078)	(511,555,450)	(41,792,684)
Profit/(Loss) before tax		22,090,409	7,133,597	19,498,278	1,258,508
Income tax expense	26	(1,156,492)	(11,209,812)	(1,486,571)	(1,804,716)
Profit/(Loss) for the year		20,933,917	(4,076,215)	18,011,707	(546,208)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gross gains on property revaluation		35,704,680	1,510,160	53,696,586	243,127
Share of revaluation gains on property		95,619	990	95,619	160
Income tax related to items that will not be reclassified to profit or loss		-	-	-	-
Gross change in insurance liabilities through OCI		(30,600,000)	(1,359,143)	(48,326,928)	(218,815)
Gains on property revaluation, net of tax		5,200,299	152,007	5,465,277	24,472
Items that will or may be reclassified to profit or loss:					
Share of exchange differences arising on translation of foreign operations		12,621,074	(1,960,802)	17,755,500	(315,678)
Other comprehensive income/(loss) for the year, net of tax		17,821,373	(1,808,795)	23,220,777	(291,206)
Total comprehensive profit/ (loss) for the year		38,755,290	(5,885,010)	41,232,484	(837,414)
Profit/(Loss) for the year attributable to:					
Owners of the parent		20,933,917	(4,076,215)	18,011,707	(546,208)
Non-controlling interests		-	-	-	-
Total profit/ (loss) for the year		20,933,917	(4,076,215)	18,011,707	(546,208)
Total comprehensive profit/ (loss) attributable to:					
Owners of the parent		38,755,290	(5,885,010)	41,232,484	837,414
Non-controlling interests		-	-	-	-
Total comprehensive profit/ (loss) for the year		38,755,290	(5,885,010)	41,232,484	837,414
Earnings per share attributable to the ordinary equity holders of the parent					
Basic profit/(loss) per share (cents)	27.1	19.40	(3.78)	16.69	(0.51)
Headline profit/(loss) per share (cents)	27.1	5.80	(7.77)	11.92	(1.15)
Diluted profit/(loss) per share (cents)	27.2	19.40	(3.78)	16.69	(0.51)
Headline profit/ (loss) per share (cents)	27.2	5.80	(7.77)	11.92	(1.15)

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

*The statement of profit or loss and other comprehensive income was restated applying IAS 29 and as per Note 8 to the financial statements.

The historical amounts are shown as supplementary information. The information does not comply with the requirements of International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29-Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on historical information.

Consolidated statement of changes in equity for the year ended 31 December 2019

GROUP		Share capital	Treasury shares	Share premium	Retained earnings	Revaluation reserve	Foreign currency translation reserve	Attributable to share holders of parent	Non controlling interest	Total Equity
INFLATION ADJUSTED	Note	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Balance at 1 January 2018		6,765,662	(62,344)	4,170,390	19,140,596	6,455,138	(7,513,417)	28,956,025	29,430,786	58,386,811
Loss for the year		-	-	-	(3,730,710)	-	-	(3,730,710)	(86,456)	(3,817,166)
Other comprehensive income/(loss) for the year		-	-	-	-	158,968	(10,759)	148,209	(6,806)	141,403
Total comprehensive income/(loss) for the year		-	-	-	(3,730,710)	158,968	(10,759)	(3,582,501)	(93,262)	(3,675,763)
Transactions with shareholders										
Rights issue proceeds from non-controlling interests	13.1	-	-	-	-	-	-	-	1,425,240	1,425,240
Acquisition of non-controlling interest in subsidiary	13.2	-	-	-	(923,464)	-	-	(923,464)	239,970	(683,494)
Balance at 31 December 2018		6,765,662	(62,344)	4,170,390	14,486,422	6,614,106	(7,524,176)	24,450,060	31,002,734	55,452,794
Year ended 31 December 2019										
Balance at 1 January 2019		6,765,662	(62,344)	4,170,390	14,486,422	6,614,106	(7,524,176)	24,450,060	31,002,734	55,452,794
IAS 29 restatement		-	-	-	6,614,106	(6,614,106)	-	-	-	-
Balance at 1 January 2019-restated*		6,765,662	(62,344)	4,170,390	21,100,528	-	(7,524,176)	24,450,060	31,002,734	55,452,794
Profit for the year		-	-	-	17,894,794	-	-	17,894,794	56,211,196	74,105,990
Other comprehensive income/(loss) for the year		-	-	-	-	7,059,437	12,561,895	19,621,332	7,870,474	27,491,806
Total comprehensive income/(loss) for the year		-	-	-	17,894,794	7,059,437	12,561,895	37,516,126	64,081,670	101,597,796
Balance at 31 December 2019		6,765,662	(62,344)	4,170,390	38,995,322	7,059,437	5,037,719	61,966,186	95,084,404	157,050,590

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

The historical amounts are shown as supplementary information. The information does not comply with the requirements of International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29-Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on historical information.

Separate statement of changes in equity for the year ended 31 December 2019

COMPANY

INFLATION ADJUSTED

	Share capital	Treasury shares	Share premium	Retained earnings	Revaluation reserve	Foreign currency translation reserve	Total Equity
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Balance at 1 January 2018- previously stated	6,765,662	(62,344)	4,170,390	(4,489,662)	5,228,731	-	11,612,777
Change in accounting policy	-	-	-	16,576,441	119,813	(5,567,880)	11,128,374
Balance at 1 January 2018-restated*	6,765,662	(62,344)	4,170,390	12,086,779	5,348,544	(5,567,880)	22,741,151
Loss for the year	-	-	-	(3,392,715)	-	-	(3,392,715)
Other comprehensive income for the year	-	-	-	-	152,007	(1,960,802)	(1,808,795)
Total comprehensive income/(loss) for the year	-	-	-	(3,392,715)	152,007	(1,960,802)	(5,201,510)
Balance at 31 December 2018-restated*	6,765,662	(62,344)	4,170,390	8,694,064	5,500,551	(7,528,682)	17,539,641

Year ended 31 December 2019

Balance at 1 January 2019	6,765,662	(62,344)	4,170,390	8,694,064	5,500,551	(7,528,682)	17,539,641
IAS 29 restatement	-	-	-	5,500,551	(5,500,551)	-	-
Balance at 1 January 2019-restated*	6,765,662	(62,344)	4,170,390	14,194,615	-	(7,528,682)	17,539,641
Profit for the year	-	-	-	20,933,917	-	-	20,933,917
Other comprehensive income for the year	-	-	-	-	5,200,299	12,621,074	17,821,373
Total comprehensive income/(loss) for the year	-	-	-	20,933,917	5,200,299	12,621,074	38,755,290
Balance at 31 December 2019	6,765,662	(62,344)	4,170,390	35,128,532	5,200,299	5,092,392	56,294,931

*Further information on restatement is included in Note 8 to the financial statements.

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

Share premium

Treasury shares

Revaluation reserve

Foreign currency translation reserve

Retained earnings

Description and purpose

Amount subscribed for share capital in excess of nominal value

Weighted average cost of own shares held in treasury

Gains/losses arising on the revaluation of property (other than investment property)

Gains/losses arising on retranslating the net assets of foreign operations into ZWL\$.

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

The historical amounts are shown as supplementary information. The information does not comply with the requirements of International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29-Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on historical information.

Consolidated statement of cash flows

for the year ended 31 December 2019

GROUP

	Note	INFLATION ADJUSTED		HISTORICAL	
		2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		80,528,688	14,263,216	100,934,827	2,296,296
Adjustments:		(220,227,164)	65,319,635	(69,282,737)	10,516,088
Fair value gains on equities at fair value through profit or loss		61,203,660	(19,706,331)	(15,532,471)	(3,172,607)
Fair value gains on investment property	7	(371,829,858)	(3,100,286)	(545,438,845)	(499,128)
Amortisation of intangible assets	4	333,857	322,325	85,903	51,892
Impairment of intangible asset	4	109,518	-	17,632	-
Amortisation of right of use asset		357,174	-	357,174	-
Amortisation of deferred acquisition costs	5	1,315,387	1,688,192	1,315,387	271,789
Finance costs		7,889,513	15,882,071	4,776,682	2,556,923
Depreciation of property and equipment	6	6,689,944	6,673,791	2,221,375	1,074,442
Gross change in insurance and investment contract liabilities with DPF		123,795,175	43,065,202	404,755,675	6,933,252
Cash inflow/(out flow) on investment contracts liabilities without DPF		731,471	1,021,950	5,624,413	164,528
Non cash claim expenses		10,721,075	(3,698,525)	3,889,804	(595,441)
Bad debt recovery - non-cash		-	(15,839,070)	-	(2,550,000)
Investment income		(9,804,488)	(4,664,255)	(6,847,142)	(750,919)
Share of profit of investments accounted using the equity method		-	-	-	-
Impairment of inventory included in project development costs		-	9,467,664	-	1,524,240
Non cash adjustment- IAS29		(122,064,970)	-	-	-
Unrealised exchange gains/ (losses)		-	-	(4,355,991)	-
Other projects development costs written off		85,058,451	34,820,797	85,058,451	5,605,950
Profit on disposal of property, plant & equipment		(14,733,073)	(613,891)	(5,210,783)	(98,833)
Changes in working capital		121,113,804	(34,239,621)	(19,776,824)	(5,512,384)
Decrease/ (increase) in inventories		1,189,348	33,130,404	144,701	5,333,806
Increase in deferred acquisition costs		(3,090,711)	(1,583,049)	(3,090,711)	(254,862)
Decrease/(Increase) in trade and other receivables		208,776,023	(50,988,680)	(19,735,151)	(8,208,887)
Decrease in trade and other payables		(85,760,856)	(14,798,295)	2,904,337	(2,382,441)
Cash generated from operations		(18,584,672)	45,343,230	11,875,266	7,300,000
Income taxes paid		(5,273,942)	(11,188,115)	(6,658,245)	(1,801,223)
NET CASH GENERATED FROM OPERATING ACTIVITIES		(23,858,614)	34,155,114	5,217,020	5,498,778
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to and replacement of property and equipment	6	(923,065)	(4,522,692)	(614,355)	(728,128)
Additions and improvements to investment property	7	(546,485)	(453,252)	(171,000)	(72,971)
Additions to intangible assets	4	(2,243,835)	(833,771)	(1,860,957)	(134,232)
Investment income		9,132,368	4,664,261	6,480,836	750,919
Dividend income		672,119	-	366,306	-
Additions to financial assets at fair value through profit or loss		(17,211,097)	(4,499,280)	(14,827,813)	(724,358)
Disposals of financial assets at fair value through profit or loss		6,626,610	9,848,516	1,568,100	1,585,555
Proceeds from sale of investment property		-	11,152,203	-	1,795,441
Proceeds from sale of property and equipment		14,718,657	1,946,263	5,224,898	313,337
Additions to debt securities held at amortised cost		(22,251,857)	(9,260,635)	(22,251,857)	(1,490,909)
NET CASH GENERATED FROM / (UTILISED) IN INVESTING ACTIVITIES		(12,026,585)	8,041,614	(26,085,841)	1,294,655
CASH FLOWS FROM FINANCING ACTIVITIES					
Finance costs		(7,889,513)	(15,882,071)	(4,776,682)	(2,556,923)
Acquisition of non-controlling interest in subsidiary	13.2	-	(683,492)	-	(110,038)
Payments for acquisition of additional interest in subsidiaries		-	-	-	-
Repayments lease obligations		(757,789)	(118,091)	(757,789)	(19,012)
Rights issue proceeds from non-controlling interest	13.1	-	1,425,240	-	229,456
Loan security deposit	12	-	(2,346,356)	-	(377,750)
Repayments of borrowings	15.3	(37,108,071)	(93,379,765)	(11,136,120)	(15,033,610)
Proceeds from borrowings	15.3	28,035,596	77,301,806	9,747,115	12,445,150
NET CASH UTILISED IN FINANCING ACTIVITIES		(17,719,777)	(33,682,728)	(6,923,476)	(5,422,727)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(53,604,976)	8,514,000	(27,792,297)	1,370,705
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		56,801,259	48,459,367	9,144,679	7,801,682
Exchange differences on translation of a foreign operation		70,051,052	(172,107)	91,894,953	(27,708)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	73,247,335	56,801,259	73,247,335	9,144,679

Cash and cash equivalents in prior year excluded restricted cash (Note 12).

The above consolidated and separate statements of cash flows should be read in conjunction with the accompanying notes.

The historical amounts are shown as supplementary information. The information does not comply with the requirements of International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29-Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on historical information.

Separate statement of cash flows

for the year ended 31 December 2019

COMPANY	Note	INFLATION ADJUSTED		HISTORICAL	
		2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax					
		22,090,409	7,133,597	19,498,278	1,258,508
Adjustments:					
		(48,093,082)	40,875,145	(18,227,599)	6,470,626
Fair value gains on equities at fair value through profit or loss		54,845,442	(17,620,857)	(13,346,387)	(2,836,858)
Fair value gains on investment property	7	(87,196,394)	(1,373,949)	(143,926,664)	(221,198)
Amortisation of intangible assets	4	-	1,758	-	283
Impairment of intangible asset	4	-	-	-	-
Amortisation of right of use asset		-	-	-	-
Amortisation of deferred acquisition costs	5	-	-	-	-
Finance costs		6,225,181	15,471,439	3,861,870	2,490,814
Depreciation of property and equipment	6	4,979,855	5,440,923	1,008,814	875,958
Gross change in insurance and investment contract liabilities with DPF		100,939,150	22,760,762	385,276,637	3,664,353
Cash inflow/(out flow) on investment contracts liabilities without DPF		731,471	1,021,950	5,624,413	164,528
Non cash claim expenses		10,721,075	(3,698,523)	3,889,805	(595,441)
Bad debt recovery - non-cash		-	(15,839,070)	-	(2,550,000)
Investment income		(601,616)	(1,671,520)	(237,326)	(269,105)
Share of profit of investments accounted using the equity method		(205,061,313)	(7,292,340)	(335,933,107)	(1,284,064)
Impairment of inventory included in project development costs		-	9,467,664	-	1,524,240
Non cash adjustment-IAS29		(4,063,980)	-	-	-
Unrealised exchange gains/ (losses)		-	-	(4,355,991)	-
Other projects development costs written off		85,058,451	34,820,797	85,058,451	5,605,950
Profit on disposal of property, plant & equipment		(14,670,404)	(613,891)	(5,148,114)	(98,833)
Changes in working capital		28,286,977	(15,337,367)	8,601,610	(2,469,229)
Decrease/ (increase) in inventories		(83,926,369)	33,205,290	182,259	5,345,862
Increase in deferred acquisition costs		-	-	-	-
Decrease/(Increase) in trade and other receivables		200,138,540	(29,199,767)	15,005,005	(4,700,996)
Decrease in trade and other payables		(87,925,194)	(19,342,889)	(6,585,653)	(3,114,095)
Cash generated from operations		2,284,305	32,671,375	9,872,289	5,259,906
Income taxes paid		(1,380,614)	(3,543,739)	(2,027,139)	(570,522)
NET CASH GENERATED FROM OPERATING ACTIVITIES		903,690	29,127,636	7,845,150	4,689,384
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to and replacement of property and equipment	6	(413,628)	(2,915,580)	(171,310)	(469,392)
Additions and improvements to investment property	7	(546,485)	(265,432)	(171,000)	(42,733)
Additions to intangible assets	4	(741,180)	-	(358,302)	-
Investment income		148,601	1,671,520	90,123	269,105
Dividend income		453,016	-	147,202	-
Additions to financial assets at fair value through profit or loss		(3,292,148)	(2,680,319)	(1,120,501)	(431,516)
Disposals of financial assets at fair value through profit or loss		6,625,333	9,848,519	1,568,100	1,585,555
Proceeds from sale of investment property		-	11,152,203	-	1,795,441
Proceeds from sale of property and equipment		14,655,988	1,904,933	5,162,229	306,683
Additions to debt securities held at amortised cost		-	(4,972,363)	-	(800,522)
NET CASH GENERATED FROM / (UTILISED) IN INVESTING ACTIVITIES		16,889,497	13,743,480	5,146,541	2,212,622
CASH FLOWS FROM FINANCING ACTIVITIES					
Finance costs		(6,225,181)	(15,471,439)	(3,861,870)	(2,490,814)
Acquisition of non-controlling interest in subsidiary	13.2	-	-	-	-
Payments for acquisition of additional interest in subsidiaries		-	(4,047,531)	-	(651,629)
Repayments lease obligations		-	-	-	-
Rights issue proceeds from non-controlling interest	13.1	-	-	-	-
Loan security deposit	12	-	(2,346,356)	-	(377,750)
Repayments of borrowings	15.3	(25,063,382)	(93,120,955)	(5,559,576)	(14,991,943)
Proceeds from borrowings	15.3	-	74,196,104	-	11,945,149
NET CASH UTILISED IN FINANCING ACTIVITIES		(31,288,563)	(40,790,177)	(9,421,446)	(6,566,987)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(13,495,376)	2,080,939	3,570,245	335,019
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		20,340,292	18,259,353	3,274,671	2,939,652
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	6,844,916	20,340,292	6,844,915	3,274,671

Cash and cash equivalents in prior year excluded restricted cash (Note 12).

The above consolidated and separate statements of cash flows should be read in conjunction with the accompanying notes.

The historical amounts are shown as supplementary information. The information does not comply with the requirements of International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29-Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on historical information.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

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 alone (the “Company financial statements”), (together, the “financial statements”), for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 27 April 2020.

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.

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 Companies Act of Zimbabwe (Chapter 24:03). The financial statements are based on statutory records that are maintained under the historical cost convention basis as modified by revaluation of Investment Properties, land and Buildings and financial assets at fair value through profit or loss. The Group adopted IAS 29 “Financial Reporting in Hyperinflationary Economies” as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board “PAAB”. The financial statements have been prepared under the current cost basis as per the provisions of IAS 29.

With effect from 1 July 2019, Zimbabwe was considered to be Hyperinflationary economy as the three – year cumulative inflation figure was above 100 % (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. The same standard discourages the presentation of historical financial statements when inflation – adjusted financial statements are presented.

However, historical results have been included to allow comparability of results. The Zimbabwe Accounting Practices Board and the Zimbabwe Stock Exchange have permitted companies in Zimbabwe to present historical results in conjunction with inflation- adjusted results.

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 statement of financial position date, and that corresponding figures for 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 2019 are as given below:

	Index Conversion factor	
CPI as at 31 December 2017	61.13	9.0234
CPI as at 31 December 2018	88.81	6.2114
CPI as at 31 December 2019	551.63	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 statement of financial position date, and corresponding figures for the previous period are restated in the same terms.

All comparative figures as of and for the period ended 31 December 2019 are restated by applying the change in the index from 31 December 2018 to 31 December 2019.

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 and gains/losses on exchange rates 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

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

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, plant and equipment is restated by applying the change in the index from the date of purchase to 31 December 2019. Depreciation amounts 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 31 December 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 / loss.

All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

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. The opening balances were restated by applying the adjustment factor as at 31 December 2018.

2.2 Functional currency

The Group changed its functional and presentation currency from United States dollar (US\$) to Zimbabwe dollar (RTGS\$) with effect from 22 February 2019. The change in currency was effected in response to Statutory Instrument 33 of 2019 (effective from 22 February 2019), and to enable compliance with Statutory Instrument 142 of 2019 (effective from 24 June 2019).

The promulgation of SI 142 of 2019 on 24 June 2019 resulted in the abolishment of the multicurrency regime and introduced the Zimbabwe Dollar as a mono-currency or sole legal tender, apart from those transactions other wise specified Through SI 142, the Zimbabwe Dollar was placed at par with bond notes and coins and Real Time Gross Settlement dollars (RTGS\$), which forms of currency were declared legal tender with the gazetting of SI 33 earlier in the year. The directors have therefore used the reference of (ZWL\$) with effect from 22 February 2019, the date from which SI 33 was effective. For the Group, the Zimbabwe Dollar satisfies the factors for consideration in determining functional currency as laid out in International Accounting Standard 21, The Effects Changes in Foreign Exchange Rates. The analysis against IAS 21 was outlined in Note 2.2 of the Group's annual report for the year ended 31 December 2018.

At the date of change in functional currency, the Group converted its statement of financial position at that date at an exchange rate of US\$1: (RTGS\$1), being the indicative rate stated in SI33 for conversion to (RTGS\$). The same conversion rate was applied for transactions recorded in the Group's income statement for the period 1 January 2019 to 22 February 2019. As a result, no exchange gains or losses arose from this conversion. Comparative financial information was also converted at a rate of 1:1, being the official exchange rate between US\$ and the defined (RTGS\$) as at that date. This resulted in no change in the numbers presented as at and for the year ended 31 December 2018.

With effect from 22 February 2019, transactions of

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the Group that are in a currency other than ZWL\$ are translated into ZWL\$ using the interbank rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates at the end of the reporting period are generally recognised in profit or loss within finance costs/income.

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.

2.3 Changes in accounting policy and disclosures

New and amended standards and interpretations

The Group applied IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.3.1 IFRS 16 Leases

Impact of adoption of IFRS 16, Leases

The Group adopted IFRS 16, Leases from its effective date of 1 January 2019. On adoption, the Group applied the transitional provision indicated in the standard which allows for adoption of IFRS 16 modified retrospectively but without restating prior year comparatives. Reclassifications and adjustments arising from initial application of the standard were therefore recorded in the Group's opening statement of financial position as at 1 January 2019, through retained earnings.

On adopting IFRS 16, the Group applied the following practical expedients allowed by the standard:

Operating leases that had a remaining lease term of less than 12 months as at 1 January 2019 were accounted for as short term leases.

The Group elected not to re-assess whether its contracts are lease contracts at the date of initial application. For contracts entered into before the transition date the Group maintained assessments made applying IAS 17.

2.3.2 Leases previously classified as operating leases

The Group leases several offices in major towns and cities in Zimbabwe and Malawi. 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.

Under IAS17, Leases, these lease contracts were classified as operating leases. Monthly rental payments made under these leases were expensed to profit/loss on a straight line basis over the term of the lease.

IFRS 16 requires that a right of use asset and a corresponding lease liability be recognised on the Group's statement of financial position at the date the leased asset becomes available for use by the Group. 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 Group applied these principles from 1 January 2019.

(a) 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.

(b) Measurement of lease liabilities on leases previously classified as operating leases

As at 1 January 2019, the Group recognised lease liabilities in relation to some leases in Malawi that were previously classified as operating leases

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

under IAS17, and which did not meet the criteria for classification as short term or low value leases. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate applicable to Vanguard Life Assurance as at 1 January 2019. The incremental borrowing rate applied on these leases was 21% per annum.

Subsequent to 1 January 2019, the lease liabilities have been amortised over the remaining lease terms using the incremental borrowing rate of 21%. Each monthly rental payment is allocated between finance costs, which are expensed to the income statement, and a capital amount that is applied against the lease liability as a reduction. The remaining lease terms currently range from 13 to 53 months.

(c) Measurement of right-of-use assets on leases previously classified as finance leases

For those leases where a lease liability was recognised, the right of use assets were measured at an amount equal to the lease liabilities as at 1 January 2019. The right-of-use-assets are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses. Depreciation on the right-of-use asset is calculated on a straight-line basis over the remaining lease term. The remaining lease terms currently range from 13 to 53 months.

Remeasurement of the lease liability will result in a corresponding adjustment to the right of use asset, whether positive or negative.

(d) Impact on the financial statements as at 1 January 2019

The impact of transition to IFRS 16 on retained earnings is as follows:

Recognition of right of use asset under IFRS 16	180,863
Recognition of lease obligation	180,863
Total change in equity due to adopting IFRS 16 (1 January 2019)	<u><u>-</u></u>

2.3.3 Movement analysis to 31 December 2019

Movements in right of use assets and lease liabilities during the year were as follows:	2019	2018
	Right-Of-Use Asset	Right-Of-Use Asset
Balance as at 31 December 2018	-	-
Impact of adoption of IFRS 16	180,863	-
Balance as at 1 January 2019	180,863	-
Additions	-	-
Amortization	(357,174)	-
Exchange rate movement on foreign operations	2,549,802	-
Balance at 31 December 2019	<u>2,373,492</u>	-

2.3.3 Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

2.4 Changes in accounting policies

2.4.1 Accounting for subsidiaries from cost to the equity method as per IAS 28

Management of Fidelity Life Assurance of Zimbabwe "The Company" changed the accounting policy for measurement of investments in subsidiaries from cost to equity method. This will result in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, performance and cash flows.

The Company elected to account for the investments in subsidiaries using the equity method, thus the value of the assets shall be recorded using the equity method at the reporting date.

On implementing the proposed change in policy, The Group restated its comparative financial information in the 2019 financial statements. As such, 2018 and 2017 financial statements was presented as if the new accounting policy had always applied. This ensures that comparability is maintained. Refer to note 8

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2.4.2 Standards issued but not yet effective

(a) IFRS 17 Insurance Contracts Effective for annual periods beginning on or after 1 January 2022.

IFRS 17 Insurance Contracts (IFRS 17), is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure effective 1 January 2022. IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.

Scope

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

Key requirements

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period)
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period

- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non distinct investment components) are not presented in the income statement, but are recognised directly on the statement of financial position
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

The full impact of applying this standard is still being assessed to determine the impact on the Group's financial statements.

None of the new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2019 and which have not been adopted early, are expected to have a material effect on the Group's future financial statements.

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.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the company and by other parties;

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- Other contractual arrangements and
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("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.

A change in the ownership interest in a subsidiary, without a change in the degree of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if it results in a negative balance on the non-controlling interest account.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of non-controlling interest.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

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.

2.5.1 Non-controlling interests

For business combinations completed prior to 1 January 2010, the Group initially recognised any 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 entity'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.

2.5.2 Goodwill

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2010, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, in the case of business combinations completed on or after 1 January 2010, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

For business combinations completed on or after 1 January 2010, cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-

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controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree.

Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of profit or loss and other comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to profit or loss and other comprehensive income on the acquisition date.

2.5.3 Claims and benefits

Claims and benefits represent the ultimate cost (net of reinsurance recoveries) 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.

2.5.4 Reinsurance

The Group cedes 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. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

2.5.5 Life insurance contract liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are computed by an Independent Actuary as follows:

(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 3 months' premiums. No unexpired premium reserve (UPR) is set up as most contributions are paid monthly in arrears.

(iv) Single premium group credit life business is valued by setting up a UPR for the unexpired risk portion.

(v) Deposit administration business is valued at the accrued premiums (after deducting specified charges) plus accumulated bonuses.

(vi) The bonus equalisation fund is held to support the with profits business. The bonus equalisation fund was used to enable a bonus to be declared in the current period.

(vii) A reserve is held for HIV/AIDS claims and has been reduced in the current period, as most of the reserve was held for group business.

(viii) In addition, margins for prudence have been included in individual life business.

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

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

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.

2.5.6 Investment contract liabilities

Investment contracts are classified between contracts with and without Discretionary Participating Features (DPF). The accounting policies for investment contract liabilities with DPF are the same as those for life insurance contract liabilities.

Investment contract liabilities without DPF are recognised when contracts are entered into and premiums are charged. These liabilities are initially recognised at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract.

Subsequent to initial recognition, the investment contract liabilities are measured at fair value, 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. Non-unitised contracts are subsequently carried at fair value.

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.

2.5.7 Discretionary Participation Features (DPF)

A DPF gives holders of these contracts the right to receive, as a supplement to guaranteed benefits, significant additional benefits which are based on the performance of the assets held within the DPF portfolio. The amount or timing of the additional benefits is contractually at the discretion of the Group. Under the terms of the contracts, surpluses in the DPF funds can be distributed to policyholders and shareholders on a 90/10 basis. The Group has the discretion over the amount and timing of the distribution of these surpluses to policyholders. All DPF liabilities including unallocated surpluses at the end of the reporting period are held within insurance and investment contract liabilities with DPF.

2.5.8 Deferred acquisition costs (DAC)

DAC are made up of commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts that are capitalized and shown as part of prepayments. These costs are amortized over the period in which the related premiums are earned. The carrying amount of the deferred acquisition costs is reviewed at each reporting date for any indication of impairment. Any impairment loss is recognized in profit or loss when the carrying amount exceeds the recoverable amount.

2.5.9 Property and equipment

Items of property and equipment are initially recognised at cost. As well as the purchase price, cost 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

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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 value 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 assesses 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 makes an estimate of its recoverable amount. Property, plant and equipment's recoverable amount is the higher of its or cash generating unit's fair value less costs to sell and 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 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, plant 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.

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 makes 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.

2.5.10 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's investment property is initially recorded at cost and subsequently revalued annually to open market value, with changes in the carrying value recognised in profit or loss.

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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 if the Group's intention changes 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.

2.5.11 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, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:-

Accounting software	4- 10 years
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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.

2.5.12 Inventories

Inventories comprise of land to be developed into residential stands, developed stands, 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, cost of land development, costs of conversion and other costs incurred in 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.

2.5.13 Trade and other receivables

These assets are non-derivative financial assets

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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 rate method, less provision for impairment.

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.

The Group's loans and receivables comprised trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. 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.

2.6 Financial instruments

2.6.1 Financial assets

2.6.1.1 Classification

(a) Classification and measurement under IFRS 9

With effect from 1 January 2018, the Group classifies its financial assets into the following categories, depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI); or
- 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's debt instruments are currently classified as financial assets at amortised cost.

A financial asset is classified at fair value through other comprehensive income (OCI) if it is held both to collect contractual cash flows and to sell, and if the contractual cash flows are solely payments of principal and interest on the principal amount owing. The Group has no financial assets classified as assets at fair value through OCI.

If the financial asset does not satisfy the criteria to be classified as an asset at amortised cost or at fair value through OCI, the asset is classified as an asset at fair value through profit or loss. Listed equities held by the Group are classified as assets at fair value through profit or loss.

For an equity instrument that are held for other than to generate investment returns that would otherwise be classified as assets at fair value through profit or loss, the Group may make an irrevocable election at the time of initial recognition to account for the equity investment as an asset at fair value through OCI. 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 has not taken this election on any of its assets.

Classification of debt instruments

Debt instruments are contracts that entitle the Group to fixed or determinable payments from another entity, such as loans, government 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 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 reclassifies debt instruments between amortised cost and fair value categories only if its business model for managing those assets changes.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

Classification of equity instruments

Equity instruments are contracts that evidence a residual interest in the issuer's net assets. Such instruments do not contain a contractual obligation to pay any cash flows as cash flows are, amongst other factors, subject to the financial performance of the issuer.

The equity instruments held by the Group do not meet the criteria to be classified as financial assets at amortised cost nor at fair value through OCI. The Group has also not elected to classify any of its equity instruments as assets at fair value through OCI. Consequently the Group's equity instruments have been classified as financial assets at fair value through profit or loss.

Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss in fair value gains and losses on equities. Dividend income from such assets is recorded in 'Investment income' when the right to the payment has been established.

When the Group elects to classify equity instruments as assets at fair value through OCI, the fair value gains and losses are recognised directly in OCI. In such instances, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as investment income when the Group's right to receive payments is established.

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 uses forward looking probability weighted expected credit loss models to determine

the impairment allowance on the financial assets at amortised cost and at FVOCI. The Group recognises a separate loss allowance for such losses at each reporting date.

Refer notes 9 to 9.1 for the impairment methodology applied for each major class of financial assets.

2.6.3 Financial liabilities

The Group'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 rate 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's financial liabilities following the Group's adoption of IFRS 9 as at 1 January 2018.

2.6.4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6.5 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 has 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).

2.6.6 Fair value measurement

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

The Group measures 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.

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

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 determines 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 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; its cash generating units ('CGUs'). 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.

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Corporate tax assets arising from companies within the Group are not offset against liabilities in other entities within the Group. Corporate tax liabilities and assets are disclosed separately in the Statement of Financial Position. 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 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 assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax liabilities/ (assets) are settled/ (recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group; or
- different Group companies which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

2.6.9 Foreign currency

Transactions entered into by Group companies in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value and recognised in other comprehensive income. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognised in respect of that financial instrument.

On consolidation, the results of overseas operations are translated into US\$ at rates approximating those ruling when the transactions took place. All assets and liabilities of overseas operations,

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

including goodwill arising on the acquisition of those operations, are 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 overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised in profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are recognised in other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, 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

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

2.6.11 Revenue

2.6.11.1 Premium income

Gross premiums comprise the premiums on contracts entered into during the year. Premiums written include adjustments to premiums written in prior periods. Premium income arising from pensions is recognized when due while that from individual life is recognized when paid.

2.6.11.2 Fund management and investment contracts fee income

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

2.6.11.3 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.

2.6.11.4 Revenue from sale of stands

Revenue from sale of stands is recognised when a binding contract has been signed between the buyer and the Group, a significant deposit has been received such that it is highly unlikely that the customer would rescind the contract, the Group has allocated the stand to the buyer and stand has been certified by the City Authorities.

Therefore revenue is only recognised when the certificate of compliance is obtained from the City Authority.

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-financing 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 declared by the directors. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

2.9 Finance lease

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. 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 assets useful life and the lease term on a straight-line basis.

2.10 Share capital

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

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

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 is deemed to have 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 has recognised within trade and other payables, provisions for insurance liabilities 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 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 will have discharged its obligations to the customers concerned.

2.15 Reassurance

The Group reassures a portion of the risks it underwrites in order to control its exposures to losses and protect capital resources. The contracts entered into by the Group with reinsurers, under which the Group is compensated for losses on one or more contracts issued by the Group and that

meet the classification requirements for insurance contracts, are classified as reinsurance contracts. A combination of proportionate and non-proportionate reinsurance treaties are acquired to reduce the net exposure to the Group. Underwriters are allowed to buy facultative reinsurance in certain specified circumstances.

Onwards reinsurance premiums are recognised in profit or loss in the same accounting period as the related premium income. Reinsurance claims recoveries are recognised in the same accounting period as the related life assurance policyholder claims are accounted for.

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. Trade receivables

The Group assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The carrying amount of trade receivables is disclosed on Note 9.

3.2. 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 subdued demand for properties as compared to previous years due to general poor economic performance resulting in low disposable incomes, low production and companies' closure due to poor supply of power. The introduction of the mono currency through

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

statutory instruments 142/2019 has resulted in withdrawn of properties from the market by sellers. Resultantly the property market has had few or no 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. Owing to the hyperinflationary environment, there were two rent reviews systems that are being used on the market, some rentals were pegged in USD\$ 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 USD\$ pegged rentals tend to keep up with the exchange rate movement whilst the un-pegged rentals have fallen behind by far. The property market is not only distorted but has no clear direction due the prevailing economic uncertainties.

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 hyperinflationary economic environment, currency shifts, excessive market volatility and lack of recent transactions conducted in ZWL\$.

The fair values of land and buildings and investment property as well as the valuation techniques and assumptions are disclosed on Notes 6 and 7.

3.3. 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 and net assets 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 on the reserve capital to keep above the regulatory capital in order to keep the Group 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 determines whether property is classified as investment property or inventory property.

- 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, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

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Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

4 INTANGIBLE ASSETS

	GROUP		COMPANY	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Net carrying amount at the beginning of the year	2,156,610	1,648,581	-	1,758
Gross carrying amount - Cost	5,106,955	4,276,604	337,130	337,130
Accumulated amortisation	(2,950,345)	(2,628,023)	(337,130)	(335,372)
Additions	2,243,835	833,771	741,180	-
Exchange rate movement on foreign operations	2,697,418	(3,419)	-	-
Impairment	(109,518)	-	-	-
Amortisation charge for the year	(333,857)	(322,325)	-	(1,758)
Net carrying amount at the end of the year	6,654,485	2,156,610	741,180	-
Gross carrying amount - Cost	10,048,208	5,106,955	1,078,310	337,130
Accumulated amortisation/impairment	(3,393,723)	(2,950,345)	(337,130)	(337,130)

A software with a cost of ZWL\$2,243,835 was acquired during the year, it has an estimated useful life of 4 years.

Fidelity Funeral Services a subsidiary had an intangible asset, a mortuary license with a cost of ZWL\$109,518. This Intangible asset relates to mortuary license granted by City of Harare in 2014. Currently the license is renewable on a yearly basis with the City of Harare at a cost of ZWL\$8,000 and is fully expensed in the year incurred. Although there is a fair value of the license there is currently no market for the disposal of the License as it can only be issued by City of Harare. The intangible asset was fully impaired in the current year through the profit or loss statement.

5 DEFERRED ACQUISITION COSTS

The Group incurs costs to obtain and process new business. Acquisition costs comprise direct costs, such as initial commission, and the indirect costs of obtaining and processing new business.

Balance at the beginning of the year	989,339	1,099,971	-	-
Cost of acquisition of new insurance business written	3,090,711	1,583,049	-	-
Amortisation of acquisition costs	(1,315,387)	(1,688,192)	-	-
Foreign exchange movements	3,042,398	(5,489)	-	-
Balance at the end of the year	5,807,061	989,339	-	-

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

6 PROPERTY AND EQUIPMENT

GROUP

	Land and buildings	Motor vehicles	Equipment and computers	Furniture and fittings	Total
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Net carrying amount at 31 December 2017	31,004,087	4,729,249	3,471,613	1,523,722	40,728,671
Gross carrying amount - cost/valuation	34,484,782	16,408,538	15,651,001	2,494,707	69,039,027
Accumulated depreciation	(3,480,695)	(11,679,289)	(12,179,388)	(970,985)	(28,310,356)
Additions	152,208	3,027,526	1,530,625	432,587	5,142,946
Exchange rate movement on foreign operations	(3,572)	(4,147)	(3,416)	(1,037)	(12,172)
Disposals	-	(1,332,372)	-	-	(1,332,372)
Gross carrying amount - cost/valuation	-	(3,277,761)	-	-	(3,277,761)
Accumulated depreciation	-	1,945,389	-	-	1,945,389
Depreciation charge for the year	(1,423,820)	(2,114,306)	(2,921,384)	(214,279)	(6,673,788)
Revaluation surplus	1,574,317	-	-	-	1,574,317
Gross carrying amount - cost/valuation	(2,511,995)	-	-	-	(2,511,995)
Accumulated depreciation	4,086,312	-	-	-	4,086,312
Net carrying amount at 31 December 2018	31,303,220	4,305,950	2,077,438	1,740,993	39,427,601
Gross carrying amount - cost/valuation	32,121,423	16,154,156	17,178,210	2,926,256	68,380,046
Accumulated depreciation	(818,203)	(11,848,206)	(15,100,772)	(1,185,263)	(28,952,444)
Net carrying amount at 31 December 2018	31,303,220	4,305,950	2,077,438	1,740,993	39,427,601
Additions	996,685	-	631,018	222,834	1,850,536
Exchange rate movement on foreign operations	1,445,966	1,281,027	1,315,442	332,382	4,374,817
Disposals	-	-	14,411	(7,899)	6,512
Gross carrying amount - cost/valuation	-	(527,581)	(10,977,877)	(52,832)	(11,558,290)
Accumulated depreciation	-	527,581	10,992,288	44,933	11,564,802
Depreciation charge for the year	(2,919,145)	(1,634,946)	(1,830,664)	(305,189)	(6,689,944)
Revaluation surplus	41,851,011	-	-	-	41,851,011
Gross carrying amount - cost/valuation	38,939,872	-	-	-	38,939,872
Accumulated depreciation	2,911,140	-	-	-	2,911,140
Net carrying amount at 31 December 2019	72,677,738	3,952,031	2,207,645	1,983,121	80,820,535
Gross carrying amount - cost/valuation	73,503,946	16,907,602	8,146,793	3,428,640	101,986,981
Accumulated depreciation	(826,208)	(12,955,571)	(5,939,148)	(1,445,519)	(21,166,446)

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 2019. Land and buildings with a carrying amount of ZWL\$57,018,000 (2018: ZWL\$24,224,460) were pledged as collateral in respect of a borrowing facility with NMB Bank Zimbabwe Limited which is disclosed in Note 15.1. The value of land and buildings is categorised as a level 3 recurring fair value measurement, as disclosed in Note 32.

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

6 PROPERTY AND EQUIPMENT

COMPANY	Land and buildings	Motor vehicles	Equipment and computers	Furniture and fittings	Total
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Net carrying amount at 31 December 2017	24,132,866	3,763,819	3,790,373	781,894	32,468,953
Gross carrying amount - cost/valuation	26,800,613	10,196,102	13,577,704	976,314	51,550,733
Accumulated depreciation	(2,667,747)	(6,432,283)	(9,787,331)	(194,420)	(19,081,781)
Additions	-	2,158,560	525,362	231,658	2,915,580
Disposals	-	(1,291,042)	-	-	(1,291,042)
Gross carrying amount - cost/valuation	-	(2,967,278)	-	-	(2,967,278)
Accumulated depreciation	-	1,676,236	-	-	1,676,236
Depreciation charge for the year	(1,418,566)	(1,326,120)	(2,600,804)	(95,434)	(5,440,924)
Revaluation surplus	1,510,160	-	-	-	1,510,160
Gross carrying amount - cost/valuation	(2,576,153)	-	-	-	(2,576,153)
Accumulated depreciation	4,086,313	-	-	-	4,086,313
Net carrying amount at 31 December 2018	24,224,460	3,305,217	1,714,931	918,118	30,162,726
Gross carrying amount - cost/valuation	24,224,460	9,387,384	14,103,066	1,207,972	48,922,882
Accumulated depreciation	-	(6,082,167)	(12,388,135)	(289,854)	(18,760,156)
Additions	927,471	-	315,292	98,337	1,341,100
Disposals	-	-	14,418	-	14,418
Gross carrying amount - cost/valuation	-	-	(10,877,270)	-	(10,877,270)
Accumulated depreciation	-	-	10,891,68	-	10,891,688
Depreciation charge for the year	(2,911,140)	(776,943)	(1,184,595)	(107,178)	(4,979,856)
Revaluation surplus	35,704,680	-	-	-	35,704,680
Gross carrying amount - cost/valuation	32,793,540	-	-	-	32,793,540
Accumulated depreciation	2,911,140	-	-	-	2,911,140
Net carrying amount at 31 December 2019	57,945,471	2,528,274	860,046	909,277	62,243,068
Gross carrying amount - cost/valuation	57,945,471	9,387,384	3,541,088	1,306,309	72,180,252
Accumulated depreciation	-	(6,859,110)	(2,681,042)	(397,032)	(9,937,184)

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 2019. Land and buildings with a carrying amount of ZWL\$57,018,000 (2018: ZWL\$24,224,460) were pledged as collateral in respect of a borrowing facility with NMB Bank Zimbabwe Limited which is disclosed in Note 15.1. The value of land and buildings is categorised as a level 3 recurring fair value measurement, as disclosed in Note 32.

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

7 INVESTMENT PROPERTY

	GROUP		COMPANY	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Balance at the beginning of the year	122,542,909	118,744,259	107,040,479	105,079,665
Additions	2,663,946	416,605	2,663,946	228,784
Improvements	546,484	36,647	546,484	36,647
Non-cash acquisitions	-	15,839,070	-	15,839,070
Transfer to inventory	-	(9,467,664)	-	(9,467,664)
Reclassification from inventory	138,514,218	-	-	-
Disposals	(6,666,562)	(7,453,680)	(6,666,562)	(7,453,680)
Reclassification from property and equipment	-	-	-	-
Endowment payment	-	-	-	-
Exchange rate movement on foreign operations	27,716,069	(76,319)	-	-
Fair value gains - properties held for investment contracts	4,852,319	1,403,708	4,852,319	1,403,708
Fair value gains through profit or loss	371,829,858	3,100,284	87,196,394	1,373,949
Balance at the end of the year	661,999,241	122,542,909	195,633,060	107,040,479

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.

Investment property currently fair valued at ZWL\$419,769,870 was pledged as security for borrowings amounting to ZWL\$7,986,469 (2018: ZWL\$10,636,297) with FBC Bank, Standard Chartered Bank, IDBZ Bank and Agribank. This is also disclosed in **Note 15.1**.

In 2015, Fidelity Life Assurance of Zimbabwe acquired 80.77% of the shares in Langford Estates, the subsidiary company whose sole asset is a land bank comprising 834.35 hectares, with the intention to service, sub-divide and develop the property into residential stands for resale. Given the Group's intention to develop the land-bank into residential stands for resale, the land-bank was classified as inventory in the Group's balance sheet in line with International Financial Reporting Standards ("IFRS"). The group has had a change in future strategic and operational intent predicated upon the desire to retain any existing non-monetary assets in that form until hyperinflation subsides. The Groups long-term property strategy is to diversify from residential property development to retail and suburban offices. This change in use resulted in management reclassifying the land-bank to investment property as the land is held for long term capital appreciation rather than for short term sale in the ordinary course of business. In line with the requirements of International Accounting Standards (IAS 40) Investment Properties, management has included the difference between the current value of inventory and fair value in the profit and loss in the current period.

As at 31 December 2019, 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.

During the year ZWL\$4,142,025 (2018:ZWL \$2,099,546) 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 \$1,176,850 (2018: ZWL\$1,022,054). Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to ZWL\$1475,611 (2018: ZWL\$206,106). Direct operating expenses, including repairs and maintenance, arising from investment property that did not generate rental income during the year amounted to ZWL\$210,821 (2018: ZWL\$50,331). These expenses were mostly incurred on properties held by the Company.

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

7.1 Right of Use Asset

The Group leases several offices in major towns and cities in Zimbabwe and Malawi. 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.

Office buildings	GROUP		COMPANY	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Net carrying amount at 31 December 2018	-	-	-	-
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Additions	180,863	-	-	-
Exchange rate movement on foreign operations	2,549,803	-	-	-
Disposals	-	-	-	-
Amortisation	(357,174)	-	-	-
Net carrying amount at 31 December 2019	2,373,492	-	-	-
Cost	2,730,666	-	-	-
Accumulated amortization	(357,174)	-	-	-

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

7.1.1 Movement analysis to 31 December 2019

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

	2019 Right-Of-Use Asset ZWL\$	2018 Right-Of-Use Asset ZWL\$
Balance as at 31 December 2018	-	-
Impact of adoption of IFRS 16	180,863	-
Balance as at 1 January 2019	180,863	-
Additions	-	-
Amortization	(357,174)	-
Exchange rate movement on foreign operations	2,549,803	-
Balance at 31 December 2019	2,373,492	-

7.1.2 Retained earnings

The impact of transition to IFRS 16 on retained earnings is as follows:

Recognition of right of use asset under IFRS 16	180,863
Recognition of lease obligation	(180,863)
Total change in equity due to adopting IFRS 16 (1 January 2019)	-

7.1.3 The following amounts are recognised in profit and loss

	GROUP		COMPANY	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Amortisation of right of use assets	357,174	-	-	-
Interest expense on lease liabilities	228,347	-	-	-
Expense relating to short term leases	1,503,544	-	846,515	-

The Group had total cash outflows for leases of ZWL\$1,731,891 in 2019.

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

	2019	GROUP	2019	COMPANY
	ZWL\$	2018	ZWL\$	2018
		ZWL\$	ZWL\$	ZWL\$

8 INVESTMENT IN SUBSIDIARIES

Fidelity Life Asset Management Company (Private) Limited	-	-	6,378,367	5,681,494
Fidelity Funeral Services Company (Private) Limited	-	-	-	-
Fidelity Life Financial Services (Private) Limited	-	-	14,166,341	41,016,328
Zimbabwe Actuarial Consultants (Private) Limited	-	-	1,498,808	1,553,384
Langford Estates 1962 (Private) Limited	-	-	335,938,733	108,686,915
Vanguard Life Assurance Company Limited	-	-	17,397,399	1,925,629
	-	-	375,379,648	158,863,750

The Company changed the accounting policy for recording investments in subsidiaries from cost to the equity accounting 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.

8.1 CHANGE IN ACCOUNTING POLICY

The Company voluntarily changed its accounting policy for the measurement of investments in subsidiaries from cost to applying the equity method. Management believes that this policy provides reliable and more relevant information because it enable's the Company's statement of financial position to react to the Group's growth thrust and release underlying value in line with regulatory requirements. The policy change will also provide reliable and relevant information about the effects of transactions, other events or conditions on the entity's financial position, performance and cash flows.

This change in accounting policy has been accounted for retrospectively, and the comparative information for 2018 has been restated. The effect of the change is an increase of ZWL\$7,292,340 in profit for the year ended 31 December 2018. Furthermore, opening retained earnings for 2018 have been increased by ZWL\$16,576,440, which is the amount of the adjustment relating to periods before 2018. The restatement is shown as per the note below and further information on the composition of the Group is included in Note 35.

IMPACT OF RESTATEMENTS

The tables below summarise the impact of the accounting policy change on the affected financial statement line items:

	As previously stated	GROUP	As previously stated	Effect of restatement	COMPANY
	2018	Effect of restatement	Restated	2018	Restated
	ZWL\$	2018	2018	ZWL\$	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
COMPANY					
Impact on statement of profit or loss and other comprehensive income- year ended 31 December 2018					
Change in accounting policy subsidiaries					
Share of profit investments in subsidiaries	-	-	-	7,292,340	7,292,340
Other comprehensive income					
Revaluation reserve	-	-	-	991	991
Foreign currency translation reserve	-	-	-	(1,960,802)	(1,960,802)
Impact on earnings per share					
Basic earnings per share (cents)	-	-	-	0.33	(3.78)
Diluted earnings per share (cents)	-	-	-	0.34	(3.78)
Impact on statement of cashflow					
Profit before tax	-	-	-	(158,703)	(158,703)
Non-cash item: Share of profit investments in subsidiaries	-	-	-	(7,292,340)	(7,292,340)

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

8 INVESTMENT IN SUBSIDIARIES (cont'd)

8.1 CHANGE IN ACCOUNTING POLICY

IMPACT OF RESTATEMENTS

The tables below summarise the impact of the accounting policy change on the affected financial statement line items:

COMPANY	As previously	Effect of	Restated	As previously	Effect of	Restated
	stated	restatement		stated	restatement	
	2018	2018	2018	2017	2017	2017
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Impact on statement of financial position						
Impact on statement of financial position						
Investment in subsidiaries	141,719,352	17,144,398	158,863,750	137,671,824	11,128,373	148,800,197
Retained earnings	(15,858,214)	24,552,278	8,694,064	(4,489,662)	16,576,441	12,086,779
Revaluation reserve	5,379,748	120,803	5,500,551	5,228,731	119,813	5,348,544
Foreign currency translation reserve	-	(7,528,682)	(7,528,682)	-	(5,567,880)	(5,567,880)

There is no deferred tax implications on the investments in subsidiaries as the Company controls the dividend policy of all the subsidiaries and is thus able to control the timing of the reversal of temporary differences. In addition Life assurance companies are exempt from capital gains tax as per the Capital Gains Tax Act (Chapter 23:01) section 10(d) and as such, no provision for deferred capital gains tax has been made in relation to fair value adjustments on the Company's investments, which value would be realised through sale.

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	Restated ZWL\$
9 TRADE AND OTHER RECEIVABLES				
Residential stand sales debtors	16,889,744	203,605,840	16,889,744	203,605,840
Micro-finance loans receivable	12,599,696	51,844,259	-	-
Insurance debtors	24,292,907	22,447,033	1,391,445	16,944,951
Other trade debtors	500,162	1,453,483	-	-
Trade receivables - gross	54,282,509	279,350,615	18,281,189	220,550,791
Less : expected credit loss on trade receivables	(5,365,465)	(21,608,952)	(2,164,176)	(13,115,220)
Trade receivables - net	48,917,044	257,741,663	16,117,014	207,435,571
Receivables from related parties, net of ECL (Note 34.3.1)	929,086	1,797,462	2,019,768	4,232,005
Loans to employees, net of ECL	80,804	1,389,278	4,149	1,051,423
Total receivables classified as financial assets at amortised cost	49,926,934	260,928,403	18,140,931	212,718,999
Prepayments	2,808,409	924,064	2,291,138	1,072,500
Other receivables, net of ECL	11,594,812	11,253,712	514,705	7,293,814
Total trade and other receivables	64,330,155	273,106,179	20,946,773	221,085,313
Non-current portion	18,517,632	115,020,419	18,517,632	115,020,419
Current portion	45,812,523	158,085,760	2,429,141	106,064,894
Total trade and other receivables	64,330,155	273,106,179	20,946,773	221,085,313

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.

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:

Expected credit loss on trade receivables	5,365,465	21,608,952	2,164,176	13,115,220
Expected credit loss on loans to employees	107,141	665,494	107,141	665,494
Expected credit loss on other receivables	47,614	4,550,560	47,614	4,550,560
Expected credit loss on related party receivables	645,587	-	645,587	4,010,002
	6,165,808	26,825,006	2,964,518	22,341,276

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	Restated ZWL\$

9 TRADE AND OTHER RECEIVABLES (cont'd)

Movements in expected credit losses were as follows:

Opening credit loss allowance as at 1 January 2019

Receivables written off during the year as uncollectable	
Net increase during the year through profit or loss	
Reversal of unutilised amount through profit or loss	
Impact on year end ECL exposures transferred between stages during the year	
Balance at the end of the year	

26,825,006	78,956,149	22,341,276	74,055,031
(127,038)	(2,555,705)	(52,700)	(2,156,947)
(6,011,453)	11,285,857	2,878	7,907,554
(2,213,132)	(3,793,078)	(2,213,132)	(3,793,082)
(12,307,575)	(62,179,627)	(17,113,803)	(53,671,281)
6,165,808	26,825,006	2,964,518	22,341,276

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.

(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 120 days. 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 2019. 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.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

9 TRADE AND OTHER RECEIVABLES (cont'd)

9.1 Impairment - Expected Credit Loss Models (cont'd)

(i) Trade receivables: microfinance loans receivable (cont'd)

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.

As at 31 December 2019

Micro-finance loans receivable

Performing	
Overdue	
Default	
Gross carrying amount	
Expected credit loss on micro-finance loans receivable	
Net carrying amount	

As at 31 December 2018

Micro-finance loans receivable

Performing	
Overdue	
Default	
Gross carrying amount	
Expected credit loss on micro-finance loans receivable	
Net carrying amount	

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:

	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
	9,391,227	-	-	9,391,227
	-	1,883,376	-	1,883,376
	-	-	1,325,093	1,325,093
	9,391,227	1,883,376	1,325,093	12,599,696
	(522,434)	(591,348)	(1,002,114)	(2,115,896)
	8,868,793	1,292,028	322,979	10,483,800

	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
	41,145,985	-	-	41,145,985
	-	5,825,574	-	5,825,574
	-	-	4,872,700	4,872,700
	41,145,985	5,825,574	4,872,700	51,844,259
	(2,904,830)	(907,359)	(4,617,965)	(8,430,154)
	38,241,155	4,918,215	254,735	43,414,105

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\$
Gross carrying amount at beginning of the year	41,145,984	5,825,573	4,872,700	51,844,257
New receivables originated	10,357,237	1,925,587	328,733	12,611,557
Receivables derecognised or matured (excluding written off)	(6,003,937)	(567,880)	(44,488)	(6,616,305)
Receivables written off	-	-	-	-
Receivables transferred between stages during the year	(36,108,057)	(5,299,903)	(3,831,853)	(45,239,813)
Gross loan and advances to customers at year end	9,391,227	1,883,377	1,325,092	12,599,696

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\$
Balance at the beginning of the year	2,904,830	1,786,299	3,739,033	8,430,162
Allowances written off on uncollectable receivables	-	-	-	-
New allowances originated	961,034	416,687	20,221	1,397,942
Allowances derecognised or matured (excluding written off)	(2,640,132)	(1,687,232)	(3,492,142)	(7,819,506)
Impact on year end ECL of exposures transferred between stages during the year	(703,298)	75,594	735,002	107,298
Balance at the end of the year	522,434	591,348	1,002,114	2,115,896

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

9 TRADE AND OTHER RECEIVABLES (cont'd)

9.1 Impairment - Expected Credit Loss Models (cont'd)

(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 residential stand sales debtors are analysed below:

As at 31 December 2019

Residential stand sales debtors

Performing
Overdue
Default

Gross carrying amount

Expected credit loss on residential stand sales debtors

Net carrying amount

	Stage 2 12-month ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
Performing	16,163,788	-	16,163,788
Overdue	311,857	-	311,857
Default	-	414,099	414,099
Gross carrying amount	16,475,645	414,099	16,889,744
Expected credit loss on residential stand sales debtors	(989,889)	(157,190)	(1,147,079)
Net carrying amount	15,485,756	256,909	15,742,665

As at 31 December 2018

Residential stand sales debtors

Performing
Overdue
Default

Gross carrying amount

Expected credit loss on residential stand sales debtors

Net carrying amount

	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
Performing	191,105,149	-	191,105,149
Overdue	3,554,638	-	3,554,638
Default	-	8,946,053	8,946,053
Gross carrying amount	194,659,787	8,946,053	203,605,840
Expected credit loss on residential stand sales debtors	(4,247,400)	(2,877,566)	(7,124,966)
Net carrying amount	190,412,387	6,068,487	196,480,874

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

As at 31 December 2019

Balance at the beginning of the year

Receivables derecognised or matured (excluding written off)

New receivables

Receivables derecognised or matured (excluding written off)

Impact on year end ECL of exposures transferred between stages during the year

Balance at the end of the year

	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
Balance at the beginning of the year	194,659,786	8,946,056	203,605,842
Receivables derecognised or matured (excluding written off)	(182,814,133)	(8,948,541)	(191,762,674)
New receivables	-	-	-
Receivables derecognised or matured (excluding written off)	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	4,629,992	416,583	5,046,575
Balance at the end of the year	16,475,645	414,098	16,889,743

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.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

9 TRADE AND OTHER RECEIVABLES (cont'd)

9.1 Impairment - Expected Credit Loss Models (cont'd)

(ii) Trade receivables: residential stand sales (cont'd)

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 ZWL\$	Stage 3 Lifetime ZWL\$	Total ZWL\$
Opening loss allowance as at 1 January 2019	4,247,400	2,877,566	7,124,966
Allowances written off on uncollectable receivables	-	-	-
New allowances originated	-	-	-
Allowances derecognised or matured (excluding written off)	229,562	61,216	290,778
Impact on year end ECL of exposures transferred between stages during the year	(3,487,073)	(2,781,592)	(6,268,665)
Balance at the end of the year	989,889	157,190	1,147,079

(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. Where 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 2019 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.

(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. 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, with the exception of receivables from Fidelity Funeral Services (FFS) which are fully impaired in the Company's financial statements. The expected loss on the receivables from FFS is reversed in the consolidation process and therefore has no impact on the Group results.

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

10 INVENTORIES	GROUP		COMPANY	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Projects under development	11,030,858	11,972,095	11,030,858	11,972,095
Land inventory	-	138,514,218	-	-
Residential stands	2,546,827	2,737,672	2,546,828	2,737,672
Consumables	70,393	127,659	-	-
	13,648,078	153,351,644	13,577,686	14,709,767

Inventories recognised as an expense during the year ended 31 December 2019 amounted to ZWL\$322,498 (2018: ZWL\$67,066,742). During the year inventory related costs amounting to ZWL\$100,081,571 were written off due to completion of sale of stands arising from project Southview development activities. A balance of ZWL\$85,058,451 million of the project development costs relates to exchange losses on the underlying liability. These are shown in the statement of profit or loss and other comprehensive income as project development costs.

Inventories valued at ZWL\$138,514,218 was transferred to investment property during the year resulting in a significant decrease in inventories. Further information is detailed in Note 7.

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

11 FINANCIAL ASSETS

11.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Balance at the beginning of the year	94,437,480	79,126,882	84,716,248	73,283,959
Additions	17,211,097	4,499,277	3,292,148	2,680,318
Fair value adjustments - through investment contract liabilities	348,819	979,625	348,819	979,625
Fair value adjustments - through profit or loss	(61,203,660)	19,706,331	(54,845,442)	17,620,860
Exchange gains/ loss	25,714,371	(26,119)	-	-
Disposals	(6,625,333)	(9,848,516)	(6,625,333)	(9,848,514)
Balance at the end of the year	69,882,774	94,437,480	26,886,440	84,716,248

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

Balance at the beginning of the year	14,416,716	5,156,084	10,128,445	5,156,083
Additions	22,251,857	9,260,632	-	4,972,362
Exchange gain	28,570,129	-	-	-
Maturities	(13,999,199)	-	(9,710,928)	-
Balance at the end of the year	51,239,503	14,416,716	417,517	10,128,445

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 12%. 99% of the bonds will have matured by 31 December 2020, 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

Money market investments	62,587,513	39,551,821	1,932,795	7,220,144
Bank and cash	10,282,072	17,249,437	4,534,371	13,120,148
Cash and cash equivalents	72,869,585	56,801,258	6,467,166	20,340,292
Restricted cash	377,750	2,346,356	377,750	2,346,356
	73,247,335	59,147,614	6,844,916	22,686,648

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 currently 3 years, as disclosed in Note 15.

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

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
13 SHARE CAPITAL				
Authorised share capital				
200,000,000 ordinary shares of ZWL\$0.01 each	12,422,800	12,422,800	12,422,800	12,422,800
Issued and fully paid share capital				
108,923,291 ordinary shares of ZWL\$0.01 each	6,765,662	6,765,662	6,765,662	6,765,662

13.1 Rights issue proceeds from non-controlling interest

Vanguard Life Assurance, the Company's foreign subsidiary, completed a rights issue during 2018. In participating in the rights issue, non-controlling interests injected cash amounting to ZWL\$1,425,243 into the Group, as reflected in the statement of changes in equity.

13.2 Fidelity Funeral Assurance change in ownership

The Company acquired an additional interest in Fidelity Funeral Assurance, one of its subsidiary in 2018. The Group's shareholding in the subsidiary increased from 66.68% to 90.58%. The Company therefore maintained control over the subsidiary. The subsidiary currently carries negative equity but is a strategic asset in servicing the funeral assurance book in FLA.

The cash flow impact of the acquisition was as follows:

Owners' equity held by FLA after the acquisition of additional interest	-	(909,473)	-	-
Owners' equity held by FLA before the acquisition of additional interest	-	(669,502)	-	-
Decrease in FLA owners' equity through the acquisition of additional interest	-	(239,971)	-	-
Loss recognised directly in equity	-	923,461	-	-
Fair value of the consideration paid by FLA for new shares acquired (cash flow)	-	683,490	-	-

14 INSURANCE AND INVESTMENT CONTRACT LIABILITIES

14.1 Insurance contract liabilities and investment contract liabilities with discretionary participation features

Balance at the beginning of the year	416,593,690	372,377,312	360,026,653	335,906,748
Change in life assurance policyholder liabilities for the year	275,672,304	44,216,378	131,539,150	24,119,905
Movement through profit or loss	123,795,175	43,065,204	100,939,150	22,760,762
Movement through other comprehensive income	34,725,233	1,415,046	30,600,000	1,359,143
Split out of investment contract liabilities without DPF	-	-	-	-
Exchange rate movement on foreign operations	117,151,896	(263,872)	-	-
Balance at the end of the year	692,265,994	416,593,690	491,565,803	360,026,653

14.2 Investment contracts without discretionary participation features

Balance at the beginning of the year	34,935,476	31,530,189	34,935,476	31,530,189
Split out from insurance contract liabilities	-	-	-	-
Fair value gains from equities	348,819	979,625	348,819	979,625
Fair value gains from investment properties	4,852,319	1,403,708	4,852,319	1,403,708
Other investment income	6,564	1,568,398	6,564	1,568,398
Net cash flow	(731,471)	(546,444)	(731,471)	(546,444)
Gross premium income	325,075	912,254	325,075	912,254
Gross benefits and claims paid	(212,493)	(844,669)	(212,493)	(844,669)
Investment expenses	(844,053)	(614,029)	(844,053)	(614,029)
Balance at the end of the year	39,411,707	34,935,476	39,411,707	34,935,476

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

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
15 BORROWINGS				
15.1 LONG-TERM BORROWINGS				
FBC Bank Limited	5,037,851	41,813,557	5,037,851	41,813,557
Infrastructure Development Bank of Zimbabwe	1,570,737	12,960,276	1,570,737	12,960,276
Standard Chartered Bank of Zimbabwe Limited	975,620	7,940,792	975,620	7,940,792
Agribank Limited	402,261	3,351,671	402,261	3,351,671
NMB Bank Limited	8,129,266	63,515,192	8,129,266	63,515,192
First Capital Bank Malawi	4,119,519	2,102,474	4,119,519	2,102,474
	20,235,254	131,683,962	20,235,254	131,683,962
Current portion of long-term borrowings	(6,805,793)	(30,866,890)	(6,805,793)	(30,866,890)
Non-current portion of long term borrowings	13,429,461	100,817,072	13,429,461	100,817,072

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 ZWL\$16 million, when it acquired Langford Estates (1962) (Private) Limited through a land-for-debt swap arrangement in 2015. The borrowings accrue interest at 10% per annum and have a tenor of 7 years ending 30 June 2022. The debt assumption came with a 2-year principal repayment grace period which ended 30 June 2018. The first principal repayment was due in July 2018 and was settled accordingly. The loans are secured through a mortgage bond over Investment property. This is also disclosed in Note 7.

NMB Bank Limited Facility

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\$57.01m and cession of residential stand sales receivables worth ZWL\$12m.

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 19.1% as at 31 December 2019 and is subject to variation at the bank's discretion as influenced by bank rates advised by the Reserve Bank of Malawi from time to time. The facility is repayable in equal monthly instalments to 31 December 2021. The terms of the loan require security of 110% of the facility amount to be kept in deposit with First Capital Bank Zimbabwe for the duration of the facility, which would amount to US\$377,750. The loan is currently secured by a lien over cash amounting to ZWL\$377,750 after the deposit previously placed with the bank was converted to ZWL\$ when SI33 became effective. The Group is engaged in discussions with First Capital Bank to render additional security to meet the US\$377,750 requirement.

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

15.2 CURRENT BORROWINGS

Zimre Holdings Limited	-	2,846,889	-	-
Ecobank	3,450,000	-	-	-
Current portion of non-current borrowings	6,805,793	30,866,890	6,805,793	30,866,890
	10,255,793	33,713,779	6,805,793	30,866,890

Ecobank loan

The micro-finance business acquired a ZWL\$6m 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\$1,000,000 of the outstanding amount accrues interest at 25% per annum, whilst ZWL\$2,450,000 accrues interest at 35% per annum. The facility is available for one year, expiring on 30 September 2020.

Zimre Holdings Loan

The loan with Zimre Holdings was acquired as a line-of-credit for the micro-finance business to increase the unit's lending capacity. The loan accrued interest at 12% per annum on a one year tenure. The loan was settled during the current financial year.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

15.3 MOVEMENT IN BORROWINGS

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

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Balance at the beginning of the year	134,530,851	150,608,810	131,683,962	150,608,810
Net cash out flow on borrowings	(9,072,475)	(16,077,959)	(25,063,382)	(18,924,848)
Proceeds from borrowings	28,035,596	77,301,806	-	74,196,107
Repayment of borrowings	(37,108,071)	(93,379,765)	(25,063,382)	(93,120,955)
Exchange differences on foreign currency denominated loans	3,415,559	-	4,594,464	-
Reduction of borrowings due to inflation	(105,188,681)	-	(90,979,790)	-
Balance at the end of the year	23,685,254	134,530,851	20,235,254	131,683,962
Current borrowings	10,255,793	33,713,779	6,805,793	30,866,890
Non-current borrowings	13,429,461	100,817,072	13,429,461	100,817,072
Borrowings as at 31 December	23,685,254	134,530,851	20,235,254	131,683,962

16 LEASE OBLIGATIONS

The Group leased motor vehicles with a net carrying value of ZWL\$2,594,774 (2018: ZWL\$620,251). 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.

In addition the Group leases several offices in major towns and cities in Zimbabwe and Malawi. 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. The Group disclosed the office building under lease separately from property and equipment.

	Minimum lease payments ZWL\$	Interest payments ZWL\$	Present value ZWL\$
2019			
Not later than one year	1,815,850	302,530	1,513,319
Between one year and five years	2,314,881	398,663	1,916,218
Later than five years	-	-	-
	4,130,730	701,193	3,429,537
Current liabilities			1,513,319
Non-current liabilities			1,916,218
			3,429,537
2018			
Not later than one year	291,011	100,456	190,555
Between one year and five years	363,764	52,157	311,606
Later than five years	-	-	-
	654,774	152,613	502,161
Current liabilities			190,555
Non-current liabilities			311,606
			502,161

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
17 DEFERRED INCOME TAX				
17.1 DEFERRED TAX ASSET				
Other temporary differences	21,365	38,686	-	38,686
Total	21,365	38,686	-	38,686
Analysis of movements in deferred tax assets:				
Balance at the beginning of the year	38,686	6,000	38,686	-
Movement through profit or loss	21,365	32,686	-	38,686
Movement through other comprehensive income	-	-	-	-
Other temporary differences	(38,686)	-	(38,686)	-
Exchange rate movements	-	-	-	-
Balance at the end of the year	21,365	38,686	-	38,686
17.2 DEFERRED TAX LIABILITY				
Property and equipment	1,314,988	1,390,536	-	783,546
Investment property	8,322,224	2,364,518	-	-
Provisions	(531,099)	(132,875)	-	-
Total	9,106,113	3,622,179	-	783,546
Reconciliation				
Balance at the beginning of the year	3,622,179	3,305,210	783,546	783,546
Movement through profit or loss	706,390	1,550,508	(783,546)	-
Movement through other comprehensive income	66,342	(304)	-	-
Other temporary differences	-	-	-	-
IFRS 9 adjustment	-	(1,219,651)	-	-
Exchange rate movements	4,711,202	(13,584)	-	-
Balance at the end of the year	9,106,113	3,622,179	-	783,546
17.3 DEFERRED INCOME TAX IMPACT ON PROFIT OR LOSS				
Decrease/(Increase) in deferred tax asset through profit or loss	(21,365)	(32,684)	-	(38,686)
Increase in deferred tax liability through profit or loss	706,390	1,550,508	-	-
Deferred income tax charge/(credit) included in profit or loss	685,026	1,517,824	-	(38,686)

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
18 TRADE AND OTHER PAYABLES				
Trade payables	83,492,514	37,708,854	82,195,583	31,744,637
Related party payables (Note 34.3.2)	1,352,648	11,817,795	1,434,013	13,121,799
Deferred income from sale of residential stands (Note 18.1)	4,214,723	22,521,630	3,851,444	22,521,630
Statutory liabilities	605,309	6,567,651	605,309	6,567,651
Other payables	15,323,435	27,075,110	5,994,453	22,991,826
	104,988,629	105,691,040	94,080,802	96,947,543

18.1 Deferred income reconciliation

Balance at the beginning of the year	22,521,630	30,887,367	22,521,630	30,887,367
Capitalised	(17,984,409)	-	(18,347,688)	-
Movement through profit and loss	(322,498)	(8,365,737)	(322,498)	(8,365,737)
Balance at the end of the year	4,214,723	22,521,630	3,851,444	22,521,630

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.

19 GROSS PREMIUMS WRITTEN

Employee benefits income

Annuity consideration	24,863,182	33,214,168	6,109,017	19,591,879
Recurring premiums	39,590,171	38,824,553	23,655,049	29,444,025
New business premiums	9,028,362	6,844,255	6,145,053	6,331,665
Single premiums	9,263,654	5,569,001	7,247,499	4,964,720
	82,745,369	84,451,977	43,156,618	60,332,289

Individual life income

Life premiums				
Funeral premiums	31,628,142	32,101,943	11,775,059	20,936,978
Single premiums	6,945,989	10,266,205	6,945,989	10,266,205
	-	436,354	-	436,354

Gross premiums

	38,574,131	42,804,502	18,721,048	31,639,538
	121,319,500	127,256,480	61,877,666	91,971,827

20 FEES AND COMMISSION INCOME

Brokerage fees	192,122	329,881	187,533	283,118
Reassurance commission	766,253	491,633	766,252	491,633
Management fees	7,927,895	8,022,272	6,760,009	6,097,014
	8,886,270	8,843,786	7,713,794	6,871,765

21 INVESTMENT INCOME

Interest income	6,613,906	3,575,906	148,600	720,865
Dividend income	672,119	1,088,355	453,016	950,655
Other investment income	2,518,462	-	-	-
	9,804,487	4,664,261	601,616	1,671,520

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
22 OTHER OPERATING INCOME				
Actuarial fees	1,133,305	751,107	-	-
Management fees	-	4,497	1,159,158	648,790
Rental and other property income	471,084	2,099,543	843,097	1,022,058
Profit on disposal of property and equipment	14,670,405	613,888	14,670,404	613,891
Gain on disposal of investment property	-	3,698,523	-	3,698,522
Bad debts recovered	-	15,839,072	-	15,839,070
Debtors impairment allowance reduction	2,213,132	3,793,080	2,213,132	3,793,078
Loan establishment and administration fee income	1,819,692	2,807,555	-	-
Sundry	7,994,132	7,419,918	2,620,370	2,682,922
	28,301,751	37,027,183	21,506,161	28,298,331

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

Fee and commission expenses - gross	7,901,178	6,138,819	2,675,397	3,707,279
Increase in deferred acquisition costs	(3,090,711)	(1,583,049)	-	-
Amortisation of deferred acquisition costs	1,315,387	1,688,192	-	-
Fee and commission expenses - net	6,125,854	6,243,962	2,675,397	3,707,279
Other acquisition costs	12,076	3,108	12,076	3,106
	6,137,930	6,247,070	2,687,473	3,710,385

24 OPERATING AND ADMINISTRATIVE EXPENSES

Staff costs	27,734,072	36,994,296	16,134,923	26,234,627
Auditors' remuneration	1,580,080	2,230,523	1,040,505	1,762,531
Directors' remuneration - fees	489,085	854,996	241,620	663,413
- other services	114,675	99,174	-	-
Depreciation of property and equipment	6,689,944	6,673,788	4,979,855	5,440,923
Computer and data expenses	1,241,485	912,240	473,754	506,925
Marketing expenses	2,752,394	2,924,418	1,099,343	1,861,833
Actuarial, legal and other professional fees	9,719,564	7,676,605	4,712,823	6,442,255
Motor vehicle maintenance costs	2,280,491	1,766,508	1,363,397	1,080,682
Amortisation of intangible assets	443,375	322,323	-	1,756
Loss on disposal of property and equipment	-	-	-	-
Allowance for credit losses	-	-	-	-
Bad debts written off	127,038	2,555,705	52,700	2,156,967
Rental from short term leases	1,503,544	-	846,515	-
Other operating expenses	18,229,392	20,881,041	8,409,203	15,818,341
Net exchange losses on foreign translations	8,691,591	-	8,691,591	-
	81,596,731	83,891,617	48,046,228	61,970,253

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

Direct development costs	15,023,120	44,288,462	15,023,120	44,288,462
Foreign exchange loss	85,058,451	-	85,058,451	-
	100,081,571	44,288,462	100,081,571	44,288,462

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

	2019 ZWL\$	GROUP 2018 ZWL\$	2019 ZWL\$	COMPANY 2018 ZWL\$
25 FINANCE COSTS				
Interest expense - debt assumed on Langford acquisition (Note 15.1)	992,739	7,827,000	992,739	7,827,000
Interest expense - debt related to Southview project (Note 15)	5,232,442	4,741,379	5,232,442	4,741,379
Loan drawdown fees	-	1,627,716	-	1,627,716
Other interest expenses	1,664,332	1,685,976	-	1,275,350
Total finance costs	7,889,513	15,882,071	6,225,181	15,471,445

26 INCOME TAX EXPENSE/(CREDIT)

Current	5,737,673	16,562,553	1,940,038	11,248,497
Deferred	685,025	1,517,829	(783,546)	(38,685)
	6,422,698	18,080,382	1,156,492	11,209,812
Tax rate reconciliation				
Accounting profit	80,528,690	14,263,213	22,090,410	7,133,597
Tax at Zimbabwe statutory rate of 25.75%	20,736,138	3,672,777	5,688,281	1,836,901
Tax effect of amounts not deductible/(taxable) in calculating taxable income:				
Items not deductible for tax:				
Allowance for credit losses	(6,014,331)	-	-	-
Asset write-offs not allowable for tax	-	-	-	-
Other disallowable expenses	69,848,124	3,006,905	-	189,479
Non-taxable items:				
Differences arising from movements in unrealised fair value (gains)/ losses	(780,650)	-	(199,384)	-
Dividend income	-	-	-	-
Other non-taxable income	(756,703)	(195,761)	303,008	(1,931,541)
Other adjustments:				
Impairment of Section 17 allowances not claimed	-	-	-	-
Differences arising from 8th schedule tax for life assurance	(4,635,419)	1,545,824	(4,635,411)	1,545,818
Deferral of unutilised tax losses	(72,538,678)	471,680	-	-
Difference in tax rate applied in foreign jurisdiction	564,216	9,804	-	-
Income tax penalties provisions	-	9,569,151	-	9,569,151
	6,422,698	18,080,382	1,156,492	11,209,812

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

27 EARNINGS PER SHARE (EPS)

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
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	17,894,794	(3,730,709)	20,933,917	(4,076,215)
Headline earnings adjustable items	(8,191,946)	(8,105,491)	(14,670,404)	(4,310,657)
Taxation on headline earnings adjustable items	-	-	-	-
Headline earnings attributable to ordinary shareholders	9,702,848	(11,836,200)	6,263,513	(8,386,873)
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 and HEPS	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 and HEPS	107,919,548	107,919,548	107,919,548	107,919,548
27.1 Basic profit/ (loss) per share (cents)	16.58	(3.46)	19.40	(3.78)
27.1 Headline profit/ (loss) per share (cents)	8.99	(10.97)	5.80	(7.77)
27.2 Diluted profit/ (loss) per share (cents)	16.58	(3.46)	19.40	(3.78)
27.2 Headline profit/ (loss) per share (cents)	8.99	(10.97)	5.80	(7.77)

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).

28 CAPITAL EXPENDITURE COMMITMENTS

Authorised and contracted for
Authorised but not contracted for

	-	-	-	-
	20,214,427	18,737,268	4,105,380	5,904,248
	20,214,427	18,737,268	4,105,380	5,904,248

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)
	ZWL\$	ZWL\$	ZWL\$
31 December 2019			
Fidelity Life Assurance of Zimbabwe Limited	132,715,492	75,000,000	57,715,492
Vanguard Life Assurance Company Limited	21,638,485	18,215,766	3,422,719
Fidelity Life Asset Management Company (Private) Limited	8,503,175	500,000	8,003,175
Fidelity Life Financial Services (Private) Limited	9,795,893	20,000	9,775,893

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

29 MANAGEMENT OF CAPITAL (cont'd)

	Capital	Minimum capital requirement	Surplus / (Deficit)
31 December 2018	ZWL\$	ZWL\$	ZWL\$
Fidelity Life Assurance of Zimbabwe Limited	(16,734,323)	5,000,000	(21,734,323)
Vanguard Life Assurance Company Limited	1,251,112	1,083,156	167,956
Fidelity Life Asset Management Company (Private) Limited	770,853	500,000	270,853
Fidelity Life Financial Services (Private) Limited	6,037,202	20,000	6,017,202

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"), was increased to ZWL\$75 million from ZWL\$5 million with effect from November 2019. The regulation 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. There was a significant improvement from prior year in the capital position of the Company as a result of an upliftment in investment property values resulting from the currency change from USD to ZWL\$. The Company continues to pursue plans disclosed in Note 39 to improve the solvency position of the Company.

29 MANAGEMENT OF CAPITAL

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	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Debt				
Borrowings	23,685,254	134,530,851	20,235,254	131,683,962
Equity				
Capital	157,050,591	55,452,797	56,294,933	17,539,643
Debt to capital ratio (%)	15%	243%	36%	751%

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT

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

- Credit risk
- Fair value or cash flow interest rate risk
- Liquidity risk
- Foreign exchange risk
- 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:-

- Trade and other receivables (excluding prepayments and statutory assets)
- Debt securities at amortised
- Bank and cash
- Money market investments
- Equities at fair value through profit or loss
- Trade and other payables (excluding deferred income and statutory liabilities)
- Borrowings

(i) Financial instruments by category

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

Financial assets	GROUP		COMPANY	
	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\$
2019				
Trade and other receivables (excluding prepayments and statutory assets)	-	49,926,934	-	18,140,932
Equities at fair value through profit or loss	69,882,774	-	26,886,440	-
Debt securities at amortised cost	-	51,239,503	-	417,517
Cash and deposits with banks	-	73,247,335	-	6,844,916
	69,882,774	174,413,772	26,886,440	25,403,365
2018				
Trade and other receivables (excluding prepayments and statutory assets)	-	260,928,404	-	212,719,002
Equities at fair value through profit or loss	94,437,480	-	84,716,247	-
Debt securities at amortised cost	-	14,416,715	-	10,128,445
Cash and deposits with banks	-	59,147,615	-	22,686,648
	94,437,480	334,492,734	84,716,247	245,534,095

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont'd)

(i) Financial instruments by category (continued)

Financial liabilities	GROUP		COMPANY	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Trade and other payables (excluding statutory liabilities and deferred income)	100,168,601	76,601,759	89,624,050	67,858,265
Borrowings	23,685,254	134,530,851	20,235,254	131,683,962
	123,853,855	211,132,610	109,859,304	199,542,227

(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	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Financial assets						
Equities at fair value through profit or loss	69,882,774	94,437,481	-	-	-	-
COMPANY	LEVEL 1		LEVEL 2		LEVEL 3	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Financial assets						
Equities at fair value through profit or loss	26,886,440	84,716,245	-	-	-	-

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.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

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	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
A	1,317,881	1,344,506	827,782	311,168
A+	1,775,713	4,202,806	1,670,246	3,921,030
AA-	509,613	2,013,903	503,497	1,950,991
B+	-	843,764	-	-
BB	60,873	-	60,873	-
BB-	47,311	4,567,455	29,661	3,671,711
BB+	828,094	-	695,388	-
BBB	1,174,194	665	14	665
BBB-	-	-	-	-
BBB+	944,903	3,095,614	944,903	3,095,614
Cash	120,699	222,192	16,758	23,709
Unrated	66,468,054	42,856,709	2,095,793	9,711,759
	73,247,335	59,147,614	6,844,916	22,686,648

Quantitative disclosures of the risk exposure in relation to financial assets are set out below:-

	GROUP		COMPANY	
	Carrying value ZWL\$	Maximum exposure ZWL\$	Carrying value ZWL\$	Maximum exposure ZWL\$
At 31 December 2019				
Trade and other receivables (excluding prepayments and statutory assets)	61,196,617	61,196,617	18,330,508	18,330,508
Debt securities at amortised cost	51,239,503	51,239,503	417,517	417,517
Cash and cash equivalents	73,247,335	73,247,335	6,844,916	6,844,916
	185,683,455	185,683,455	25,592,941	25,592,941
At 31 December 2018				
Trade and other receivables (excluding prepayments and statutory assets)	260,928,404	260,928,404	212,719,002	212,719,002
Debt securities at amortised cost	14,416,715	14,416,715	10,128,445	10,128,445
Cash and cash equivalents	59,147,615	59,147,615	22,686,648	22,686,648
	334,492,734	334,492,734	245,534,095	245,534,095

(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 2019, 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	Between 3 and 12 months	Between 1 and 2 years	Over 2 years	Total
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
At 31 December 2019					
Trade and other payables (excluding deferred income and statutory liabilities)	100,168,601	-	-	-	100,168,601
Borrowings	1,672,045	12,341,861	10,161,536	7,755,975	31,931,418
	101,840,646	12,341,861	10,161,536	7,755,975	132,100,019
At 31 December 2018					
Trade and other payables (excluding deferred income and statutory liabilities)	76,601,761	-	-	-	76,601,761
Borrowings	5,578,875	39,727,208	40,607,313	77,226,299	163,139,694
	82,180,636	39,727,208	40,607,313	77,226,299	239,741,455

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont'd)

(b) Liquidity risk (Cont'd)

GROUP

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

At 31 December 2019

ASSETS

	Between 1 and 12 months ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Inventories	70,393	13,577,685	13,648,078
Trade and other receivables	45,812,523	18,517,632	64,330,155
Corporate tax asset	1,404,182	-	1,404,182
Deferred tax assets	-	21,365	21,365
Deferred acquisition costs	-	5,807,061	5,807,061
Equities at fair value through profit or loss	-	69,882,774	69,882,774
Debt securities at amortised cost	50,821,986	417,516	51,239,503
Cash and deposits with banks	73,247,335	-	73,247,335
	171,356,419	108,224,033	279,580,453

LIABILITIES

Insurance contract liabilities and investment contract liabilities with discretionary participation features

	Between 1 and 12 months ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Insurance contract liabilities and investment contract liabilities with discretionary participation features	-	692,265,994	692,265,994
Investment contracts without discretionary participation features	-	39,411,707	39,411,707
Borrowings	10,255,792	13,429,461	23,685,254
Deferred tax liabilities	-	9,106,113	9,106,113
Lease obligations	1,513,319	1,916,218	3,429,537
Trade and other payables	104,988,629	-	104,988,629
Corporate tax liability	1,490,382	-	1,490,382
	118,248,122	756,129,493	874,377,616

GROUP

At 31 December 2018

ASSETS

	Between 1 and 12 months ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Inventories	127,659	153,223,985	153,351,644
Trade and other receivables	158,085,760	115,020,418	273,106,179
Corporate tax asset	2,682,550	-	2,682,550
Deferred tax assets	-	38,686	38,686
Deferred acquisition costs	-	989,339	989,339
Equities at fair value through profit or loss	-	94,437,480	94,437,480
Debt securities at amortised cost	-	14,416,716	14,416,716
Cash and deposits with banks	59,147,614	-	59,147,614
	220,043,583	378,126,624	598,170,208

LIABILITIES

Insurance contract liabilities and investment contract liabilities with discretionary participation features

	Between 1 and 12 months ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Insurance contract liabilities and investment contract liabilities with discretionary participation features	-	416,593,690	416,593,690
Investment contracts without discretionary participation features	-	34,935,476	34,935,476
Borrowings	33,713,779	100,817,072	134,530,851
Deferred tax liabilities	-	3,622,179	3,622,179
Lease obligations	190,555	311,606	502,161
Trade and other payables	105,691,040	-	105,691,040
Corporate tax liability	10,969,137	-	10,969,137
	150,564,511	556,280,023	706,844,534

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont'd)

(b) Liquidity risk (Cont'd)

COMPANY

At 31 December 2019

Trade and other payables (excluding deferred income and statutory liabilities)

Borrowings

	Up to 3 months ZWL\$	Between 3 and 12 months ZWL\$	Between 1 and 2 years ZWL\$	Over 2 years ZWL\$	Total ZWL\$
--	-------------------------	----------------------------------	--------------------------------	-----------------------	----------------

Trade and other payables (excluding deferred income and statutory liabilities)	89,624,050	-	-	-	89,624,050
Borrowings	764,894	6,040,899	6,537,546	9,424,172	22,767,511
Total	90,388,944	6,040,899	6,537,546	9,424,172	112,391,561

At 31 December 2018

Trade and other payables (excluding deferred income and statutory liabilities)

Borrowings

Trade and other payables (excluding deferred income and statutory liabilities)	67,858,265	-	-	-	67,858,265
Borrowings	4,751,063	37,522,440	40,607,313	77,226,299	160,107,115
Total	72,609,328	37,522,440	40,607,313	77,226,299	227,965,380

(c) Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (foreign currency exchange risk) or other market factors (other price risk). The Investments Committee manages and controls market risk exposures to the equity market within acceptable parameters but ensuring optimum return on risk.

(ci) Fair value or cash flow interest rate risk

The adequacy of excess assets held by the Group may be adversely affected as a result of interest rate movements, adverse changes in credit spreads or deterioration in the quality of invested assets, impacting on the Group's cash flow and liquidity. 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.

(d) Foreign currency exchange risk

This is 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 recognized monetary financial assets and liabilities and future commercial transactions, that are not denominated in the functional currency of the Group. The Group holds local bank and cash balances as well as loans, receivables and liabilities denominated in US\$ and is thus exposed to foreign exchange risk arising from exposure to the fluctuation of the Zimbabwe dollar with respect to the US\$.

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 US\$ 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 2019

Base Currency

ASSETS

Cash and deposits with banks

Loans and receivables

Total assets

LIABILITIES

Trade and other payables

Total liabilities

Net currency position

Exchange rates as at 31 December

Impact of 10% increase in exchange rates

Assets

Liabilities

Net position

	2019 USD ZWL\$ equivalent	2018 USD ZWL\$ equivalent	2019 MWK ZWL\$ equivalent	2018 MWK ZWL\$ equivalent
Cash and deposits with banks	2,382,197	-	65,647,663	36,676,607
Loans and receivables	4,788,864	-	32,826,066	8,839,066
Total assets	7,171,061	-	98,473,729	45,515,673
Trade and other payables	87,999,237	-	9,950,988	1,859,672
Total liabilities	87,999,237	-	9,950,988	1,859,672
Net currency position	(80,828,176)	-	88,522,741	43,656,001
Exchange rates as at 31 December	16.77	1.00	43.92	738.58
Impact of 10% increase in exchange rates				
Assets	651,915	-	8,952,157	4,137,788
Liabilities	(7,999,931)	-	(904,635)	(169,061)
Net position	(7,348,016)	-	8,047,522	3,968,727

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont'd)

(d) Foreign currency exchange risk (cont'd)

Impact of change in exchange rates

Impact of profit before tax
Impact on equity

	2019 10% increase	2019 10% decrease	2018 10% increase	2018 10% decrease
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Impact of profit before tax	670,877	(819,961)	72,686	(88,838)
Impact on equity	3,250,001	(3,972,224)	927,312	(1,133,382)

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

(e) 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\$6,983,883 (2018: ZWL\$9,443,750) for the Group and ZWL\$2,683,652 (2018: ZWL\$8,471,623) for the Company. A 10% decrease in their value would on the same basis have decreased retained earnings and assets by the same amount.

31 ASSURANCE RISK MANAGEMENT

Insurance risk refers to fluctuations in the timing, frequency, and severity of insured events relative to the expectations at the time of underwriting. Insurance risk can also refer to fluctuations in the timing and amount of claim settlements and reserves. Insurance risk is historically the single most significant risk area within the Group. The primary assurance activity carried out by the Group assumes the risk of loss from persons or organizations that are directly subject to the risk. Such risks may relate to life, financial or other perils that may arise from an insurable event. As such the Group is exposed to the uncertainty surrounding the timing and severity of claims under the contracts.

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

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.

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.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

31 ASSURANCE RISK MANAGEMENT (Cont'd)

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

	Change in assumptions (+, increase) (-, decrease)	Impact on liabilities	Impact on profit before tax	Impact on profit after tax
BASE				
2019				
Mortality	+10%	2,168,935	(2,168,935)	(45,248)
Morbidity	-10%	839,229	(839,229)	(17,508)
Lapse	-10%	(1,101,938)	1,101,938	22,988
Expense	+10%	9,817,708	(9,817,708)	(204,815)
Discount rate	+1%	(6,037,729)	6,037,729	125,958
Investment return	+1%	98,045	(98,045)	(2,045)
2018				
Mortality	+10%	1,262,304	(1,262,304)	327,813
Morbidity	-10%	(1,115,327)	1,115,327	(289,644)
Lapse	-10%	(1,981,673)	1,981,673	(514,627)
Expense	+10%	3,497,815	(3,497,815)	908,361
Discount rate	+1%	(8,976,754)	8,976,754	(2,331,213)
Investment return	+1%	3,457,743	(3,457,743)	897,957

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 reinsurance 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.

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.

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 of 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.

31 ASSURANCE RISK MANAGEMENT (Cont'd)

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

Expenses

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

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

Lapse and surrender rates

Lapse relates rates to the termination of policies on premiums not paid up. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the 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.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

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 2019.

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.

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 ZWL\$	Level 2 ZWL\$	Level 3 ZWL\$	Total ZWL\$	Total gain/ (loss) for the period in statement of profit or loss and other ZWL\$	Total gain/ (loss) for the period in through investment contract liabilities ZWL\$
31 December 2019						
Commercial	-	-	106,687,734	106,687,734	59,924,064	-
Residential	-	-	160,521,556	160,521,556	90,161,293	-
Land	-	-	394,789,951	394,789,951	221,744,501	4,852,319
Total investment properties	-	-	661,999,241	661,999,241	371,829,858	4,852,319
Equities at fair value through profit or loss	69,882,774	-	-	69,882,774	(61,203,660)	-
Land and buildings	-	-	72,677,738	72,677,738	41,851,011	-
31 December 2018						
Commercial	-	-	19,749,003	19,749,003	2,470,280	-
Residential	-	-	29,714,201	29,714,201	(1,024,881)	-
Land	-	-	73,079,705	73,079,705	1,654,885	1,403,708
Total investment properties	-	-	122,542,909	122,542,909	3,100,284	1,403,708
Equities at fair value through profit or loss	94,437,480	-	-	94,437,480	19,706,331	-
Land and buildings	-	-	31,303,220	31,303,220	1,574,317	-

Gains / 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 amount to ZWL\$371,829,858 (December 2018: ZWL\$3,100,284). Fair value gains of ZWL\$4,852,319 were recorded directly in investment contract liabilities. There was a significant increase in fair value gains recorded in current year on investment properties due to currency change from

US\$ to the new functional currency ZWL\$.

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.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

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-2019	Fair value 31-Dec-2018	Inter-relationship between unobservable inputs and key fair value measurement
Income capitalisation	- Rental per square metre	Commercial	106,687,734	19,749,001	Increase or decrease in fair value would result from the following movements in these inputs respectively:
	- Prime yield	Industrial	Industrial	-	- increase or decrease in net rental income
	- Void rate	Land and buildings (PPE)	-	-	- decrease or increase in prime yield
Comparative method	- Rate per square metre	Residential	160,521,556	29,714,203	The estimated fair value would increase if prices for comparable properties increased, and decrease if prices for comparable properties decreased.
		Land	394,789,951	73,079,707	

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. Comparative 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 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.

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.

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

32 FAIR VALUE DISCLOSURES (Cont'd)

Analysis of property portfolio	Lettable space m ²		% of portfolio	
	December 2019	December 2018	December 2019	December 2019
Sector				
Commercial	9,031	9,031	100.00%	100.00%
Industrial	-	-	-	-
Total	9,031	9,031	100.00%	100.00%

33 RETIREMENT BENEFITS

33.1 Fidelity Life Pension Fund

All eligible employees in Zimbabwe 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	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
	3,276,128	1,883,870	1,525,121	1,349,390

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. These are presently 3.5% of basic salary per employee per month limited to ZWL\$24.50.

Contributions were made as follows during the year:

Employer's contribution	GROUP		COMPANY	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
	210,719	211,691	188,604	153,917

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

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	
Langford Estates 1962 (Private) Limited	Subsidiary	
Fidelity Life Medical Aid Society	Society managed by the company	
Zimre Holdings Limited	Shareholder	
National Social Security Authority (NSSA)	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	
R.G. Maramba	Non Executive Director	
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	
P. Zvandasara	Chief Finance Officer	Resigned October 2019
B. Wesley	Key management	
S. Mudzengi	Key management	
N. Mupfurutsa	Key management	
R. Chihota	Key management	
M. Gumbo	Key management	
S. Nhende	Key management	Resigned January 2019
K. Dube	Key management	
C. Matongo	Key management	
E. Masvavike	Key management	
R. Mutangadura	Key management	
Z.Zvenyika	Chief Finance Officer	Appointed February 2020

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$

34.2 Related party transactions

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

Related party	Nature of transaction	2019	2018	2019	2018
Income		ZWL\$	ZWL\$	ZWL\$	ZWL\$
Vanguard Life Assurance Company Limited	Management fee income	-	-	1,159,158	644,293
Fidelity Life Financial Services (Private) Limited	Dividend income	-	-	1,262,106	-
Zimbabwe Insurance Brokers Limited	Pension contributions	523,754	133,358	523,754	133,358
National Social Security Authority (NSSA)	Gross premiums	623,915	1,060,010	623,915	1,060,010
Zimre Property Investments Limited	Pension contributions	347,073	686,802	347,073	686,802
Emeritus Reinsurance (Private) Limited	Pension contributions	2,493,238	389,215	2,493,238	389,215
Expenses					
Fidelity Life Medical Aid Society	Medical aid contributions	(698,155)	(1,075,123)	(698,155)	(892,088)
Zimbabwe Actuarial Consultants (Private) Limited	Actuarial fees	-	-	(2,018,684)	(1,120,431)
Fidelity Life Asset Management Company (Private) Limited	Management fees	-	-	(613,610)	-
National Social Security Authority (NSSA)	Pension contributions	(210,719)	(211,691)	(188,604)	(153,917)
Emeritus Reinsurance (Private) Limited	Reassurance premiums	(4,011,348)	(2,032,314)	(4,011,348)	(2,032,314)

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$

34.3 Related party balances

34.3.1 Related party receivables

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

Fidelity Life Asset Management Company (Private) Limited	-	-	492,740	1,697,630
Langford Estates 1962 (Private) Limited	-	-	119,147	-
Fidelity Life Financial Services (Private) Limited	-	-	1,983,983	456,818
Fidelity Funeral Assurance Company (Private) Limited	-	-	543,483	-
Fidelity Life Medical Aid Society	929,086	1,797,462	934,737	1,781,051
Zimbabwe Actuarial Consultants (Private) Limited	-	-	-	226,063
Vanguard Life Assurance Company Limited	-	-	800,991	70,442
	929,086	1,797,462	4,875,081	4,232,005

34.3.2 Related party payables

Included in related party payables

Fidelity Life Medical Aid Society	1,352,648	11,817,794	34,637	8,550,113
Fidelity Funeral Assurance Company (Private) Limited	-	-	83,579	-
Fidelity Life Financial Services (Private) Limited	-	-	-	2,381,526
Langford Estates 1962 (Private) Limited	-	-	-	1,856,883
Zimbabwe Actuarial Consultants	-	-	1,399,375	333,276
	1,352,648	11,817,794	1,517,591	13,121,798

The amounts due to FLIMAS attract interest at a rate of 11% per annum. The loans are payable in equal monthly instalments. The other related party payables are interest free and have no fixed repayment terms. Related party payables are unsecured.

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	7,754,475	10,512,780	1,338,821	9,665,795
Post employment benefits	440,106	970,332	87,879	874,683
Total	8,194,581	11,483,112	1,426,700	10,540,478

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	42,287	729,224	-	501,875
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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 directors have shareholding in the company as follows:-

	Number of shares	
	2019	2018
F. Ruwende	348	348

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

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 Assurance Company (Private) Limited	Funeral 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	
	2019	2018
Fidelity Life Asset Management Company (Private) Limited		
Vanguard Life Assurance Company Limited	96%	96%
Zimbabwe Actuarial Consultants (Private) Limited	62%	62%
Fidelity Life Financial Services (Private) Limited	100%	100%
Fidelity Funeral Assurance Company (Private) Limited	100%	100%
Langford Estates (Private) Limited	91%	91%
	81%	81%

36 NON-CONTROLLING INTERESTS

Vanguard Life Assurance Company Limited and Langford Estates (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, before intra-group eliminations, is presented below:

For the period ended 31 December	Vanguard Life		Langford Estates	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
REVENUE				
Gross premiums written	59,441,835	35,284,660	-	-
Outward reinsurance premiums	(1,661,090)	(932,411)	-	-
Net premiums earned	57,780,745	34,352,249	-	-
Fees from fund management and investment contracts	741,034	543,160	-	-
Interest income on money market investments	6,314,192	2,626,366	-	-
Fair value gains on equities at fair value through profit or loss	1,655,214	863,575	-	-
Fair value gains on investment properties	3,408,932	1,233,590	281,256,763	-
Other income	2,302,401	1,441,987	976,305	-
Total income	72,202,517	41,060,928	282,233,068	-
EXPENSES				
Claims and benefits	(15,081,457)	(9,722,878)	-	-
Reinsurance recoveries	462,525	136,369	-	-
Net claims and benefits incurred	(14,618,932)	(9,586,509)	-	-
Change in life assurance policyholder liabilities	(26,981,258)	(20,360,345)	-	-
Fee and commission expenses, and other acquisition costs	(756,518)	(1,815,567)	-	-
Other operating and administrative expenses	(22,040,339)	(8,488,566)	(876,354)	(600,947)
Total expenses	(64,397,048)	(40,250,987)	(876,354)	(600,947)
Profit from operations	7,805,470	809,941	281,356,714	(600,947)
Finance costs	(425,825)	(10,395)	-	-
Profit before tax	7,379,645	799,546	281,356,714	(600,947)
Income tax expense	(2,919,425)	(517,032)	-	-
Profit after tax	4,460,220	282,514	281,356,714	(600,947)

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

36 NON-CONTROLLING INTERESTS (Cont'd)

For the year ended 31 December	Vanguard Life		Langford Estates	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Profit attributable to NCI	1,705,142	121,481	54,108,807	(115,571)
Other comprehensive income allocated to NCI	7,870,474	(6,806)	-	-
Total comprehensive income allocated to NCI	9,575,616	(272,957)	54,108,807	(115,571)
Cash flows from operating activities	25,473,319	6,023,512	-	-
Cash flows from investing activities	(14,783,075)	(1,655,981)	-	-
Cash flows from financing activities	(947,630)	2,146,471	-	-
Net cash flows attributable to NCI	9,742,614	6,514,003	-	-
ASSETS:				
Property and equipment	6,669,205	2,778,015	-	-
Investment property	45,835,421	14,710,422	419,769,870	-
Intangible assets	5,087,879	926,124	-	-
Right of use assets	2,373,492	-	-	-
Deferred acquisition costs	5,807,062	989,340	-	-
Corporate tax asset	1,404,181	-	-	-
Inventories	-	-	-	138,514,220
Trade and other receivables	32,826,066	8,839,066	-	1,856,883
Financial assets at fair value through profit or loss	41,431,079	5,666,986	-	-
Debt securities at amortised cost	50,821,986	-	-	-
Cash and cash equivalents	65,647,662	36,676,607	-	-
	257,904,033	70,586,559	419,769,870	140,371,103
LIABILITIES:				
Life assurance policyholder liabilities	200,700,192	56,567,044	-	-
Deferred tax	8,073,328	2,272,981	-	-
Trade and other payables	9,950,988	1,859,672	500,968	2,457,859
Lease obligation	3,429,508	502,161	-	-
Income tax liability	-	-	-	-
	222,154,016	61,201,858	500,968	2,457,859
Accumulated non-controlling interests	11,776,079	2,200,463	80,631,447	26,522,639

37 SEGMENT REPORTING

Segment information

The Group has two main reportable segments as follows:

Insurance

This segment is involved in life assurance and pensions. The segment accounts for 37% (2018: 90%) of the Group's external revenue.

Microlending

This segment is involved in consumer loans, business loans and loans to farmers. It accounts for 4% (2018: 8%) of the Group's external revenue. The segment has experienced steady growth since its formation in 2010.

Other

Included in this segment are the actuarial, asset management and funeral services units. These are individually immaterial and reported as other income. There was a significant increase in total revenue in

this segment arising from fair value adjustments of properties held by one of the segment which holds a land bank as investment property arising from transfer of the land inventory to investment property. This is not expected to recur.

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.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

37 SEGMENT REPORTING (Cont'd)

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.

	Insurance ZWL\$	Microlending ZWL\$	Other ZWL\$	Group ZWL\$
2019				
Total revenue	408,060,363	25,772,093	292,161,389	725,993,845
Inter-segment revenue	(219,278,835)	(199,052)	(2,869,599)	(222,347,486)
Total revenue from external customers	188,781,528	25,573,041	289,291,790	503,646,359
Total benefits, claims and other expenses	(367,731,016)	(49,978,426)	(5,408,228)	(423,117,670)
Profit before tax	(178,949,487)	(24,405,385)	283,883,562	80,528,689
Depreciation of property and equipment	6,089,780	185,791	414,441	6,690,080
Amortisation of intangible assets	38,317	252,570	42,970	333,857
Amortisation of deferred acquisition costs	1,315,387	-	-	1,315,387
Finance costs	6,451,954	1,437,559	-	7,889,513
Fair value gains on equities	(57,945,032)	(606,789)	(2,651,839)	(61,203,660)
Fair value gains on investment property	84,680,134	1,549,612	285,600,111	371,829,858
Income tax expense	4,075,918	1,381,548	965,232	6,422,698
Additions to non-current assets	26,374,805	234,734	11,733	26,621,271
Reportable segment non-current assets	425,220,719	4,385,208	430,536,253	860,142,179
Reportable segment current assets	155,334,532	12,493,864	3,457,630	171,286,027
Reportable segment liabilities	864,110,255	6,229,881	4,037,480	874,377,616
Cash flows from operating activities	26,377,009	51,767,856	(102,003,477)	(23,858,612)
Cash flows from investing activities	2,106,421	(234,734)	(13,898,272)	(12,026,584)
Cash flows from financing activities	(32,236,193)	(7,254,454)	21,770,870	(17,719,777)
2018				
Total revenue	300,431,148	26,510,537	7,801,624	334,743,308
Inter-segment revenue	(846,518)	(304,073)	(1,600,498)	(2,751,089)
Total revenue from external customers	299,584,629	26,206,464	6,201,126	331,992,219
Total benefits claims and other expenses	(296,575,437)	(13,255,252)	(7,898,314)	(317,729,003)
Profit before tax	3,009,193	12,951,212	(1,697,188)	14,263,216
Depreciation of property and equipment	6,034,195	147,522	492,073	6,673,791
Amortisation of intangible assets	26,778	252,572	42,970	322,325
Amortisation of deferred acquisition costs	1,688,192	-	-	1,688,192
Finance costs	15,177,758	704,309	-	15,882,071
Fair value gains on equities	18,484,431	162,888	1,059,012	19,706,331
Fair value gains on investment property	2,545,426	279,513	275,348	3,100,284
Income tax expense	11,726,848	6,216,139	137,395	18,080,382
Additions to non-current assets	21,862,148	161,993	244,896	22,269,037
Reportable segment non-current assets	270,638,185	2,837,340	5,676,893	279,152,417
Reportable segment current assets	285,047,645	49,210,880	148,886,393	483,144,918
Reportable segment liabilities	683,009,688	14,548,743	9,286,098	706,844,529
Cash flows from operating activities	40,618,967	(6,418,488)	(45,367)	34,155,112
Cash flows from investing activities	8,959,588	(161,993)	(755,981)	8,041,614
Cash flows from financing activities	(36,529,618)	2,846,890	-	(33,682,728)

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

37 SEGMENT REPORTING (Cont'd)

GEOGRAPHICAL INFORMATION

	Zimbabwe ZWL\$	Malawi ZWL\$	Total ZWL\$
2019			
Revenue			
Total revenue	653,791,328	72,202,517	725,993,844
Inter-segment revenue	(222,347,485)	-	(222,347,485)
Total revenue from external customers	431,443,842	72,202,517	503,646,359
Group's revenue per statement of profit or loss and other comprehensive income			
	431,443,842	72,202,517	503,646,359
Depreciation of property and equipment	5,588,024	1,101,920	6,689,944
Amortisation of intangible assets	295,539	38,318	333,857
Amortisation of deferred acquisition costs	-	1,315,387	1,315,387
Finance costs	7,463,688	425,825	7,889,513
Fair value adjustments on equities	(62,858,874)	1,655,214	(61,203,660)
Fair value adjustments on investment property	368,420,926	3,408,932	371,829,858
Income tax expense	(3,503,274)	(2,919,425)	(6,422,698)
Segment profit before tax	73,149,044	7,379,645	80,528,689
Cash flows from operating activities	(49,331,931)	25,473,319	(23,858,612)
Cash flows from investing activities	2,756,491	(14,783,075)	(12,026,584)
Cash flows from financing activities	(16,772,147)	(947,630)	(17,719,777)
2018			
Revenue			
Total revenue	293,682,381	41,060,927	334,743,308
Inter-segment revenue	(2,751,089)	-	(2,751,089)
Total revenue from external customers	290,931,292	41,060,927	331,992,219
Group's revenue per statement of profit or loss and other Comprehensive income			
	290,931,292	41,060,927	331,992,219
Depreciation of property and equipment	6,080,521	593,270	6,673,791
Amortisation of intangible assets	297,297	25,025	322,325
Amortisation of deferred acquisition costs	-	1,688,192	1,688,192
Finance costs	15,871,676	10,395	15,882,071
Fair value adjustments on equities	18,842,757	863,575	19,706,331
Fair value adjustments on investment property	1,866,696	1,233,590	3,100,284
Tax expense	17,563,347	517,035	18,080,382
Segment profit before tax	13,463,670	799,546	14,263,216
Cash flows from operating activities	20,681,536	13,473,576	34,155,112
Cash flows from investing activities	11,860,290	(3,818,676)	8,041,614
Cash flows from financing activities	(39,176,698)	5,493,969	(33,682,728)
2019			
Additions to non-current assets	8,284,840	18,336,432	26,621,271
Reportable segment non current assets	752,938,042	107,204,138	860,142,179
Reportable segment current assets	20,586,131	150,699,896	171,286,027
Reportable segment liabilities	652,223,599	222,154,017	874,377,616
2018			
Additions to non-current assets	19,426,967	2,842,066	22,269,029
Reportable segment non current assets	260,737,855	18,414,560	279,152,417
Reportable segment current assets	430,157,179	52,987,736	483,144,918
Reportable segment liabilities	645,642,674	61,201,858	706,844,529

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

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	2019 ZWL\$	2018 ZWL\$
Inventories-South View Stands	1,775,905	707,497
Residential Stand Debtors	10,592,544	1,927,439
Development Bonds	417,516	24,574,757
Investment Properties	119,520,035	-
	132,306,000	27,209,693
Total assets	690,431,621	102,081,013
Percentage of total assets	19%	27%

The Company is fully compliant with the prescribed assets requirements.

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.

	2019 ZWL\$	2018 ZWL\$
Investments	690,431,621	102,081,013
Allowance for inadmissible assets	(273,122,283)	(28,470,607)
Value of Assets	417,309,338	73,610,406
Actuarial values of policy liabilities	169,196,000	51,914,000
Other liabilities	115,397,846	38,430,729
Total	284,593,846	90,344,729
FLA statutory capital per SI95 requirement	132,715,492	(16,734,323)
SI95 minimum statutory capital requirement	75,000,000	5,000,000
Statutory capital surplus /(deficit)	57,715,492	(21,734,323)

The Company is fully compliant with the minimum capital requirements. A combination of change in accounting policy of its investments in subsidiaries from cost to the equity accounting method and investment property fair value gains resulting from the currency change from USD to ZWL\$ resulted in Fidelity Life Assurance of Zimbabwe achieving the statutory capital requirements as at 31 December 2019. 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 the injection of capital by the shareholders through a rights issue and balance sheet restructuring initiatives of the equity and property portfolios to unlock value. The Company is expected to make a profit of ZWL\$216.95 million in 2020 which will be retained in the business to improve underwriting capacity.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

40 EVENTS AFTER THE REPORTING DATE (cont'd)

40.1 Dividend

At a board meeting held on 27 April 2020, the directors recommended not to declare a dividend for the year ended 31 December 2019. 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 2018.

40.2 Approval of the consolidated financial Statements

The consolidated financial statements were approved by the Board of Directors for issue on 27 April 2020 and the directors have power to amend and/or reissue the financial statements should circumstances requiring that arise.

40.3 Coronavirus disease (COVID-19)

Introduction

The world is grappling with the Corona virus and Zimbabwe has not been spared. In response to this challenge, on the 17th of March the Government of Zimbabwe declared COVID-19 a national disaster, a measure which came after the World Health Organisation (WHO) had declared Covid-19 an international pandemic on the 11th of March 2020. The government has issued a number of directives as well as enacting the Statutory Instrument 77 of 2020 to combat the pandemic. The most recent government action by the government at the time of preparing these accounts is the government's move on the 27th of March 2020 to declare a 21 day lock down starting on the 30th of March 2020. The lockdown was extended to 3 May 2020.

Investor relations and business impacts

In response to the pandemic, Fidelity Life Assurance of Zimbabwe (FLA) employed a raft of measures to protect its customers and staff which include implementing proper hygienic practices and encouraging social distancing to flatten the Covid-19 curve. FLA also implemented a comprehensive Business Continuity Plan. The Group will continue to provide services and operate business through dedicated staff working from home with virtual remote access to systems and applications. Our clients will continue to enjoy our services through alternative access to electronic platforms which include our mobile application, online payment platforms and well as electronic communication channels.

Assessment on Solvency Impact

Investments	ZWL\$ 913,492,874
SI95 Adjustments to NAV	-
Allowance for inadmissible assets	(336,048,757)
Total Assets	<u>577,444,117</u>
Actuarial values of policy liability	300,455,483
Other Liabilities	145,681,588
Total Liabilities	<u>446,137,071</u>
Asset Surplus/ Deficit	131,307,046
Statutory Excess Assets Requirement	(75,000,000)
Surplus/ Deficit	1.75

Current Impact Assessment

Post Lockdown, the business managed to successfully continue all operations through its business continuity strategy. All FLA systems are remotely accessible and clients are being serviced through the various digital online platforms. Implementation of the work from home program and all key processes remain accessible to clients through staff members. During the period, FLA continued to receive premiums and client payments, and was also able to settle claims and payments.

The preliminary impact of covid-19 expected mainly in core business lines as described below;

(a) Fidelity Life Financial Services subsidiary (FLFS) failed to disburse loans in the lockdown period (April) due to the absence of a system with remote lending capabilities. Average disbursement from January to date amounted to ZWL\$1.95m. This results in a possible potential loss of a full month of budgeted revenue income which has an associated impact of budgeted loss of a possible ZWL\$1.4million in the month. However the billing and loan repayments from clients continued with minimal impact. FLFS is working on implementing a system that provides digital lending capabilities to allow for remote lending to clients.

(b) The Covid 19 Impact on the Insurance Business is likely to impact premium revenue and claims. Premiums from recurring business are expected to be affected due to Covid-19 related stress to companies whilst new business is expected to slow down. There is no material impact on current claims performance. FLA management accounts for the month of March 2019 shows that the impact on revenue post lockdown was negligible.

(c) On the Liquidity front, the key liquidity drivers of the business are mainly in Southview Offsite works, loan repayments, salaries, claims and operational costs. Currently the liquidity impact has not been felt since Southview debtor repayments are actually exceeding the billed amounts owing to the depreciating currency. FLA during the period made payments towards scheduled routine repayment requirements. Southview Offsite project will have the most impact in liquidity. The business has allocated assets earmarked to be alienated to provide liquidity for the project.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

40 EVENTS AFTER THE REPORTING DATE (cont'd)

40.3 Coronavirus disease (COVID-19)

Capital and solvency

The Covid-19 pandemic is unprecedented and global, and is likely to have far-reaching implications. Mortality risk is definitely an issue, but there are probably bigger risks and issues to consider from a solvency perspective. The impact on asset values will probably be felt later during the year.

Asset values

The full economic impact will probably be felt only later during the year. However, global markets are down significantly already and a world-wide economic downturn is on the cards. The impact is probably already felt in Zimbabwe. Property values may be impacted through increased voids and reduced rentals being negotiated. Further, as lock-downs impact household incomes, there may well be additional defaults/ renegotiation of terms on mortgages. Equity markets are likely to be impacted negatively. The impact will differ by sector/ company.

Premium collection – impacting longer term solvency

As noted, extended lock-downs (in some form or another) are becoming the order of the day. Therefore, reduced premium collection and additional lapses are likely. The impacts will vary by

insurance class. There might also be an opportunity to enhance sales – for example, to sell more funeral cover to meet a (potentially) increased demand – including Covid-19 claims, but with suitable risk management. As business volumes decline, this will put further pressure on costs.

Mortality and Morbidity

This is certainly an issue as additional claims are likely due to the impact of Covid-19. Mortality losses should be limited, though. But this will depend on the type of business sold and the policyholder profile. On morbidity, the impact on temporary disability and medical insurance might be bigger than that of mortality. Also, the regulator might apply restrictions so that insurers cannot exclude Covid-19 claims.

Accounting considerations

In accordance with IAS 10, Events after the Reporting Period, FLA has accounted for the current ongoing event as a non-adjusting event because the significant development and spread of the Coronavirus did not take place until March 2020. Whilst it is anticipated that the lockdown will negatively disrupt business revenue, claims, impairments and regional operations among other things, the future financial implications of Covid-19 could not be fully ascertained at the date of authorization of these financial statements. We will continue to monitor developments in each market and respond accordingly. In the meantime FLA conducted

Impact of Covid 19 on current financials – Worst case Scenario			
Areas of negative impact	Impact Rating	% Impact	Management Actions
		Movement	
Regional penetration performance	High	20%	Non controllable
Insurance revenue	High	15%	Non controllable
Non Insurance revenue	High	15%	Manageable
Direct Expenses	High	15%	Controllable
Investment Income	High	10%	Uncontrollable
Credit Risk ECL	High	20%	Manageable
Property Values	Moderate	10%	Uncontrollable
FLFS Loan Disbursement	Moderate	5%	Manageable
Solvency Risk	Moderate	5%	Uncontrollable

Exposure monitoring, planning and scenario modelling

The business is constantly monitoring the impact of Covid-19 to determine potential exposure to the Group and the respective impact through periodic trading update publications. Risk Management and governance is being enhanced on the digital platforms that are now dominating client servicing and operational processes. Current internal models are being continuously calibrated to capture the Covid-19 impacted environment. Scenario and stress testing planning framework to support decision making over now, next and beyond time horizon is being enhanced.

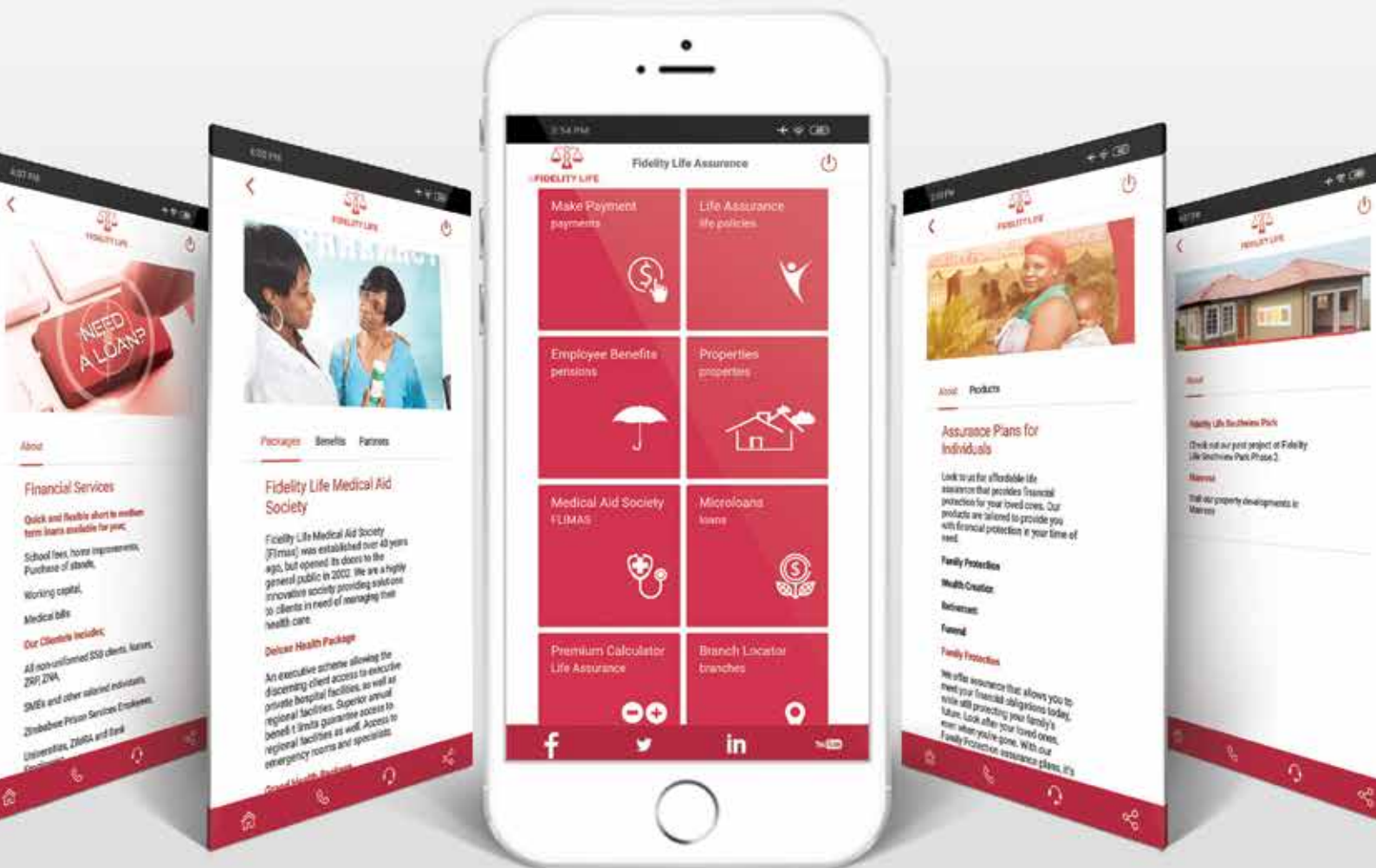


FIDELITY LIFE

ASSURANCE OF ZIMBABWE

HISTORICAL FINANCIALS
2019

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FIDELITY LIFE
ASSURANCE OF ZIMBABWE

Consolidated statement of financial position

As at 31 December 2019

HISTORICAL

			GROUP
		31-Dec-19	31-Dec-18
	Notes	ZWL\$	ZWL\$
ASSETS			
Property and equipment	6	75,938,672	6,347,619
Investment property	7	661,999,241	19,728,710
Right of use asset	7.1	2,373,492	-
Intangible assets	4	5,579,065	347,202
Inventories	10	2,244,041	24,688,741
Investment in subsidiaries	8	-	-
Trade and other receivables	9	63,703,690	43,968,538
Corporate tax asset		1,404,018	431,878
Deferred tax assets	17.1	72,534	6,228
Deferred acquisition costs	5	5,807,061	159,278
Equities at fair value through profit or loss	11.1	69,882,774	15,203,896
Debt securities at amortised cost	11.2	51,239,503	2,321,009
Cash and deposits with banks	12	73,247,335	9,522,429
Total assets		1,013,491,590	122,725,528
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued share capital	13	1,089,233	1,089,233
Share premium		671,409	671,409
Treasury shares		(10,037)	(10,037)
Retained earnings		18,239,691	2,332,232
Revaluation reserve		8,764,469	1,064,833
Foreign currency translation reserve		16,484,971	(1,211,349)
Total ordinary shareholder's equity		45,239,736	3,936,321
Non-controlling interests		94,381,147	4,991,264
Total equity		139,620,883	8,927,585
LIABILITIES			
Insurance contract liabilities and investment contract liabilities with discretionary participation features	14.1	692,265,994	67,069,210
Investment contracts without discretionary participation features	14.2	39,411,707	5,624,413
Borrowings	15	23,685,254	21,658,700
Deferred tax liabilities	17.2	8,609,388	583,150
Lease obligation	16	3,429,537	80,845
Trade and other payables	18	104,978,445	17,015,657
Corporate tax liability		1,490,382	1,765,968
Total liabilities		873,870,707	113,797,943
Total equity and liabilities		1,013,491,590	122,725,528

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



CHAIRMAN
9 April 2020



CHIEF EXECUTIVE OFFICER
9 April 2020

Separate statement of financial position

As at 31 December 2019

HISTORICAL

COMPANY

	Note	31-Dec-19 ZWL\$	Restated * 31-Dec-18 ZWL\$	Restated * 1-Jan-18 ZWL\$
ASSETS				
Property and equipment	6	58,628,375	4,856,027	5,227,316
Investment property	7	195,633,060	17,232,907	16,917,227
Right of use asset		-	-	-
Intangible assets	4	358,302	-	283
Inventories	10	2,185,931	2,368,189	13,320,001
Investment in subsidiaries	8	378,882,384	25,576,159	23,955,984
Trade and other receivables	9	20,588,470	35,593,475	30,892,480
Corporate tax asset		-	286,303	30,511
Deferred tax assets	17.1	6,228	6,228	-
Deferred acquisition costs	5	-	-	-
Equities at fair value through profit or loss	11.1	26,886,440	13,638,833	11,798,300
Debt securities at amortised cost	11.2	417,516	1,630,622	830,100
Cash and deposits with banks	12	6,844,915	3,652,421	2,939,652
Total assets		690,431,621	104,841,164	105,911,854
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		19,411,401	1,399,694	1,945,902
Revaluation reserve		6,350,835	885,557	861,085
Foreign currency translation reserve		16,543,425	(1,212,075)	(896,397)
Total ordinary shareholder's equity		44,056,266	2,823,781	3,661,195
Non-controlling interests		-	-	-
Total equity		44,056,266	2,823,781	3,661,195
LIABILITIES				
Insurance contract liabilities and investment contract liabilities with discretionary participation features	14.1	491,565,803	57,962,239	54,079,072
Investment contracts without discretionary participation features	14.2	39,411,707	5,624,413	5,076,181
Borrowings	15	20,235,254	21,200,367	24,247,160
Deferred tax liabilities	17.2	-	126,146	126,146
Trade and other payables	18	94,080,800	15,608,002	18,722,100
Corporate tax liability		1,081,791	1,496,216	-
Total liabilities		646,375,355	102,017,383	102,250,659
Total equity and liabilities		690,431,621	104,841,164	105,911,854

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 8 to the financial statements.



CHAIRMAN



CHIEF EXECUTIVE OFFICER

Consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2019

HISTORICAL

		GROUP		COMPANY Restated *	
	Note	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
GROSS PREMIUMS					
Premiums ceded to reinsurers	19	82,222,395 (3,436,909)	20,487,568 (544,978)	22,780,561 (1,775,819)	14,806,940 (394,865)
Net premiums		78,785,486	19,942,590	21,004,742	14,412,075
Fees and commission income	20	4,310,141	1,423,799	3,413,232	1,106,315
Investment income	21	6,847,142	750,919	237,326	269,105
Interest income from residential stands receivables		3,682,559	3,000,558	3,682,559	3,000,558
Fair value gains and losses from equities		15,532,471	3,172,607	13,346,387	2,836,858
Fair value gains and losses from investment property	32	545,438,845	499,128	143,926,664	221,198
Interest income from microlending		6,602,074	3,332,940	-	-
Other operating income	22	14,059,666	5,961,165	9,453,451	4,555,870
Share of profit of investments in Subsidiaries		-	-	335,933,107	1,284,064
Income from sale of residential stands		56,261	15,365,149	56,261	15,365,149
Total revenue		675,314,645	53,448,855	531,053,728	43,051,192
Gross benefits and claims paid		(26,560,189)	(7,428,012)	(12,101,052)	(5,862,684)
Claims ceded to reinsurers		464,337	21,955	1,813	-
Net benefits and claims		(26,095,852)	(7,406,057)	(12,099,239)	(5,862,684)
Gross change in insurance and investment contract liabilities	14.1	(404,755,675)	(6,933,252)	(385,276,637)	(3,664,353)
Fee and commission expenses, and other acquisition costs	23	(3,630,682)	(1,005,743)	(819,068)	(597,351)
Operating and administration expenses	24	(39,131,398)	(13,506,072)	(14,567,656)	(9,976,858)
Allowance for expected credit losses on receivables	9	(1,059,071)	(1,816,959)	(522)	(1,273,071)
Cost of sales of residential stands	10	(183,884)	(10,797,363)	(183,884)	(10,797,363)
Project development costs	24.1	(94,746,574)	(7,130,190)	(94,746,574)	(7,130,190)
Finance costs	25	(4,776,682)	(2,556,923)	(3,861,870)	(2,490,814)
Total benefits, claims and other expenses		(574,379,818)	(51,152,559)	(511,555,450)	(41,792,684)
Profit/(Loss) before tax		100,934,827	2,296,296	19,498,278	1,258,508
Income tax expense	26	(6,685,698)	(2,910,838)	(1,486,571)	(1,804,716)
Profit/(Loss) for the year		94,249,129	(614,542)	18,011,707	(546,208)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gross gains on property revaluation		63,595,125	253,456	53,696,586	243,127
Share of revaluation gains on property		-	-	95,619	160
Income tax related to items that will not be reclassified to profit or loss		(66,342)	(49)	-	-
Gross change in insurance liabilities through OCI		(55,829,147)	(227,814)	(48,326,928)	(218,815)
Gains on property revaluation, net of tax		7,699,636	25,593	5,465,277	24,472
Items that will or may be reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations		28,744,533	(2,828)	17,755,500	(315,678)
Other comprehensive income/(loss) for the year, net of tax		36,444,169	22,765	23,220,777	(291,206)
Total comprehensive profit/(loss) for the year		130,693,298	(591,777)	41,232,484	(837,414)
Profit/(Loss) for the year attributable to:					
Owners of the parent		15,907,459	(600,623)	18,011,707	(546,208)
Non-controlling interests		78,341,668	(13,919)	-	-
Total profit/(loss) for the year		94,249,127	(614,542)	18,011,707	(546,208)
Total comprehensive profit/(loss) attributable to:					
Owners of the parent		41,303,415	(576,762)	41,232,485	(837,414)
Non-controlling interests		89,389,883	(15,015)	-	-
Total comprehensive profit/(Loss) for the year		130,693,298	(591,777)	41,232,485	(837,414)
Earnings per share attributable to the ordinary equity holders of the parent					
Basic profit/(loss) per share (cents)	27.1	14.74	(0.56)	16.69	(0.51)
Headline profit/(loss) per share (cents)	27.1	11.57	(1.77)	11.92	(1.15)
Diluted profit/(loss) per share (cents)	27.2	14.74	(0.56)	16.69	(0.51)
Headline profit/ (loss) per share (cents)	27.2	11.57	(1.77)	11.92	(1.15)

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 8 to the financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2019

GROUP

		Share capital	Treasury shares	Share premium	Retained earnings	Revaluation reserve	Foreign currency translation reserve	Attributable to share holders of parent	Non controlling interest	Total Equity
	Note	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Year ended 31 December 2018										
Balance at 31 December 2017		1,089,233	(10,037)	671,409	3,647,721	1,039,240	(1,209,617)	5,227,949	4,738,189	9,966,138
Impact of adoption of IFRS 9, net of tax					(566,194)			(566,194)		(566,194)
Balance at 1 January 2018		1,089,233	(10,037)	671,409	3,081,527	1,039,240	(1,209,617)	4,661,755	4,738,189	9,399,944
Profit/ Loss for the year		-	-	-	(600,623)	-	-	(600,623)	(13,919)	(614,542)
Other comprehensive income/(loss) for the year		-	-	-	-	25,593	(1,732)	23,861	(1,096)	22,765
Total comprehensive income/(loss) for the year		-	-	-	(600,623)	25,593	(1,732)	(576,762)	(15,015)	(591,777)
Transactions with shareholders										
Rights issue proceeds from non-controlling interests	13.1	-	-	-	-	-	-	-	229,456	229,456
Acquisition of non-controlling interest in subsidiary	13.2	-	-	-	(148,672)	-	-	(148,672)	38,634	(110,038)
Dividend paid		-	-	-	-	-	-	-	-	-
Balance at 31 December 2018		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
Year ended 31 December 2019										
Balance at 1 January 2019		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
Profit for the year		-	-	-	15,907,459	-	-	15,907,459	78,341,668	94,249,127
Other comprehensive income/(loss) for the year		-	-	-	-	7,699,636	17,696,320	25,395,956	11,048,215	36,444,171
Total comprehensive income/(loss) for the year		-	-	-	15,907,459	7,699,636	17,696,320	41,303,415	89,389,883	130,693,298
Transactions with shareholders										
Rights issue proceeds from non-controlling interests	13.1	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest in subsidiary	13.2	-	-	-	-	-	-	-	-	-
Dividend paid		-	-	-	-	-	-	-	-	-
Balance at 31 December 2019		1,089,233	(10,037)	671,409	18,239,691	8,764,469	16,484,971	45,239,736	94,381,147	139,620,883

The above consolidated 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 2019

COMPANY

	Share capital	Treasury shares	Share premium	Retained earnings	Revaluation reserve	Foreign currency translation reserve	Total Equity
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Balance at 1 January 2018- previously stated	1,089,233	(10,037)	671,409	(722,810)	841,796	-	1,869,591
Change in accounting policy	-	-	-	2,668,712	19,289	(896,397)	1,791,605
Balance at 1 January 2018-restated*	1,089,233	(10,037)	671,409	1,945,902	861,085	(896,397)	3,661,196
Loss for the year- restated	-	-	-	(546,208)	-	-	(546,208)
Other comprehensive income for the year-restated	-	-	-	-	24,472	(315,678)	(291,206)
Total comprehensive income/(loss) for the year restated	-	-	-	(546,208)	24,472	(315,678)	(837,414)
Balance at 31 December 2018-restated*	1,089,233	(10,037)	671,409	1,399,694	885,557	(1,212,075)	2,823,781
Year ended 31 December 2019							
Balance at 1 January 2019	1,089,233	(10,037)	671,409	1,399,694	885,557	(1,212,075)	2,823,781
Profit for the year	-	-	-	18,011,707	-	-	18,011,707
Other comprehensive income for the year	-	-	-	-	5,465,277	17,755,500	23,220,778
Total comprehensive income/(loss) for the year	-	-	-	18,011,707	5,465,277	17,755,500	41,232,485
Balance at 31 December 2019	1,089,233	(10,037)	671,409	19,411,401	6,350,835	16,543,425	44,056,266

*Further information on restatement is included in Note 8 to the financial statements. 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

Share premium

Treasury shares

Revaluation reserve

Foreign currency translation reserve

Retained earnings

Description and purpose

Amount subscribed for share capital in excess of nominal value

Weighted average cost of own shares held in treasury

Gains/losses arising on the revaluation of property (other than investment property)

Gains/losses arising on retranslating the net assets of foreign operations into Zimbabwe Dollars.

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

4 INTANGIBLE ASSETS

	2019 ZWL\$	GROUP 2018 ZWL\$	2019 ZWL\$	COMPANY 2018 Restated ZWL\$
Net carrying amount at the beginning of the year	347,202	265,412	-	283
Gross carrying amount - Cost	822,191	688,509	54,276	54,276
Accumulated amortisation	(474,989)	(423,097)	(54,276)	(53,993)
Additions	1,860,957	134,232	358,302	-
Exchange rate movement on foreign operations	3,474,441	(550)	-	-
Impairment	(17,632)	-	-	-
Amortisation charge for the year	(85,903)	(51,892)	-	(283)
Net carrying amount at the end of the year	5,579,065	347,202	358,302	-
Gross carrying amount - Cost	6,157,589	822,191	412,578	54,276
Accumulated amortisation	(578,524)	(474,989)	(54,276)	(54,276)

A software with a cost of ZWL\$1,860,957 was acquired during the year, it has an estimated useful life of 4 years.

Fidelity Funeral Services a subsidiary had an intangible asset, a mortuary license with a cost of ZWL\$17,632. This Intangible asset relates to mortuary license granted by City of Harare in 2014. Currently the license is renewable on a yearly basis with the City of Harare at a cost of ZWL\$8,000 and is fully expensed in the year incurred. Although there is a fair value of the license there is currently no market for the disposal of the License as it can only be issued by City of Harare. The intangible asset was fully impaired in the current year through the profit or loss statement.

5 DEFERRED ACQUISITION COSTS

The Group incurs costs to obtain and process new business. Acquisition costs comprise direct costs, such as initial commission, and the indirect costs of obtaining and processing new business.

Balance at the beginning of the year	159,278	177,089	-	-
Cost of acquisition of new insurance business written	3,090,711	254,862	-	-
Amortisation of acquisition costs	(1,315,387)	(271,789)	-	-
Foreign exchange movements	3,872,459	(884)	-	-
Balance at the end of the year	5,807,061	159,278	-	-

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

6 PROPERTY AND EQUIPMENT

GROUP

	Land and buildings	Motor vehicles	Equipment and computers	Furniture and fittings	Total
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Net carrying amount at 31 December 2017	4,991,481	761,382	558,910	245,311	6,557,084
Gross carrying amount - cost/valuation	5,551,853	2,641,681	2,519,722	401,634	11,114,890
Accumulated depreciation	(560,372)	(1,880,299)	(1,960,812)	(156,323)	(4,557,806)
Additions	24,505	487,414	246,422	69,644	827,985
Exchange rate movement on foreign operations	(575)	(668)	(550)	(167)	(1,960)
Disposals	-	(214,504)	-	-	(214,504)
Gross carrying amount - cost/valuation	-	(527,701)	-	-	(527,701)
Accumulated depreciation	-	313,197	-	-	313,197
Depreciation charge for the year	(229,227)	(340,391)	(470,326)	(34,498)	(1,074,442)
Revaluation surplus	253,456	-	-	-	253,456
Gross carrying amount - cost/valuation	(404,417)	-	-	-	(404,417)
Accumulated depreciation	657,873	-	-	-	657,873
Net carrying amount at 31 December 2018	5,039,640	693,233	334,456	280,290	6,347,619
Gross carrying amount - cost/valuation	5,171,366	2,600,726	2,765,594	471,111	11,008,797
Accumulated depreciation	(131,726)	(1,907,493)	(2,431,138)	(190,821)	(4,661,178)
Additions	996,685	7,047	364,215	173,789	1,541,736
Exchange rate movement on foreign operations	2,042,692	2,092,582	2,049,250	513,062	6,697,586
Disposals	-	-	(14,122)	(7,899)	(22,021)
Gross carrying amount - cost/valuation	-	(527,581)	(1,696,640)	(52,832)	(2,277,053)
Accumulated depreciation	-	527,581	1,682,518	44,933	2,255,032
Depreciation charge for the year	(578,585)	(751,978)	(698,368)	(192,443)	(2,221,374)
Revaluation surplus	63,595,125	-	-	-	63,595,125
Gross carrying amount - cost/valuation	63,016,540	-	-	-	63,016,540
Accumulated depreciation	578,586	-	-	-	578,586
Net carrying amount at 31 December 2019	71,095,557	2,040,884	2,035,432	766,799	75,938,672
Gross carrying amount - cost/valuation	71,227,283	4,172,774	3,482,420	1,105,130	79,987,606
Accumulated depreciation	(131,726)	(2,131,890)	(1,446,988)	(338,331)	(4,048,934)

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 2019. Land and buildings with a carrying amount of ZWL\$57,018,000 (2018: ZWL\$3,900,000) were pledged as collateral in respect of a borrowing facility with NMB Bank Zimbabwe Limited which is disclosed in Note 15.1. The value of land and buildings is categorised as a level 3 recurring fair value measurement, as disclosed in Note 32.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

6 PROPERTY AND EQUIPMENT

COMPANY	Land and buildings	Motor vehicles	Equipment and computers	Furniture and fittings	Total
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Net carrying amount at 31 December 2017	3,885,254	605,953	610,229	125,880	5,227,316
Gross carrying amount - cost/valuation	4,314,746	1,641,514	2,185,933	157,181	8,299,374
Accumulated depreciation	(429,492)	(1,035,561)	(1,575,704)	(31,301)	(3,072,058)
Additions	-	347,516	84,580	37,296	469,392
Disposals	-	(207,850)	-	-	(207,850)
Gross carrying amount - cost/valuation	-	(477,715)	-	-	(477,715)
Accumulated depreciation	-	269,865	-	-	269,865
Depreciation charge for the year	(228,381)	(213,498)	(418,715)	(15,364)	(875,958)
Revaluation surplus	243,127	-	-	-	243,127
Gross carrying amount - cost/valuation	(414,746)	-	-	-	(414,746)
Accumulated depreciation	657,873	-	-	-	657,873
Net carrying amount at 31 December 2018	3,900,000	532,121	276,094	147,812	4,856,027
Gross carrying amount - cost/valuation	3,900,000	1,511,315	2,270,513	194,477	7,876,305
Accumulated depreciation	-	(979,194)	(1,994,419)	(46,665)	(3,020,278)
Additions	927,381	7,047	114,872	49,391	1,098,691
Disposals	-	-	(14,115)	-	(14,115)
Gross carrying amount - cost/valuation	-	-	(1,596,034)	-	(1,596,034)
Accumulated depreciation	-	-	1,581,919	-	1,581,919
Depreciation charge for the year	(578,586)	(206,517)	(199,825)	(23,886)	(1,008,814)
Revaluation surplus	53,696,586	-	-	-	53,696,586
Gross carrying amount - cost/valuation	53,118,000	-	-	-	53,118,000
Prospect property	-	-	-	-	-
Accumulated depreciation	578,586	-	-	-	578,586
Net carrying amount at 31 December 2019	57,945,381	332,651	177,026	173,317	58,628,375
Gross carrying amount - cost/valuation	57,945,381	1,518,362	789,352	243,868	60,496,962
Accumulated depreciation	-	(1,185,711)	(612,325)	(70,551)	(1,868,587)

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 2019. Land and buildings with a carrying amount of ZWL\$57,018,000 (2018: ZWL\$3,900,000) were pledged as collateral in respect of a borrowing facility with NMB Bank Zimbabwe Limited which is disclosed in Note 15.1. The value of land and buildings is categorised as a level 3 recurring fair value measurement, as disclosed in Note 32.

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

7 INVESTMENT PROPERTY

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	Restated ZWL\$
Balance at the beginning of the year	19,728,710	19,117,149	17,232,907	16,917,227
Additions	2,663,946	67,071	2,663,946	36,833
Improvements	171,000	5,900	171,000	5,900
Non-cash acquisitions	-	2,550,000	-	2,550,000
Transfer to inventory	-	(1,524,240)	-	(1,524,240)
Transfer from inventory	22,300,000	-	-	-
Disposals	(2,524,840)	(1,200,000)	(2,524,840)	(1,200,000)
Endowment payment	-	-	-	-
Exchange rate movement on foreign operations	40,058,196	(12,287)	-	-
Fair value gains - properties held for investment contracts	34,163,383	225,989	34,163,383	225,989
Fair value gains through profit or loss	545,438,845	499,128	143,926,664	221,198
Balance at the end of the year	661,999,241	19,728,710	195,633,060	17,232,907

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.

Investment property currently fair valued at ZWL\$419,769,870 was pledged as security for borrowings amounting to ZWL\$7,986,469 (2018: ZWL\$10,636,297) with FBC Bank, Standard Chartered Bank, IDBZ Bank and Agribank. This is also disclosed in Note 15.1.

In 2015, Fidelity Life Assurance of Zimbabwe acquired 80.77% of the shares in Langford Estates, the subsidiary company whose sole asset is a land bank comprising 834.35 hectares, with the intention to service, sub-divide and develop the property into residential stands for resale. Given the Group's intention to develop the land-bank into residential stands for resale, the land-bank was classified as inventory in the Group's balance sheet in line with International Financial Reporting Standards ("IFRS"). The group has had a change in future strategic and operational intent predicated upon the desire to retain any existing non-monetary assets in that form until hyperinflation subsides. The Groups long-term property strategy is to diversify from residential property development to retail and suburban offices. This change in use resulted in management reclassifying the land-bank to investment property as the land is held for long term capital appreciation rather than for short term sale in the ordinary course of business. In line with the requirements of International Accounting Standards (IAS 40) Investment Properties, management has included the difference between the current value of inventory and fair value in the profit and loss in the current period. Further details are included in Note 7.

As at 31 December 2019, 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.

During the year \$1,296,077 (2018: \$338,015) 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 \$368,247 (2018: \$164,545). Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to \$148,823 (2018: \$33,182). Direct operating expenses, including repairs and maintenance, arising from investment property that did not generate rental income during the year amounted to \$65,986 (2018: \$8,103). These expenses were mostly incurred on properties held by the Company.

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

7.1 Right of Use Asset

The Group leases several offices in major towns and cities in Zimbabwe and Malawi. 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.

Office buildings	GROUP		COMPANY	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Net carrying amount at 31 December 2018	-	-	-	-
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Additions	180,863	-	-	-
Exchange rate movement on foreign operations	2,549,803	-	-	-
Disposals	-	-	-	-
Amortisation	(357,174)	-	-	-
Net carrying amount at 31 December 2019	2,373,492	-	-	-
Cost	2,730,666	-	-	-
Accumulated amortization	(357,174)	-	-	-

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

7.1.1 Movement analysis to 31 December 2019

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

	2019 Right-Of-Use Asset ZWL\$	2018 Right-Of-Use Asset ZWL\$
Balance as at 31 December 2018	-	-
Impact of adoption of IFRS 16	180,863	-
Balance as at 1 January 2019	180,863	-
Additions	-	-
Amortization	(357,174)	-
Exchange rate movement on foreign operations	2,549,803	-
Balance at 31 December 2019	2,373,492	-

7.1.2 Retained earnings

The impact of transition to IFRS 16 on retained earnings is as follows:

Recognition of right of use asset under IFRS 16	180,863
Recognition of lease obligation	(180,863)
Total change in equity due to adopting IFRS 16 (1 January 2019)	-

7.1.3 The following amounts are recognised in profit and loss

	GROUP		COMPANY	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Amortisation of right of use assets	357,174	-	-	-
Interest expense on lease liabilities	228,347	-	-	-
Expense relating to short term leases	946,624	-	499,320	-

The Group had total cash outflows for leases amounted to \$1,174,971 in 2019

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

	2019	GROUP	2019	COMPANY
	ZWL\$	2018	ZWL\$	2018
		Restated		Restated
		ZWL\$		ZWL\$
8 INVESTMENT IN SUBSIDIARIES				
Fidelity Life Asset Management Company (Private) Limited	-	-	7,923,914	914,688
Fidelity Funeral Services Company (Private) Limited	-	-	-	-
Fidelity Life Financial Services (Private) Limited	-	-	10,362,087	6,603,395
Zimbabwe Actuarial Consultants (Private) Limited	-	-	1,472,271	250,086
Langford Estates 1962 (Private) Limited	-	-	338,207,899	17,497,974
Vanguard Life Assurance Company Limited	-	-	20,916,213	310,016
	-	-	378,882,384	25,576,159

The Company changed the accounting policy for recording investments in subsidiaries from cost to the equity accounting 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.

8.1 CHANGE IN ACCOUNTING POLICY

The Company voluntarily changed its accounting policy for the measurement of investments in subsidiaries from cost to applying the equity method. Management believes that this policy provides reliable and more relevant information because it enable's the Company balance sheet to react to the Group's growth thrust and release underlying value in line with regulatory requirements. The policy change will also provide reliable and relevant information about the effects of transactions, other events or conditions on the entity's financial position, performance and cash flows.

This change in accounting policy has been accounted for retrospectively, and the comparative information for 2018 has been restated. The effect of the change is an increase of ZWL\$1,284,064 in profit for the year ended 31 December 2018. Furthermore, opening retained earnings for 2018 have been increased by ZWL\$2,668,712, which is the amount of the adjustment relating to periods before 2018. The restatement is as shown as per note below and further information on the composition of the Group is included in Note 35.

IMPACT OF RESTATEMENTS

The tables below summarise the impact of the accounting policy change on the affected financial statement line items:

	As previously stated	GROUP	As previously stated	Effect of	COMPANY
	2018	Effect of restatement	Restated	restatement	Restated
	ZWL\$	2018	2018	2018	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
COMPANY					
Impact on statement of profit or loss and other comprehensive income- year ended 31 December 2018					
Change in accounting policy subsidiaries					
Share of profit Investments accounted using the equity method	-	-	-	1,284,064	1,284,064
Other comprehensive income					
Revaluation reserve	-	-	-	160	160
Foreign currency translation reserve	-	-	-	(315,678)	(315,678)
Impact on earnings per share					
Basic earnings per share (cents)	-	-	-	(0.84)	(0.51)
Diluted earnings per share (cents)	-	-	-	(0.85)	(0.51)
Impact on statement of cashflow					
Profit before tax	-	-	-	(25,556)	(25,556)
Non-cash item: Share of profit investments accounted using the equity method	-	-	-	(1,284,064)	(1,284,064)

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

8 INVESTMENT IN SUBSIDIARIES (Cont'd)

8.1 CHANGE IN ACCOUNTING POLICY

IMPACT OF RESTATEMENT

The tables below summarise the impact of the accounting policy change on the affected financial statement line items:

COMPANY	As previously	Effect of	Restated	As previously	Effect of	Restated
	stated	restatement		stated	restatement	
	2018	2018	2018	2017	2017	2017
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Impact on statement of financial position						
Impact on statement of financial position						
Investment in subsidiaries						
Retained earnings	22,816,008	2,760,150	25,576,159	22,164,379	1,791,605	23,955,984
Revaluation reserve	(2,553,082)	3,952,776	1,399,694	(722,810)	2,668,712	1,945,902
Foreign currency translation reserve	866,109	19,449	885,557	841,796	19,289	861,085
	-	(1,212,075)	(1,212,075)	-	(896,397)	(896,397)

There is no deferred tax implications on the investments in subsidiaries as the Company controls the dividend policy of all the subsidiaries and is thus able to control the timing of the reversal of temporary differences. In addition Life assurance companies are exempt from capital gains tax as per the Capital Gains Tax Act (Chapter 23:01) section 10(d) and as such, no provision for deferred capital gains tax has been made in relation to fair value adjustments on the Company's investments, which value would be realized through sale.

9 TRADE AND OTHER RECEIVABLES	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	Restated ZWL\$
Residential stand sales debtors	16,889,744	32,779,380	16,889,744	32,779,380
Micro-finance loans receivable	12,599,696	8,346,630	-	-
Insurance debtors	24,292,907	3,613,844	1,391,445	2,728,041
Other trade debtors	518,932	234,003	-	-
Trade receivables - gross	54,301,279	44,973,857	18,281,189	35,507,421
Less : expected credit loss on trade receivables	(5,365,464)	(3,478,918)	(2,164,176)	(2,111,476)
Trade receivables - net	48,935,815	41,494,939	16,117,013	33,395,945
Receivables from related parties, net of ECL (Note 34.3.1)	929,087	289,381	2,019,768	681,329
Loans to employees, net of ECL	80,803	223,666	4,149	169,273
Total receivables classified as financial assets at amortised cost	49,945,705	42,007,986	18,140,930	34,246,547
	2,181,943	148,769	1,932,835	172,666
Prepayments	11,576,042	1,811,783	514,705	1,174,262
Other receivables, net of ECL	63,703,690	43,968,538	20,588,470	35,593,475
Total trade and other receivables				
	18,517,632	18,517,632	18,517,632	18,517,632
Non-current portion	45,186,058	25,450,906	2,070,838	17,075,843
Current portion	63,703,690	43,968,538	20,588,470	35,593,475
Total trade and other receivables				

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.

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:

Expected credit loss on trade receivables	5,365,464	3,478,918	2,164,176	2,111,476
Expected credit loss on loans to employees	107,141	107,141	107,141	107,141
Expected credit loss on other receivables	47,614	732,614	47,614	732,614
Expected credit loss on related party receivables	645,589	-	645,587	645,587
	6,165,808	4,318,673	2,964,518	3,596,818

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

	GROUP		COMPANY	
9 TRADE AND OTHER RECEIVABLES (Cont'd)	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Movements in expected credit losses were as follows:				
Opening credit loss allowance as at 1 January 2019	4,318,673	12,711,490	3,596,818	11,922,438
Receivables written off during the year as uncollectable	(127,038)	(411,454)	(52,700)	(347,259)
Net increase during the year through profit or loss	1,059,071	1,816,959	522	1,273,071
Reversal of unutilised amount through profit or loss	-	(610,664)	-	(610,664)
Impact on year end ECL exposures transferred between stages during the year	915,102	(9,187,658)	(580,122)	(8,640,768)
Balance at the end of the year	6,165,808	4,318,673	2,964,518	3,596,818

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.

(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 120 days. 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 2019. 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.

9 TRADE AND OTHER RECEIVABLES (Cont'd)

9.1 Impairment - Expected Credit Loss Models (Cont'd)

(i) Trade receivables: microfinance loans receivable (Cont'd)

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 2019

Micro-finance loans receivable

Performing	
Overdue	
Default	
Gross carrying amount	
Expected credit loss on micro-finance loans receivable	
Net carrying amount	

Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
9,391,226	-	-	9,391,226
-	1,883,377	-	1,883,377
-	-	1,325,093	1,325,093
9,391,226	1,883,377	1,325,093	12,599,696
(522,434)	(591,348)	(1,002,114)	(2,115,896)
8,868,792	1,292,029	322,979	10,483,800

As at 31 December 2018

Micro-finance loans receivable

Performing	
Overdue	
Default	
Gross carrying amount	
Expected credit loss on micro-finance loans receivable	
Net carrying amount	

Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
6,624,269	-	-	6,624,269
-	937,884	-	937,884
-	-	784,477	784,477
6,624,269	937,884	784,477	8,346,630
(467,661)	(146,080)	(743,466)	(1,357,207)
6,156,608	791,804	41,011	6,989,423

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

Gross carrying amount at beginning of the year

New receivables originated	
Receivables derecognised or matured (excluding written off)	
Receivables written off	
Receivables transferred between stages during the year	
Gross loan and advances to customers at year end	

Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
6,624,269	937,884	784,477	8,346,630
10,763,567	1,925,587	328,733	13,017,887
(6,003,937)	(567,880)	(44,488)	(6,616,305)
-	-	-	-
(1,992,672)	(412,215)	256,371	(2,148,516)
9,391,227	1,883,376	1,325,093	12,599,696

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

As at 31 December 2019

Balance at the beginning of the year

Allowances written off on uncollectable receivables	
New allowances originated	
Allowances derecognised or matured (excluding written off)	
Impact on year end ECL of exposures transferred between stages during the year	
Balance at the end of the year	

Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
467,661	287,584	601,963	1,357,208
-	-	-	-
961,034	416,687	20,221	1,397,942
(202,963)	(188,517)	(355,072)	(746,552)
(703,298)	75,594	735,002	107,298
522,434	591,348	1,002,114	2,115,896

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

9 TRADE AND OTHER RECEIVABLES (Cont'd)

9.1 Impairment - Expected Credit Loss Models (Cont'd)

(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 2019

Residential stand sales debtors

Performing
Overdue
Default

Gross carrying amount

Expected credit loss on residential stand sales debtors

Net carrying amount

	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
Performing	16,163,788	-	16,163,788
Overdue	311,857	-	311,857
Default	-	414,099	414,099
Gross carrying amount	16,475,645	414,099	16,889,744
Expected credit loss on residential stand sales debtors	(989,889)	(157,190)	(1,147,079)
Net carrying amount	15,485,756	256,909	15,742,665

As at 31 December 2019

Residential stand sales debtors

Performing
Overdue
Default

Gross carrying amount

Expected credit loss on residential stand sales debtors

Net carrying amount

	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
Performing	30,766,840	-	30,766,840
Overdue	572,276	-	572,276
Default	-	1,440,264	1,440,264
Gross carrying amount	31,339,116	1,440,264	32,779,380
Expected credit loss on residential stand sales debtors	(683,807)	(463,272)	(1,147,079)
Net carrying amount	30,655,309	976,992	31,632,301

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

As at 31 December 2019

Balance at the beginning of the year

Receivables derecognised or matured (excluding written off)

New receivables

Receivables derecognised or matured (excluding written off)

Impact on year end ECL of exposures transferred between stages during the year

Balance at the end of the year

	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
Balance at the beginning of the year	31,339,116	1,440,264	32,779,380
Receivables derecognised or matured (excluding written off)	(19,493,463)	(1,442,749)	(20,936,212)
New receivables	-	-	-
Receivables derecognised or matured (excluding written off)	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	4,629,992	416,584	5,046,576
Balance at the end of the year	16,475,645	414,099	16,889,744

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

9 TRADE AND OTHER RECEIVABLES (contn'd)

9.1 Impairment - Expected Credit Loss Models (Cont'd)

(ii) Trade receivables: residential stand sales (Cont'd)

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 ZWL\$	Stage 3 Lifetime ZWL\$	Total ZWL\$
Opening loss allowance as at 1 January 2019	683,807	463,272	1,147,079
Allowances written off on uncollectable receivables	-	-	-
New allowances originated	-	-	-
Allowances derecognised or matured (excluding written off)	229,562	61,216	290,778
Impact on year end ECL of exposures transferred between stages during the year	76,520	(367,298)	(290,778)
Balance at the end of the year	989,889	157,190	1,147,079

(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. Where 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 2019 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.

(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, with the exception of receivables from Fidelity Funeral Services (FFS) which are fully impaired in the Company's financial statements. The expected loss on the receivables from FFS is reversed in the consolidation process and therefore has no impact on the Group results.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
10 INVENTORIES	ZWL\$	Restated ZWL\$	ZWL\$	Restated ZWL\$
Projects under development	1,775,905	1,927,439	1,775,905	1,927,439
Land inventory	-	22,300,000	-	-
Residential stands	410,026	440,750	410,026	440,750
Consumables	58,110	20,552	-	-
	2,244,041	24,688,741	2,185,931	2,368,189

Inventories recognised as an expense during the year ended 31 December 2019 amounted to ZWL\$183,884 (2018: ZWL\$10,797,363). During the year inventory related costs amounting to ZWL\$94,746,574 were written off due to completion of sale of stands arising from project Southview development activities. A balance of ZWL\$85,058,451 million of the project development costs relates to exchange losses on the underlying liability. These are shown in the statement of profit or loss and other comprehensive income as project development costs.

Inventories valued at ZWL\$22,300,000 was transferred to investment property during the year resulting in a significant decrease in inventories. Further information is detailed in note 7.

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

11 FINANCIAL ASSETS

11.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Balance at the beginning of the year	15,203,896	12,738,977	13,638,833	11,798,300
Additions	14,651,317	724,358	1,120,501	431,516
Fair value adjustments - through investment contract liabilities	348,819	157,714	348,819	157,714
Fair value adjustments - through profit or loss	15,532,472	3,172,607	13,346,387	2,836,858
Exchange gains/ loss	25,714,370	(4,205)	-	-
Disposals	(1,568,100)	(1,585,555)	(1,568,100)	(1,585,555)
Balance at the end of the year	69,882,774	15,203,896	26,886,440	13,638,833

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

Balance at the beginning of the year	2,321,009	830,100	1,630,622	830,100
Additions	22,251,857	1,490,909	-	800,522
Exchange gain	28,570,130	-	-	-
Maturities	(1,903,493)	-	(1,213,106)	-
Balance at the end of the year	51,239,503	2,321,009	417,516	1,630,622

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 12%. 99% of the bonds will have matured by 31 December 2020, 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

Money market investments	62,587,513	6,367,618	1,932,794	1,162,402
Bank and cash	10,282,072	2,777,061	4,534,371	2,112,269
Cash and cash equivalents	72,869,585	9,144,679	6,467,165	3,274,671
Restricted cash	377,750	377,750	377,750	377,750
	73,247,335	9,522,429	6,844,915	3,652,421

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 currently 2 years, as disclosed in Note 15.

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

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

13 SHARE CAPITAL	GROUP		COMPANY	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Authorised share capital				
200,000,000 ordinary shares of ZWL\$0.01 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 ZWL\$0.01 each	1,089,233	1,089,233	1,089,233	1,089,233

13.1 Rights issue proceeds from non-controlling interest

Vanguard Life Assurance, the Company's foreign subsidiary, completed a rights issue during 2018. In participating in the rights issue, non-controlling interests injected cash amounting to ZWL\$229,456 into the Group, as reflected in the statement of changes in equity.

13.2 Fidelity Funeral Assurance change in ownership

The Company acquired an additional interest in Fidelity Funeral Services, one of its subsidiary in 2018. The Group's shareholding in the subsidiary increased from 66.68% to 90.58%. The Company therefore maintained control over the subsidiary. The subsidiary currently carries negative equity but is a strategic asset in servicing the funeral assurance book in FLA.

The cash flow impact of the acquisition was as follows:

Owners' equity held by FLA after the acquisition of additional interest	-	(146,420)	-	-
Owners' equity held by FLA before the acquisition of additional interest	-	(107,786)	-	-
Decrease in FLA owners' equity through the acquisition of additional interest	-	(38,634)	-	-
Loss recognised directly in equity	-	148,672	-	-
Fair value of the consideration paid by FLA for new shares acquired (cash flow)	-	110,038	-	-

14 INSURANCE AND INVESTMENT CONTRACT LIABILITIES

14.1 Insurance contract liabilities and investment contract liabilities with discretionary participation features

Balance at the beginning of the year	67,069,210	59,950,625	57,962,239	54,079,072
Change in life assurance policyholder liabilities for the year	625,196,784	7,118,585	433,603,565	3,883,167
Movement through profit or loss	404,755,675	6,933,252	385,276,637	3,664,353
Movement through other comprehensive income	55,829,147	227,814	48,326,928	218,814
Split out of investment contract liabilities without DPF	-	-	-	-
Exchange rate movement on foreign operations	164,611,962	(42,481)	-	-
Balance at the end of the year	692,265,994	67,069,210	491,565,803	57,962,239

14.2 Investment contracts without discretionary participation features

Balance at the beginning of the year	5,624,413	5,076,181	5,624,413	5,076,181
Split out from insurance contract liabilities	-	-	-	-
Fair value gains from equities	348,819	157,714	348,819	157,714
Fair value gains from investment properties	34,163,383	225,989	34,163,383	225,989
Other investment income	6,563	252,503	6,563	252,503
Net cash flow	(731,471)	(87,974)	(731,471)	(87,974)
Gross premium income	325,075	146,868	325,075	146,868
Gross benefits and claims paid	(212,493)	(135,987)	(212,493)	(135,987)
Investment expenses	(844,053)	(98,855)	(844,053)	(98,855)
Balance at the end of the year	39,411,707	5,624,413	39,411,707	5,624,413

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

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

	GROUP		COMPANY	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
15 BORROWINGS				
15.1 LONG-TERM BORROWINGS				
FBC Bank Limited	5,037,851	6,731,744	5,037,851	6,731,744
Infrastructure Development Bank of Zimbabwe	1,570,737	2,086,531	1,570,737	2,086,531
Standard Chartered Bank of Zimbabwe Limited	975,620	1,278,422	975,620	1,278,422
Agribank Limited	402,261	539,600	402,261	539,600
NMB Bank Limited	8,129,266	10,225,584	8,129,266	10,225,584
First Capital Bank Malawi	4,119,519	338,486	4,119,519	338,486
	20,235,254	21,200,367	20,235,254	21,200,367
Current portion of long-term borrowings	(6,805,793)	(4,969,393)	(6,805,793)	(4,969,393)
Non-current portion of long term borrowings	13,429,461	16,230,974	13,429,461	16,230,974

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 ZWL\$16 million, when it acquired Langford Estates (1962) (Private) Limited through a land-for-debt swap arrangement in 2015. The borrowings accrue interest at 10% per annum and have a tenor of 7 years ending 30 June 2022. The debt assumption came with a 2-year principal repayment grace period which ended 30 June 2018. The first principal repayment was due in July 2018 and was settled accordingly. The loans are secured through a mortgage bond over Investment property. This is also disclosed in **Note 7**.

NMB Bank Limited Facility

The loan with NMB Bank was acquired to enable settlement of the 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\$57.1 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 19.1% as at 31 December 2019 and is subject to variation at the bank's discretion as influenced by bank rates advised by the Reserve Bank of Malawi from time to time. The facility is repayable in equal monthly instalments to 31 December 2021. The terms of the loan require security of 110% of the facility amount to be kept in deposit with First Capital Bank Zimbabwe for the duration of the facility, which would amount to US\$377,750. The loan is currently secured by a lien over cash amounting to ZWL\$377,750 after the deposit previously placed with the bank was converted to ZWL\$ when SI33 became effective. The Group is engaged in discussions with First Capital Bank to render additional security to meet the US\$377,750 requirement.

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

15.2 CURRENT BORROWINGS

Zimre Holdings Limited	-	458,333	-	-
Ecobank	3,450,000	-	-	-
Current portion of non-current borrowings	6,805,793	4,969,393	6,805,793	4,969,393
	10,255,793	5,427,726	6,805,793	4,969,393

Ecobank loan

The micro-finance business acquired a ZWL\$6m 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\$1,000,000 of the outstanding amount accrues interest at 25% per annum, whilst ZWL\$2,450,000 accrues interest at 35% per annum. The facility is available for one year, expiring on 30 September 2020.

Zimre Holdings Loan

The loan with Zimre Holdings was acquired as a line-of-credit for the micro-finance business to increase the unit's lending capacity. The loan accrued interest at 12% per annum on a one year tenure. The loan was settled during the current financial year.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

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	21,658,700	24,247,160	21,200,367	24,247,160
Net cash out flow on borrowings	(1,389,005)	(2,588,460)	(5,559,577)	(3,046,793)
Proceeds from borrowings	9,747,115	12,445,150	-	11,945,150
Repayment of borrowings	(11,136,120)	(15,033,610)	(5,559,577)	(14,991,943)
Exchange differences on foreign currency denominated loans	3,415,559	-	4,594,464	-
Balance at the end of the year	23,685,254	21,658,700	20,235,254	21,200,367
Current borrowings	10,255,793	5,427,726	6,805,793	4,969,393
Non-current borrowings	13,429,462	16,230,974	13,429,461	16,230,974
Borrowings as at 31 December	23,685,254	21,658,700	20,235,254	21,200,367

16 LEASE OBLIGATIONS

The Group leased motor vehicles with a net carrying value of ZWL\$2,594,774 (2018: ZWL\$99,857). 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.

In addition the Group leases several offices in major towns and cities in Zimbabwe and Malawi. 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.

	Minimum lease payments ZWL\$	Interest payments ZWL\$	Present value ZWL\$
2019			
Not later than one year	1,815,850	302,530	1,513,319
Between one year and five years	2,314,881	398,663	1,916,218
Later than five years	-	-	-
	4,130,731	701,193	3,429,537
Current liabilities			1,513,319
Non-current liabilities			1,916,218
			3,429,537
2018			
Not later than one year	46,851	16,173	30,678
Between one year and five years	58,564	8,397	50,167
Later than five years	-	-	-
	105,415	24,570	80,845
Current liabilities			(30,678)
Non-current liabilities			(50,167)
			(80,845)

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$

17 DEFERRED INCOME TAX

17.1 DEFERRED TAX ASSET

Other temporary differences	72,534	6,228	6,228	6,228
Total	72,534	6,228	6,228	6,228

Analysis of movements in deferred tax assets:

Balance at the beginning of the year	6,228	966	6,228	-
Movement through profit or loss	66,306	5,262	-	6,228
Movement through other comprehensive income	-	-	-	-
Exchange rate movements	-	-	-	-
Balance at the end of the year	72,534	6,228	6,228	6,228

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$

17.2 DEFERRED TAX LIABILITY

Property and equipment	850,409	223,868	-	126,146
Investment property	8,290,078	380,674	-	-
Provisions	(531,099)	(21,392)	-	-
Total	8,609,388	583,150	-	126,146

Reconciliation

Balance at the beginning of the year	583,150	532,120	126,146	126,146
Movement through profit or loss	1,341,652	249,623	(126,146)	-
Movement through other comprehensive income	66,342	(49)	-	-
Other temporary differences	-	-	-	-
IFRS 9 adjustment	-	(196,357)	-	-
Exchange rate movements	6,618,245	(2,187)	-	-
Balance at the end of the year	8,609,388	583,150	-	126,146

17.3 DEFERRED INCOME TAX IMPACT ON PROFIT OR LOSS

Decrease/(Increase) in deferred tax asset through profit or loss	(66,306)	(5,262)	-	(6,228)
Increase in deferred tax liability through profit or loss	1,341,652	249,623	-	-
Deferred income tax charge/(credit) included in profit or loss	1,275,346	244,361	-	(6,228)

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	Restated ZWL\$	ZWL\$	Restated ZWL\$
18 TRADE AND OTHER PAYABLES				
Trade payables	84,434,646	6,070,911	82,195,583	5,110,706
Related party payables (Note 34.3.2)	563,659	1,902,598	1,517,592	2,112,535
Deferred income from sale of residential stands	4,214,724	3,625,854	3,851,444	3,625,854
Statutory liabilities	605,309	1,057,354	605,309	1,057,354
Other payables	15,160,107	4,358,940	5,910,872	3,701,553
	104,978,445	17,015,657	94,080,800	15,608,002

18.1 Deferred income reconciliation

Balance at the beginning of the year	3,625,854	4,972,690	3,625,854	4,972,690
Capitalised	645,131	-	281,851	-
Movement through profit and loss	(56,261)	(1,346,836)	(56,261)	(1,346,836)
Balance at the end of the year	4,214,724	3,625,854	3,851,444	3,625,854

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.

19 GROSS PREMIUMS WRITTEN

Employee benefits income

Annuity consideration	21,181,038	5,347,292	2,426,873	3,154,181
Recurring premiums	25,327,962	6,250,532	9,392,841	4,740,320
New business premiums	5,335,638	1,101,886	2,452,329	1,019,362
Single premiums	4,150,688	896,577	2,134,532	799,292
	55,995,326	13,596,287	16,406,575	9,713,155

Individual life income

Life premiums				
Funeral premiums	10,344,577	5,168,231	3,563,678	3,370,734
Single premiums	2,810,307	1,652,800	2,810,308	1,652,801
	13,072,185	70,250	-	70,250
	26,227,069	6,891,281	6,373,986	5,093,785
Gross premiums	82,222,395	20,487,568	22,780,561	14,806,940

20 FEES AND COMMISSION INCOME

Brokerage fees	809,966	53,109	68,932	45,580
Reassurance commission	337,121	79,150	337,121	79,150
Management fees	3,163,054	1,291,540	3,007,179	981,585
	4,310,141	1,423,799	3,413,232	1,106,315

21 INVESTMENT INCOME

Interest income	6,447,936	575,700	90,123	116,055
Dividend income	366,306	175,219	147,203	153,050
Other investment income	32,900	-	-	-
	6,847,142	750,919	237,326	269,105

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	Restated ZWL\$	ZWL\$	Restated ZWL\$
22 OTHER OPERATING INCOME				
Actuarial fees	718,036	120,924	-	-
Management fees	-	724	1,159,158	104,451
Rental and other property income	2,122,792	338,015	405,128	164,545
Profit on disposal of property and equipment	5,148,114	98,833	5,148,114	98,833
Gain on disposal of investment property	-	595,441	-	595,441
Bad debts recovered	-	2,550,000	-	2,550,000
Debtors impairment allowance reduction	699,789	610,664	699,789	610,664
Loan establishment and administration fee income	509,163	452,000	-	-
Sundry	4,861,772	1,194,564	2,041,263	431,936
	14,059,666	5,961,165	9,453,451	4,555,870

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	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
23 FEE AND COMMISSION EXPENSES AND OTHER ACQUISITION COSTS				
Fee and commission expenses - gross	4,639,485	988,315	809,065	596,851
Increase in deferred acquisition costs	(3,090,711)	(254,862)	-	-
Amortisation of deferred acquisition costs	1,315,387	271,789	-	-
Fee and commission expenses - net	2,864,161	1,005,242	809,065	596,851
Other acquisition costs	766,521	501	10,003	500
	3,630,682	1,005,743	819,068	597,351

24 OPERATING AND ADMINISTRATIVE EXPENSES

Staff costs	14,907,490	5,955,871	6,002,569	4,223,626
Auditors' remuneration	753,790	359,101	436,333	283,758
Directors' remuneration - fees	356,685	137,649	137,910	106,806
- other services	114,675	15,966	-	-
Depreciation of property and equipment	2,221,375	1,074,442	1,008,814	875,958
Computer and data expenses	1,118,848	146,865	336,250	81,612
Marketing expenses	1,577,780	470,815	410,862	299,744
Actuarial, legal and other professional fees	7,778,160	1,235,890	2,052,851	1,037,166
Motor vehicle maintenance costs	1,141,638	284,398	388,167	173,984
Amortisation of intangible assets	463,198	51,892	-	283
Allowance for credit losses	-	-	-	-
Bad debts written off	127,038	411,454	52,700	347,259
Rental from short term leases	2,421,716	-	2,421,716	-
Other operating expenses	946,624	-	499,320	-
Net exchange losses on foreign translations	5,202,382	3,361,729	820,164	2,546,662
	39,131,398	13,506,072	14,567,656	9,976,858

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

Direct development costs	9,688,123	7,130,190	9,688,123	7,130,190
Foreign exchange loss	85,058,451	-	85,058,451	-
	94,746,574	7,130,190	94,746,574	7,130,190

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
25 FINANCE COSTS				
Interest expense - debt assumed on Langford acquisition (Note 15.1)	1,433,988	1,260,102	1,433,988	1,260,102
Interest expense - debt related to Southview project (Note 15)	2,051,697	763,335	2,051,697	763,335
Loan drawdown fees	-	262,053	-	262,053
Other interest expenses	1,290,997	271,433	376,185	205,324
Total finance costs	4,776,682	2,556,923	3,861,870	2,490,814

26 INCOME TAX EXPENSE/(CREDIT)

Current	5,410,352	2,666,477	1,612,717	1,810,944
Deferred	1,275,346	244,361	(126,146)	(6,228)
	6,685,698	2,910,838	1,486,571	1,804,716
Tax rate reconciliation				
Accounting profit	100,934,827	2,296,296	19,498,278	1,258,508
Tax at Zimbabwe statutory rate of 25.75%	25,990,718	591,296	5,020,807	324,066

Tax effect of amounts not deductible/(taxable) in calculating taxable income:

Items not deductible for tax:

Allowance for credit losses	272,576	-	-	-
Asset write-offs not allowable for tax	-	-	-	-
Other disallowable expenses	88,298,376	484,095	57,165	30,505

Non-taxable items:

Differences arising from movements in unrealised fair value (gains)/ losses	(871,902)	-	(199,384)	-
Dividend income	-	-	-	-
Other non-taxable income	(10,858)	(31,516)	(6,268)	(339,302)

Other adjustments:

Impairment of Section 17 allowances not claimed	-	-	-	-
Differences arising from 8th schedule tax for life assurance	(3,385,749)	248,868	(3,385,749)	248,868
Deferral of unutilised tax losses	(103,921,095)	75,938	-	-
Difference in tax rate applied in foreign jurisdiction	313,632	1,578	-	-
Income tax penalties provisions	-	1,540,579	-	1,540,579
	6,685,698	2,910,838	1,486,571	1,804,716

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

27 EARNINGS PER SHARE (EPS)

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
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	15,907,459	(600,623)	18,011,707	(546,208)
Headline earnings adjustable items	(3,426,187)	(1,304,938)	(5,148,114)	(693,991)
Taxation on headline earnings adjustable items	-	-	-	-
Headline earnings attributable to ordinary shareholders	12,481,272	(1,905,561)	12,863,593	(1,240,199)
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)	1,003,743.00
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 profit/ (loss) per share (cents)	14.74	(0.56)	16.69	(0.51)
27.1 Headline profit/ (loss) per share (cents)	11.57	(1.77)	11.92	(1.15)
27.2 Diluted profit/ (loss) per share (cents)	14.74	(0.56)	16.69	(0.51)
27.2 Headline profit/ (loss) per share (cents)	11.57	(1.77)	11.92	(1.15)

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).

28 CAPITAL EXPENDITURE COMMITMENTS

Authorised and contracted for
Authorised but not contracted for

-	-	-	-
20,214,427	3,016,593	4,105,38	950,550
20,214,427	3,016,593	4,105,380	950,550

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 :

31 December 2019	Capital ZWL\$	Minimum capital requirement ZWL\$	Surplus / (Deficit) ZWL\$
Fidelity Life Assurance of Zimbabwe Limited	132,715,492	75,000,000	57,715,492
Vanguard Life Assurance Company Limited	21,638,485	18,215,766	3,422,719
Fidelity Life Asset Management Company (Private) Limited	8,503,175	500,000	8,003,175
Fidelity Life Financial Services (Private) Limited	9,795,893	20,000	9,775,893

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

29 MANAGEMENT OF CAPITAL (Cont'd)

	Capital ZWL\$	Minimum capital requirement ZWL\$	Surplus / (Deficit) ZWL\$
31 December 2018			
Fidelity Life Assurance of Zimbabwe Limited	(16,734,323)	5,000,000	(21,734,323)
Vanguard Life Assurance Company Limited	1,251,112	1,083,156	167,956
Fidelity Life Asset Management Company (Private) Limited	770,853	500,000	270,853
Fidelity Life Financial Services (Private) Limited	6,037,202	20,000	6,017,202

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"), was increased to ZWL\$75 million from ZWL\$5 million with effect from November 2019. The regulation 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. There was a significant improvement from prior year in the capital position of the Company as a result of an upliftment in investment property values resulting from the currency change from USD to ZWL. The Company continues to pursue plans disclosed in Note 39 to improve the solvency position of the Company.

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

29 MANAGEMENT OF CAPITAL (Cont'd)

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:-

	2019 ZWL\$	GROUP Restated 2018 ZWL\$	2019 ZWL\$	COMPANY Restated 2018 ZWL\$
Debt				
Borrowings	23,685,254	21,658,700	20,235,254	21,200,367
Equity				
Capital	139,620,883	8,927,585	44,056,266	2,823,781
Debt to capital ratio (%)	17%	243%	46%	751%

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

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (cont'd)

(i) Financial instruments by category

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

Financial assets	GROUP		COMPANY	
	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\$
2019				
Trade and other receivables (excluding prepayments and statutory assets)	-	49,945,704	-	18,140,930
Equities at fair value through profit or loss	69,882,774	-	26,886,440	-
Debt securities at amortised cost	-	51,239,503	-	417,516
Cash and deposits with banks	-	73,247,335	-	6,844,915
	69,882,774	174,432,542	26,886,440	25,403,362
2018				
Trade and other receivables (excluding prepayments and statutory assets)	-	42,007,986	-	34,246,547
Equities at fair value through profit or loss	15,203,896	-	13,638,833	-
Debt securities at amortised cost	-	2,321,009	-	1,630,622
Cash and deposits with banks	-	9,522,429	-	3,652,421
	15,203,896	53,851,424	13,638,833	39,529,590

Financial liabilities	GROUP		COMPANY	
	2019 ZWL\$	2018 Restated ZWL\$	2019 ZWL\$	2018 Restated ZWL\$
Trade and other payables (excluding statutory liabilities and deferred income)	100,158,412	12,332,447	89,624,048	10,924,794
	23,685,254	21,658,700	20,235,254	21,200,367
Borrowings	123,843,667	33,991,147	109,859,302	32,125,161

(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.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont'd)

(i) Financial instruments by category

(iii) Financial instruments measured at fair value

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

GROUP	2019	LEVEL 1	2019	LEVEL 2	2019	LEVEL 3
	ZWL\$	2018 ZWL\$	ZWL\$	2018 ZWL\$	ZWL\$	2018 ZWL\$
Financial assets						
Equities at fair value through profit or loss	69,882,774	15,203,896	-	-	-	-

COMPANY	2019	LEVEL 1	2018	LEVEL 2	2018	LEVEL 3
	ZWL\$	2018 ZWL\$	ZWL\$	2017 ZWL\$	ZWL\$	2017 ZWL\$
Financial assets						
Equities at fair value through profit or loss	26,886,440	13,638,833	-	-	-	-

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:-

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.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont'd)

(a) Credit risk (Cont'd)

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	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
A	1,317,881	216,458	827,782	50,096
A+	1,775,713	676,628	1,670,246	631,264
AA-	509,613	324,227	503,497	314,098
B+	-	135,841	-	-
BB	60,873	-	60,873	-
BB-	47,311	735,334	29,661	591,125
BB+	828,094	-	695,388	-
BBB	1,174,194	107	14	107
BBB-	-	-	-	-
BBB+	944,903	498,376	944,903	498,376
Cash	120,699	35,772	16,758	3,817
Unrated	66,468,054	6,899,686	2,095,793	1,563,538
	73,247,335	9,522,429	6,844,915	3,652,421

Quantitative disclosures of the risk exposure in relation to financial assets are set out below:-

	GROUP		COMPANY	
	Carrying value ZWL\$	Maximum exposure ZWL\$	Carrying value ZWL\$	Maximum exposure ZWL\$
At 31 December 2019				
Trade and other receivables (excluding prepayments and statutory assets)	61,196,617	61,196,617	18,330,506	18,330,506
Debt securities at amortised cost	51,239,503	51,239,503	417,516	417,516
Cash and cash equivalents	73,247,335	73,247,335	6,844,915	6,844,915
	185,683,455	185,683,455	25,592,937	25,592,937
At 31 December 2018				
Trade and other receivables (excluding prepayments and statutory assets)	42,007,986	42,007,986	34,246,547	34,246,547
Debt securities at amortised cost	2,321,009	2,321,009	1,630,622	1,630,622
Cash and cash equivalents	9,522,429	9,522,429	3,652,421	3,652,421
	53,851,424	53,851,424	39,529,590	39,529,590

(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 2019, 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	Between 3 and 12 months	Between 1 and 2 years	Over 2 years	Total
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
At 31 December 2019					
Trade and other payables (excluding deferred income and statutory liabilities)	100,158,412	-	-	-	100,158,412
Borrowings	1,672,045	12,341,861	10,161,536	7,755,975	31,931,418
	101,830,457	12,341,861	10,161,536	7,755,975	132,089,830
At 31 December 2018					
Trade and other payables (excluding deferred income and statutory liabilities)	12,332,447	-	-	-	12,332,447
Borrowings	898,167	6,395,854	6,537,546	12,432,994	26,264,561
	13,230,614	6,395,854	6,537,546	12,432,994	38,597,008

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont'd)

(b) Liquidity risk

GROUP

At 31 December 2019

ASSETS

	Between 1 and 12 months ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Inventories	58,110	2,185,931	2,244,041
Trade and other receivables	18,517,632	45,186,058	63,703,690
Corporate tax asset	1,404,182	-	1,404,182
Deferred tax assets	-	72,534	72,534
Deferred acquisition costs	-	5,807,061	5,807,061
Equities at fair value through profit or loss	-	69,882,774	69,882,774
Debt securities at amortised cost	50,821,986	417,516	51,239,503
Cash and deposits with banks	73,247,335	-	73,247,335
	144,049,245	123,551,874	267,601,120

LIABILITIES

	Between 1 and 12 months ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Insurance contract liabilities and investment contract liabilities with discretionary participation features	-	692,265,994	692,265,994
Investment contracts without discretionary participation features	-	39,411,707	39,411,707
Borrowings	10,255,791	13,429,462	23,685,254
Deferred tax liabilities	-	8,609,388	8,609,388
Lease obligations	1,513,319	1,916,218	3,429,537
Trade and other payables	104,978,445	-	104,978,445
Corporate tax liability	1,490,382	-	1,490,382
	118,237,937	755,632,769	873,870,707

GROUP

At 31 December 2018

ASSETS

	Between 1 and 12 months ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Inventories	20,552	24,668,189	24,688,741
Trade and other receivables	25,450,906	18,517,632	43,968,538
Corporate tax asset	431,878	-	431,878
Deferred tax assets	-	6,228	6,228
Deferred acquisition costs	-	159,278	159,278
Equities at fair value through profit or loss	-	15,203,896	15,203,896
Debt securities at amortised cost	-	2,321,009	2,321,009
Cash and deposits with banks	9,522,429	-	9,522,429
	35,425,765	60,876,232	96,301,997

LIABILITIES

	Between 1 and 12 months ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Insurance contract liabilities and investment contract liabilities with discretionary participation features	-	67,069,210	67,069,210
Investment contracts without discretionary participation features	-	5,624,413	5,624,413
Borrowings	5,427,726	16,230,974	21,658,700
Deferred tax liabilities	-	583,150	583,150
Lease obligations	30,678	50,167	80,845
Trade and other payables	17,015,657	-	17,015,657
Corporate tax liability	1,765,968	-	1,765,968
	24,240,029	89,557,914	113,797,943

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont'd)

(b) Liquidity risk (cont'd)

COMPANY

At 31 December 2019

Trade and other payables (excluding deferred income and statutory liabilities)

	Up to 3 months ZWL\$	Between 3 and 12 months ZWL\$	Between 1 and 2 years ZWL\$	Over 2 years ZWL\$	Total ZWL\$
Trade and other payables (excluding deferred income and statutory liabilities)	89,624,048	-	-	-	89,624,048
Borrowings	1,672,045	8,891,860	10,161,536	7,755,975	28,481,416
Total	91,296,094	8,891,860	10,161,536	7,755,975	118,105,464

At 31 December 2018

Trade and other payables (excluding deferred income and statutory liabilities)

	Up to 3 months ZWL\$	Between 3 and 12 months ZWL\$	Between 1 and 2 years ZWL\$	Over 2 years ZWL\$	Total ZWL\$
Trade and other payables (excluding deferred income and statutory liabilities)	10,924,794	-	-	-	10,924,794
Borrowings	764,894	6,040,899	6,537,546	12,432,994	25,776,333
Total	11,689,688	6,040,899	6,537,546	12,432,994	36,701,127

(c) Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (foreign currency exchange risk) or other market factors (other price risk). The Investments Committee manages and controls market risk exposures to the equity market within acceptable parameters but ensuring optimum return on risk.

(ci) Fair value or cash flow interest rate risk

The adequacy of excess assets held by the Group may be adversely affected as a result of interest rate movements, adverse changes in credit spreads or deterioration in the quality of invested assets, impacting on the Group's cash flow and liquidity. 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.

(d) Foreign currency exchange risk

This is 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 recognized monetary financial assets and liabilities and future commercial transactions, that are not denominated in the functional currency of the Group. The Group holds local bank and cash balances as well as loans, receivables and liabilities denominated in US\$ and is thus exposed to foreign exchange risk arising from exposure to the fluctuation of the Zimbabwe dollar with respect to the US\$.

The Group also operates in Malawi and is exposed to foreign exchange risk arising from exposure to the fluctuation of the Malawian Kwacha and US\$ (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 2019

Base Currency

Assets

	2019 USD ZWL\$ equivalent	2018 USD ZWL\$ equivalent	2019 MWK ZWL\$ equivalent	2018 MWK ZWL\$ equivalent
Cash and deposits with banks	2,382,197	-	65,647,662	5,904,725
Loans and receivables	4,788,864	-	32,826,066	1,423,039
Total assets	7,171,061	-	98,473,728	7,327,764

Liabilities

Trade and other payables	87,999,237	-	9,950,988	299,397
Total liabilities	87,999,237	-	9,950,988	299,397

Net currency position

Exchange rates as at 31 December	16.77	1.00	43.92	738.58
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Impact of 10% increase in exchange rates

Assets	651,915	-	8,952,157	666,160
Liabilities	(7,999,931)	-	(904,635)	(27,218)
Total	(7,348,016)	-	8,047,522	638,942

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

30 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Cont'd)

(d) Foreign currency exchange risk (Cont'd)

Impact of change in exchange rates	2019		2018	
	10% increase	10% decrease	10% increase	10% decrease
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Impact of profit before tax	670,877	(819,961)	11,702	(14,302)
Impact on equity	3,250,002	(3,972,224)	149,292	(182,468)

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

(e) 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\$6,983,883 (2018: ZWL\$1,520,390) for the Group and ZWL\$2,683,652 (2018: ZWL\$1,363,883) for the Company. A 10% decrease in their value would on the same basis have decreased retained earnings and assets by the same amount.

31 ASSURANCE RISK MANAGEMENT

Insurance risk refers to fluctuations in the timing, frequency, and severity of insured events relative to the expectations at the time of underwriting. Insurance risk can also refer to fluctuations in the timing and amount of claim settlements and reserves. Insurance risk is historically the single most significant risk area within the Group. The primary assurance activity carried out by the Group assumes the risk of loss from persons or organizations that are directly subject to the risk. Such risks may relate to life, financial or other perils that may arise from an insurable event. As such the Group is exposed to the uncertainty surrounding the timing and severity of claims under the contracts.

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

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.

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 of changes in the life insurance contract liability as a result of changes in key inputs used to calculate the liability

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

31 ASSURANCE RISK MANAGEMENT (Cont'd)

	Change in assumptions (+, increase) (-, decrease)	Impact on liabilities	Impact on profit before tax	Impact on profit after tax
BASE				
2019				
Mortality	+10%	2,168,935	(2,168,935)	(126,442)
Morbidity	-10%	839,229	(839,229)	(48,924)
Lapse	-10%	(1,101,938)	1,101,938	64,240
Expense	+10%	9,817,708	(9,817,708)	(572,342)
Discount rate	+1%	(6,037,729)	6,037,729	351,981
Investment return	+1%	98,045	(98,045)	(5,716)
2018				
Mortality	+10%	203,224	(203,224)	(357)
Morbidity	-10%	(179,561)	179,561	315
Lapse	-10%	(319,038)	319,038	560
Expense	+10%	563,128	(563,128)	(988)
Discount rate	+1%	(1,445,206)	1,445,206	2,537
Investment return	+1%	556,677	(556,677)	(977)

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 reinsurance 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.

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.

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.

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

Expenses

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

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

Lapse and surrender rates

Lapse relates rates to the termination of policies on premiums not paid up. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the 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.

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Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

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 2019.

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.

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 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 2019						
Commercial	-	-	106,687,721	106,687,721	87,902,861	-
Residential	-	-	160,521,564	160,521,564	132,258,001	-
Land	-	-	394,789,956	394,789,956	325,277,983	34,163,383
Total investment properties	-	-	661,999,241	661,999,241	545,438,845	34,163,383
Equities at fair value through profit or loss	69,882,774	-	-	69,882,774	15,532,471	-
Land and buildings	-	-	71,095,557	71,095,557	63,595,125	-
31 December 2018						
Commercial	-	-	3,179,477	3,179,477	397,701	-
Residential	-	-	4,783,817	4,783,817	(165,000)	-
Land	-	-	11,765,416	11,765,416	266,427	225,989
Total investment properties	-	-	19,728,710	19,728,710	499,128	225,989
Equities at fair value through profit or loss	15,203,896	-	-	15,203,896	3,172,607	-
Land and buildings	-	-	5,039,640	5,039,640	253,456	-

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 ZWL\$545,438,845 (December 2018: ZWL\$499,128). Fair value gains of ZWL\$34,163,383 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.

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-2019	Fair value 31-Dec-2018	Inter-relationship between unobservable inputs and key fair value measurement	
Income capitalisation	- Rental per square metre	Commercial	106,687,721	3,179,477	Increase or decrease in fair value would result from the following movements in these inputs respectively:	
	- Prime yield	Industrial	-	-		- increase or decrease in net rental income
	- Void rate	Land and buildings (PPE)	-	-		- decrease or increase in prime yield
Comparative method	- Rate per square metre	Residential	160,521,564	4,783,817	The estimated fair value would increase if prices for comparable properties increased, and decrease if prices for comparable properties decreased.	
		Land	394,789,956	11,765,416		

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. Comparative 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 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.

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.

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

32 FAIR VALUE DISCLOSURES (Cont'd)

Analysis of property portfolio	Lettable space m2		% of portfolio	
	December 2019	December 2018	December 2019	December 2019
Sector				
Commercial	9,031	9,031	100.00%	100.00%
Industrial	-	-	-	-
Total	9,031	9,031	100.00%	100.00%

33 RETIREMENT BENEFITS

33.1 Fidelity Life Pension Fund

All eligible employees in Zimbabwe 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	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Employer's contribution	552,555	303,292	467,191	217,244

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 Group's obligation under the scheme is limited to specific contributions legislated from time to time. These are presently 3.5% of basic salary per employee per month limited to ZWL\$24.50.

Contributions were made as follows during the year:

Employer's contribution	GROUP		COMPANY	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Employer's contribution	63,445	34,081	53,455	24,780

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FINANCIAL SERVICES

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

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	
Langford Estates 1962 (Private) Limited	Subsidiary	
Fidelity Life Medical Aid Society	Society managed by the company	
Zimre Holdings Limited	Shareholder	
National Social Security Authority (NSSA)	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	
R.G. Maramba	Non Executive Director	
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	
P. Zvandasara	Chief Finance Officer	Resigned October 2019
B. Wesley	Key management	
S. Mudzengi	Key management	
N. Mupfurutsa	Key management	
R. Chihota	Key management	
M. Gumbo	Key management	
S. Nhende	Key management	Resigned January 2019
K. Dube	Key management	
C. Matongo	Key management	
E. Masvavike	Key management	
R. Mutangadura	Key management	
Z.Zvenyika	Chief Finance Officer	Appointed February 2020

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$

34.2 Related party transactions

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

Related party	Nature of transaction				
Income					
Vanguard Life Assurance Company Limited	Management fee income	-	-	1,159,158	103,727
Fidelity Life Financial Services (Private) Limited	Dividend income	-	-	478,000	-
Zimbabwe Insurance Brokers Limited	Pension contributions	182,567	21,470	182,567	21,470
National Social Security Authority (NSSA)	Gross premiums	183,086	170,656	183,086	170,656
Zimre Property Investments Limited	Pension contributions	104,703	110,571	104,703	110,571
Emeritus Reinsurance (Private) Limited	Pension contributions	627,167	62,661	627,167	62,661
Expenses					
Fidelity Life Medical Aid Society	Medical aid contributions	(246,512)	(173,089)	(217,044)	(143,621)
Zimbabwe Actuarial Consultants (Private) Limited	Actuarial fees	-	-	(814,959)	(180,383)
Fidelity Life Asset Management Company (Private) Limited	Management fees	-	-	(204,130)	-
National Social Security Authority (NSSA)	Pension contributions	(63,445)	(34,081)	(53,455)	(24,780)
Emeritus Reinsurance (Private) Limited	Reassurance premiums	(1,774,617)	(327,191)	(1,774,617)	(327,191)

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$

34.3 Related party balances

34.3.1 Related party receivables

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

Fidelity Life Asset Management Company (Private) Limited	-	-	492,740	273,309
Langford Estates 1962 (Private) Limited	-	-	119,147	-
Fidelity Life Financial Services (Private) Limited	-	-	1,983,983	73,545
Fidelity Funeral Assurance Company (Private) Limited	-	-	543,483	-
Fidelity Life Medical Aid Society	929,087	289,381	934,737	286,739
Zimbabwe Actuarial Consultants (Private) Limited	-	-	-	36,395
Vanguard Life Assurance Company Limited	-	-	800,991	11,341
	929,087	289,381	4,875,081	681,329

34.3.2 Related party payables

Included in related party payables

Fidelity Life Medical Aid Society	563,659	1,902,598	34,637	1,376,519
Fidelity Funeral Assurance Company (Private) Limited	-	-	83,579	-
Fidelity Life Financial Services (Private) Limited	-	-	-	383,412
Langford Estates 1962 (Private) Limited	-	-	-	298,948
Zimbabwe Actuarial Consultants	-	-	1,399,375	53,656
	563,659	1,902,598	1,517,591	2,112,535

The amounts due to FLIMAS attract interest at a rate of 11% per annum. The loans are payable in equal monthly instalments. The other related party payables are interest free and have no fixed repayment terms. Related party payables are unsecured.

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	2,107,634	1,692,498	592,136	1,556,138
Post employment benefits	65,515	156,218	37,558	140,819
Total	2,173,149	1,848,716	629,694	1,696,957

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	42,287	117,401	-	80,799
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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 directors have shareholding in the company as follows:-

	Number of shares	
	2019	2018
F. Ruwende	348	348

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

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 Assurance Company (Private) Limited	Funeral 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	
	2019	2018
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 Assurance Company (Private) Limited	91%	91%
Langford Estates (Private) Limited	81%	81%

36 NON-CONTROLLING INTERESTS

Vanguard Life Assurance Company Limited and Langford Estates (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, before intra-group eliminations, is presented below:

For the period ended 31 December	Vanguard Life		Langford Estates	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
REVENUE				
Gross premiums written	59,441,835	5,680,629	-	-
Outward reinsurance premiums	(1,661,090)	(150,113)	-	-
Net premiums earned	57,780,745	5,530,516	-	-
Fees from fund management and investment contracts	741,034	87,446	-	-
Interest income on money market investments	6,314,192	422,830	-	-
Fair value gains on equities at fair value through profit or loss	1,655,214	139,031	-	-
Fair value gains on investment properties	3,408,932	198,601	397,469,870	-
Other income	2,302,401	232,152	-	-
Total income	72,202,517	6,610,575	397,469,870	-
EXPENSES				
Claims and benefits	(15,081,457)	(1,565,328)	-	-
Reinsurance recoveries	462,525	21,955	-	-
Net claims and benefits incurred	(14,618,932)	(1,543,373)	-	-
Change in life assurance policyholder liabilities	(26,981,258)	(3,277,900)	-	-
Fee and commission expenses, and other acquisition costs	(756,518)	(292,296)	-	-
Other operating and administrative expenses	(22,040,339)	(1,366,611)	(404,220)	(96,749)
Total expenses	(64,397,048)	(6,480,180)	(404,220)	(96,749)
Profit from operations	7,805,470	130,396	397,065,650	(96,749)
Finance costs	(425,825)	(1,674)	-	-
Profit before tax	7,379,645	128,722	397,065,650	(96,749)
Income tax expense	(2,919,425)	(83,239)	-	-
Profit after tax	4,460,220	45,483	397,065,650	(96,749)

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

36 NON-CONTROLLING INTERESTS (Cont'd)

For the year ended 31 December	Vanguard Life		Langford Estates	
	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
Profit attributable to NCI	1,705,142	19,558	76,361,244	(18,606)
Other comprehensive income allocated to NCI	11,048,215	(1,096)	-	-
Total comprehensive income allocated to NCI	12,753,357	18,462	76,361,244	(18,606)
Cash flows from operating activities	25,473,319	969,751	-	-
Cash flows from investing activities	(14,783,075)	(266,603)	-	-
Cash flows from financing activities	(947,630)	345,570	-	-
Net cash flows attributable to NCI	9,742,614	1,048,718	-	-
ASSETS:				
Property and equipment	6,669,205	447,245	-	-
Investment property	45,835,421	2,368,294	419,769,870	-
Intangible assets	5,087,879	149,101	-	-
Right of use assets	2,373,492	-	-	-
Deferred acquisition costs	5,807,062	159,278	-	-
Corporate tax asset	1,404,181	-	-	-
Inventories	-	-	-	22,300,000
Trade and other receivables	32,826,066	1,423,039	-	298,948
Financial assets at fair value through profit or loss	41,431,079	912,352	-	-
Debt securities at amortised cost	50,821,986	-	-	-
Cash and cash equivalents	65,647,662	5,904,725	-	-
	257,904,033	11,364,034	419,769,870	22,598,948
LIABILITIES:				
Life assurance policyholder liabilities	200,700,192	9,106,972	-	-
Deferred tax	8,073,328	365,937	-	-
Trade and other payables	9,950,988	299,397	500,969	395,701
Lease obligation	3,429,508	80,845	-	-
Income tax liability	-	-	-	-
	222,154,016	9,853,151	500,969	395,701
Accumulated non-controlling interests	13,107,619	354,262	80,612,632	4,269,994

37 SEGMENT REPORTING

Segment information

The Group has two main reportable segments as follows:

Insurance

This segment is involved in life assurance and pensions. The segment accounts for 59% (2018: 60%) of the Group's external revenue.

Microlending

This segment is involved in consumer loans, business loans and loans to farmers. It accounts for 1% (2018: 8%) of the Group's external revenue. The segment has experienced steady growth since its formation in 2010.

Other

Included in this segment are the actuarial, asset management and funeral services units. These are individually immaterial and reported as other income. There was a significant increase in total revenue in

this segment arising from fair value adjustments of properties held by one of the segment which holds a land bank as investment property arising from transfer of the land inventory to investment property. This is not expected to recur.

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.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

37 SEGMENT REPORTING (Cont'd)

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.

	Insurance ZWL\$	Microlending ZWL\$	Other ZWL\$	Group ZWL\$
2019				
Total revenue	603,256,247	11,158,389	409,657,803	1,024,072,439
Inter-segment revenue	(345,610,509)	(121,243)	(3,026,042)	(348,757,794)
Total revenue from external customers	257,645,738	11,037,146	406,631,761	675,314,645
Total benefits, claims and other expenses	(565,559,759)	(5,402,761)	(3,417,298)	(574,379,818)
Profit before tax	(307,914,021)	5,634,385	403,214,462	100,934,827
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	1,315,387	-	-	1,315,387
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	137,658,196	2,852,450	404,928,199	545,438,845
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
Cash flows from operating activities	33,318,466	(1,608,707)	(26,492,737)	5,217,022
Cash flows from investing activities	(9,636,533)	(168,251)	(16,281,057)	(26,085,841)
Cash flows from financing activities	(10,369,077)	2,891,045	554,556	(6,923,476)
2018				
Total revenue	48,367,703	4,268,045	1,256,017	53,891,765
Inter-segment revenue	(136,285)	(48,954)	(257,671)	(442,910)
Total revenue from external customers	48,231,418	4,219,091	998,346	53,448,855
Total benefits claims and other expenses	(47,746,955)	(2,134,020)	(1,271,584)	(51,152,559)
Profit before tax	484,463	2,085,071	(273,238)	2,296,296
Depreciation of property and equipment	971,471	23,750	79,221	1,074,442
Amortisation of intangible assets	4,311	40,663	6,918	51,892
Amortisation of deferred acquisition costs	271,789	-	-	271,789
Finance costs	2,443,533	113,390	-	2,556,923
Fair value gains on equities	2,975,888	26,224	170,495	3,172,607
Fair value gains on investment property	409,799	45,000	44,329	499,128
Income tax expense	1,887,956	1,000,763	22,119	2,910,838
Additions to non-current assets	3,519,681	26,080	39,427	3,585,188
Reportable segment non-current assets	43,571,205	456,796	913,947	44,941,948
Reportable segment current assets	45,891,046	7,922,671	23,969,861	77,783,578
Reportable segment liabilities	109,960,667	2,342,265	1,495,009	113,797,941
Cash flows from operating activities	6,539,421	(1,033,340)	(7,304)	5,498,778
Cash flows from investing activities	1,442,443.65	(26,080)	(121,709)	1,294,655
Cash flows from financing activities	(5,881,060)	458,333	-	(5,422,727)

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

37 SEGMENT REPORTING (Cont'd)

GEOGRAPHICAL INFORMATION

	Zimbabwe ZWL\$	Malawi ZWL\$	Total ZWL\$
2019			
Revenue			
Total revenue	951,869,922	72,202,517	1,024,072,439
Inter-segment revenue	(348,757,794)	-	(348,757,794)
Total revenue from external customers	603,112,128	72,202,517	675,314,645
Group's revenue per statement of profit or loss and other comprehensive income			
	603,112,128	72,202,517	675,314,645
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	-	1,315,387	1,315,387
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
Income tax expense	3,766,273	2,919,425	6,685,698
Segment profit before tax	93,555,181	7,379,645	100,934,827
Cash flows from operating activities	(20,256,298)	25,473,319	5,217,022
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)
2018			
Revenue			
Total revenue	47,281,190	6,610,575	53,891,765
Inter-segment revenue	(442,910)	-	(442,910)
Total revenue from external customers	46,838,280	6,610,575	53,448,855
Group's revenue per statement of profit or loss and other Comprehensive income			
	46,838,280	6,610,575	53,448,855
Depreciation of property and equipment	978,929	95,513	1,074,442
Amortisation of intangible assets	47,863	4,029	51,892
Amortisation of deferred acquisition costs	-	271,789	271,789
Finance costs	2,555,249	1,674	2,556,923
Fair value adjustments on equities	3,033,576	139,031	3,172,607
Fair value adjustments on investment property	300,527	198,601	499,128
Tax expense	2,827,599	83,239	2,910,838
Segment profit before tax	2,167,574	128,722	2,296,296
Cash flows from operating activities	3,329,608	2,169,169	5,498,777
Cash flows from investing activities	1,909,440	(614,785)	1,294,655
Cash flows from financing activities	(6,307,225)	884,498	(5,422,727)
2019			
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	651,716,691	222,154,017	873,870,707
2018			
Additions to non-current assets	3,127,631	457,556	3,585,187
Reportable segment non current assets	41,977,309	2,964,639	44,941,948
Reportable segment current assets	69,252,854	8,530,724	77,783,578
Reportable segment liabilities	103,944,791	9,853,150	113,797,941

Notes to the consolidated and separate financial statements (Cont'd) for the year ended 31 December 2019

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	2019 ZWL\$	2018 ZWL\$
Inventories-Southview stands	1,775,905	707,497
Residential stands debtors	10,592,544	1,927,439
Development Bonds	417,516	24,574,757
Investment Properties	119,520,035	-
	132,306,000	27,209,693
Total assets	690,431,621	102,081,013
Percentage of total assets	19%	27%

The Company is fully compliant with the prescribed assets requirements.

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.

	2019 ZWL\$	2018 ZWL\$
Investments	690,431,621	102,081,013
Allowance for inadmissible assets	(273,122,283)	(28,470,607)
Value of Assets	417,309,338	73,610,406
Actuarial values of policy liabilities	169,196,000	51,914,000
Other liabilities	115,397,846	38,430,729
Total	284,593,846	90,344,729
FLA statutory capital per SI95 requirement	132,715,492	(16,734,323)
SI95 minimum statutory capital requirement	75,000,000	5,000,000
Statutory capital surplus /(deficit)	57,715,492	(21,734,323)

The Company is fully compliant with the minimum capital requirements. A combination of change in accounting policy of its investments in subsidiaries from cost to the equity accounting method and investment property fair value gains resulting from the currency change from USD to ZWL\$ resulted in Fidelity Life Assurance of Zimbabwe achieving the statutory capital requirements as at 31 December 2019. 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 the injection of capital by the shareholders through a rights issue and balance sheet restructuring initiatives of the equity and property portfolios to unlock value. The Company is expected to make a profit of ZWL\$216.95 million in 2020 which will be retained in the business to improve underwriting capacity.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

40 EVENTS AFTER THE REPORTING DATE (cont'd)

40.1 Dividend

At a board meeting held on 27 April 2020, the directors recommended not to declare a dividend for the year ended 31 December 2019. 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 2018.

40.2 Approval of the consolidated financial Statements

The consolidated financial statements were approved by the Board of Directors for issue on 27 April 2020 and the directors have power to amend and/or reissue the financial statements should circumstances requiring that arise.

40.3 Coronavirus disease (COVID-19)

Introduction

The world is grappling with the Corona virus and Zimbabwe has not been spared. In response to this challenge, on the 17th of March the Government of Zimbabwe declared COVID-19 a national disaster, a measure which came after the World Health Organisation (WHO) had declared Covid-19 an international pandemic on the 11th of March 2020. The government has issued a number of directives as well as enacting the Statutory Instrument 77 of 2020 to combat the pandemic. The most recent government action by the government at the time of preparing these accounts is the government's move on the 27th of March 2020 to declare a 21 day lock down starting on the 30th of March 2020. The lockdown was extended to 3 May 2020.

Investor relations and business impacts

In response to the pandemic, Fidelity Life Assurance (FLA) employed a raft of measures to protect its customers and staff which include implementing proper hygienic practices and encouraging social distancing to flatten the Covid-19 curve. FLA also implemented a comprehensive Business Continuity Plan. The Group will continue to provide services and operate business through dedicated staff working from home with virtual remote access to systems and applications. Our clients will continue to enjoy our services through alternative access to electronic platforms which include our mobile application, online payment platforms and well as electronic communication channels.

(d) Current Impact on Solvency and capital is depicted by the table below;

Assessment on Solvency Impact

Investments	ZWL\$ 913,492,874
SI95 Adjustments to NAV	-
Allowance for inadmissible assets	(336,048,757)
Total Assets	<u>577,444,117</u>
Actuarial values of policy liability	300,455,483
Other Liabilities	145,681,588
Total Liabilities	<u>446,137,071</u>
Asset Surplus/ Deficit	131,307,046
Statutory Excess Assets Requirement	(75,000,000)
Surplus/ Deficit	1.75

Current Impact Assessment

Post Lockdown, the business managed to successfully continue all operations through its business continuity strategy. All FLA systems are remotely accessible and clients are being serviced through the various digital online platforms. Implementation of the work from home program and all key processes remain accessible to clients through staff members. During the period, FLA continued to receive premiums and client payments, and was also able to settle claims and payments.

The preliminary impact of covid-19 expected mainly in core business lines as described below;

(a) Fidelity Life Financial Services subsidiary (FLFS) failed to disburse loans in the lockdown period (April) due to the absence of a system with remote lending capabilities. Average disbursement from January to date amounted to ZWL\$1.95m. This results in a possible potential loss of a full month of budgeted revenue income which has an associated impact of budgeted loss of a possible ZWL\$1.4million in the month. However the billing and loan repayments from clients continued with minimal impact. FLFS is working on implementing a system that provides digital lending capabilities to allow for remote lending to clients.

(b) The Covid 19 Impact on the Insurance Business is likely to impact premium revenue and claims. Premiums from recurring business are expected to be affected due to Covid-19 related stress to companies whilst new business is expected to slow down. There is no material impact on current claims performance. FLA management accounts for the month of March 2019 shows that the impact on revenue post lockdown was negligible.

(c) On the Liquidity front, the key liquidity drivers of the business are mainly in Southview Offsite works, loan repayments, salaries, claims and operational costs. Currently the liquidity impact has not been felt since Southview debtor repayments are actually exceeding the billed amounts owing to the depreciating currency. FLA during the period made payments towards scheduled routine repayment requirements. Southview Offsite project will have the most impact in liquidity. The business has allocated assets earmarked to be alienated to provide liquidity for the project.

Notes to the consolidated and separate financial statements (Cont'd)

for the year ended 31 December 2019

40 EVENTS AFTER THE REPORTING DATE (cont'd)

40.3 Coronavirus disease (COVID-19)

Capital and solvency

The Covid-19 pandemic is unprecedented and global, and is likely to have far-reaching implications. Mortality risk is definitely an issue, but there are probably bigger risks and issues to consider from a solvency perspective. The impact on asset values will probably be felt later during the year.

Asset values

The full economic impact will probably be felt only later during the year. However, global markets are down significantly already and a world-wide economic downturn is on the cards. The impact is probably already felt in Zimbabwe. Property values may be impacted through increased voids and reduced rentals being negotiated. Further, as lock-downs impact household incomes, there may well be additional defaults/ renegotiation of terms on mortgages. Equity markets are likely to be impacted negatively. The impact will differ by sector/ company.

Premium collection – impacting longer term solvency

As noted, extended lock-downs (in some form or another) are becoming the order of the day. Therefore, reduced premium collection and additional lapses are likely. The impacts will vary by

insurance class. There might also be an opportunity to enhance sales – for example, to sell more funeral cover to meet a (potentially) increased demand – including Covid-19 claims, but with suitable risk management. As business volumes decline, this will put further pressure on costs.

Mortality and Morbidity

This is certainly an issue as additional claims are likely due to the impact of Covid-19. Mortality losses should be limited, though. But this will depend on the type of business sold and the policyholder profile. On morbidity, the impact on temporary disability and medical insurance might be bigger than that of mortality. Also, the regulator might apply restrictions so that insurers cannot exclude Covid-19 claims.

Accounting considerations

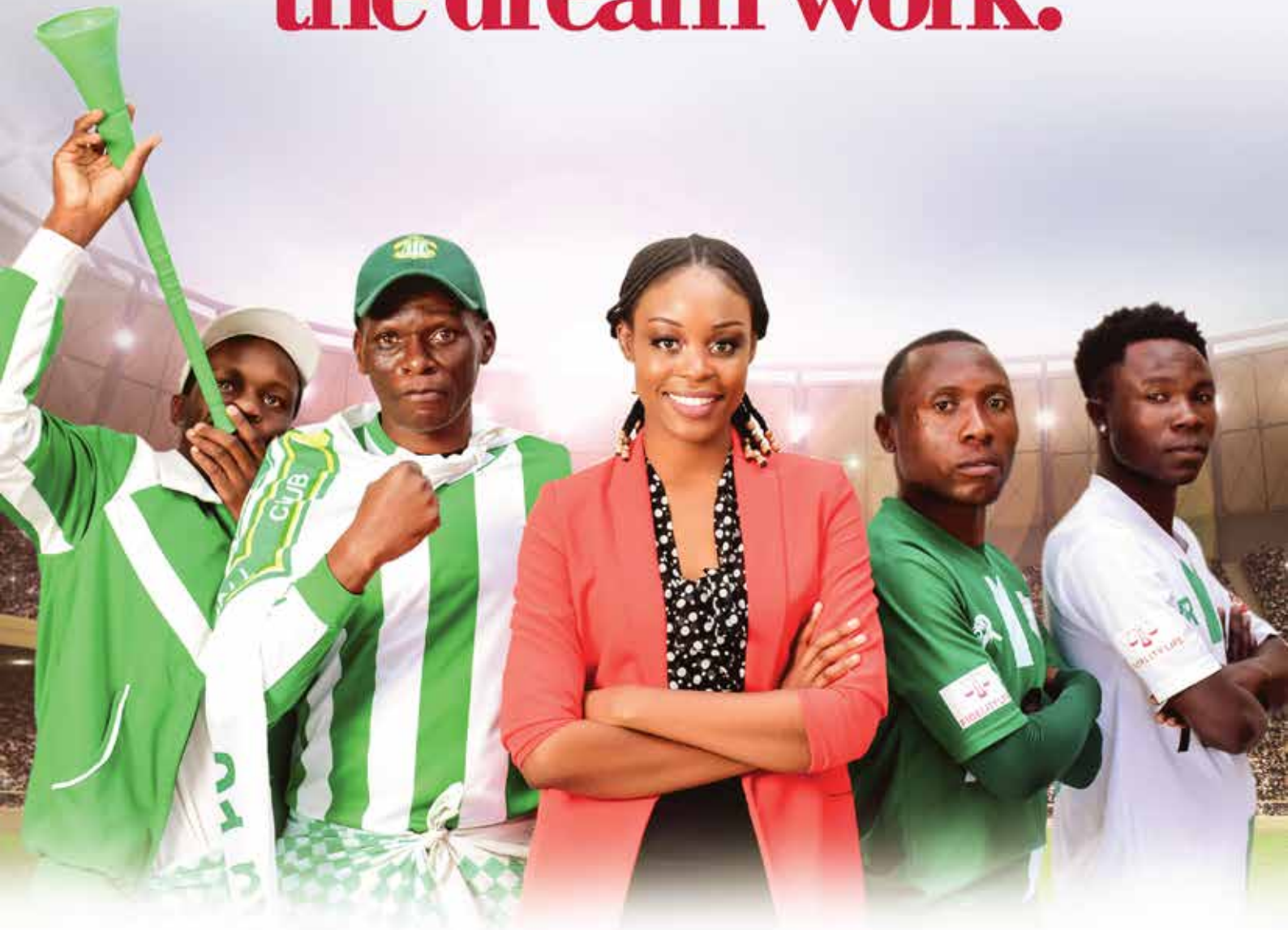
In accordance with IAS 10, Events after the Reporting Period, FLA has accounted for the current ongoing event as a non-adjusting event because the significant development and spread of the Coronavirus did not take place until March 2020. Whilst it is anticipated that the lockdown will negatively disrupt business revenue, claims, impairments and regional operations among other things, the future financial implications of Covid-19 could not be fully ascertained at the date of authorization of these financial statements. We will continue to monitor developments in each market and respond accordingly. In the meantime FLA conducted a worst case scenario impact analysis of covid-19 on business

Impact of Covid 19 on current financials – Worst case Scenario			
Areas of negative impact	Impact Rating	% Impact	Management Actions
		Movement	
Regional penetration performance	High	20%	Non controllable
Insurance revenue	High	15%	Non controllable
Non Insurance revenue	High	15%	Manageable
Direct Expenses	High	15%	Controllable
Investment Income	High	10%	Uncontrollable
Credit Risk ECL	High	20%	Manageable
Property Values	Moderate	10%	Uncontrollable
FLFS Loan Disbursement	Moderate	5%	Manageable
Solvency Risk	Moderate	5%	Uncontrollable

Exposure monitoring, planning and scenario modelling

The business is constantly monitoring the impact of Covid-19 to determine potential exposure to the Group and the respective impact through periodic trading update publications. Risk Management and governance is being enhanced on the digital platforms that are now dominating client servicing and operational processes. Current internal models are being continuously calibrated to capture the Covid-19 impacted environment. Scenario and stress testing planning framework to support decision making over now, next and beyond time horizon is being enhanced.

Teamwork makes the dream work.



Fidelity Life is the proud Life and Health partner of the Castle Lager Premier Soccer League. We are excited to make a positive impact on the players' wellness and welfare. Call us today to find out how we can help you achieve your dream of a better future for you and your loved ones.

See your future today.



FIDELITY LIFE

ASSURANCE OF ZIMBABWE

ISO 9001:2015 Certified

**SHAREHOLDER ANALYSIS FOR FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED
AS AT 31 DECEMBER 2019**

SHAREHOLDERS GROUP

	NUMBER OF SHAREHOLDERS	% OF TOTAL HOLDERS	TOTAL HOLDING	% OF TOTAL HOLDING
Companies	153	5.48	72,692,629	66.74
Individuals	2,523	90.24	3,516,463.00	3.23
Insurance companies	9	0.32	9,887,949	9.08
Investment, trust and property companies	4	0.14	53,921	0.05
Nominee company	49	1.75	6,961,583	6.39
Fcda resident and new non resident	3	0.11	1,501,444	1.38
Pension funds	55	1.97	14,309,302	14.03
Totals	2,796	100.00	108,923,291	100.00

SIZE OF SHAREHOLDING

	NUMBER OF SHAREHOLDERS	% OF TOTAL HOLDERS	TOTAL HOLDING	% OF TOTAL HOLDING
1-500	1,633	58.40	327,339	0.3005
501-1000	411	14.70	277,006	0.2543
1001-5000	498	17.81	1,133,144	1.0403
5001-10000	94	3.36	658,829	0.6049
10001-20000	52	1.86	785,415	0.7211
20001-50000	51	1.82	1,705,074	1.5654
50001-100000	22	0.79	1,621,100	1.4883
100001-500000	20	0.72	4,842,379	4.4457
500001-1000000	4	0.14	2,850,305	2.6168
1000001-9999999999	11	0.39	94,722,7008	6.9628
Totals	2,796	100.00	108,923,291	100.00

**TOP 20 SHAREHOLDER
HOLDER NUMBER**

HOLDER NUMBER	HOLDER NAME	SHAREHOLDING	PERCENTAGE HOLDING
957824	Turismo Investments (Pvt) Ltd	24,703,557	22.68
3857	Zimre Holdings Limited	22,408,641	20.57
2222	National Social Security Authority	20,487,734	18.81
409258	National Social Security Authority (W.c.i.f.)	9,644,221	8.85
957833	NSSA-Workers Compensation If	7,935,316	7.29
957573	Standard Chartered Nominees-056885900001	2,270,099	2.08
957351	SCB Nominees 033667800001	1,916,852	1.76
950176	Summerton (Nnr) Rhys Drennan	1,493,377	1.37
956281	Triangle Money Plan Pension Fund-Imara A/C 110008090006	1,419,420	1.30
959514	Mega Market (Pvt) Ltd	1,416,638	1.30
956592	Stanbic Nominees (Pvt) Ltd A/C 110008090011	1,026,845	0.94
940747	Flam Management Special Fund	886,653	0.81
956642	Anglo American Associated Companies Pension Fund-Imara	732,164	0.67
956813	Unicem Active Members Pension Fund-Imara-A/C 110008090015	662,901	0.61
957402	SCB Nominees Zw0000010703	568,587	0.52
957723	LHG Malta Holdings Limited	450,155	0.41
957523	H.I.T Pension Fund - Imara	439,563	0.40
957404	SCB Nominees 033667800003	407,363	0.37
957339	Farid El-Khoury Phillppe Elias	360,000	0.33
957848	FBC Holdings Pension Fund-Imara	351,272	0.32
Others		9,341,933	8.58
	Total	108,923,291	100



FIDELITY LIFE

ASSURANCE OF ZIMBABWE

FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

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 26th of June 2020 at 1000 hours electronically via Zoom, and at any adjournment thereof.

Signed thisday of 2020

Signature of member:

.....

NOTE:

In terms of Section 129 of the Companies Act (chapter 24.03), a member entitled to vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote and speak in his instead. A proxy need not be a member of the company. To be valid, Proxy Forms should be completed and returned to the Registered Office of the Company not less than 48(forty eight) hours before the time stated for holding of the meeting.



FIDELITY LIFE

ASSURANCE OF ZIMBABWE

Notice of Annual General Meeting 2020

Notice is hereby given that the **41st Annual General Meeting** of the Members of Fidelity Life Assurance Company Limited will be held virtually on **Friday 26 June 2020 at 10:00 hours** for the purpose of transacting the following business:

Special Business

To consider and, if deemed fit, to pass with or without modification the following resolution:

1. the holding of virtual shareholders meetings.

Ordinary Business

1. To receive and adopt the financial statements and report of the Directors and Auditors for the financial year ended 31 December 2019.
2. To elect Directors in terms of Sections 77 and 78 of the Articles of Association of the company:
 - a. Mr. S Kudenga, Mr. Francis Dzanya and Mr. Gary Dhombo retire by rotation. Being eligible, Mr. Kudenga, Mr. Dzanya and Mr. Dhombo offer themselves for re-appointment in terms of the Articles of Association.
3. To approve the remuneration of the Auditors for the past audit for the year ended 31 December 2019.
4. To approve the remuneration of the Directors for the year ended 31 December 2019.
5. To approve the retention of Ernst & Young as the company's independent auditors who have served since 2016.
6. 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 and must be lodged with the Company Secretary not less than 48 hours before the meeting.

Audited Financial Statements

The audited financial statements are available for inspection at the Registered Office of the Company.

Meeting Details

Shareholders are advised to contact ZB Transfer Secretaries for meeting ID details. Robert Mutakwa (rmutakwa@zb.co.zw) and Samuel Chatitima (schatitima@zb.co.zw) or phone on 08677002001 or 0242 2934 585

BY ORDER OF THE BOARD
C. MATONGO

Company Secretary
5 June 2020

REGISTERED OFFICE
66 Julius Nyerere Way, Harare



www.fidelitylife.co.zw

